Urban&Civic plc

Annual Report and Accounts 2015

DELIVERING ON OUR PROMISES

Urban&Civic is a property development and investment company that is delivering fully serviced strategic land parcels for homes and businesses, city centre regeneration projects and commercial developments. Our business is defined by the quality of our projects and we retain selected assets because we believe in the long-term investment value of the places we are crafting. The acquisition this year of Catesby, a well-established land promotion business, further strengthens our ability to deliver the breadth of opportunities we identify and thus enhance the return for our shareholders and stakeholders alike.

“The business is moving up through the gears. With three former Terrace Hill projects completing over the next four months and licences with five housebuilders covering 800 units now agreed at Alconbury and Rugby, the emphasis is very clearly on delivery.”

Nigel Hugill
Executive Chairman

Strategic report

Governance

Financial statements

For more information visit
www.urbanandcivic.com

Stage 1
Tree extraction from
an area of demolition

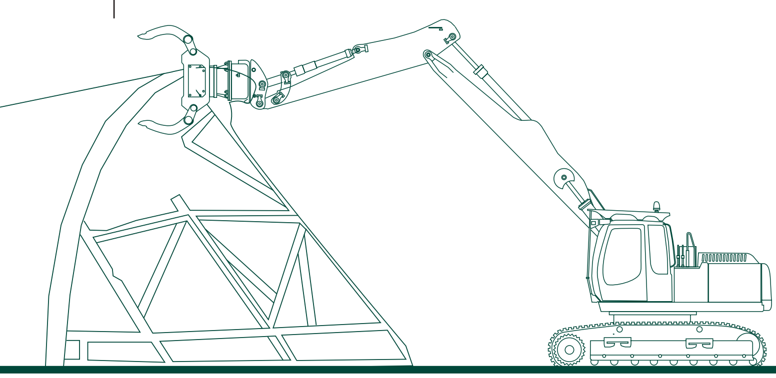
A snapshot of our business

WHAT WE DO...

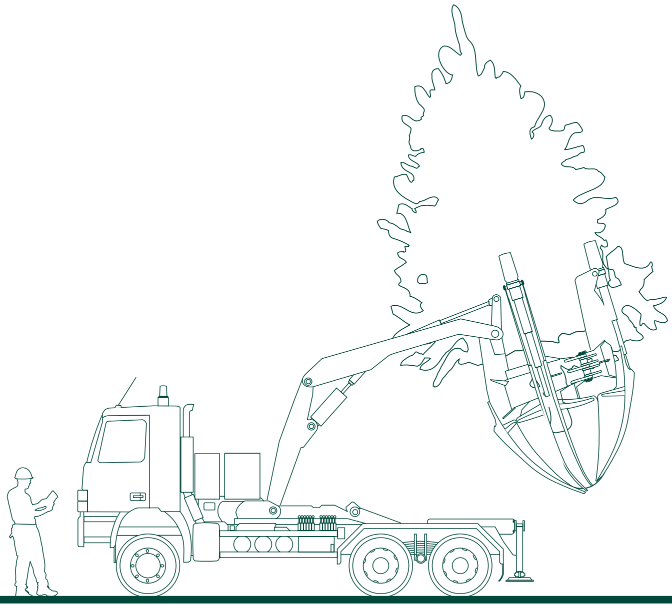
- We own or have the stewardship of over 4,000 acres of land across the country.
- Our Strategic land will deliver over 20,000 new homes, more than six million sq.ft. of business space, at least eleven primary schools and three secondary schools.
- Our Commercial and City centre sites are in key growth locations around the country with a focus on leisure and mixed-use developments.
- This year we acquired the Catesby Property Group which specialises in providing smaller-scale consented and de-risked residential sites in locations of proven housing need.

WHO WE WORK WITH...

- Our customers are housebuilders, businesses, homeowners and investors who buy or rent the serviced land, buildings, homes and investments we craft.
- Our shareholders range from major property funds across Europe to our own staff.
- Our stakeholders are the communities, local authorities, partners and public bodies with which we work at every stage of delivery.
- By doing things right we target both shareholder and stakeholder returns, leveraging each investment for maximum effect.



Reusing Brownfield land

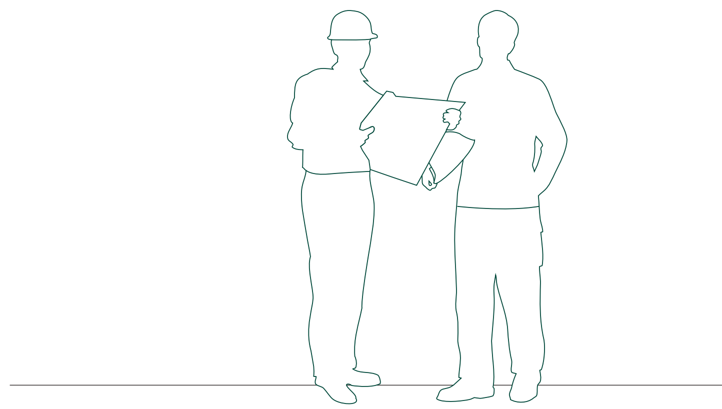


Enhancing the environment

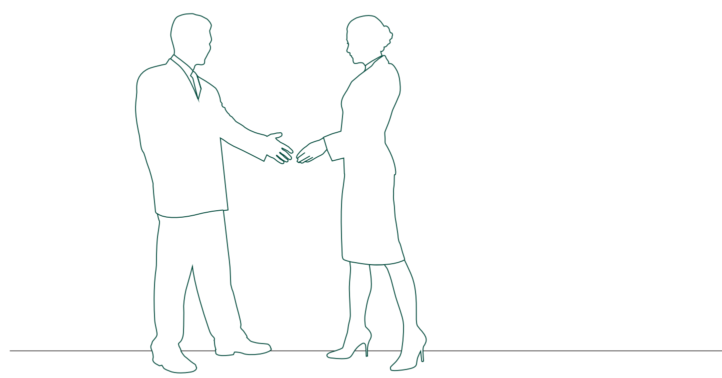
HOW WE DO IT...

- Our headquarters are in London with a network of regional offices.
- Our team is led by recognised champions of the property industry.
- We have significant in-house expertise across site assembly, planning, project management, delivery, community engagement and sales.
- We steward world-class professional teams, contractors and consultants.
- We are proud to be defined by the quality of our projects.

We look forward to working with you...



Upskilling and jobs



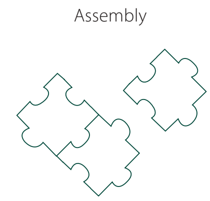
Forging partnerships

Delivering quality

Our business process

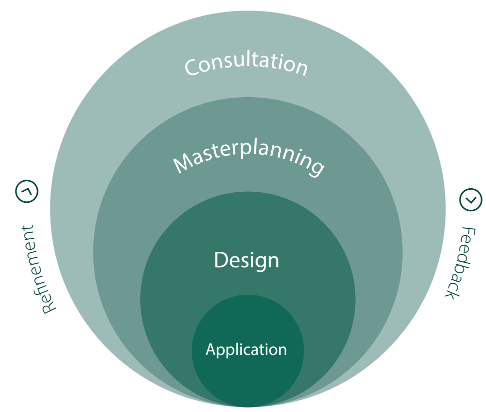
LAND

- Land of all shapes, sizes and historic uses is the raw ingredient of our business.
- We are highly skilled at reviewing and appraising opportunities together with assembling and de-risking complex sites via acquisition, joint venture, development management and compulsory purchase where necessary.
- We can unlock value in land that housebuilders or other developers would pass over as too complex, too messy or too long-dated because we are prepared to invest early and our team's experience creates confidence in delivery.



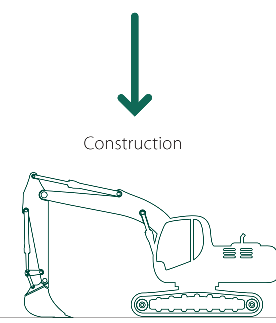
PLANNING

- We love planning and have significant in-house expertise and experience.
- We enjoy investing our time and energy in getting to know an area together with the people who live and work there already.
- Whilst Urban&Civic actively steward a world-class team of architects and consultants, our team, from the Executive Chairman downwards, engages directly with stakeholders and communities alike.
- Trust needs to be earned and working with stakeholders throughout the evolution of design is essential.
- We realise that large-scale schemes are both disruptive and complex and therefore we encourage local authorities and parish councils to request support where they feel it is required.
- By dealing with planning issues across a full spectrum of projects we identify innovative ways to resolve complex issues and unlock sites which have historically been subject to objections and delay.



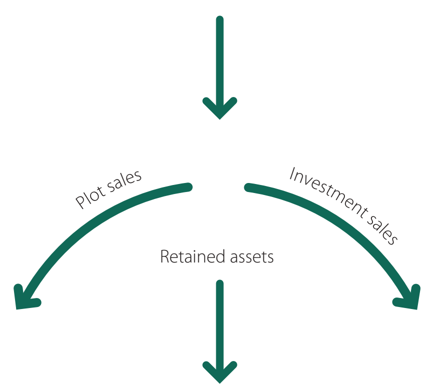
DELIVERY

- Our internal development and project management expertise informs all stages of our work and allows us to de-risk issues at the earliest opportunity.
- We have a clear visibility on pricing and construction techniques from the scale of our delivery across competitive projects, as well as strong relationships to promote local employment with key contractors.
- We are trusted partners of county councils, Highways England, the HCA and government departments to deliver strategic infrastructure accelerated by public grant and/or loan funding.



SALES

- We sell fully serviced residential and employment plots on our strategic sites, de-risked residential land parcels from Catesby, homes on high density City centre sites and, where we don't retain for income, completed commercial properties.
- Across our strategic sites, we run a competitive bid process for residential parcels with a detailed pack of information, creating a consistent and recognisable serviced land product.
- Our "oven ready" product is attractive to national and regional housebuilders and allows regional housebuilders access to large-scale sites with a significant pipeline.
- By bringing forward a number of large-scale strategic sites in parallel, where housebuilders have missed out on a particular opportunity, we have been able to offer them an alternate parcel.
- Employment parcels are offered on either a self-build or completed unit basis and with a variety of land ownership structures depending on user requirements.



RETURNS

- Our focus is to provide a market-leading return for shareholders which rests upon delivering a tangible dividend for our stakeholders as well.
- Our EPRA NAV has grown by 18 per cent since the May 2014 listing and we commenced payment of dividends a year earlier than we predicted.
- For our stakeholders we are proud to have created jobs, invested in local projects, created high quality publicly accessible open spaces and accelerated the delivery of schools and strategic roads by listening to what people want and addressing challenges head on.

Long-dated recurring cash flows + Income + Near-term profit realisation

=

Solid balance sheet
NAV growth
Profits and dividends

Strategic land

Large-scale predominantly brownfield areas of land for mixed-use housing led development.

No. of sites: **4** | Total acres: **4,005**

Commercial

Bespoke employment, retail and leisure developments at key growth locations.

No. of sites: **7** | Total acres: **47**

City centre

Residential, employment and leisure within dynamic urban centres.

No. of sites: **5** | Total acres: **4**

Catesby

Smaller-scale land parcels in areas of identified housing need.

No. of sites: **26** | Total acres: **660**

Planning position

	Strategic land	Commercial	City centre	Catesby
Homes – Consented	14,350	20	270	1,551
Homes – In planning	6,500		60	1,265
Commercial (sq.ft.) – Consented	6,520,000	110,000	260,000	
Retail, hotels and leisure (sq.ft.) – Consented	394,000	577,000	314,000	
Schools – Consented	10			
Schools – In planning	4			

Development spend[1]

	Strategic land	Commercial	City centre	Catesby
Spend in period	£23,872,000	£29,922,000	£9,874,000	£1,769,000

1. Including promotion and construction costs but excluding site acquisitions, capitalised overhead and interest.

Homes and commercial disposals

Strategic land
- 380 – Homes contracted
- 700,000 – Commercial area sold or in legals (sq.ft.)

Commercial
- 186,000 – Commercial area leased, contracted or sold (sq.ft.)

City centre
- 90 – Homes reserved or sold
- 157,000 – Commercial area leased or sold (sq.ft.)

Catesby
- 345 – Homes contracted

p22 Strategic site review pages 22 to 47

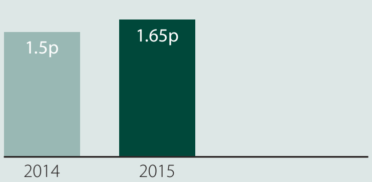
p52 Commercial review pages 52 to 55

p56 City centre review pages 56 to 59

p62 Catesby review pages 62 to 65

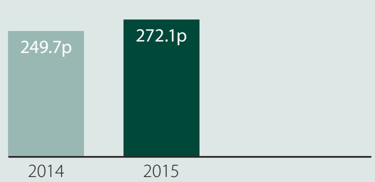
Final dividend per share

+10.0%



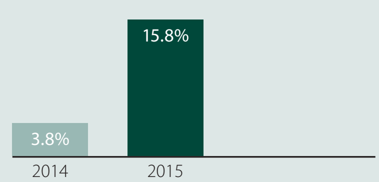
EPRA NAV per share

+9.0%



Total shareholder return

15.8%



STRATEGIC LAND

IN DELIVERY

Alconbury Weald

Consented:

5,000 homes

IN DELIVERY

RadioStation Rugby

Consented:

6,200 homes

IN PLANNING

Waterbeach Barracks and Airfield

Anticipated:

6,500 homes

COMMERCIAL

COMPLETED

Sites completed:

- Gateway, Middlehaven
- Watervole Way, Doncaster

Scale:

166,000sq.ft.

IN CONSTRUCTION

Sites in construction:

- Altira Park, Herne Bay
- Feethams, Darlington

Scale:

246,000sq.ft.

IN PLANNING

Sites in/with planning:

- Bude, Cornwall
- Stansted Airport Hotel, Stansted

Scale:

184,000sq.ft.

CITY CENTRE

COMPLETED

Sites completed:

- Howick Place, London (sold)
- Savile Row, London

Scale:

203,000sq.ft.

IN CONSTRUCTION

Sites in construction:

- Bridge Quay, Bristol

Scale:

43,000sq.ft.

IN PLANNING

Sites in/with planning:

- Princess Street, Manchester

Scale:

360,000sq.ft.

CATESBY

SOLD

Sites sold:

- Balsall Common (two sites)
- Haywards Heath
- Sherborne

Scale:

87 acres

CONSENTED

Sites consented:

- Armadale
- Carluke
- Carnwath
- Fenwick
- Kilmarnock
- Patna
- Shefford
- Shotts

Scale:

171 acres

IN PLANNING

Sites in planning:

- Alfold
- Bromsgrove
- East Buckingham
- Kedleston
- Stadhampton
- Wilstead

Scale:

243 acres

IN DELIVERY

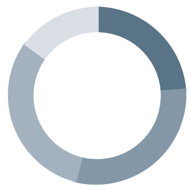
Newark

Consented:

3,150 homes

Consented and anticipated:

20,850 homes



Alconbury Weald	24%
Rugby	30%
Waterbeach	31%
Newark	15%

ACQUIRED

Sites acquired:

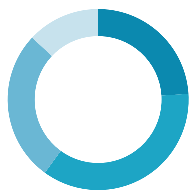
- Gallagher Leisure Park, Bradford

Scale:

91,000sq.ft.

Total square footage:

687,000sq.ft.



Completed	24%
In construction	36%
In planning	27%
Acquired	13%

ACQUIRED

Sites acquired:

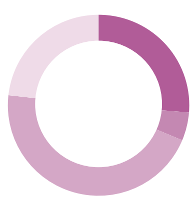
- Deansgate, Manchester

Scale:

186,000sq.ft.

Total square footage:

792,000sq.ft.



Completed	26%
In construction	5%
In planning	46%
Acquired	23%

PRE-PLANNING

Sites pre-planning:

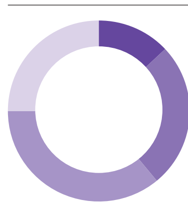
- Abingdon
- Brampton
- East Horsley
- Farnham
- Felsted
- Islip
- Sandiway
- Wootton

Scale:

159 acres

Total acreage:

660 acres

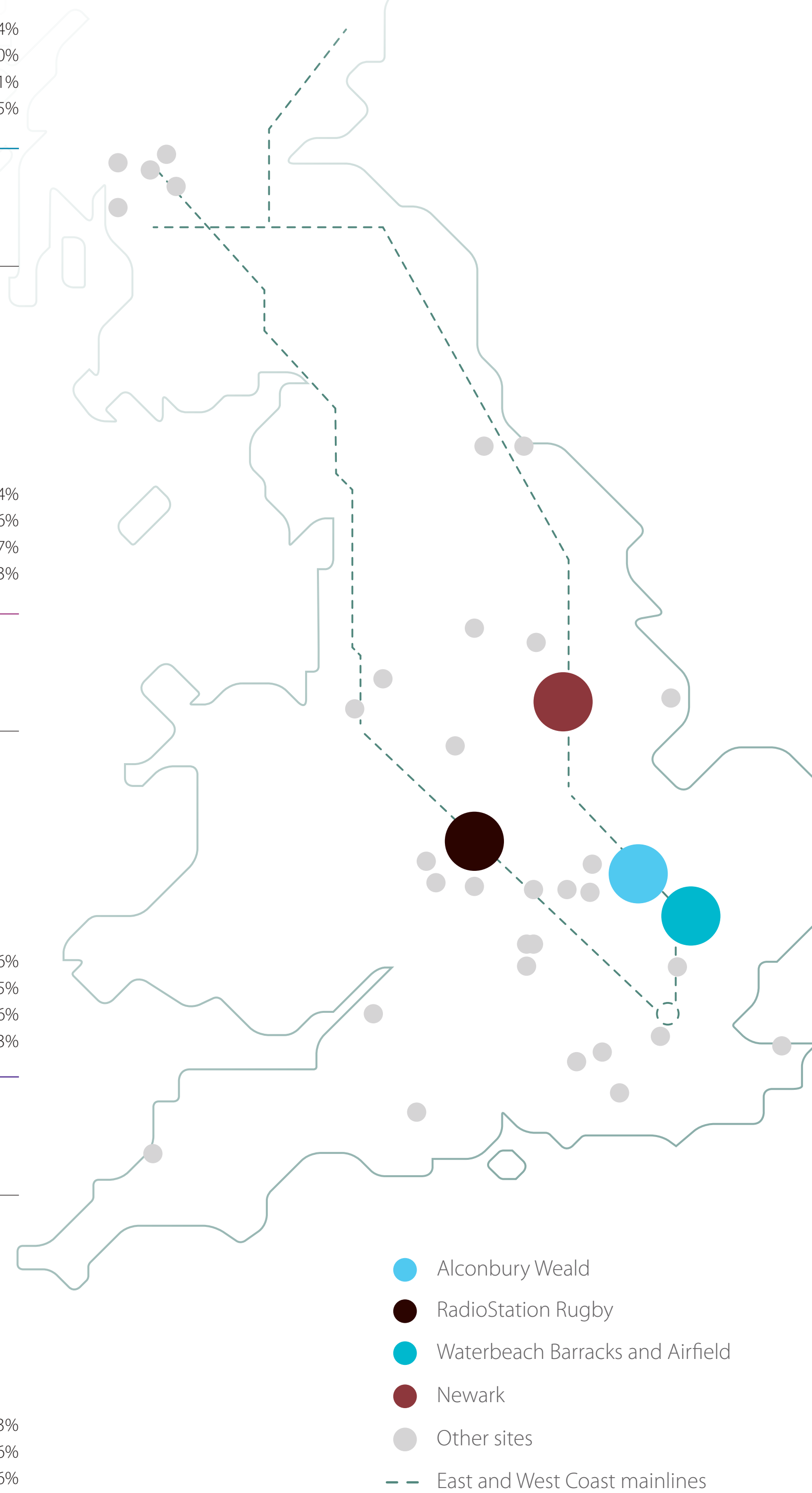


Completed	13%
In construction	26%
In planning	36%
Pre-planning	25%

Scale of active sites:

19 sq.km.

Equivalent to the size of Monaco nine times over.



From blueprint to delivery

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“The next eighteen months are pivotal, in terms of immediate Company prospects and the sustained cash monetisations from the larger projects.”

Nigel Hugill
Executive Chairman

Introduction

Consistent with my update at the half year, I am pleased to be able to report continued advancement across the Group in the 12 months to 30 September 2015. EPRA net assets per share are up 9 per cent for the year, reflecting growing, if still restrained, appraised upward movement in our strategic sites and considerable investment in new development. The latter will help provide income and balance but will take some time to convert into balance sheet growth. The next 18 months are pivotal, in terms of immediate Company prospects and the sustained cash monetisations from the larger projects. The signs are all encouraging at present, of which more below.

Highlights of 2015

The acquisition of Catesby was a 2015 highlight, introducing another significant housing site at Newark, on the east coast mainline in Nottinghamshire, as well as strengthening Group operating revenues. Also of particular note is our waterside office to residential conversion in Bristol Bridge Quay, scheduled for delivery next April, where 53 of the 59 apartments are now under contract with the remainder already reserved. A broader satisfaction is derived from the demonstrable power of the delivery machine that we envisaged on coming to market last year and the extent to which we have been able to build prospective asset growth across all Group business lines.

In summary:

- Alconbury, Rugby and Waterbeach promise to be three of the most substantial additions to UK national housing stock with £7 billion GDV of aggregated project value underpinning stable predictable long-dated income
- Homes and Communities Agency infrastructure funding of nearly £50 million made available at Rugby and Newark to support acceleration of large-scale sites
- Wider Government initiatives to support housebuilding on brownfield land and first-time buyers ought also to benefit Catesby
- Over 800 units subject to contract at Alconbury and Rugby via deal structure enabling capture of market growth
- Recommended final dividend of 1.65p up 10 per cent on 2014 final, in line with progressive policy and increase in EPRA NAV
- Investing Listing proceeds in line with expectations including acquisition of strong assets in Manchester and at Stansted airport
- Absolute focus on quality to protect future asset value growth
- Next 18 month period pivotal; signs are all very good

Highlights of 2015 continued

The strength of that delivery capability is being supplemented by the range of well established, predominantly medium-sized, housebuilders who will be building new homes on our strategic sites. Alongside Hopkins Homes (www.hopkinshomes.co.uk) already in preliminary construction at Alconbury, we have reached detailed heads of terms with two further housebuilders, both of whom are expected to commence on site in the first half of the next calendar year. All three are essentially building under licence, although the structure of the arrangements with Hopkins provides for a joint participation over construction costs and minimum plot values. Similarly, Davidsons Homes (www.davidsonsgroup.co.uk) is now contracted at Rugby, with a second housebuilder in solicitors' hands.

The structure will be the same and in accordance with the Urban&Civic business model of realising value from serviced plot parcels, having invested in physical infrastructure and high-quality public realm. As at Alconbury, the initial housebuilders at Rugby will build under licence on fully infrastructured plots. Taken together, the five agreements represent a total of more than 800 units. Furthermore at Alconbury, we expect to be in advanced legal agreement on £8.25 million for 30 acres, or approximately 700,000 developable square feet, of large-scale commercial space by the end of 2015. We are also planning a second Incubator at Alconbury on our own account with the first now fully let.

The reported September 2015 EPRA net asset value of £389.9 million, or 272.1p per share, compares with a September 2014 figure of £350.8 million, or 249.7p per share. The 11.1 per cent EPRA increase (9.0 per cent per share) is entirely satisfactory, given the level of new property acquisitions made in the year and the corresponding cash drawdown (from £162.8 million at 30 September 2014 to £43.6 million 12 months later). Taking account of the two dividends paid in the year, the total shareholder return was 15.8 per cent. Pre-tax profit for the year was disproportionately impacted by approaching £5 million of write downs, almost all of which relate to historic holdings of Scottish land. Underlying earnings in the second half of the year were directly equivalent to those reported in the 2015 interims.

The pace of cash investment continues to underline the prevailing level of Group activity. Completion of the £8.0 million site acquisition of a 250-year peppercorn lease for the on-terminal hotel at Stansted Airport took place in November, due to a requirement after exchange in January 2015 to agree transitional arrangements with the airport owners, Manchester Airports Group. In conjunction with local authority partners, Stansted published a Sustainable Development Plan in March 2015, outlining how the airport has the capacity to more than double existing throughput to 45 million passengers per annum within current boundaries and approved environmental limits. One of the early steps towards that expansion will most likely have the effect of bringing the enlarged terminal check-in facilities closer again to our intended hotel but caused us to lose a couple of months after exchange.

A business defined by our projects

I said it in the introduction to the first results for Urban&Civic as a listed company and I will say it again this year: the defining characteristics of our business are squarely project based. We are unusual for our size insofar as we can be competitive across schemes from neighbourhood town to nationally significant.

Relative to most of our quoted property company peers, we lack material London exposure but nor are we reliant on historically low yields. Conversely, strategic land is beginning to feature more heavily in the sales mix of the quoted housebuilders. This has been a trend across the sector generally, most particularly for traditional strategic land specialists Persimmon and Taylor Wimpey. The implied value of their strategic land holdings stand at a considerable premium to the equivalent carrying value at September 2015 in the accounts of Urban&Civic, even after discounting a housebuilder margin.

The movement in net disposable income is the best long-term proxy for house price change, outside very central London. We have been unequivocal in relation to our expectations for recovering net disposable income in southern UK regions and to real wage growth of three per cent plus in 2015. Reflecting the impact of maintained job creation and lowering unemployment rates (now on the way to a headline five per cent), wage growth has picked up over the 18 months since Listing. With headline consumer price inflation falling towards zero over the same period, real wage growth is moving into strengthened consumer confidence and activity, most notably in relation to increased discretionary spending and house price inflation. Income recovery has not only been reflected in house price increases but is being amplified by strong population growth in areas where unemployment is lowest. Recently the Office for National Statistics updated population projections for the period to mid-2024. The UK population is projected to rise by 4.4 million to 69 million by 2024, a near seven per cent increase over ten years and 294,000 higher than the previous outturn (based upon 2012 figures).

4.4m

Projected UK population growth 2012–2024

(Office for National Statistics)

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1 The Club and Incubator, Alconbury Weald

2 Topping out Feethams, Darlington

A business defined by our projects continued

The Group is perfectly positioned to capitalise on those changes. Urban&Civic currently owns or controls more than 24,000 residential plots of which two-thirds are already consented and the brownfield site at Waterbeach comprises four-fifths of the remainder. Most of the population and job growth is concentrated in the east and south east of England and we can expect high demand from entry level purchasers; the Conservative government has reinforced the presumptions in relation to brownfield development. The Queen's Speech in May 2015 contained an undertaking to include a statutory register for brownfield land to help achieve housing targets. The Autumn Statement sought to further accelerate the supply of housing for ownership via discounted starter homes in lieu of affordable rent and the opening up of shared ownership. The backing for small to medium sized housebuilders was reinforced, along with renewed financial support for the implementation of large-scale sites. Alconbury, Rugby and Waterbeach promise to be three of the most substantial additions to UK housing stock over the next 15 years. The current aggregated project gross development value of over £7 billion underpins stable predictable long-dated income for the Group.

Politics and economics: the acquisition of Catesby

Catesby brought another significant, if not quite strategic, new project into the Group in February 2015 with an 82.2 per cent share of a consented southern extension to Newark in Nottinghamshire. Of the £34 million consideration, aggregate cash payments totalling £22 million were paid or are due to Catesby shareholders. This leaves £12 million of newly issued Urban&Civic stock ascribed to our share of the 2,600 plots at Newark.

The accounting was more complicated, as explained in my interim report in May 2015, with a £4.7 million credit to the income statement having been taken in the first half to March 2015. The credit reflected a discount on purchase based upon a £19.3 million valuation for Newark, which had been the subject of a third party offer during discussions, with all unconsented Catesby interests being taken into the Urban&Civic Group accounts at cost, representing fair value.

The courtship was quite extended. Having set up the business 19 years previously, it was understandably important to the vendors that the business would be taken forward properly by the new owners. Similarly, as a first acquisition for the publicly quoted Group it was just as important that genuine value was seen to be added through the purchase. I am pleased to be able to report that expectations have proved vindicated on all sides. The absolute emphasis on technical analysis and working with planning officers rhymes with the approach taken by Urban&Civic. It is also thoroughly consistent with existing political mores; witness again the Autumn Statement references to bringing forward further reforms to the planning system. The proposals include establishing a new delivery test on local authorities to ensure delivery against the number of homes set out in local plans and supporting the regeneration of previously developed brownfield sites in the green belt for starter homes. By allowing such sites to be developed in the same way as other brownfield land, the potential arises for planning approvals without the need for extended local plan processes.

The Catesby business is focused on land trading promotion agreements, whereby the landowner pays a percentage of sales proceeds plus recovered costs, once consented land is sold to housebuilders. The competitive advantage enjoyed by Catesby over the housebuilders is that there is no argument as to the value of controlled land. The landowners also get the benefit of maximised proceeds in a strong market. Prevailing presumptions are supportive to the Catesby model and the maintaining number of planning officer recommendations to approve is testament to their approach. The conversion rate on applications has been consistently high, reflected in annual pre-tax profits of £6.2 million and £7.0 million in the 12 months to December 2013 and 2014 respectively. I have made the observation previously that fair valuing on acquisition and moving to a September year end militates against actual 2015 comparisons. Nevertheless, I remain confident that the underlying pre-tax profits for the 12 months to December 2015 will at least match those of last year. It is also still my expectation that, including monies within the business on acquisition, the cash consideration for Catesby of £22 million will have been fully returned to Urban&Civic by the end of the calendar year or, perhaps more pertinently, well within 12 months of acquisition.

Certainly Catesby has benefited from favourable land market dynamics in terms of the planning cycle. Whether the more direct relationship between Conservative local and central government has an ultimate impact on high success rates in favour of applicants at appeal remains to be seen.

1 Eric Grove (founder of Catesby) with Robin Butler

2 Urban&Civic team away day


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> Catesby's absolute emphasis on technical analysis and working with planning officers rhymes with the approach taken by Urban&Civic."

The trend has tended to be down in recent months. Reflecting the increased Conservative representation at all political levels, the reasonable expectation is for higher regard to local sensitivities with brownfield forming the acceptable middle ground. Equally, maintained population growth brings pressure not only on housing but also on schools, roads and local services. Catesby lost an appeal relating to a site in Bromsgrove in August 2015 rather against our expectations, when the planning inspector upheld Bromsgrove District Council's refusal of a 490 new home development ruling that negative highways impacts outweighed recognisably pressing housing supply issues. Counterintuitively Worcestershire County Council, as highways authority, had supported the application.

Catesby is already working with Worcestershire County Council, as well as the local authority, to establish revised proposals for the council allocated site in Bromsgrove. Moreover, unsuccessful outcomes even if not concluded, remain rare for Catesby, which has been successful in obtaining planning consents for nine sites since January 2014. Five were accounted for prior to acquisition in February 2015 and four more have been consented in the current calendar year. Two of the four successes under the ownership of Urban&Civic have been granted at appeal.

The sales of two consented sites were completed by Catesby in the six months to 30 September 2015 (Balsall Common, near to Solihull, and Haywards Heath in West Sussex). Trading profits on Catesby's participations totalling £4.4 million were booked accordingly. Our accounting policy on unsold interests will be to include an EPRA adjustment on land owned or under option only where resolutions to grant or outline consents were secured prior to the accounting date but proceeds have not yet been received. Aggregate EPRA adjustments of £4.7 million were made with respect to Shefford, Bedfordshire and Sherborne, Dorset, both of which were consented at 30 September 2015 and with sales contracts exchanged at Sherborne.

I should note in passing that all four projects will have achieved prices above budget on acquisition. Housebuilders remain margin sensitive but there is a continuing strong requirement in good areas with short commissioning periods. Similarly the Catesby pipeline appears robust, not least because of the advantages to landowners of being seen to be represented by a publicly listed, planning-led group. Currently the business has 15 projects under contract, eight projects where offers have been accepted by the landowner and have moved into solicitors' hands and ten at the stage of detailed heads of terms. The majority of projects are in areas without a five year residential land supply or without an up-to-date local plan.

Delivering on our strategic sites

Alconbury Weald

Good progress continues to be made on all strategic sites. The agreements with Hopkins and the two additional housebuilders, with whom detailed heads of terms have now been reached at Alconbury, are key to maintaining operating momentum and net asset growth for the Group. We are probably six months behind where I had wanted to be this time last year on residential starts at Alconbury but we are already catching up. Hopkins is a highly reputed, privately owned, medium-sized house builder operating principally in Cambridgeshire, Norfolk and Suffolk which is committed to helping us establish price and quality thresholds from the outset. They are now on site and the walls are all up on the Church of England operated primary school, which will admit its first pupils in September 2016 so that children in newly occupied houses will be able to go straight into what promises to be a wondrous new facility. This is the third school that architects Allford Hall Monaghan Morris have designed for us since the introduction of academies and, I am pleased to say, another of their schools won the 2015 Stirling Prize.

1 Topping out of the Club, Alconbury

2 Ministry of Science event, Rugby

Delivering on our strategic sites continued

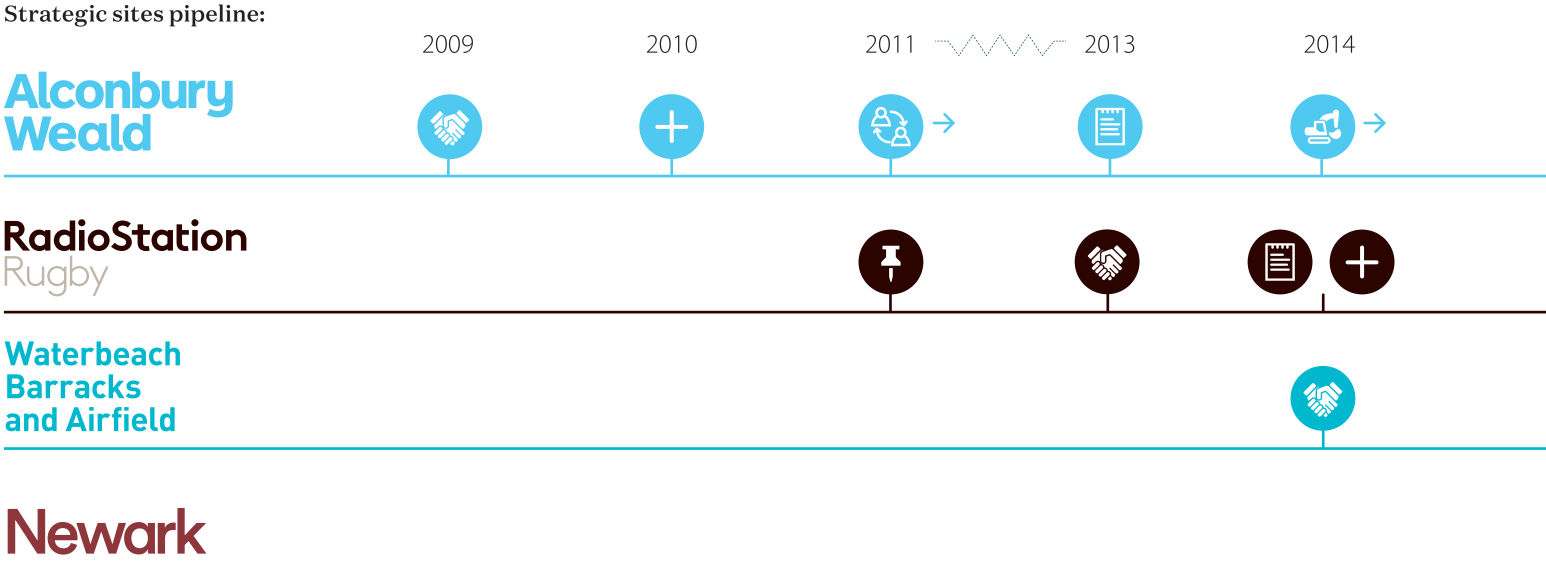
Alconbury Weald continued

An element of uplift is starting to come through in valuations. The CBRE analysis places a value on Alconbury of £18,500 per unserviced plot at September 2015, or £92.5 million for the consented residential holdings, based on assumed average sales prices of £230 per sq.ft. The per plot figure represents an increase of approaching 15 per cent from a figure of £16,170 appraised at 31 March 2015 and 20 per cent on the £15,400 reported at 30 September 2014. Whilst we have lost a little time, the values have moved correspondingly upwards. I said at May that the arrangements with Hopkins were expected to realise more than twice the March interim carrying value. We shall now be disappointed if arrangements with all three housebuilders at Alconbury do not realise respectively more than twice the September 2015 valuations.

Topping out of the new Club building has taken place at Alconbury, to include a gym, bar, restaurant and community accommodation for both incoming residents and Enterprise Zone tenants. The new facility will open in March 2016. Urban&Civic will also move its operations to the Club to make available space in the existing Incubator, which is fully let. I referred above to the first proposed commercial land sales at Alconbury, both to large space users and at prices which again equate to approximately twice existing book value. The nature and scale of the operations is such that buying is much the incomers' preferred alternative. The two proposed parcels will collectively aggregate 30 acres to the back and in the northwest corner of the site.

Huntingdon Regional College is looking to substantially increase its presence at Alconbury, where it currently has a training centre, with a new 25,000 sq.ft. campus building which will form part of what we are terming a new mid-tech cluster. Preliminary funding has been granted and the College has appointed architects to work up designs.

Strategic sites pipeline:



As part of the same arrangements, planning applications will be made for a second Incubator building and an extension of the cluster behind the small, listed aircraft control building that dates back to the Second World War. Several further enquiries are fairly well advanced. There have been a number of false dawns in relation to substantial commercial construction at Alconbury, so I am reluctant to overcommit; notwithstanding, it could well be that by the time of the interim update in May 2016, we are on site with around 800,000 sq.ft. of new commercial space.

RadioStation Rugby

In Rugby, the advance landscaping and new ponds we crafted last year, and for which we have received numerous plaudits, are now home to 153 resettled great crested newts. This leaves the rest of the first phase clear to get on with the delivery of equally high quality homes for people. To this end, the deal with Davidsons for the first 250 homes follows the licence format of Alconbury. Davidsons is another highly reputed medium-sized housebuilder of exceptional pedigree and we will have completed the serviced platform ready for them to start delivering housing, following the grant of reserved matters, by spring of 2016.

The CBRE analysis places a value of £12,900 per unserviced plot at September 2015 which represents an increase of approaching 6.5 per cent from the 31 March 2015 comparable figure of £12,125. As with Alconbury, CBRE has based its valuations on assumed average achieved sales prices of £230 per sq.ft.

The Rugby housing market is strong and Davidsons is already targeting higher. Terms are also agreed with a second housebuilder.

We always seek to bring forward strategic infrastructure wherever we can. Building on our long-standing relationship with the HCA at Rugby, which categorises the RadioStation as one of a select few priority sites in England, we have been in discussions to accelerate the 3.5km link road which anchors the site back into the West Coast mainline station and the heart of Rugby.

> "Urban&Civic is accumulating one of the most important sets of residentially based major extensions in the country. We are not done yet."

The HCA has now agreed to provide £35 million, of what it terms "recoverable investment" given the long-dated terms and repayment only out of proceeds. The funding will allow us to complete the link road seven years early and open up an entirely new front of the site for development. Taken together with the comparable loan already drawn at Newark, the Government is providing Urban&Civic with approaching £50 million of supportive large site infrastructure funding.

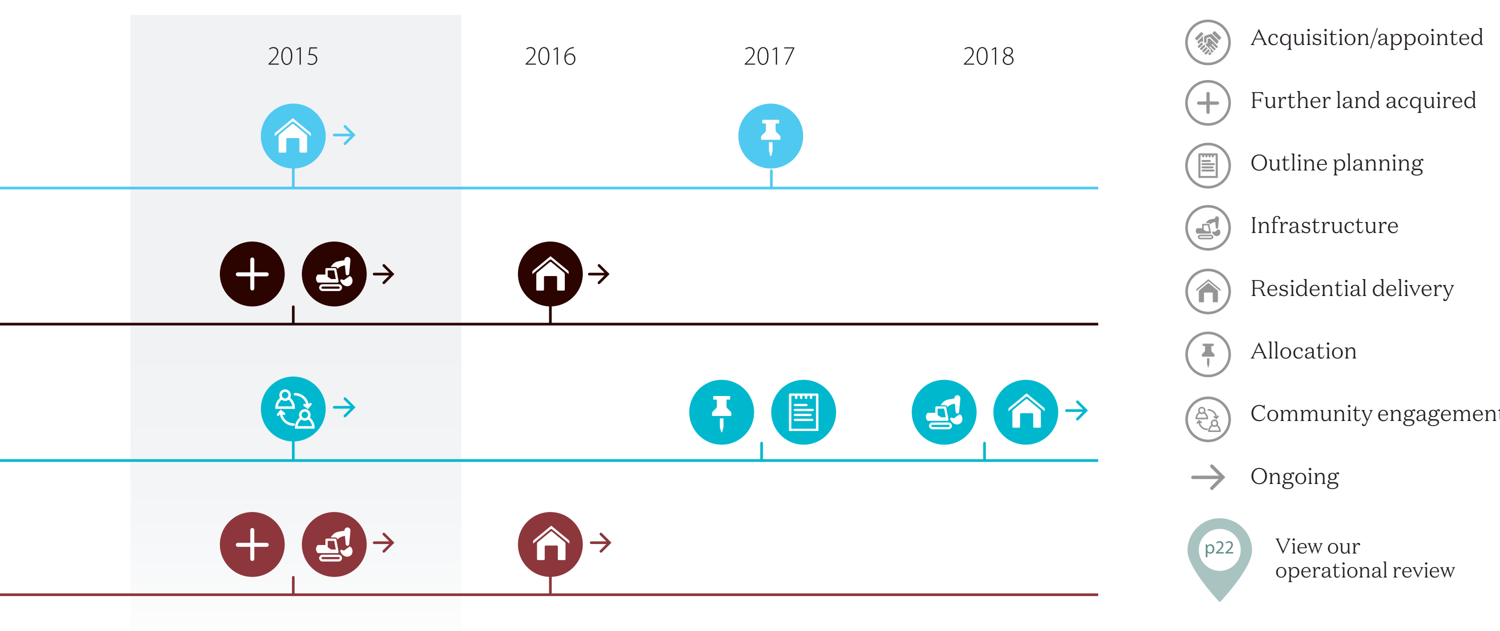
Given our love of schools we have also been busy at Rugby and jointly submitted an Academy proposal to run the first primary school with the Diocese of Coventry.

We are pressing on with design of the school with Warwickshire County Council which will form a key landmark within the first phase and is set to open from September 2017.

Waterbeach

Last month, South Cambridgeshire District and Cambridge City Council published the committee reports and supporting evidence documents relating to their Local Plans. Core conclusions were to lift the South Cambridgeshire housing target to 19,500 new homes and to reiterate a preferred development strategy of identified new developments with commensurate infrastructure spend, such as Waterbeach, over large green belt releases. Previous phasing restrictions have also been removed to allow for flexibility in early delivery.

2



p22 View our operational review

Delivering on our strategic sites continued

Waterbeach continued

The Inspector will reconvene her joint Examination in Public of the Local Plans in the new year. We are working with the District and adjoining landowners at Waterbeach to ensure that the various related work streams now in progress (including the Neighbourhood Plan for Waterbeach Village and the emerging Development Framework for the broader area) all align and support Local Plan policy. Work has commenced on behalf of Cambridgeshire County Council on a comprehensive transport strategy for the A10 corridor, to which Urban&Civic will be contributing. This study will help determine infrastructure investment priorities, not least in the context of proposed expenditure under last year's City Deal.

An initial set of public open days have also been held to enable local residents to comment on the key issues relating to the future development of the Waterbeach area. The issues discussed were derived from those identified by Waterbeach Parish Council for consideration through the development of the Waterbeach Neighbourhood Plan. Other exhibition material was provided to outline the history of the Waterbeach Barracks and Airfield site, the process being undertaken by Urban&Civic in re-opening facilities and the next steps in the process. More than 400 local people attended across two sessions, including local residents, elected representatives and planning officers from South Cambridgeshire District Council and members of Waterbeach Parish Council.

Urban&Civic is under contract, effectively with the Ministry of Defence, to deliver at Waterbeach as soon as possible, consistent with providing value to the taxpayer. We remain on course to submit an outline planning application at Waterbeach in autumn 2016.

Newark

The planning consent at Newark is for 3,150 new houses, with associated commercial development nearby. This appears overly dense, hence our working off 2,600 units and a September 2015 valuation equivalent to £8,800 per plot. The consent relied upon a greenfield release but represents a considered piece of semi-urban strategic planning, establishing a southern extension to Newark with a new town boundary, flood protections and conveyed open spaces. An important new road is being constructed in phases, ultimately joining the A1 with the A46 to Leicester and Nottingham. As already referenced, the vast majority of the first phase roadworks are being funded via a loan from the HCA for £11.2 million, again repayable out of realised sales proceeds. There are also good prospects for £9.5 million of grant funding from a combination of the local authority and the LEP to accelerate the middle phase but we have been clear as to the importance of revised and additional loan funding, if we are to construct the entire road at this stage.

1 Waterbeach Open Day

2 Show flat, Bridge Quay, Bristol

Creating strategic value

I would just draw attention to two other aspects which can be expected to impact positively on the value of our strategic sites going forward. The first relates to an increasing weight of external evidence for wholesale sales of large sites in their entirety. It had been the case that the valuation examples on which CBRE could draw above, say 2,500 units, were sparse but sound evidence is now building.

As examples, the brownfield sale has now completed by BAE Systems for what is reported as close to £70 million to the Malaysian YTL Corporation at Filton Airfield, near Bristol. The 350 acre site has outline planning consent for 2,675 residential units and specialist adjoining employment uses. The residential market is well supported in Bristol but the extent of consented housebuilder ownership in the immediate vicinity may act to limit absorption. In September Telereal Trillium announced the purchase of Land Improvement Holdings for £120 million.

Second, serviced plot purchases are highly capital efficient to incoming housebuilders and broaden the range of those able to compete. The recession had a marked impact on small and medium-sized operations, such that the established position of the UK, as the most concentrated configuration of housebuilders in the world, was only consolidated. The participation of competing privately owned housebuilders, particularly those up to 500 units, is materially lower than in previous cycles. We are now able to offer to housebuilders a comprehensive and essentially commoditised product in relation to the housing plots across our strategic sites. Our customers know what to expect and the uncertainties conventionally attached to unserviced land purchases are being almost entirely eliminated. This level of detailing has been reflected in the speed and level of pricing with which offers have been made by our housebuilder customers, both at Rugby and Alconbury. We intend the same at Newark, once the current enabling roadworks are completed, scheduled for the summer of 2016.

With Newark akin in size to half a strategic site, Urban&Civic is accumulating one of the most important sets of residentially based major extensions in the country.

We are not done yet, although it is to be recognised that the same characteristics that are helping valorise our large holdings also act to make the market more competitive for future additions. The percentage increases since Listing go to the particular combination of defensiveness and optionality afforded by consented strategic sites in areas of good affordability with underlying employment and population growth. Waterbeach is likely to show slightly different characteristics with a higher proportion of rental demand due, most especially, to the proximity of highly employment confident renters in the Cambridge Science Park. Here we have the same manifestation of push and pull that we see in London. Hence our undertaking that Urban&Civic will build apartments with balconies but not gardens to rent at Waterbeach as part of an overall mix, just as soon as we are consented.

The figures are now starting to speak for themselves; the EPRA value at Alconbury as appraised by CBRE at September 2015 is £18,500 per unserviced consented plot, as compared with £13,610 as at the May 2014 Listing. The increase of 36 per cent is based upon improved sales assumptions up 9.5 per cent from £210 to £230 per sq.ft. Similarly, the increase at Rugby is now 20 per cent from Listing on the same sales price assumptions as Alconbury. Newark was brought into the balance sheet on acquisition in February at the equivalent of £7,700 per unserviced plot; the CBRE valuation of £8,800 per unserviced plot in September 2015 represented a 14 per cent increase in seven months.

Keep in mind also that this has been a time of unusual growth in construction costs which, in the normal course, can be expected to flow directly through into land prices. Precise estimates differ but most commentators have put underlying build cost inflation on conventional residential construction at around five per cent per annum, certainly materially above prevailing increases to the Retail Prices Index. Labour price inflation, driven by skilled labour shortages into upscaling demand, has been a much larger component than materials over the past two years. Past experience is that the recovery in Sterling will continue to attract tradesman into the UK, such that alongside domestic training programmes abnormal labour wage pressures will abate relatively quickly. The best long-term reference for construction inflation remains the general movement in the Retail Prices Index.


2

"The team has done a first-rate job in taking advantage of an undoubtedly strong market. The quality of the emerging finishes is excellent and, objectively, materially ahead of the competition. The invested care was rewarded by escalating offers."

Commercial and City Centre
Stansted
The solution to a high quality problem at Stansted, where the contracted construction of a covered walkway to the airport terminal risked delaying the potential move of check-in facilities closer to our proposed hotel, has been entirely amicable. The agreement is that the airport owners can run buses for up to 30 months from the scheduled opening of the hotel in summer 2017. The result is to provide Urban&Civic with suitable temporary replacement services, as well as escalating compensation through the period. The hotel is being built as 357 bedrooms in the first instance and will be operated as a Hampton by Hilton, which is considered most appropriate for the target market at Stansted. Total outturn costs, including land, are £38 million and the expectation is for stabilised annual EBITDA of £3.5 million to be reached within three years of opening. The existing design provides for ready expansion up to 520 rooms. Enlargement will require the construction of two new wings. Manchester Airports Group has consented in principle to the future expansion, without further payment.

Bristol
I also mentioned Bristol Bridge Quay in my introduction where contracts have been exchanged or reservations made on all of the 59 apartments. The team has done a first-rate job in taking advantage of an undoubtedly strong market. The quality of the emerging finishes is excellent and, objectively, materially ahead of the competition. The invested care was rewarded by escalating offers. The realistic expectation is now for a gross development value of around £18 million.

Commercial and City Centre continued

Bristol continued

We ought to realise at least twice the initially budgeted surplus of £2.7 million, against an attributed acquisition cost of £3.25 million.

Completion is on schedule for April 2016, with the progressive handover of apartments thereafter. EPRA adjustments for Bridge Quay, totalling £3.0 million, were included in the year to 30 September 2015.

Middlesbrough

The Gateway project in Middlesbrough, substantially pre-let to Sainsbury's and forward funded by Osprey Equity Partners, was handed over on time and on budget in July 2015. Various conditions subsequent were to be satisfied so that the lease to Sainsbury's was not completed until September. The final consideration under the terms of the financing agreement with Osprey of £7.3 million has been received post year end.


1

Darlington

Staying in north east England, topping out has taken place at Feethams, Darlington, where we remain on schedule for a spring 2016 opening. The prominent town centre scheme is anchored by Vue Cinemas and a Premier Inn and also includes eight bars and restaurants. The local authority is highly supportive and are constructing an adjoining 650 space car park. Gross development value is anticipated at around £24.4 million on a rent of £1.4 million with over 100,000 sq.ft. of new construction. The average contracted lease length exceeds 15 years.

Bradford

Good progress is also being made at the Gallagher Retail Park, between Bradford and Leeds, acquired during the year for £11.2 million on an initial yield of 8.6 per cent, rising on fixed reversions to 9.3 per cent in September 2016. The property is occupied by Odeon Cinemas and Pure Gym (on a sub-let from Virgin Active). Both would like to downsize, which would allow for the introduction of new restaurants. There is ample car parking and terms agreed for two drive-thru units. Planning discussions are in train. Post rearrangement and construction, the ambition is for a yield on cost of better than 10 per cent and average lease lengths back out to 15 years.

Herne Bay

Off-site works and store construction are well underway on a second major foodstore pre-let to Sainsbury's on the outskirts of Herne Bay, near Canterbury in Kent. The rent in this instance is almost £2.2 million per year. The contracted terms with Sainsbury's are for a 25 year fixed term, with RPI uplifts, subject to a cap of 4 per cent and a collar of 2 per cent. The lease is expected to commence in April 2016. An EPRA uplift of £7.5 million was recognised in the year to 30 September 2014, given the obtaining of detailed planning consent. No further uplift has been included beyond the costs of construction, so that (including costs to completion) the value in the balance equates to a better than indexed yield of 5.25 per cent. The initial yield on a broadly comparable indexed gilt, issued by the UK government but without the guaranteed collar uplifts is negative 0.7 per cent, so that the implied premium of the Sainsbury's covenant over the gilt is 5.95 per cent. There are no more like this coming forward.

Manchester

I am very pleased to be able to report that good progress has been made on our two large sites in Manchester. Notwithstanding a fairly chequered past, positive public engagement took place on our revised proposals for the Princess Street/ Whitworth Street site. The designs are somewhat quieter than those envisaged by previous owners but care has been taken to utilise the construction work that went into four storeys of underground car parking with a retaining canal wall. The majority of attendees at the public consultation were close neighbours and most found favour with our proposals, which comprise two separate residential buildings totalling 238 units and a 148 bedroom hotel. A planning application has now been submitted and we are hopeful of positive determination in February 2016 to allow a start on the two residential buildings in the middle of next year. That would be ahead of our original self-imposed timetable.

The Renaissance hotel on Deansgate is trading slightly ahead of budget. The hotel is covered by an operating agreement with Marriott that expires in November 2017. The freehold of the site is owned by Manchester City Council, subject to a long lease in favour of Urban&Civic. Such is the importance and prominence of the site, overlooking Manchester Cathedral at the start of Deansgate, an international architectural competition will be held in due course. A design brief will be agreed with the council prior to implementation.

Scottish land

We did ask CBRE to take a close look at the Company's residual holdings in Scottish land as at 30 September 2015. The holdings are not strategic and comprise a total of over 1,000 consented plots on six sites (some of which are owned with local partners). The plots were acquired originally by Terrace Hill to develop out on its own account but CBRE was instructed to value on the basis of sales to third parties rather than own development. The resulting revised carrying value of £11.9 million involved a write down of £4.4 million against the September 2014 equivalent. Disposals will take place on a phased basis.

Looking ahead

We are very encouraged by the current level of housebuilder interest, whether bidding on projects promoted by Catesby or building under licence on the larger Urban&Civic schemes. Regional differentiation is market driven, in part, by a combination of population growth and job concentration. The realistic expectation is for further good performance across our chosen markets with all indicators suggesting a positive outlook for demand and pricing within those markets in the coming year. The government is playing an important part through the reinforcement of the presumptions relating to brownfield development, the emphasis on affordability to first-time buyers, a maintained commitment for Help to Buy and the HCA making loans available to accelerate housing delivery, as at Newark and Rugby.

Within that overall positive context for our sites, Catesby is also proving a strong acquisition for us. The business has an established pedigree, a secure market position, a focused team and a rising pipeline, despite a plethora of aspiring entrants. The activities will remain operationally separate but philosophically the outcomes are all planning led. The number of Catesby projects is growing and it would appear that there is seen to be a benefit amongst landowning customers from being part of a group that places planning front and centre of what we do. Housebuilders are intent on maintaining margin but the level of liquidity is such that consented schemes are continuing to attract above-budget pricing.

> "The Catesby business has an established pedigree, a secure market position, a focused team and a rising pipeline."

Finally, we elected to invest a material proportion of the placing proceeds in development projects capable of showing good growth, particularly in locations such as Manchester and Cambridge with strong local economies where the judgement is that there is still some way to go.

2.65p

Dividend for the year to 30 September 2015

Dividend

The proposed final dividend of 1.65p per share, which represents a 10 per cent increase over the 2014 final dividend, establishes a dividend for the year to 30 September 2015 of 2.65p, as well as an acceleration from the guidance given at the time of Listing. The Board feels able to maintain that return on the basis of continued advancement.

The final dividend is also in line with the growth in EPRA NAV over the year.

Personal thanks

Deep personal thanks to Board and staff colleagues; much has been achieved since Listing in May last year but our collective determination is that we have only just started. The objective of stepped asset growth underpins everything that we do. It is incumbent upon us to maintain expanding delivery.

Nigel Hugill
Executive Chairman
2 December 2015

1 Feethams, Darlington
2 Herne Bay, Kent

hectares
577

acres
1,425

Ownership
100 per cent Urban&Civic.

Status
Outline consent granted – October 2014.

Consent
5,000 dwellings, up to 290,000 sq.m. of employment floorspace, hub and neighbourhood facilities featuring retail, commercial, leisure, health, church and community uses, three primary schools, nursery provision, a secondary school and land reserved for post-16 education provision, open spaces, woodlands, sports provision, a heritage area and retained listed buildings and a reserve site for a railway station and ancillary uses.

Key phase 1
879 homes, one primary school, amenity retail, 80,000 sq.ft. of employment, community facilities, sports facilities, parks and open spaces.

Alconbury Weald Make|Grow

Progress this year

- Extensive demolition of existing buildings, enabling works and installation of key infrastructure works and landscaping have established a significant delivery platform within key phase 1.
- First serviced housing parcel delivered.
- Of the first 480 homes, Hopkins Homes has been selected for the first parcel and terms have been agreed on parcels two and three.
- First primary school designed by 2015 Sterling Prize Winners – Allford Hall Monaghan Morris – under construction to open in September 2016.
- New amenity building – the Club – nearing completion to provide a gym, café and conference facilities for residential and commercial occupiers as well as the new Urban&Civic estate and sales office.
- Two commercial deals in legal discussions to bring nearly 700,000 sq.ft. of commercial space to the Enterprise Zone.
- 460 jobs created by the construction process and new companies coming to the site, with a bespoke jobs and skills service – EDGE – set up with local partners to support new companies to recruit and help local people including long-term unemployed into opportunities on the site.
- Benchmark set of 98 per cent of materials recycled on site, including 6,000 tonnes of contaminated soils, 3,000 tonnes of timber and plastic, and 70,000 tonnes of reused crushed concrete.

Future milestones

- The first primary school open for the school year commencing September 2016.
- Over 800,000 sq.ft. commercial floorspace completed and operational with the majority of the remaining key phase 1 Enterprise Zone floorspace submitted for planning.
- Three housebuilders actively delivering homes within key phase 1.
- Early sales to homeowners ongoing with occupiers moving into their new homes.
- The infrastructure platform extended beyond the first 480 homes in preparation for further plot sales.

View video of site preparation online:
www.urbanandcivic.com

Laying the foundations for the future

If 2014 was a big year for planning at Alconbury Weald, 2015 has been all about delivery with the foundations quite literally being laid for its future. The area of key phase 1 has been transformed from a series of military buildings and airfield hard standing into the platform which will see five commercial buildings, the first of 480 homes, our new facilities building and the first primary school.

—
Demolition of:

1 3 series hardened aircraft shelter

2 Control tower

"Urban&Civic's focus on reusing and recycling material has meant this is a fantastic project to be working on. There have been lots of challenges but they are all in a day's work if you have the right kit and the right people."

Mike Coleman
ProDem

1

Putting our money where our mouth is

To make this happen, Urban&Civic has spent and/or committed during 2015:

- £8 million in remediation, demolition, roads and utilities;
- £2 million in landscaping including hiring the largest tree spade in Europe to move existing mature trees around the site; and
- £3 million on the new Club building, featuring a gym, restaurant, event and meeting space and headquarters office for Urban&Civic.

This was in addition to £5 million of the government's Building Foundations for Growth fund, which was awarded last year to support the remediation of the Enterprise Zone within key phase 1.

Cambridgeshire County Council has also forward funded £10 million, ahead of receipts from our section 106 agreement, for the stunning primary school, designed by Allford Hall Monaghan Morris, which will be open by September 2016.

This expenditure reflects the heavy lifting needed to bring large-scale brownfield sites back into productive use. Properly done, it creates an extremely effective platform for housebuilders and commercial occupiers to undertake or realise development quickly and efficiently.

Those bunkers were built to last

We have been working with Professional Remediation and Professional Demolition (ProDem) since 2014 to prepare the site.

Over that time ProDem has undertaken:

- controlled removal and disposal of asbestos materials;
- controlled demolition and dismantling of structures such as former aircraft shelters, military buildings and office facilities;
- breaking out of former taxiways and runways to create green space or for development of housing or commercial buildings;
- enhancing soils to enable recycling and reuse on site to support grassland and wildlife;
- earthworks to prepare the site for construction of the new homes and primary school;
- crushing and recycling materials to generate high quality aggregate, for use on site, removing the need for new aggregate to be brought onto the site; and
- landscaping of open space areas, bunds and swales to produce green space and wildlife habitat.

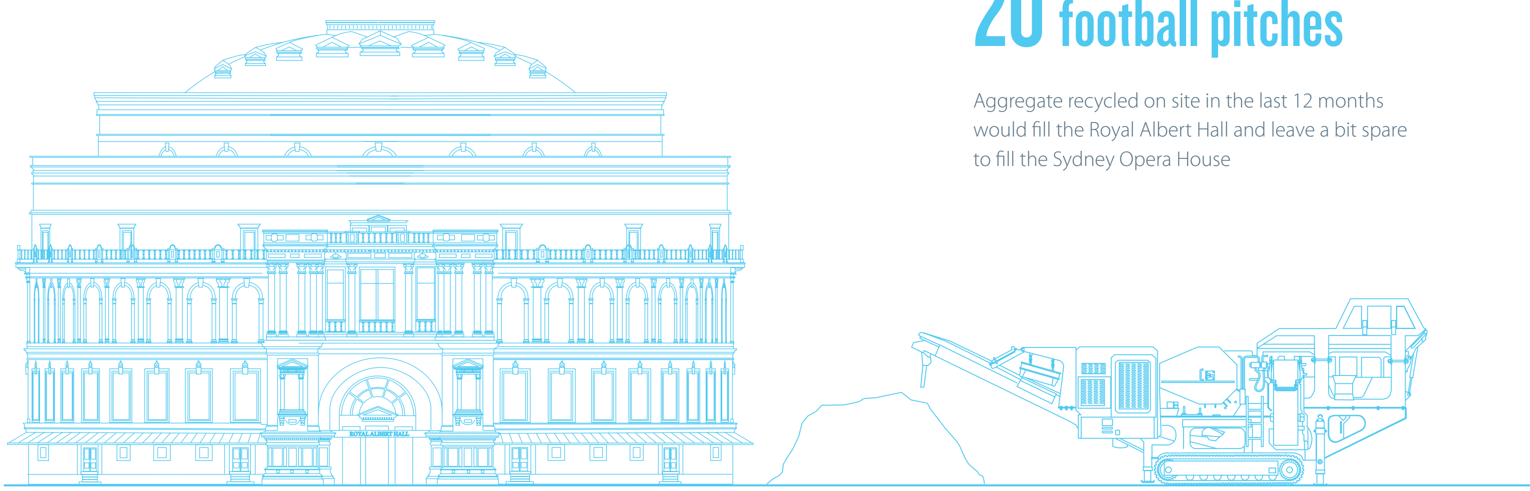
Soils treated on site rather than disposed to landfill via road haulage would fill two Olympic sized swimming pools or

350 trucks

The area of former taxiway and hard standing broken up equates to some

20 football pitches

Aggregate recycled on site in the last 12 months would fill the Royal Albert Hall and leave a bit spare to fill the Sydney Opera House



"We are delighted to have been selected by Urban&Civic to build the first new homes at Alconbury Weald. The quality of the infrastructure and landscape at Alconbury speaks for itself. As all our developments are founded on a commitment to excellent design, we see this as a long-term relationship based on shared values."

James Hopkins
Executive Chairman, Hopkins Homes

Those bunkers were built to last continued

By focusing on our mantra of reduce, reuse, recycle, these works have resulted in excess of 98 per cent of all materials generated on site being actively recycled. This includes items such as timber (used as biofuel in sustainable energy generation), metals (recycled and reused in activities such as construction) and aggregates (used in road construction as a suitable fill).

Leveraging our investment
Jobs matter

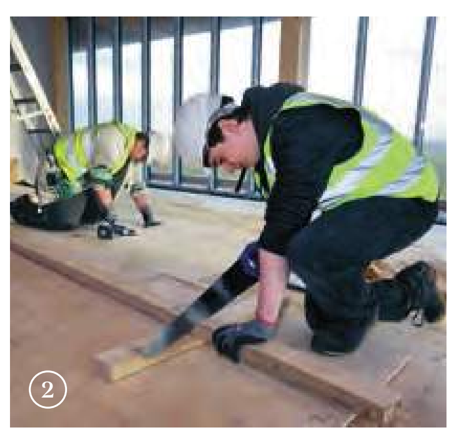
As strategic developers with a long-term place-making vision, the team at Urban&Civic is committed to using every stage of delivery to optimise the economic potential for the local area and local people. We regard skills, training and opportunity as being part of the DNA of any development.

By way of example the Professional Group (ProDem), as with our other contractors, has signed up to Alconbury Weald's job strategy and directly employs six local staff, including a tractor driver, plant drivers, a site labourer and an office/project administrator. It also employs the services of local contractors to assist with the recycling of waste materials generated by the demolition and remediation works and its staff have been supporting local services such as shops and hotels. ProDem was the first company to directly employ a local man from our on-site jobs brokerage service and is now working with Urban&Civic to employ ten more people and to share its learnings from Alconbury Weald with local colleges to support more people into the industry.

Breheny, the site's infrastructure contractor, has also been working with our jobs brokerage EDGE to recruit three local site operatives – all long-term unemployed – and to develop an apprenticeship course with West Anglia Training Association which has taken on an additional five people.

p71 For more information on EDGE see our CSR section.

1 First residential parcel in preparation
2 Apprentices at work on the Club
3 CGI of Ermine Street Church Academy



Schools matter

Throughout the planning process for Alconbury Weald, all partners agreed that the early delivery of a primary school on site would be a real benefit to new residents and the surrounding area. In order to meet this commitment, both the design of the school and the selection of the sponsor to run the school needed to be decided quickly.

The Urban&Civic team worked with the school project team whilst concluding the detailed planning for key phase 1. This partnership has extended to every stage of design, planning and now delivery, and will ensure that each aspect of the early residential community meshes together.

This has also meant that the new school building, which has been designed by Allford Hall Monaghan Morris, was influenced by the principles of the overall development and provides an early iconic community building of high quality design. Set where two historic taxiways met, it will face a linear park providing safe scooter and cycle access from homes and be fronted by a landscaped plaza providing indoor and outdoor meeting space for children and families.

Inspired by the aviation past of the site, the primary school forms a propeller shape with three wings, which converge to create a double-height school hall that will be accessible to the wider community out of school hours. Built in two phases, it will initially provide 420 places (with two forms for each year) and 52 early years and childcare places, but has been designed to be able to expand into a three-form entry school.

The running of the school has been awarded to the Diocese of Ely Multi-academy Trust, which has set up a governing body that includes our Communities and Partnerships lead Rebecca Britton. Work started on site in August, forward funded by the County Council ahead of section 106 payments, and the first phase will be completed and open in time for the new school year in September 2016.

Value movements

Value per blended unserviced plot (£ per plot)

30 September 2015	18,500
31 March 2015	16,170
30 September 2014	15,400
Listing	13,610

Growth from September 2014: **20%**

Growth from Listing: **36%**

Sales price per private home (£ per sq.ft.)

30 September 2015	230
31 March 2015	230
30 September 2014	220
Listing	210

Growth from September 2014: **5%**

Growth from Listing: **10%**

Alconbury has shown valuation growth consistent with our assumptions at Listing, reflecting the leveraged effect of house prices on serviced land values. Hopkins Homes and the other housebuilders selected for the delivery of the first 480 homes are targeting values above £230 per sq.ft. The building licence arrangements allow us to harness that additional growth rather than accepting a discounted land price prior to proving the premium values achievable from the development platform.

Source: CBRE

“

The school will act as a key community resource, and the Diocese is pleased to be working closely with Urban&Civic to deliver a shared vision that will ensure that residents have a strong sense of ownership of their local facilities. Engaging with parents, carers and the wider community is clearly vital to supporting the successful opening of the school, not least in order to take full advantage of the excellent resources being made available through the innovative planning and design employed by Cambridgeshire County Council and Urban&Civic.”

Andrew Read
Director of Education, Diocese of Ely, CEO, Diocese of Ely Multi-academy Trust (DEMAT)

—
Ermine Street Church Academy under construction


AINSCOUGH

hectares

473

acres

1,170

Ownership

Joint venture – 50 per cent Urban&Civic/50 per cent Aviva Investors.

Status

Outline consent granted – May 2014.

Consent

6,200 homes, three primary schools, one secondary school, 31 hectares of employment (B1/B2/B8), a district and three local centres, an eight GP surgery, 31,000 sq.ft. of community facilities, 205 hectares of informal open space, 24 hectares of formal open space and playing fields, a new link road and refurbishment of two listed buildings.

Key phase 1

52 hectares, 500 homes, one primary school, up to eight hectares of employment, community facilities and 20 hectares of sports facilities, parks and open spaces. Approved September 2014.

RadioStation Rugby

Progress this year

- Delivery of landscaping and ecological corridors well advanced with key utilities and road delivery ongoing to establish a significant delivery platform within key phase 1 for housebuilding to commence in Q2 2016.
- Contracts exchanged with Davidsons to deliver the first 250 homes on key phase 1 with reserved matters approval for houses expected in Q1 2016.
- Terms agreed with a second housebuilder for key phase 2 with expected start in 2016.
- Urban&Civic bid as co-sponsor for the first primary school along with the Diocese of Coventry.
- £35 million terms agreed loan secured from the HCA from the Large Sites Infrastructure Funding to accelerate delivery of the link road.

Future milestones

- First homeowner completions of key phase 1 homes by Q4 2016.
- Remaining phases of the link road to be designed and technically approved.
- Start on site of primary school working to a September 2017 opening.
- Extension of infrastructure platform to allow for the commencement of key phase 2 homes – late 2016.

C – Station building

2015 has been a big year for Rugby... both the town and the sport

As the birthplace of the game, Rugby was a host city of this year's Rugby World Cup so 2015 will be remembered locally as the year rugby came home and our new strategic urban extension kicked off.

Building on the firm planning foundations laid last year, we have been readying the first key phase of the former RadioStation site for parcel sales and housing delivery. This area constitutes around 11 per cent of the total site and can accommodate up to 500 new homes as well as a primary school and 8 hectares of employment space. The phase will be accessed from two entrances off the A428, one of which will be a dedicated residential entrance designed specifically to establish a welcoming point of arrival into the site for new and potential homeowners.

You might have a housing crisis but so do we

A key step in this process was obtaining a Habitats Licence from Natural England to translocate our resident newt population from the wider area of key phase 1, into the holding areas that form part of the permanent ecological corridors. Natural England approved the licence, at the first time of asking, and the 153 great crested newts are now safely within their new home, allowing us to take forward development on the remainder of phase.

—
1 One of eight newt ponds
2 Key phase 1 site preparation

The eight new ponds and surrounding landscape within those holding areas were delivered by a local contractor, Akers, and are of such a high standard that it is difficult to tell whether the ponds were formed six months or six years ago. This focus on quality has created a very strong base from which to progress licences for future phases with Natural England.

Work is already underway to ensure the landscaped corridors and tree-lined primary roads (including their subterranean newt crossings) are installed well ahead of the first housing starts.

This serves not only to further enhance the ecological framework of the site but, by putting it in early, also sets the scene for early housebuyers and reinforces the positioning of the site as a new landscaped district for Rugby.

“

Urban&Civic are setting the benchmark for the delivery of serviced land from the information pack issued during the bid process to the quality of environment being crafted on site. Davidsons is committed to building for the generations to come and RadioStation Rugby is the perfect platform for our homes.”

James Wilson
Group Managing Director
Davidsons Homes

And now on to homes for people
The remaining 128 short wave masts from the site’s radio transmission days have now been removed and the majority of their concrete bases used to provide 3,000m^3 of crush for temporary haul roads, although a number have been left in situ as remnants of the site’s heritage. Works on the refurbishment and reinstatement of the Dollman Farmhouse and Barn are ongoing with the farmhouse being refitted to accommodate a marketing suite and office for Urban&Civic. This facility will be open by early 2016 and will allow us to explain the wider site to potential homebuyers and housebuilders alike as well as forming the hub for a cluster of community uses.

We’ve also been moving the land around with 14,000m^3 of material being reused in a cut and fill operation for the creation of the swales which form part of the drainage strategy. These swales were completed at the end of October 2015 ready for the main highway infrastructure and drainage works to commence.

Significant highway works are also underway along the A428 to reprofile the road and create the new access points into the site. As part of our continuous review process, Urban&Civic’s project management team have identified a number of key cost savings from service diversions which can be achieved with minor amendments to the technical designs for the road. Crucially, and in the response to local requests, we are delivering the new footpath and cycle way in parallel with the A428 road works which is three years ahead of programme.

And now on to homes for people continued

In addition to green spaces, utilities and roads, we are now advancing with the design of the first primary school – a key piece of social infrastructure and one we have relocated more centrally and prominently within key phase 1. A reserved matters planning submission is anticipated in the first quarter of 2016 and we have teamed up with the Diocese of Coventry to bid to jointly run this school through a new academy trust.

Finding the right housebuilder

Following a competitive process between a strong field of candidates, just as we had for Alconbury Weald, the first housebuilder for the site has been signed.

"RadioStation Rugby is a key project for the HCA which will deliver a significant number of new homes for a growing and highly connected part of the Midlands. As we have already done at Newark, by providing recoverable investment for major infrastructure to be delivered by Urban&Civic, we are able to accelerate the number of homes brought to market."

Christine Addison
Homes and Community Agency
Executive Director – Midlands Operating Area

Davidsons was selected to deliver some 250 units across two parcels within key phase 1, based on its clear commitment to quality both in terms of design and landscaping.

A strategic partnership making a strategic difference

The HCA has been a long-term supporter of RadioStation Rugby, classifying the site as one of a limited number of priority sites in England. We have been in discussions with the HCA for some time as to how we could accelerate the 3.5 km link road which runs through the site and forms a key piece of strategic infrastructure for the wider area. We were therefore extremely pleased that our application to the Large Sites Infrastructure Fund for a £35 million long-dated loan was approved by the HCA. The availability of this funding will allow us to accelerate the delivery of the full link road some seven years ahead of programme. The first phase of that link road is already on site.

Putting RadioStation Rugby back on the map

Early work on brand development and marketing has seen us adopt RadioStation Rugby as the development name for the wider site. This is already being used in local events and promotional opportunities such as the Hillmorton Locks and Ministry of Science events and will gather momentum over the coming months in the lead up to first sales. Building on the heritage, we have also identified the name of our first district, Houlton, which is taken from the town in Maine, America, which was home to the receiving station for the first transatlantic telephone calls from Rugby. Davidsons will plug into this branding concept when it starts marketing its first homes, further strengthening the identity and the positioning of the site.

p75 For further information on the Ministry of Science event see our CSR section.

3

1 Steve Quartermain speaking at a joint HCA/CLG planning conference at C-station
2 HCA site tour
3 Hillmorton Locks 175th anniversary event
4 The Urban&Civic team at the Ministry of Science event

4

Value movements

Value per blended unserviced plot (£ per plot)

30 September 2015	12,800
31 March 2015	12,125
30 September 2014	11,500
Listing	10,661

Growth from September 2014: **11%**

Growth from Listing: **20%**

Sales price per private home (£ per sq.ft.)

30 September 2015	230
31 March 2015	224.5
30 September 2014	220
Listing	210

Growth from September 2014: **5%**

Growth from Listing: **10%**

Whilst house price growth has been broadly consistent with Alconbury, Rugby's lower serviced land value growth has been discounted by the need to complete the acquisition of land under option and the infrastructure spend on the link road. The Rugby market is buoyant and Davidsons is targeting values above £230 per sq.ft. for its first 250 homes. We have therefore elected to pursue building licence arrangements at Rugby as well.

Source: CBRE

hectares

290

acres

716

Ownership

Development managers for Defence Infrastructure Organisation (DIO) with a right to draw down 35 per cent of the site for early delivery.

Status

Emerging designation within the Local Plan of South Cambridgeshire District Council and Waterbeach Parish Neighbourhood Plan.

Planning

The emerging South Cambridgeshire District Council Local Plan proposes a new town of 8,000 to 9,000 dwellings and associated land uses on the former Waterbeach Barracks and additional land to the east and the north. The plan, in parallel with the Cambridge City plan, is currently being examined by an independent inspector appointed by the government. Waterbeach Parish Council has also recently commenced a Neighbourhood Plan process.

Delivery

Potential for significant scale of market rental product with early residential completions anticipated from 2018.

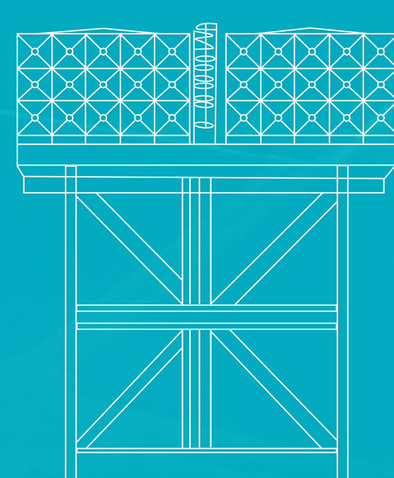
Waterbeach Barracks and Airfield

Progress this year

- A masterplanning and engagement strategy agreed with South Cambridgeshire District Council, the Parish Council and others which will see a Development Framework agreed by Spring 2016 with an outline planning application to follow.
- Ongoing support for South Cambridgeshire District Council and Waterbeach Parish Council in the preparation of their respective Local and Neighbourhood plans.
- Active engagement with key stakeholders including early on site consultation events and site tours.
- Engagement in the A10 Corridor Study and City Deal working groups to help bring forward public investment in infrastructure along the north Cambridge corridor.
- Baseline technical studies in progress across all key themes to inform and ultimately underpin the outline application.
- Planning permission granted to bring community facilities back into active use; these are already in popular demand with local sports and community groups.

Future milestones

- Development of a high quality vision for the former barracks and airfield with partner and local community support.
- Material advancement of designation within South Cambridgeshire Local Plan and Waterbeach Parish Neighbourhood Plan via development framework document.
- Strong articulation of that vision in an outline planning application submitted Q4 2016.
- Vibrant and dynamic uses of the existing facilities on the site, by local sports and community groups, local businesses and partners.



Water Tower

Forging relationships

During the year we have not only spent time getting to know the site from transport to heritage, from grass snake to newt and from runway to lake but we have also sought to establish relationships with the local community, the Parish Council and other key stakeholders as well as establishing clear and dynamic processes with the Defence Infrastructure Organisation (DIO).

It is our firm belief that any masterplan which includes the former Barracks and Airfield needs to be crafted with the involvement of those neighbours and stakeholders who have known the site for longer than we have. There are a number of planning processes touching the site at the moment including the examination of South Cambridgeshire's Local Plan (in parallel with that of Cambridge City) in which the Barracks and Runway are designated as part of a major development site for 8,000 to 9,000 new homes, the Waterbeach Parish Neighbourhood plan and our clearly expressed intention to submit an outline planning application in 2016 to bring forward development on the brownfield former military land.

We have therefore proposed that our team prepare a development framework document via a process of discussion and consultation which considers the site both in terms of constraints and opportunities and feeds into the Local Plan, Neighbourhood Plan and ultimately the outline application.

A detailed engagement strategy has been prepared and agreed with the key stakeholders. An early element of this strategy was a series of open days at the Barracks at which we set out issues and asked local people what they thought. We also gave people tours of the site to show how the Barracks interrelates to the airfield as well as the diverse legacy that the Royal Engineers have left behind.


1


2

3

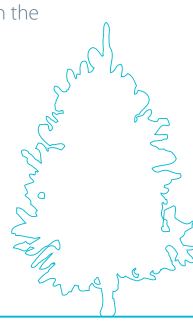
—
1,3 Waterbeach Open Day exhibition
2,4 Waterbeach Open Day site tour

S

4

While the site has the clear footprint of an airfield and barracks, its unique role for the Royal Engineers has shaped much of the landscape which will become ecological assets within the future development, including:

- a lake, created in the 1980s to perfect the art of amphibious landings; and
- hundreds of trees planted to develop and test quick landing and take-off in hostile conditions.



Over 400 people have attended open days so far. Many of the points raised were understandably about ensuring that with development comes the right investment in road, rail and public transport infrastructure, as well as essential health, education and community facilities. There was, however, a strong sense that more housing was needed in the area, with a mix of sizes and ownership types essential to ensure they are affordable and accessible to local people. Sustainable features, quality design and green open space were also clear requirements, with people wanting to create a desirable place in keeping with the local area which ensures the new development works with and respects the character and identity of the existing village.

Re-establishing connections

Whilst Waterbeach Barracks was in military use, there was a strong connection between the Royal Engineers and the local community, including the use of a number of facilities within the Barracks. In discussions with the local community and the Parish Council, one of the first requests we received was to re-open the site for local people.

Having spent some time surveying the buildings and reviewing logistics we identified a number of facilities that could be re-opened quickly including:

- the sports hall;
- squash courts;
- tennis court; and
- museum building and community room.

We spoke to local groups that might make use of them, as well as local venues to ensure that we would not be causing an issue to any existing providers by bringing these facilities back into use. Following a green light from our market testing, as the buildings sat within a military designation we then had to obtain planning permission for temporary public use which was approved and following the opening of the buildings we are now setting up a charitable trust so that they can be managed with input from local people.

Interest in the facilities is growing, with the sports hall booked most nights of the week by the local football and village badminton clubs. Alongside this sporting endeavour, music may now be heard wafting over the fens emanating from the local brass band which is now using the former fitness suite for rehearsal space.


1

Re-establishing connections continued

The community room is also in use by a local group which supports fitness and activity among older people and can now be booked for parties and events. In addition, with the reactivation of a strong estate management presence on site, the outdoor space is being put to good use by a local triathlon club and the neighbouring Cambridgeshire Cadets Force.

One key user of the facilities had been the Museum Trust. Established in 1985, the Museum was based in Building 3 until the site closed at which point the collection was moved into a number of locations. We are delighted that the Trust has now moved back into its old building following a refurbishment and is hoping that the Museum can be re-opened in spring 2016. Our team has also refurbished the Memorial Garden developed by the Engineers and regularly opens it up for visits by veterans and relatives as well as the annual 514 Squadron Association Reunion.

> "It has been good to move back into the former Museum Building on the site. Continuing the link the site has with both the RAF and Royal Engineers is very important to the Trust, various military associations, the local community and researchers. The Trustees are pleased to be invited to work with Urban&Civic in the development of a heritage strategy for the site and to bring local historical knowledge to the process. It is essential to incorporate what has gone before in the setting into which any new development would sit."
>
> **Adrian Wright**
> Chairman of the Museum Trust


4

2

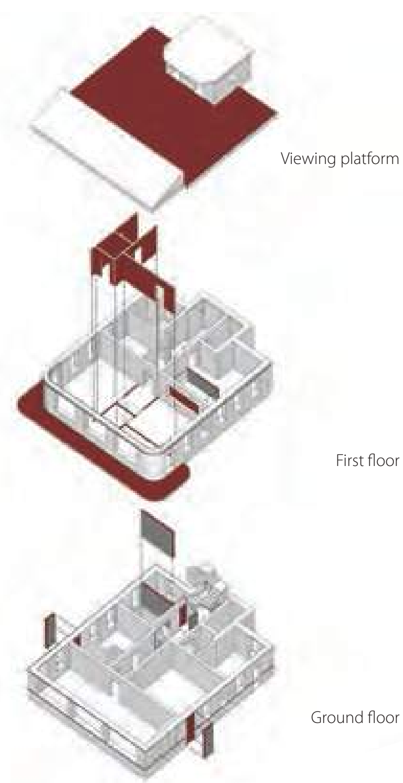
—
1 514 Squadron reunion
2 Triathlon training around the site
3 Football training in the sports hall
4,5 Waterbeach Control Tower

3

Additional facilities that were reviewed included an outdoor swimming pool, much cherished by the local community but sadly destroyed by the military before it left the site, the lake which our team hopes will be able to be used in the future for fishing and other uses and the Well Head on the historic Causeway to Denny Abbey which will undoubtedly become part of the site's public open space.

Creating a base of operations

The Control Tower, a 1940s Pavilion style building which overlooks the runway, with views stretching across the Fens as far as Ely Cathedral, is set to become our office and provide meeting space for the design team as we develop the future masterplan of the site with partners and the local community. The sympathetic refurbishment, developed by local architects Mole and being delivered by local contractors RG Carter, maintains its historic features and incorporates a viewing platform across the top floor.



5

hectares

281

acres

694

Ownership

82.2 per cent owned by Urban&Civic alongside The Church Commissioners for England, Southwell and Nottingham Diocesan Board of Finance and BPB United Kingdom Limited (British Gypsum) which owns the remaining 17.8 per cent.

Status

Outline consent granted – November 2011 amended via a section 73 consent in January 2015.

Consent

Up to 3,150 homes, two primary schools, 45,000 sq.ft. of retail, financial and restaurant floorspace, 2 million sq.ft. of general industrial, storage and distribution, a 60 bedroom care home, crèche, medical centre and community facilities with 200 acres of open space and a strategic link road connecting A1 and A46.

Key phase 1

19.4 hectares, 850 homes, one primary school, local centre, community facilities, first phase of the new link road and 7 hectares of sports facilities, parks and open spaces. Reserved matters application to be submitted in 2016.

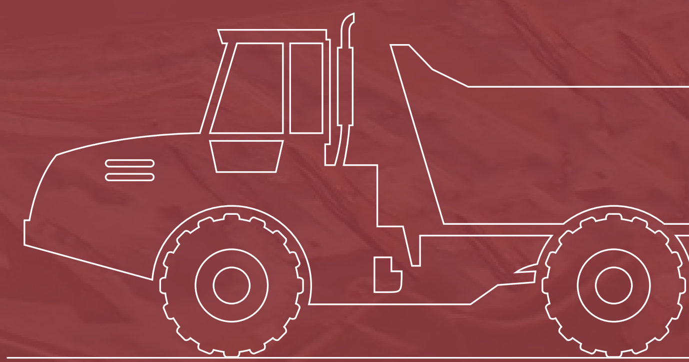
Newark

Progress this year

- Following drawdown of the £11 million facility from the HCA in March 2015, strategic road infrastructure and essential utilities are being delivered including surface water drainage, flood compensation and two bridges.
- Contracts let for £4 million of service diversions including the removal of electricity pylons.
- Multi-services utilities contract agreed to reserve capacity for electricity, water, gas and fibre for 3,150 homes.
- Phase 1 masterplan complete and the housebuilder selection process underway for first homes.

Future milestones

- Agree deals with at least one housebuilder with homes starting construction in 2016.
- Completion of first phase of grey infrastructure, including first phase of the link road.
- Delivery of early open space and landscaping to enhance the place making potential for the scheme.
- Progress the first primary school through design and planning.
- Agree drawdown of investment from LEP and District Council for further phases of infrastructure and continue discussions with the HCA for further investment to accelerate completion of the link road.



Articulated dump truck

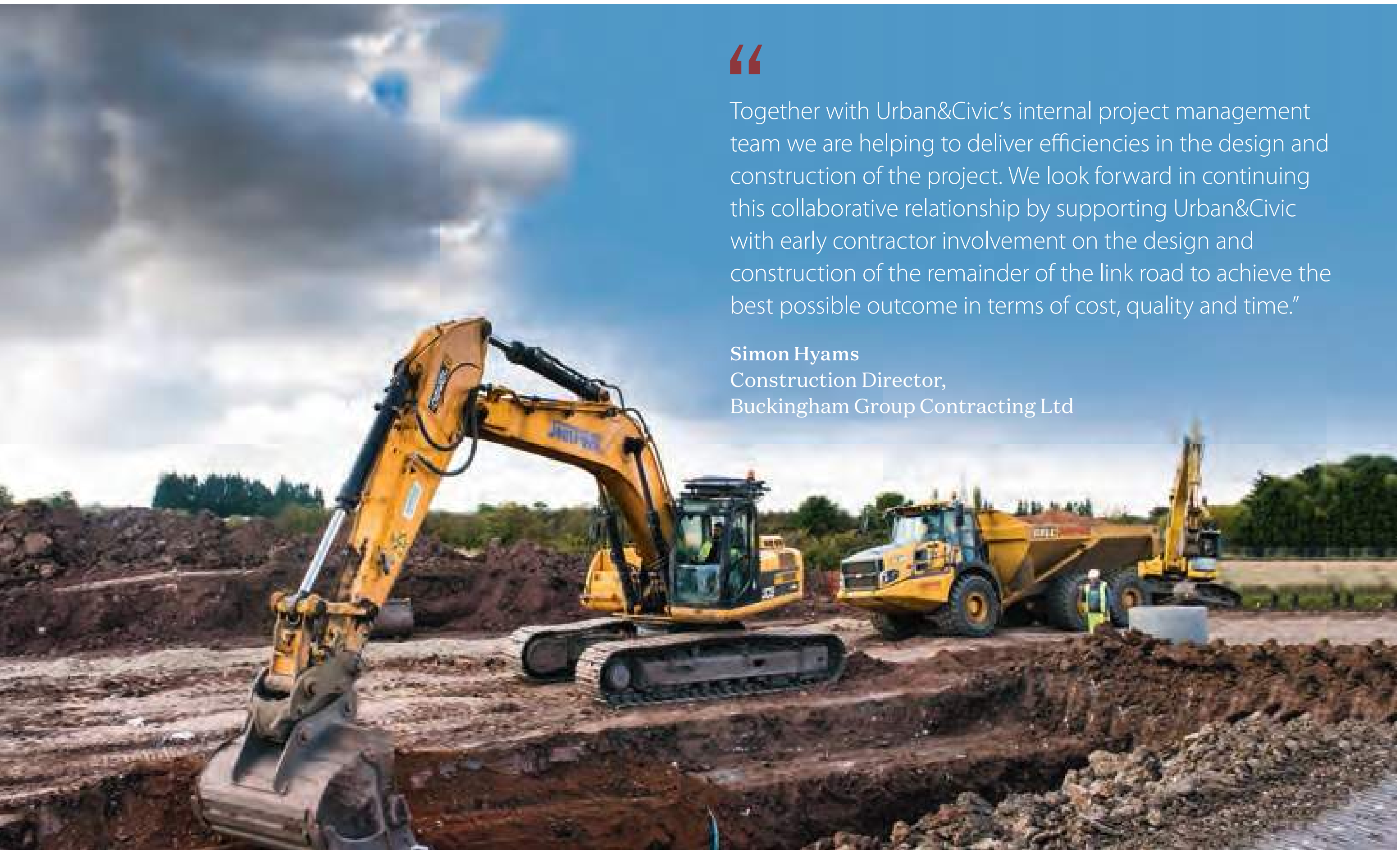
A new site joins the Urban&Civic strategic portfolio

A strategic extension of a key town
Urban&Civic's acquisition of the Catesby Property Group introduced a new and consented strategic site to our portfolio. Newark on Trent is an East Midlands market town; known throughout the ages as the "key to the north" it has been fought over by kings and parliamentarians alike. Given its strategic position and befitting this title, today Newark's market square is lined with historic buildings and the town has two railway stations. The East Coast mainline runs through Newark North Gate providing links to London, Leeds, Newcastle upon Tyne and York. The Newark Castle railway station lies on the Leicester – Nottingham – Lincoln line providing cross-country regional links. Road connections via the A1 and A46 further strengthen Newark's connectivity.

Our land to the south of Newark is a highly integrated, lateral greenfield site, extending the full width of the town, delivering significant residential and commercial development as well as a strategic road from the A1 to the A46. The development creates a new southern boundary to this historic town with extensive areas of public open space and green pathways for walking and cycling.

Leveraging our experience to control delivery
Since the corporate acquisition, we have carried out a full review of the consent and delivery methods alongside the Catesby team to optimise the existing scheme in light of our experience from Alconbury, Rugby and Waterbeach. We have also made a clear commitment to early infrastructure

1 Market Square, Newark
2 Link road under construction



"Together with Urban&Civic's internal project management team we are helping to deliver efficiencies in the design and construction of the project. We look forward in continuing this collaborative relationship by supporting Urban&Civic with early contractor involvement on the design and construction of the remainder of the link road to achieve the best possible outcome in terms of cost, quality and time."

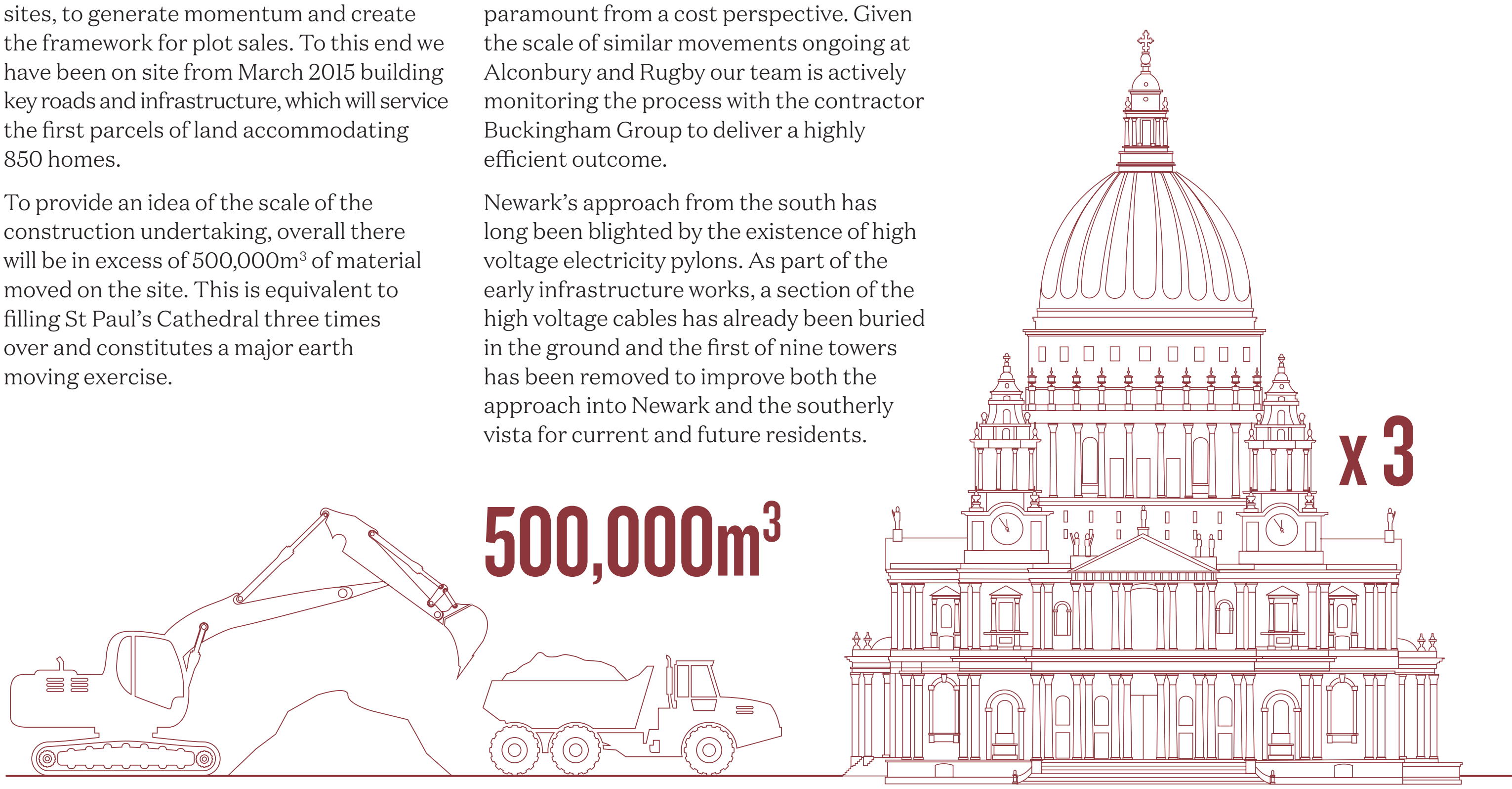
Simon Hyams
Construction Director,
Buckingham Group Contracting Ltd

delivery, in line with the rest of our strategic sites, to generate momentum and create the framework for plot sales. To this end we have been on site from March 2015 building key roads and infrastructure, which will service the first parcels of land accommodating 850 homes.

To provide an idea of the scale of the construction undertaking, overall there will be in excess of 500,000m^3 of material moved on the site. This is equivalent to filling St Paul's Cathedral three times over and constitutes a major earth moving exercise.

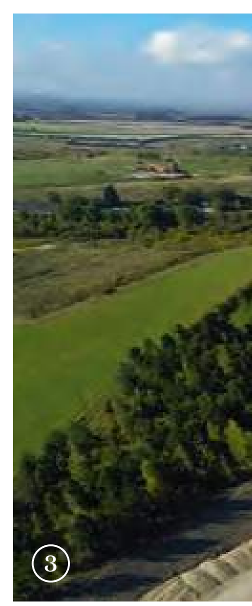
Optimising this entire programme is therefore paramount from a cost perspective. Given the scale of similar movements ongoing at Alconbury and Rugby our team is actively monitoring the process with the contractor Buckingham Group to deliver a highly efficient outcome.

Newark's approach from the south has long been blighted by the existence of high voltage electricity pylons. As part of the early infrastructure works, a section of the high voltage cables has already been buried in the ground and the first of nine towers has been removed to improve both the approach into Newark and the southerly vista for current and future residents.



Partnership in action
As at Rugby, the HCA has provided Large Sites Infrastructure Funding of £11 million in the form of a loan to deliver the first phase of the strategic link road. Work is continuing in partnership with the local planning authority, the county council, LEP and HCA, recognising the strategic importance of delivering the entire link road as early as possible. The first phase of the link road is on site and will serve the first homes by a direct connection with the A1. When the full extent of the road is complete, it will connect the two arterial routes of the A1 and A46 along the southern edge of Newark and relieve the congestion currently experienced to the north of Newark where these roads intersect.

Adding value by crafting the place
We have also ensured that early delivery of the first primary school and landscaping is progressing to keep pace with the grey infrastructure and create the right conditions for housebuilding. As such, we have supplemented the existing team with a number of consultants including BMD, our landscape architect on Alconbury and Rugby. Our first phase masterplan is taking shape and is guiding our discussions with housebuilders. We aim to focus on an early delivery of 200 homes located around significant green infrastructure including a waterside promenade of swales, walkways and outdoor amenities.



1 Site and link road overlay
2 Non-Executive Directors' site visit
3 The link road takes shape

Value movements

Value per blended unserviced plot (£ per plot)

30 September 2015

8,800

Acquisition of Catesby

7,700

Growth from acquisition:

14%

Since our acquisition of Newark earlier this year, via the Catesby Property Group, the service land values have increased by 14 per cent. This is a feature of the extensive infrastructure commitment made since acquisition. House price growth in the wider area has also been on a proportionally positive trend with current house prices valued at £210 per sq.ft. and we expect sales of serviced plots to be absorbed quickly.

Source: CBRE

Linkages of all shapes and sizes are key and the first phase infrastructure also includes a bridge spanning 50m to ensure a traffic free equestrian and pedestrian route of 15 miles now links Newark North Gate train station with villages south of Newark. Landscaping "hop overs" are also being designed and built to accommodate a rare species of bat in the East Midlands known as the barbastelle bat. These "hop overs" will encourage the bats to travel at high level while the infrastructure is being delivered below to ensure that their routes are not impacted.

The site has two local centres of which Middlebeck will be the name of the eastern district. The name is rooted in the locality, being the existing stream running through the site, and reflects the topography of the area as well as a feature which has shaped the design and nature of Phase 1. We have commenced a competitive bid process for the first 200 housing plots by issuing our comprehensive pack of information to a select list of national and regional housebuilders, some of whom we have already been in discussions with on Rugby and Alconbury. Housebuilding is anticipated to start on site with our chosen partner during 2016.

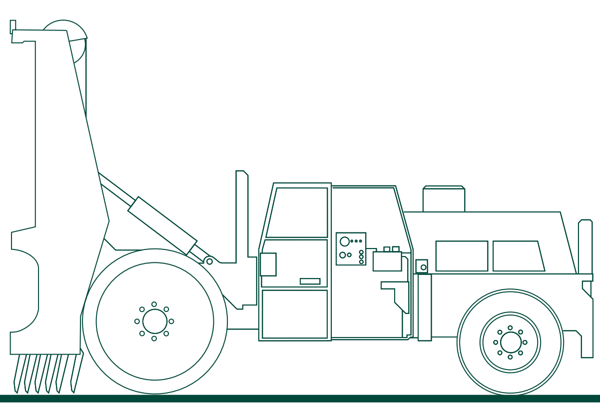
The ups and downs of development

Cutting through the Cold War – what goes up must come down

To dismantle the hardened aircraft hangars at Alconbury, which were designed to deflect freefall bombs during the Cold War, our contractor had to use specialist attachments that can "munch" through steel reinforced concrete in excess of half a metre thick. Another specialist machine – the guillotine breaker – was used to smash the runways and taxiways, which in places were nearly one metre thick. By constantly learning and improving we were able to reduce the demolition time per hangar from three weeks to three days and overall the Phase 1 school site and housing area were broken out and prepared in only 12 weeks, despite being in excess of 10 hectares.

12 weeks

to break out 10 hectares of former cold war airfield



Antigo Guillotine breaker

A west newt story – which side of the fence are you on?

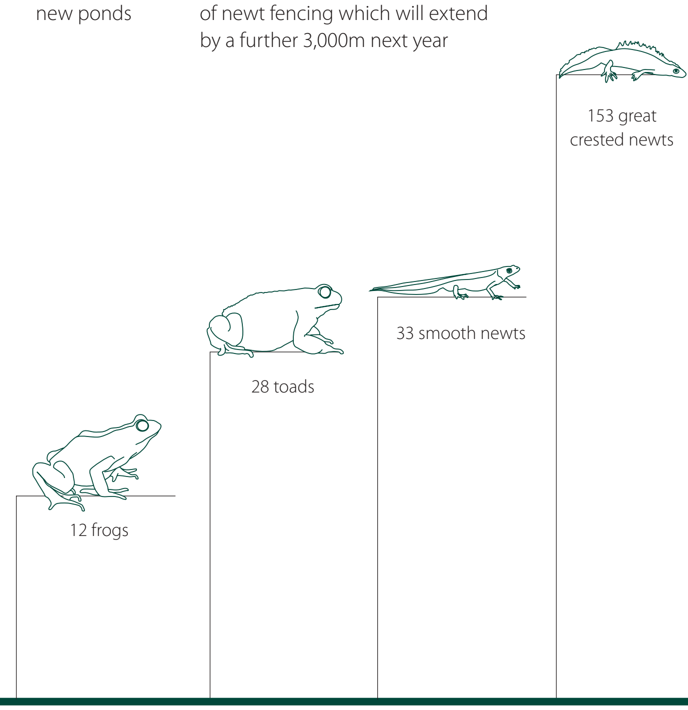
Within key phase 1 of RadioStation Rugby we found 153 great crested newts in total comprising 46 males, 88 females and 19 juveniles, together with 33 smooth newts, 28 toads and 12 frogs. Of the 16 hectares of green corridors within key phase 1, we delivered 11 hectares upfront with two dedicated and protected holding areas containing eight new ponds and three enhanced existing ponds for our aquatic friends as well as a series of hibernacula habits for them to winter in. This is surrounded by 3,000m of newt fencing which we will extend by a further 3,000m next year when we deliver the remaining parts of the green corridors.

8

new ponds

3,000m

of newt fencing which will extend by a further 3,000m next year



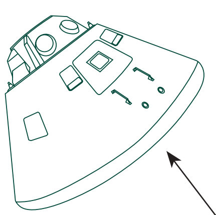
Our friends in the pond

Keeping us on the level – rather than reaching for the stars

Alconbury Weald is a site of 577 hectares. In itself this provides both constraints and opportunities when planning earthworks and remediation strategies. To put this in context, if the compaction achieved in forming building plots was in error by 25mm across the whole site, then this would lead to 145,000m^3 of material (which if stacked in sq.m. cubes would reach a low earth orbit) either having to be imported or exported from site. Intensive monitoring and analysis by our in-house project management keep us on the right level.

145,000km

Space capsule re entry height



577ha

size of site

25mm

Variance in compaction levels

Earthwork strategies

Great Birnam Wood comes to Dunsinane Hill

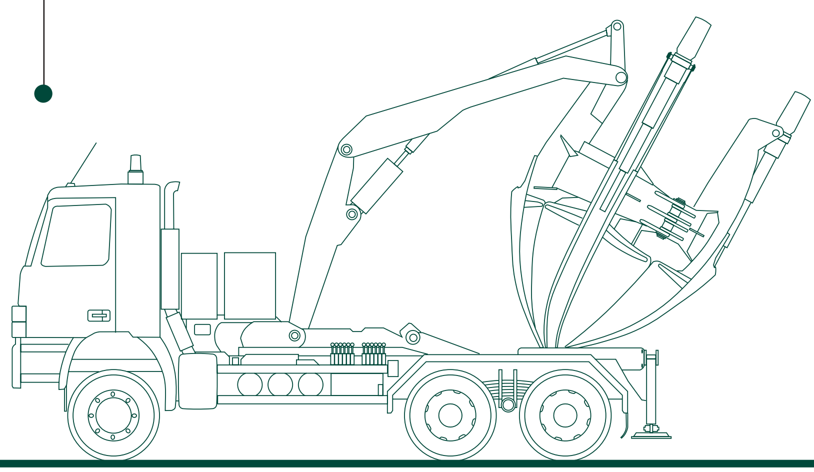
Across Alconbury, Rugby and Newark, we have planted 1,317 new trees this year and at Alconbury we have translocated 72 trees utilising a number of tree spades, including the largest tree spade in Europe. The largest of the tree spades are capable of lifting trees 12m in height and together with their root ball, transporting a total weight of 15,000kg. The spades we hired are from DSG International in Germany and Ruskins Trees and Landscapes in the UK and cost £110,000 for ten days. Despite this, it is still more cost effective and sustainable to move existing mature trees in this way when the cost of buying a comparative specimen from a nursery (which are often located in Europe) is upwards of £15,000. One of our corporate mottos is "more trees, less fees".

1,317

trees planted

72

trees translocated



Tree spade Optimal 2500

—
Non-Executives Directors' site visit to Newark

“When you are out on site it reinforces the scale and quality of delivery being taken forward by our team.”

June Barnes
Non-Executive Director

Feethams
DARLINGTON

Commercial site (acres)

1.7

Ownership
100 per cent acquisition via a development agreement with Darlington Borough Council.

Status
In construction. Opening spring 2016.

Consent
Nine screen multiplex cinema, 80 bedroom hotel, 28,000 sq.ft. of restaurants and bars and 80 space car park consented in December 2013.

Construction
23 month design and build contract with McLaughlin and Harvey (formerly Barr Construction) supervised by Urban&Civic's in-house project management team.

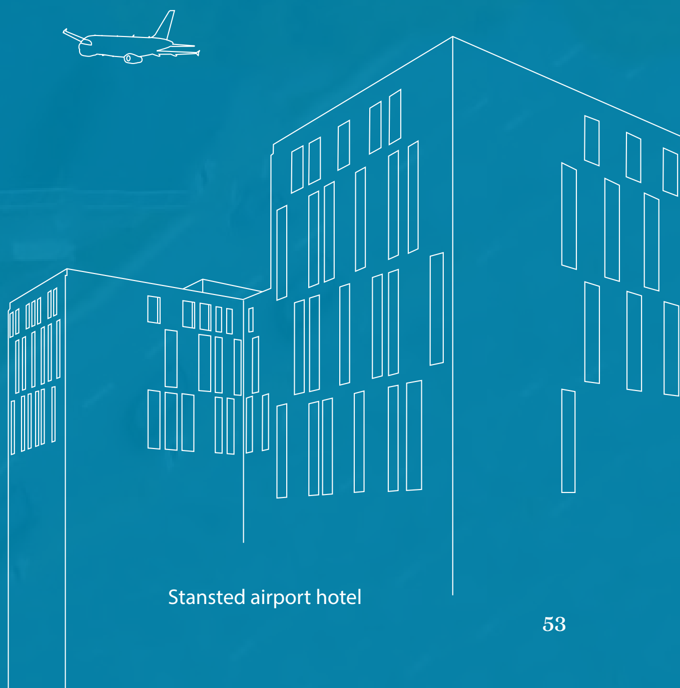
COMMERCIAL

Progress this year

- Former Terrace Hill commercial projects rebranded as Urban&Civic in light of positive industry endorsement.
- Supermarkets – completion of pre-sold Gateway Middlehaven scheme and commencement of Herne Bay scheme.
- Leisure – significant progress of Feethams, Darlington leisure scheme and acquisition of Gallagher Leisure Park, Bradford.
- Hotel – acquisition of and planning for 357 bedroom hotel on terminal at Stansted airport.

Future milestones

- Completion of Herne Bay and Feethams, Darlington schemes.
- Successful launch of Feethams, Darlington with ongoing programme of asset promotion.
- Secure additional high yielding pre-let schemes in the leisure and retail sectors where we foresee rental growth coupled with long lease terms and strong covenants.
- Retain a proportion of the commercial property investments we develop on our strategic land sites.
- Opportunistic purchase of more mature assets where we see good opportunities to grow value through active asset management and accretive development.



Stansted airport hotel

Fewer shops, more experiences – leisure leads the way

Supermarkets, happy to hold but few to build

It is now quite clear that retailers have called a halt to the expansion of new large format foodstores and our recently completed Sainsbury's in Middlesbrough and our Sainsbury's under construction in Herne Bay are likely to be the last that we develop for some considerable time. In Middlesbrough, we pre-sold the scheme ahead of completing the build on time and budget earlier this year. Whilst there was the opportunity to forward fund the scheme in Herne Bay it was our view that a higher value would be achieved post completion when Sainsbury's are trading from the store.

We believe, however, that the high quality and bond type nature of the completed Herne Bay property, with its 25 year lease to a strong covenant with RPI linked rental uplifts, will maintain its core investment value. We have therefore decided to develop Herne Bay on our own balance sheet and choose the timing to sell the property. The development, which completes in April next year, will yield us a healthy 8.0 per cent return on cost boosting our retained rental income within our business.

Equally we believe that our strategic sites will continue to attract occupier demand as part of the wider development, in which case we are likely to hold these assets for investment income especially given the low cost base of the land.

The majority of demand in the sector beyond high street convenience stores, lies with Aldi and Lidl, the much lauded German discounters. Their trading format lies somewhere between convenience and supermarkets with the majority of their outlets in the 16,000 sq.ft. to 18,000 sq.ft. range. We are unlikely to develop these on a standalone basis but they often form a valuable anchor to smaller retail warehouse parks which we continue to develop.

Leisure is the new shopping

In contrast to the foodstore market we continue to see rapid growth in the expansion of the leisure market. From our regular discussions with operators, this is clearly led by a robust food and beverage sector where companies are rapidly expanding their estates and competition for new units is leading to sustained rental growth. We are also seeing new entrants for larger leisure formats such as trampolining which are taking some of the space which might

—
1 Our project manager on site at Middlesbrough
2 Completed Middlesbrough store
3 Feethams, Darlington
4 CGI of Gallagher Leisure Park, Bradford
5 CGI of Hampton by Hilton hotel, Stansted

have been previously taken by bingo or bowling operators. The budget gym sector is also growing rapidly with Pure Gym and The Gym Group leading the field ahead of many new entrants. However, leisure schemes are often anchored by a multi-screen cinema and although the main operators are continuing to expand in the UK, the terms they demand have become more onerous and so new cinema led leisure schemes need very strong food and beverage support and relatively inexpensive construction solutions.

In some cases cinema operators have found themselves with oversized facilities in mature schemes which can provide the opportunity for value enhancing asset management initiatives. This is the case at the Gallagher Leisure Park near Bradford which we bought earlier this year. This 15 year old park is anchored by a 13 screen Odeon cinema which is adjacent to a Pure Gym (a subletting from Virgin Active) in a single building on a large site. We are currently in the process of reviewing the scheme to make better use of the site including building two new drive-thru units in the car park close to the entrance, incorporating new restaurants within the main building itself and re-aligning Odeon's space to reduce their number of screens and introducing a new attraction in the space they vacate.

Our Feethams town centre leisure development in Darlington is nearing completion with a programmed opening date of March 2016. We were delighted to celebrate the topping out of the scheme with Darlington Borough Council earlier this year who should be rightly congratulated for seeing the opportunity to create investment in the town centre by bringing this scheme to the market. The scheme is now 93 per cent pre-let and will be anchored by a nine screen Vue cinema supported by seven restaurants, an 80 bedroom Premier Inn hotel and an 80 space car park. We are currently working with Bewonder on the launch and ongoing marketing campaign.

Urban&Civic have a long pedigree of developing retail warehousing and it's a sector which continues to provide high yielding development opportunities. At Skelton in East Cleveland we have agreed to acquire a 4.5 acre site next to an Asda we developed in 2013. We intend to submit a planning application for a scheme totalling 36,500 sq.ft. of which 26,500 sq.ft. is under offer to retailers. At Bude a planning approval was received to vary the existing consent allowing approximately 35,000 sq.ft. non-food retail of which only 4,000 sq.ft. is still to be let.

We have take-off for a good night's sleep

Our focus on the leisure market broadened further in the period with a direct investment into the flourishing hotel sector to sit alongside the hotel consents we have within our strategic sites. In January we entered into contract to acquire a 1.8 acre hotel site adjacent to London Stansted Airport's main terminal. At 22 million passengers per annum and double-digit growth, Stansted is seeing rapid and sustained expansion following its acquisition by Manchester Airports Group. The hotel site's prime location, to be linked to the main terminal by a covered walkway, leaves it best-placed to benefit from the growing demand for accommodation at the airport.

In June 2015 planning consent was secured for an improved 357 bedroom hotel on the site (an increase of 28 rooms from what had initially been assumed), comprising a bar, restaurant and meeting facility at ground level and seven storeys of accommodation above. The hotel will operate under the highly popular Hampton by Hilton brand. Construction of the hotel shall commence shortly and forecast opening is summer 2017. The hotel will also be held post opening as part of our portfolio of income producing assets.

BRIDGE QUAY

Site area (acres)	sq.ft. original office building
0.41	38,000

Ownership
100 per cent by Urban&Civic.

Status
In construction. Completion in Q2 2016.
All units now exchanged or reserved.

Consent
Permitted development conversion of an existing office building to 49 apartments with planning consent for elevation changes and an additional floor of ten apartments.

Construction
15 month JCT design and build contract with Mi-Space UK Ltd supervised by Urban&Civic's in-house project management team.

CITY CENTRE

Progress this year

- Former Terrace Hill city centre projects rebranded as Urban&Civic in light of positive industry endorsement.
- London – sale of Howick Place and completion of the Savile Row/Conduit Street building.
- Bristol – highly successful launch of Bridge Quay apartments with 53 of 59 under contract and the remainder reserved. Waterside penthouse apartments achieving over £600 per sq.ft.
- Manchester – Consultation on and submission of a planning application for a 238 apartment and 148 bedroom hotel scheme at the corner of Princess Street and Whitworth Street.

Future milestones

- Acquisition of further sites in Bristol and Manchester.
- Completion of Bridge Quay, Bristol.
- Commencement of development at the Princess Street/ Whitworth Street scheme, Manchester.
- Completion of international design competition for the Deansgate scheme, Manchester.
- Establishment of a recognisable brand for a top quality high density residential led product.

Savile Row/Conduit Street building

Homes in the heart of the city

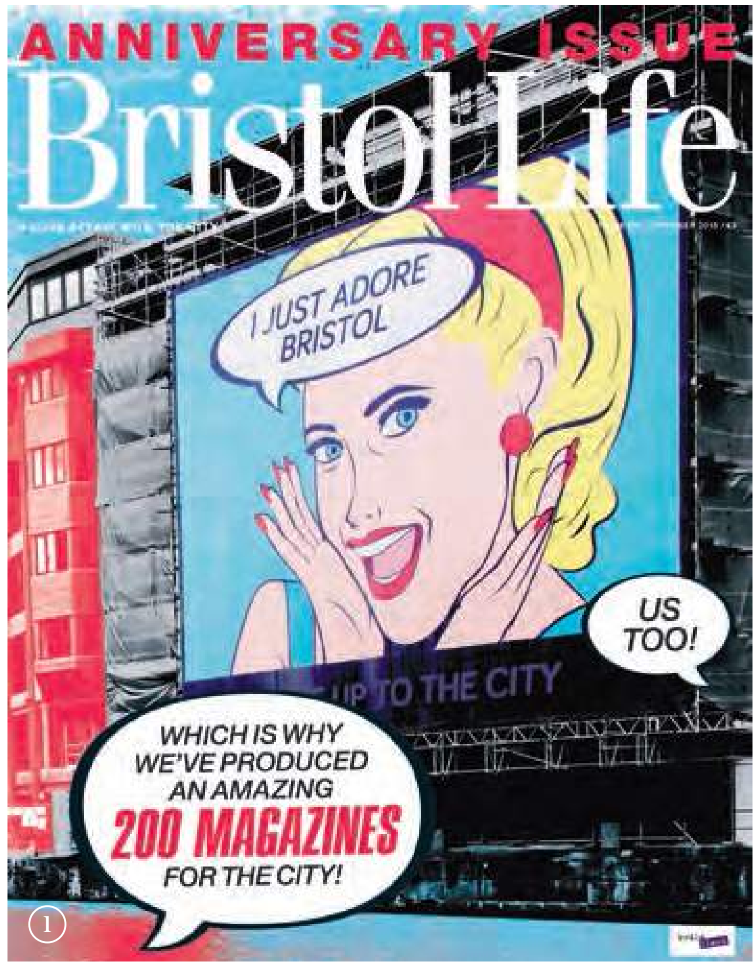
Creating a home for fashion

In the early part of the year we successfully sold our completed mixed-use development at Howick Place for £210 million and we completed the landmark building at the corner of Conduit Street and Savile Row in April 2015. Fashion house DSQUARED2 has taken occupation of the lower three floors with the remaining 17,000 sq.ft. of available office space, including two exceptional terraced floors with rooftop views over Mayfair, being actively marketed.

We are delighted that the London Design Awards have also recently bestowed Gold Winner status on this iconic building.

2015 LONDON DESIGN AWARDS
WINNER

1 Bristol Life cover of Bridget
2 Conduit Street/ Savile Row
3 CGI of Princess Street scheme
4 Non-Executive Directors' site visit to Manchester
5 On site at Princess Street



Is this the best scaffolding ever?

As Bridge Quay in Bristol nears completion in spring next year, contracts have been exchanged on 53 apartments and all six of the remaining flats have been reserved. Demand for these spectacular waterfront flats has exceeded our initial expectations with prices for waterside penthouse apartments reflecting values of over £600 per sq.ft.

We decided to bring these units to the market ourselves and the quality of the fit-out and marketing suite have been very well received. More than 2,500 people have been provided with information about the development and there have been over 130 viewings since the show apartment opened on 14 September 2015. As part of our marketing strategy we have also created a new icon for Bristol in the form of Bridget, the giant pop art image that has adorned the Floating Harbour façade of our site during construction. Bridget has certainly received a lot of attention and even prompted the "Best of Bristol" to ask whether this is the "best Bristol scaffolding ever" whilst Bristol Life made her their cover girl.

From scaffolding to show flat, we believe that we have set a new standard for quality within Bristol's city centre apartment market and we intend to capitalise on this success with further site acquisitions.

United for the City

The Northern Powerhouse is a popular topic at the moment but it is far more than a political soundbite. There is no denying the vibrancy of the Manchester economy and it is no surprise that President Xi Jinping flew home from Manchester airport. He waved farewell after announcing the commencement from that very airport of direct flights to Beijing, making Manchester the only UK airport outside of London to offer direct scheduled services to mainland China from 2016.

We fundamentally believe in the city and the wider region and taking forward schemes of imagination and quality here will be a core focus for us. We already have two sites in Manchester and we are actively looking for more.

Princess Street

Following a redesign of the scheme and public engagement, which earned us plaudits from local stakeholders for listening and responding to their concerns about the previous scheme, we have submitted a detailed planning application for our one acre site on the corner of Princess Street and Whitworth Street. The plans comprise two residential buildings with a total of 238 one, two and three bedroom flats along with a four star hotel with the potential for up to 148 bedrooms, all located above the existing four-level basement car park. The apartments are generously sized across the 13 and 14 storey residential buildings and we expect to achieve premium values for highly specified units in this excellent and well established residential location. The ground floors of each building will comprise a mixture of retail and restaurant units which will be let to local artisan traders to create a unique and eclectic atmosphere around a new landscaped public square. We expect to start the construction of this £100 million scheme in the middle of 2016 with completion during 2018.

p68 For further information on our public consultation see the CSR section.

Deansgate

At our other site at the Cathedral end of Deansgate in Manchester city centre, we are reviewing a development brief prior to conducting an international design competition in conjunction with Manchester City Council. The development is likely to comprise a new 200 plus bedroom internationally branded hotel, 500 to 600 apartments, ground floor retail and restaurants and a multi-storey basement car park. The site is highly prominent in Manchester with commanding views over the City's Medieval Quarter and the Cathedral and located on the doorstep of Harvey Nichols, Selfridges and the Arndale shopping centre. The site is currently occupied by a Marriott Renaissance hotel under a management contract that expires at the end of 2017. We expect to start demolition and redevelopment immediately thereafter.

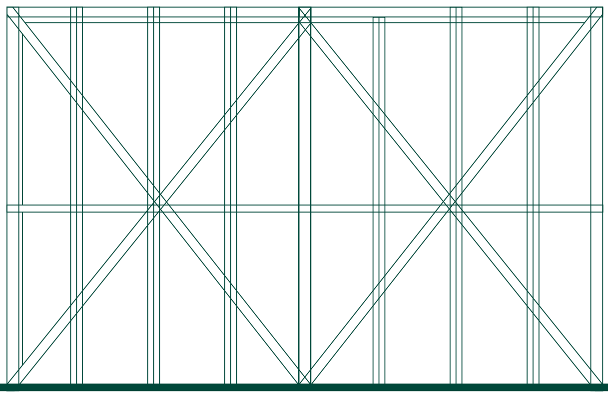
Managing the weight of expectations

I ain’t heavy ... I’m just prefabricated

The traditional approach steel frame for Feethams, Darlington would have weighed in excess of 1,000 tonnes and been cost prohibitive. As such the scheme was re-designed to use lightweight, off-site fabricated, pre-insulated structural wall panels and the design based around a specialist system produced by Fusion Frame. This not only led to a reduction of 110 tonnes of structural steel but also a reduction in the overall loading on the foundations as the intermediate concrete floors were removed as part of the process. In terms of the 80 bedroom hotel, the four storey construction was erected and made watertight in just four weeks including the supply and installation of the off-site fabricated bathroom pods.

110 tonnes

reduction in structural steel required



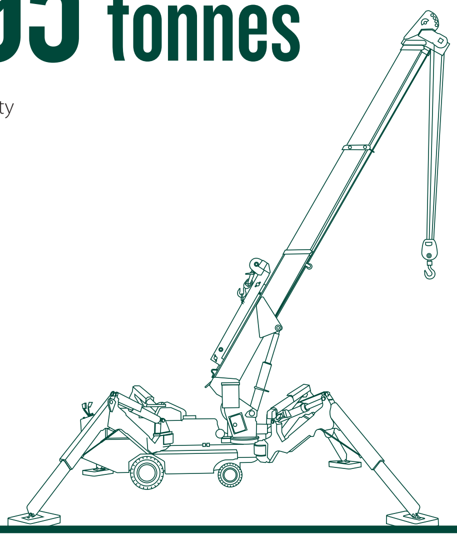
Pre-insulated structural wall panels (produced by FusionFrame)

Spider crane ... goes wherever a spider can

There have been two instances where we have needed the help of some heavy lifting but in some rather tight spaces. At Feethams, Darlington, the £1.3 million warm fit-out of the nine screen cinema block is currently taking place following the completion of the shell works and involves the erection of nine individual kits of parts forming the auditoria seating with extremely limited access. At Bridge Quay, Bristol, access was always going to be an issue with the site being sandwiched between the waterfront and a busy road and therefore the road closures needed to be kept to a minimum. Without the possibility of using a more conventional crane we needed a solution that could access and then build the new floor above the existing roof level. In both cases a lightweight spider crane has been used which can lift 0.95 tonnes but only weighs one tonne itself and with its legs spread the load has a variable point pressure. These spider cranes can be lifted into place and then manoeuvred around tight spaces as required reducing the risk from human handling of heavy materials as well as lengthy road closures whilst larger lifting material is left in place.

0.95 tonnes

lifting capacity



Mini crane MC174

Put that in your foundations and smoke it

For the supermarket site at Middlesbrough, we needed to raise the existing levels by up to 2m in height to deal with flood risk issues and agreed with the Environment Agency that this strategy could also be used to cap historic contamination whilst providing an acceptable medium for the drainage layer, as long as a suitable material could be sourced. As such, a considerable amount of rather specialist yet economic fill material was required and the perfect material was actually available right under our nose. Formed as the byproduct from waste incineration at a number of recycling sites including Hartlepool Power Station, the ash aggregate satisfied the regulatory requirements for compaction, cohesion and lack of contamination. Furthermore, the ash aggregate could be provided in the volumes required (88,000 tonnes) and stockpiled on site, which also helped to accelerate the compaction in key areas during construction then mitigating the potential for differential settlement. The reuse of this ash aggregate was a highly sustainable and local solution which saved its disposal to landfill and the importation of other recycled material from a more distant source.

88,000 tonnes

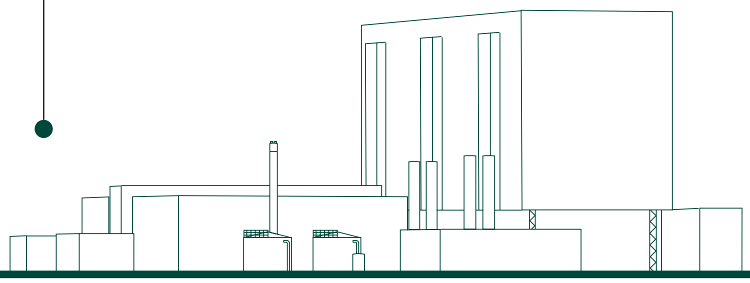
volume of ash aggregate used

Grown in minutes, built in months, lasts a lifetime

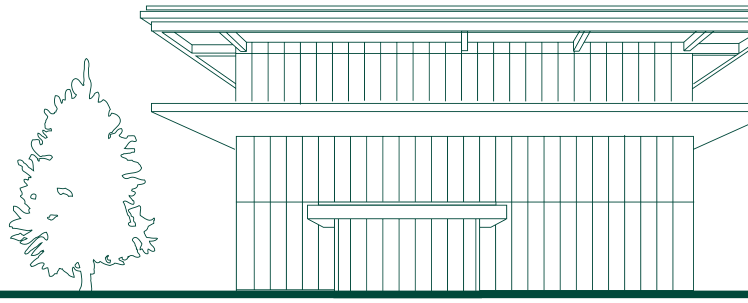
We like planting trees at Alconbury to craft great environments but our new Club building demonstrates how we can also use timber to craft sustainable landmark buildings as well. Designed by Allford Hall Monaghan Morris to sit alongside our existing Incubator building, the Club is constructed from 355m^3 of timber generated from 2,250 trees. This method of construction is estimated to remove 1,082 tonnes of CO_2 from the atmosphere. The annual growth of the sustainable forest, from which the trees were sourced, is 30,400,000m^3 meaning that our 355m^3 of timber would have been replenished 23.4 minutes after it was harvested. What's more, at the end of the Club's life that same 355m^3 of timber can be recycled as fuel generating 710,000 kWh which would heat 64 homes for a year.

1,082 tonnes of CO_2

removed from the atmosphere via timberframe construction



Hartlepool Power Station



Club building, Alconbury

HAYWARDS HEATH

hectares	acres
29	72

Ownership
The site was promoted on behalf of the Borde Hill Estate which owns some 2,000 acres on the northern edge of Haywards Heath.

Status
Outline consent for 210 dwellings granted on appeal – January 2015 – sold to Redrow.

CATESBY

Progress this year

- Planning consent granted on four sites, two following an appeal, delivering 500 dwellings with total section 106 contributions to the local community of £2.2 million.
- Three sites sold since acquisition with a gross land value of £37 million comprising 325 dwellings (to Redrow plc and Crest Nicholson plc).
- One further site sold since the year end with a gross land value of £3.5 million in respect of 41 units (to Bovis Homes plc).
- Pipeline increased since acquisition rising to 22 sites under offer at the financial year end.

Future milestones

- Catesby's existing business model, which achieves high levels of profit from minimal capital utilisation, will continue to target sites with returns on capital invested commensurate with historic returns.
- Catesby will increase its focus on brownfield site opportunities where an appropriate return can be made from its change of use to residential in accordance with central government and planning policy preference.
- Investment will be made in additional human resources in order to grow the volume of business underwritten.

Housing land opportunities

An early return on our investment

Catesby Property Group plc was acquired by Urban&Civic in February 2015 for £34 million, of which £22 million was paid in cash with the remainder funded by the issue of new shares. At that time Catesby had interests in land holdings comprising over 5,000 homes, predominantly through promotion agreement and partial equity ownerships, across 21 sites. This included the Newark site which has now been brought under the guidance of Urban&Civic's strategic land team. Since February, Catesby has achieved planning for 286 units across four sites and disposed of four sites comprising 366 units to housebuilders in line with our stated objectives at acquisition. This has already generated £2.5 million of profit for the business.

How Catesby works

The Catesby team has integrated extremely well into the overall Urban&Civic business with strong philosophical parallels. The team continues to be based in Warwick and is specifically focused on the delivery of residential planning consents on smaller-scale (50 to 500 unit) largely greenfield sites and, if successful, their onward sale to housebuilders.

Rather than acquiring the land outright, the Catesby model seeks to secure it by way of promotion agreement, a legal arrangement whereby a landowner allows Catesby to promote their land, at no cost to them, for development in return for a proportion of the end sales value. Since acquisition and given the backing of Urban&Civic, Catesby has extended its model to include option agreements and unconditional purchase terms if the risk/reward dynamics are seen to be appropriate.

As with the broader Urban&Civic business, the Catesby team prides itself on a collaborative approach to planning with the vast majority of its projects receiving officer recommendations for approval. The focus for the business is to meet housing demand in areas of clearly identified need. This is either through promoting sites identified in existing or emerging local plans or, where plans are out of date, identifying sites based on strong locational, transport and landscape characteristics and submitting an application after extensive analysis and consultation. The planning environment remains positive with only around 30 per cent of local planning authorities having an adopted national planning policy framework compliant local plan and a positive political backdrop with a commitment to the delivery of a minimum of one million new homes during the life of the current parliament.

Catesby is structured internally to fully assess new opportunities, to understand the prospects of obtaining planning for residential (or mixed-use) development and to have full regard for the ability of a housebuilder to technically deliver a scheme on the site. The land team, which is responsible for sourcing, purchasing and selling sites, is staffed by individuals with many years' experience in the housebuilding land markets. The planning team is responsible for initially assessing a site's prospect of obtaining a planning consent for a change of use to residential development and, if the land team is successful in reaching a legal agreement with a landowner, will project manage an external team of professional consultants to prepare an appropriate application. As such, Catesby's planners are drawn from local authorities, professional consultancies and from within housebuilders. Our technical and design team assesses whether a site can be accessed, drained, serviced and efficiently built on. The team has a housebuilding, civil engineering and an architectural background.

1 Catesby team on site with landowner
2 Balsall Common
3 Haywards Heath

Together we make a good team

We have found considerable synergies by incorporating the Catesby team within the wider Group. Opportunities which were historically identified by the Urban&Civic team, but which were rejected in favour of larger-scale sites or commercial developments, can now be reviewed by Catesby and vice versa. The combined business has an arguably unrivalled coverage and efficiency to deal with opportunities identified and to leverage existing relationships with key stakeholders due to the holistic focus on quality and deliverability. Furthermore, the knowledge and experience of land sales by Catesby to housebuilders is also helping inform and guide land sales from our strategic sites. Catesby has proven to be a very good acquisition for Urban&Civic from which we can grow the wider business.

Haywards Heath

A promotion agreement with the landowner was signed in June 2013 and a planning application made in October of that year for 235 dwellings. The site comprised 72 acres of farmland surrounded by ancient woodland immediately adjacent to the urban edge of Haywards Heath, an affluent commuter town on the Brighton mainline to London. The site borders the High Weald, an area of outstanding natural beauty, and was adjacent to a Grade II* registered park and gardens with listed buildings. The Catesby team, supported by a team of external professional consultants, worked with the local authority's officers (in this case Mid-Sussex) and amended the scheme to mitigate concerns to 210 dwellings. The application was recommended for approval by officers but refused by the members of the planning committee of Mid-Sussex District Council in April 2014. Catesby, with the input of planning counsel, decided to appeal the decision and a public inquiry was heard in October 2014. In January 2015 the planning inspector allowed the appeal and granted consent for 210 dwellings and associated infrastructure. The site has now been sold to Redrow plc.

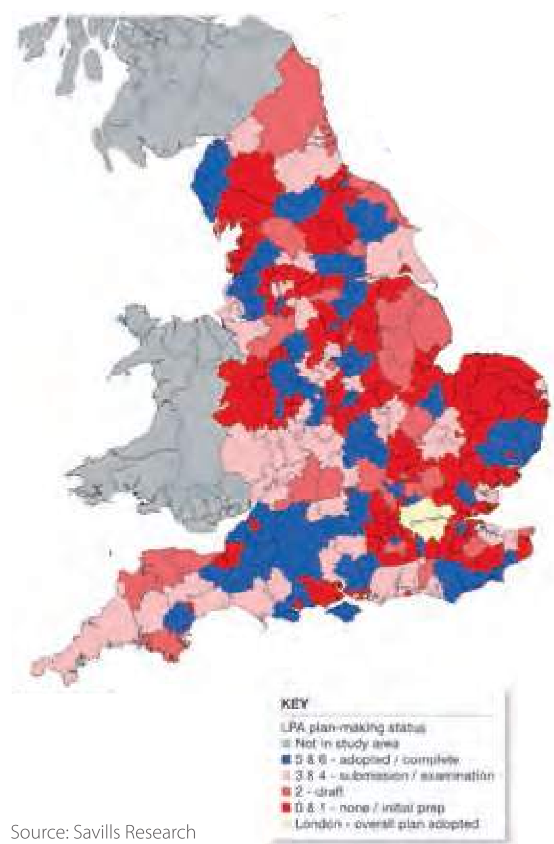
Balsall Common

Catesby historically controlled land at Balsall Common under an option agreement and supplemented its land interests by the unconditional purchase of a chicken farm. The chicken farm and a small proportion of the land held under option were removed from the green belt, following representations by Catesby, by the Solihull Metropolitan Borough Council local plan and allocated for future development. A planning application for 115 dwellings was submitted in November 2014 and a resolution to grant planning issued by Solihull Metropolitan Borough Council obtained in March 2015. The site has now been sold to Crest Nicholson plc.

The future

As a combined business, we believe that there will be a continued demand for land with a planning consent for residential development whether it be from large serviced sites or smaller consented ones. This comes from the continued need for all parties to place the delivery of housing at the forefront of the political agenda. Catesby will continue to maintain its focus on areas where there is a strong demand from both the buying public and, as a consequence, housebuilders but will also target larger sites than previously the case. The firepower afforded by the wider Group now allows Catesby to pursue those opportunities as well as smaller infill sites. In recognition of this, and bearing in mind the relatively small market share that Catesby currently has, we expect to bring some additional people into the business next year.

Plan-making status by local authority



Source: Savills Research

Keep doing things right

S

“As our business grows, so does our ability to leverage the benefits of “doing things right”. We believe that shareholder returns are fundamentally linked to generating dividends for our stakeholders. This philosophy continues to transcend our business and has underpinned both existing projects as well as the integration of new teams and projects during the year.

The Board adopts a holistic approach to monitoring performance which focuses on the interaction of the following four levers with environmental improvement, upskilling and innovation.”

Robin Butler
Managing Director

DELIVERY p68

- Stakeholder engagement
- Job creation and economic growth
- Efficient design, environment and sustainability
- Transport

OPERATIONS p72

- Travel
- Energy conservation
- Health and safety

EMPLOYMENT p73

- Retention and training
- Human rights
- Diversity

COMMUNITY p74

- Staff engagement
- Community projects
- Charitable donations

DELIVERY

The Group's activities span the promotion and delivery of strategic sites, to commercial and city centre developments as well as smaller-scale residential schemes in areas of housing need. In all cases, Urban&Civic seeks to craft vibrant developments that are embraced by their neighbours as well as the people that come to live, work and/or socialise there.

Stakeholder engagement

At Waterbeach we held open days (page 38) to widen a process of engagement which will result in the evolution of a development framework and ultimately an outline planning application for the site. We also held open days at Princess Street Manchester (page 59), where we explained the revised scheme we had developed by listening to local concerns. We have continued to build relationships and trust throughout these open days.

"Overall I am impressed with Urban&Civic, given that their plans are actually engaging with the public's responses. In the last two years, I have campaigned against some really arrogant developers and operators on a number of issues regarding the city centre, but that is another story and a very long one. Urban&Civic have been a breath of fresh air in comparison."

Adam Prince, Vada Magazine
15 September 2015

Given that the strategic sites are delivered over 20 years and that we retain a number of developments as investments, the grant of planning is not the end of the engagement process. Our teams maintain and strengthen relationships through both delivery and operation.

To this end, the topping out ceremonies for the new Club building at Alconbury Weald (page 13) and Feethams, Darlington provided an important opportunity to mark the progress of both sites and celebrate with key stakeholders and partners who have worked alongside us throughout delivery.

Job creation and economic growth

At Alconbury we jointly pursued with the district council the opportunity to fund a research project specifically looking at the potential future skills needs for the Enterprise Campus. The piece of work carried out by the University of Cambridge's Institute for Manufacturing is now forming a fundamental part of curriculum development in the site's £10 million Skills Centre, as well as engaging a range of companies and sectors about how their skills needs can be supported, to create a supportive environment for their future business growth.

Furthermore, by setting up the Alconbury Weald project as Construction Industry Training Board National Skills Academy for Construction, we have further embedded jobs, skills and training across every contract awarded. This, combined with EDGE (see case study on page 71), will ensure that the scheme delivers a lasting legacy.

Feethams, Darlington involved the preparation of an Employment and Skills Charter. Our construction and design team created six new work placement positions filled on site, and a further two were created within the professional team via liaison with Darlington Borough Councils Employment and Skills officer. Overall the project will create 500 new jobs.

Waterbeach open days attended by

400 people

Number of leaflets posted to residential and business addresses in Manchester

1,750+

1 Topping out with members and officers from the Borough Council, Feethams, Darlington
2 Waterbeach Open Day
3 Discussing key phase 1 of Alconbury Weald

Efficient design, environment and sustainability

Throughout this Annual Report we have sought to highlight specific examples of construction practice and design which contribute to our objectives and demonstrate how we continuously improve our methods.

Whether it be from our involvement in the evolution of the new primary school at Alconbury Weald or the use of recycled ash at our Gateway Middlehaven site, our focus on design and delivery has materially improved the building and its surrounding area.

In terms of construction techniques, the Alconbury Weald scheme is currently in the process of recycling concrete hard standing areas and old buildings, incorporating this into the new construction (page 25). The recycled material has been successfully utilised in new road construction and building projects. It is estimated that the total carbon saving (that has already started to be delivered) during the life of the scheme will be in excess of two million tonnes.

The new club building also allowed us to trial a highly sustainable timber frame construction method as part of our commitment to innovate building technologies.

At RadioStation Rugby, (page 48) we have already created new ecological habitats of the highest quality for our new(t) neighbours as well as learning from Alconbury by reusing the concrete bases which held up the former masts as hard standing for haul roads during construction.

The Feethams Darlington scheme is being constructed on a decontaminated brownfield site within the heart of Darlington. The former bus depot site contained a significant volume of hydrocarbon contaminated subsoil which we carefully removed during the initial remediation work removing the contamination hazard adjacent to the River Skerne.

The Gateway Middlehaven project (page 61) was constructed on a contaminated brownfield site within the heart of the former Middlehaven industrial area. The area had laid unused for over 20 years as the cost of remediation and site filling was deemed a constraint to development. However, the use of locally produced recycled waste and the treatment of contamination on site meant that the project was able to be delivered in a viable manner and return the waste land back to a fully used plot at the entrance to the Middlehaven development area.

The Alconbury Weald tree nursery has continued to mature and engages young people and volunteers in collecting seeds from local ancient woodlands, learning how they grow on and then helping the team to plant them out in the new development. In a community tree planting event, over 40 people from three generations joined the team to plant out 700 trees. The group included local residents, local businesses from the campus, local scouts groups and students from the neighbouring American air base. Larger-scale tree moving and planting has also taken place across the site to ensure we make use of all our existing resources.


3

Institute for sustainability
Alconbury Weald/Urban&Civic – areas of excellence

Consultation strategy
- Comprehensive, truly engaging and seeking to involve and collaborate with stakeholders
- Open and transparent approach engaging the community in decision making
- Supported and integrated with the technical planning process
- Applied consistently to all stakeholders, demonstrating integrity

Leadership for sustainability
- From the top, with an organisational culture supportive of achieving sustainable outcomes
- Open, transparent and engendering trust in the planning team whilst still being challenging

Approach to planning
- An effective, tiered approach developed in collaboration with key planning stakeholders, which enables ongoing monitoring and management of the planning process and includes:
  - feedback mechanisms that enable continual improvement
  - testing to ensure consistency against previous phases
  - clarity and transparency for applicants, planning authorities and the community

Green infrastructure strategy
- Integrated approach across natural environment, climate change adaptation, biodiversity, open space and play provision
- Considerable site-wide net gain achieved

Site-wide recycling and reuse of materials
- Strategic and long-term approach to the reuse and recycling of waste materials making best use of the site

DELIVERY continued

1 The Club building's timber frame
2 Electric bike scheme at Alconbury Weald

Efficient design, environment and sustainability continued
As part of our commitment to continuous improvement, we asked the Institute for Sustainability to provide an independent audit of Alconbury Weald to help us develop the strategies, processes and delivery of future schemes. The Institute identified a number of areas where we and our team have demonstrated excellence and where we could improve.

The Institute's key suggestions included:

- constantly reinforcing the benefits of an integrated approach to achieving sustainable outcomes;
- communicating the sustainability benefits in a holistic manner along the way;
- taking clear leadership in terms of energy strategy;
- testing new technologies against a consistent process;
- community inclusion and promoting sustainable methods; and
- making economic success factors explicit.

They also strongly suggested that we provide each resident and business with a handover pack "that includes the story of the development, community aspects, jobs and skills in the region, how to operate the home (in service of reducing bills and saving money), how to get involved at Alconbury Weald." We plan to take this forward across each of our strategic sites in both paper and electronic form.

We are also ensuring that CEEQUAL (a sustainability performance assessment) is rolled out across key projects and we are one of the first major developers to employ the CEEQUAL process in the private sector.

All of the Group's contractors used in the year have been members of the Considerate Constructors Scheme, which helps to minimise disruption to our neighbours during the building phase. We also ensure, through our ongoing community liaison, that local residents and stakeholders are kept informed about the work programme and have a point of contact should they have any concerns.

Transport
Urban&Civic invests early to reduce car usage and carbon footprint in relation to any of its developments, by maximising rail, bus, cycleway and footpath connectivity. Green travel plans seek to push the boundaries and futureproof schemes to accommodate emerging technologies.

Implementation of the Travel Plan for the Alconbury Weald development has now commenced with an innovative sustainable travel strategy being delivered including the provision of electric bicycles. When complete this will include over 5km of dedicated busway and priority bus route, enhancing public transport between St Ives, Huntingdon and Peterborough, connecting to the Cambridge Guided Bus.

EDGE

“

EDGE exemplifies the benefits that public–private sector collaboration can bring. By including the developers of Alconbury Weald, Urban&Civic, the EDGE partnership has created a model that has longevity and isn't reliant on short-term funding schemes: Alconbury's development will be 25 years in the making.”

Jonathan Djanogly
MP for Huntingdon

The rationale for EDGE – sharper skills for enterprise – emerged from the Enterprise Zone Skills Group which Urban&Civic set up with local partners to support the development of Alconbury Weald. After developing a skills strategy and action plan to maximise the benefit of the Enterprise Zone, it became apparent that there was an abundance of activity and support available but this lacked co-ordination of provision and easy access by those in need. From the desire to create a public and private sector partnership delivering a truly joined up service, the EDGE concept was born in late 2014.

This new one-stop shop service brings together a range of existing public sector bodies such as the Local Enterprise Partnership, Huntingdonshire District Council, Huntingdonshire Regional College, Cambridgeshire County Council, DWP Jobcentre Plus, the Skills Funding Agency and HASP alongside Urban&Civic to facilitate a better match of people and skills to the employment opportunities available both now and in the near future on the Enterprise Zone and across Huntingdonshire.

The founding partners have a formal agreement to pool human and certain financial resources and crucially share data to support people looking for work, needing to retrain or upskill and businesses finding people with the right skills to help them grow. The group is also informed by its ongoing engagement with Huntingdonshire and St Neots Manufacturing Club, the Chamber of Commerce, the environmental charity Groundwork as well as other business networks and events.

Operating from Alconbury Weald's base in Huntingdon town centre, as well as from partner locations around Huntingdonshire, the EDGE service offers:

- an apprenticeship matching service;
- work experience scheduling;
- Enterprise Zone job brokerage/ matching service;
- economic development business support;
- independent advice and guidance support to jobseekers;
- co-ordination of business education engagement activity; and
- joint event organisation.

The scheme has already achieved a number of early successes including:

- an event which saw 700 pupils from seven local schools engage with 85 companies about career opportunities and options in the local area with a second event planned for 2016 which will include a focus on employment requirements for the delivery of the A14;
- an apprenticeship promotion event at which 47 new participants were signed up;
- supporting Thames Labs, a local company, to become one of a number of new Trailblazers: groups of companies approved by government to develop new apprenticeships specific to their industry;
- five local long-term unemployed people on work trials with contractors delivering Alconbury Weald;
- supporting civils contractors at Alconbury to work through the apprenticeship system working with the new Highways Academy through West Anglia Training Association; and
- supporting Groundworks/Grassroots projects in deprived communities which have generated 29 new jobs, 40 new qualifications and 14 people being provided with further training, education or work experience.

—
1 The operational EDGE team outside the Huntingdon Town Centre jobs and skills hub

OPERATIONS

Urban&Civic not only demands efficiency from its development activities, but is also committed to applying equal rigour to Group operations.

Travel

Business travel procedures are documented and subject to authorisation protocols in order to ensure journeys are only undertaken when absolutely necessary. All employees are eligible to join the cycle to work scheme and currently around 21 per cent of staff commute by bicycle and the provision of facilities for those that cycle to work was a key criteria in our London office selection.

Energy conservation

The Group's office buildings all have waste recycling contracts, use energy efficient lighting and have policies that encourage employees to conserve energy (such as electronic document storage). As part of the Group's drive to improve energy consumption an ongoing programme to capture and analyse emissions data is under development; however, we continue to undertake an exercise to quantify the emissions that Urban&Civic is operationally responsible for as a result of the Group's direct activities.

All reported CO_2 emissions have been from sources identified in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within the Group's consolidated financial statements and encompass the Group for the year to 30 September 2015, incorporating the Catesby group from the acquisition date in February 2015.

The following methodologies have been used to calculate the emissions detailed above:

- the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition);
- the Department of Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guideline (2013); and
- the Department of Environment, Food and Rural Affairs (DEFRA) Carbon Conversion Factors 2014.

No emissions data has been included in the emissions table where Urban&Civic has an interest in property or operations, but does not have operational control. Consequently tenant consumption and certain joint ventures have been omitted from the presented analysis. The sites that were considered to be controlled operationally by Urban&Civic included all offices occupied by the Group, as well as Alconbury Weald and the Marriott Renaissance hotel at Deansgate, Manchester. The hotel was acquired by the Group in December 2014 and produces the largest CO_2 emissions of any single property the Group has operational control over having been converted from an office building to hotel in the 1980s. The hotel is currently occupied by a hotel under a management contract that expires in November 2017, after which we intend to start demolition for redevelopment immediately. It is for this reason we have disclosed carbon emissions including and excluding hotel operations.

The 2015 reported emissions data of the Urban&Civic group is for the 12 months to 30 September 2015 and includes the Catesby group from acquisition in February 2015. The 2014 reported emissions include data from the Urban&Civic Group for nine months from 1 January 2014 to 30 September 2014 and the Terrace Hill group from 22 May 2014 to 30 September 2014. As such, while comparison is not considered particularly meaningful, an increase would naturally be expected due to increased operations and development activity.

Health and safety

The Board takes its responsibility to safeguard the health and safety of its employees and the public seriously. Urban&Civic's documented policies are subject to periodic review (by an independent adviser) and updates will be communicated to all staff, clearly allocating responsibilities for health and safety matters to named individuals. The Group's operations strictly adhere to all relevant statutory provisions and risk assessments are undertaken to augment written policies and to ensure the Group's development activities and operations are undertaken safely.

Urban&Civic's performance in the year has been:

- Reportable incidents 2
- Fatalities —
- Prosecutions, fines and notices —
- Incidents requiring first aid 3

Emissions

Emissions source	Year ended 30 September 2015 CO_2e tonnes	Period ended 30 September 2014 CO_2e tonnes
Combustion of fuel and operation of facilities	708	48
Electricity, heat and cooling purchased for own use	2,046	493
Total	2,754	541
Financial turnover (excluding recoverable property expenses) £m	54.6	23.0
Intensity ratio: CO_2e tonnes/turnover £m	50.4	23.5
Intensity ratio: CO_2e tonnes/turnover £m excluding hotel operations	30.4	23.5

EMPLOYMENT

Retention and training

Urban&Civic's financial success is interwoven with the Group's ability to recruit, motivate and retain the very best staff. The integration of the Catesby Property Group has increased the number of people in our business to 58. Over and above Catesby, we have recruited further staff this year to support our administration, finance, project and development capabilities management.

Whilst benchmarked salaries and goal focused bonuses and incentive schemes are an essential part of staff incentivisation, regular appraisal, training and internal promotion are considered vital too. The Group has promoted internally in the year and a number have also completed or are undergoing training paid for by the Group.

During the year, an overview of Group policies and procedures has taken place and, following Board approval, the policies were communicated to all staff. All staff are eligible to join the Group's benefits schemes, including life assurance, permanent health insurance and the Group pension scheme. During the year, a programme of consolidation has taken place to ensure all staff across the Group are treated consistently.

Human rights

The Group does not have a formal human rights policy, but does have processes and protocols that adhere to internationally proclaimed principles on human rights. The Group will continue to monitor the need for more formal policies to augment existing processes and protocols.

Diversity

The Group has adopted a diversity policy which can be found on our website. Appointments will be made on merit, skills and experience but with due regard to the benefits of diversity.

The Group's average length of service for employees as at 30 September 2015 was as follows:

	Total number of staff	Average length of service (years)
Property	34	5.3
Finance	14	6.4
Administration	10	3.9
Total	58	5.3

	Male %	Female %
Directors	90	10
Senior Management (excluding Directors)	92	8
All staff	67	33

1 Our Executive Chairman and Company Secretary

COMMUNITY

No-one can deliver change by themselves. Being part of the community is an essential part of how we do business and what we want our business to do.

Staff engagement

The Board actively encourages our team to engage in community, professional and charitable activities outside of the office. Not only does this disseminate skills and enthusiasm across a broad base but it also nurtures insight and experience. These activities range from chairing the property committee of an affordable housing provider to being a parish councillor.

On average, Urban&Civic's staff collectively spend 52 days per year on non-Group, community focused activities.

Community projects

As part of our active and ongoing process of engagement, at Alconbury we have been providing space at peppercorn rates and sponsorship support for local community groups such as:

- Spotlight Productions (space and sponsorship);
- Alconbury Colts football tournaments (sponsorship);
- Fusion (financial support and time/expertise of team member);
- Groundwork (space, time/expertise and connections on the advisory panel and board, and funding through green skills projects and jobs brokerage contract);
- St Neots Bowman (space);
- SOKE target club (space);
- St Ives football club (sponsorship);
- Huntingdon girls cricket club (sponsorship);
- Shakespeare at the George (sponsorship);
- Stukeleys Heritage Group (events and tours);
- Airfield Research Group;
- Stirling Rebuild Project;
- St Ives cycling club;
- Gran Fondo cycle race;
- Hullabaloo's 10k run; and
- Burns camp for injured children.

We have also reached out to our neighbouring parish councils and supported Alconbury Village with gateway features, delivered a water supply to the allotments we donated to Stukeley Parish Council last year, provided a new noticeboard for Wood Walton and contributed to the Abbots Ripton VJ Day celebrations and arts project.

At Waterbeach (page 40), we have sought to open up the site to the local community by providing access to the existing sports facilities such as the squash court and sports hall as well as access to the wider site for triathlon training and the local cadet force. We have also agreed very low rents with the Waterbeach Military Heritage Museum Trust to re-open its museum in the building it previously occupied on site and carried out works to maintain and enhance the Memorial Garden.

The Ministry of Science event at the Rugby Fan Zone (see case study) provided an excellent opportunity to support the town's designation as a host city and ensure that both parents and children could enjoy a scientific extravaganza over half term.

Charitable donations

Whilst Urban&Civic's charitable donations are generally aligned with its business strategy, staff are also encouraged to contribute their time to charitable activity. During the year staff harnessed themselves up to abseil down buildings or donned lycra to cycle extreme distances for a number of charities.

Chris, Roz and Maria, members of our London finance team, abseiled down a 500 ft building in central London and raised over £3,000 for Orchid (Orchid exists to save men's lives from testicular, prostate and penile cancers through pioneering research and promoting awareness – www.orchid-cancer.org.uk).

David, one of our development executives, and 19 fellow riders cycled 500 miles from Edinburgh to London over five days raising £50,000 for Missing People (Missing People is the only charity in the UK which specialises in, and is dedicated to, bringing missing children and adults back together with their families – www.missingpeople.org.uk).

1 David Ainsworth on the home straight
2 Rosalind Archer about to step off the Broadgate Tower

Ministry of Science Live

“We see our relationship with RadioStation Rugby as being built on a genuine and enduring partnership. The Ministry of Science event, sponsored by Urban&Civic and Aviva Investors, was a perfect example. As the officially designated “Proud Home of the Game” the Council built the Rugby Village, centred on the Fan Zone, in the town centre. When it wasn’t being used for live screening of matches it provided a great venue for a range of other attractions. One of those was the Ministry of Science – and I can tell you that it’s still being talked about.

The focus on science for young people was ideal, given that the RadioStation site will be delivering four new schools. It even allowed me to challenge Mayor Onishi who was visiting us from Kumamoto, one of the Host Cities when the 2019 Rugby World Cup is held in Japan, to a dynamo bike challenge. I’m pleased to say that honours were even on that one.”

Councillor Michael Stokes
Leader, Rugby Borough Council

As the officially designated “Proud Home of the Game” for the Rugby World Cup, significant public and private sector investment went into the town’s Festival of Rugby to fill the Fan Zone with a programme of sport, arts and cultural events.

RadioStation Rugby was delighted to support the town and borough council’s inward investment strategy and at the same time generate early exposure for the new development.

Keen to ensure our sponsorship was relevant to our vision for RadioStation Rugby, we sought out an activity which was educational, family-orientated and fitted with the site’s past and future. The Ministry of Science offered all of this in an engaging and fun way.

Their roadshow is professionally staged and well-known for its high impact experiments using liquid nitrogen and hydrogen to generate some awesome explosions.

They also tailored the show to Rugby the town and in particular to the history of radio and telecommunications. Alongside Ministry of Science, we linked up with BT to bring in one of its sports ambassadors (ex-England Rugby World Cup winner Ben Kay) who compered proceedings and set the pace for the dynamo bike competition. The event also reached out to local primary schools around the RadioStation site by incorporating a House of the Future design competition, which gave children a chance to win tickets as well as meet Ben Kay.

The winner’s designs will be placed alongside other mementos of 2015 in a time capsule to be buried on site next year.

800 people came along to our three shows. Both children and parents alike were on the edge of their seats as things went boom on stage and were extremely competitive when challenging Ben’s time on the dynamo bikes. As a half term activity, we couldn’t have asked for a better event to support, and it has generated real interest in both science and what’s coming next at RadioStation Rugby.

View video online:
www.urbanandcivic.com

1 Hydrogen infused bubbles
2 A clash of titans

Steady growth, controlled spend

> “The valuation uplift attributable to Alconbury has contributed 10.2p of the 22.4p per share growth in the EPRA NAV per share.”
>
> **Jon Austen**
> Group Finance Director

Introduction

EPRA NAV of £389.9 million at 30 September 2015 compared to £350.8 million at 30 September 2014.

KPIs
The Group considers the following to be its key performance indicators:

EPRA NAV – the Group considers EPRA NAV per share and changes in such value to be a key performance indicator of the Group’s performance. The EPRA NAV includes the fair value of all the Group’s assets and liabilities. Under IFRS, the Group cannot reflect in its financial statements the fair value of its trading properties, which are carried at the lower of cost and net realisable value. Most analysts and shareholders compare the performance of property companies using EPRA NAV and this indicator is therefore of considerable importance to us.

The EPRA NAV at 30 September 2015 and 30 September 2014 was £389.9 million (272.1p per share) and £350.8 million (249.7p per share) respectively, reflecting an annual increase of 11.1 per cent (9.0 per cent per share).

£389.9m

EPRA NAV at 30 September 2015

Introduction continued

Total shareholder return – the share price at 30 September 2015 was 268.0p, reflecting a 14.8 per cent increase on the price of 233.5p at 30 September 2014. When the two dividends paid during the year are taken into account, the total shareholder return in the year was 15.8 per cent.

Corporate transaction during the year

As reported in the interim statement issued on 27 May 2015, the Group announced the acquisition of Catesby on 27 February 2015 for an aggregate consideration of £34.0 million, payable as £22.0 million in cash and £12.0 million satisfied through the issue of 4,248,553 new, fully paid-up shares and 178,669 performance share awards. In accordance with IFRS, the consideration shares were fair valued at 263.5p per share equal to £11.2 million and the value of the performance share awards issued as part of the transaction is being accounted for as a post-acquisition expense. Of the £12.0 million satisfied through the issue of new shares, 3,509,446 shares were issued and admitted to trading during March and the balance of 739,107 is expected to be issued on the first anniversary of the transaction. These outstanding shares have been included in equity as at 30 September 2015.

The Group has accounted for the transaction in accordance with IFRS 3 'Business Combinations' (revised) with both the consideration and assets and liabilities of Catesby having been fair valued as at the date of acquisition. A note explaining the determination of the fair values is included in note 2 to these consolidated financial statements. As predicted in the announcement of the transaction, negative goodwill (described in the consolidated statement of comprehensive income as discount on acquisition) of £4.7 million has arisen as a consequence of the fair value exercise and this has been credited to the consolidated statement of comprehensive income. The negative goodwill has been calculated as follows:

	£m
Fair value of the consideration given	33.2
Fair value of the net assets acquired	37.9
Negative goodwill arising	4.7

Consolidated statement of comprehensive income

The consolidated statement of comprehensive income includes the results of the Urban&Civic Group for the 12 months from 1 October 2014 and of Catesby for the period from the date of acquisition of 27 February 2015 to 30 September 2015. The comparative figures reflect the results of the Urban&Civic group for the period from 1 January 2014 to 30 September 2014 including the Terrace Hill group from 22 May 2014 to 30 September 2014 and therefore comparison with the current period results is not considered particularly meaningful.

A commentary on all significant line items is set out below.

Revenue

The significant items within revenue of £55.5 million are trading property sales of £12.7 million, revenue on construction contracts of £30.8 million, rental income of £5.1 million and £6.6 million of other property income. The trading property sales of £12.7 million reflect proceeds received in respect of the sale of two land promotion sites at Haywards Heath and Balsall Common. The Group also received £0.3 million as a surrender premium from a tenant who left an office building in Teesside. Revenue on construction projects wholly reflects the remaining activity in respect of the Sainsbury's foodstore development at Middlesbrough. Rental income for the period includes £2.5 million in respect of tenants based at our Alconbury site and £2.6 million in relation to the Group's office and leisure assets. Other property income reflects £5.1 million income receivable from the Manchester Deansgate hotel, recoverable property expenses of £0.8 million and project management and other fees of £0.7 million, which includes £0.3 million each relating to the development management agreements at Rugby and Waterbeach.

Direct costs

Direct costs include cost of construction contracts of £30.1 million which relate entirely to the Sainsbury's foodstore development mentioned above, the cost of trading property sales of £9.6 million which includes the associated costs of the sales of the two land promotion sites noted above. Direct property expenses of £7.1 million include £4.4 million relating to the costs of operating the hotel in Manchester. Development site write downs of £4.4 million principally relate to a number of housing sites in Scotland where the Group has written the sites' carrying values down to values determined by CBRE.

Administrative expenses

Administrative costs of £10.4 million were expensed in the year, of which £0.9 million relates directly to the acquisition of Catesby Property Group and £1.8 million relates to the non-cash share-based payment expense. Further costs were capitalised into properties as required by accounting standards, details of which are set out in the relevant property notes.

Surplus on revaluation of investment properties

The Group has recognised a £1.9 million increase in revaluation of its investment properties, predominantly represented by Alconbury.

CBRE has valued the whole Alconbury site at £147.5 million. In the financial statements we treat part of the site as investment property and part as trading property and under accounting standards we reflect upward movements in the investment element of the site through the financial statement and any upward movements in the trading element through our EPRA adjustments. In total, the site has increased in value by £28.5 million since 30 September 2014. The principal reasons for the increase in value of the site were:

- additions of £13.9 million (including capitalised overheads); and
- other market movements of £14.6 million.

The Group has recognised £2.5 million of the £14.6 million valuation uplift through the income statement and the remaining £12.1 million through our EPRA adjustments.

Share of post-tax profit of joint ventures
The Group has recognised £3.8 million representing its share of the post-tax profits of joint ventures. This represents our share of the results of the Rugby joint venture where the whole site increased in value from £60.0 million at 30 September 2014 to £75.3 million at 30 September 2015. The Group settled its liability to purchase its 50 per cent share in this asset during the year.

Impairment of loans to joint ventures
The Group has reduced its likely recovery in respect of a loan to a joint venture which owns a housing site in Scotland by making a provision of £0.8 million. The amount recoverable is now included in the Group balance sheet at £2.5 million.

Net finance income
The amount of £0.6 million of net finance income largely reflects interest income on the Group's cash deposits.

Taxation expense
The tax charge for the year of £14,000 has been significantly reduced due to income not assessable to tax, being the discount on acquisition of Catesby of £4.7 million and the release of other liabilities of £1.9 million.

Dividend
The Group paid its maiden dividend in February 2015 and an interim dividend in July 2015 at rates of 1.5p and 1.0p per share respectively. The Group proposes to pay a final dividend in respect of the year to 30 September 2015 of 1.65p per share, representing a 10 per cent increase on the maiden dividend. Subject to shareholder approval at the AGM, this dividend will be paid on 19 February 2016 to shareholders on the register on 5 February 2016.

Consolidated balance sheet
Non-current assets
Investment properties
The Group's investment properties at 30 September 2015 included the element of the Alconbury site that we classify as investment, the leisure asset at Bradford and the leisure scheme under construction at Darlington.

The entire Alconbury site has been valued by CBRE at 30 September 2015 at £147.5 million. The £73.0 million element that the Group intends to retain as a long-term investment comprises commercial land and 25 per cent of the residential land (representing the affordable and potential PRS land). The leisure assets at Bradford and Darlington have been included at fair value determined by the Directors.

Property, plant and equipment
Additions of £3.2 million were recognised during the year. Of this, £2.0 million reflects the value attributed to the hotel that operates from the Deansgate, Manchester development site which was acquired during the year. Under accounting standards, we attributed a fair value to the income stream that we enjoy from that hotel and depreciate that value over the 35 months that the hotel operation can continue until its licence expires. The depreciation during the period was £0.5 million. The remaining additions to property, plant and equipment principally relate to the fit-out works at the Group's new London headquarters.

Investment in equity accounted joint ventures and associates
The Group's investment in its 50 per cent share of the Rugby site has been included in the balance sheet at £38.1 million, which is largely represented by its share of the external valuation of the site of £37.6 million. The Group also includes here its investment in joint ventures that own strategic land sites in Scotland and an industrial site adjacent to our foodstore site at Herne Bay, Kent.

Other investment
During the year, the Group sold its investment in the property known as Howick Place, London which was included in the balance sheet at 30 September 2014 at a fair value of £5.4 million.

Deferred tax assets
The Group has recognised an asset of £8.7 million in respect of the Group's tax losses which are expected to be utilised against future profits of the Group. The balance has increased by £0.4 million since 30 September 2014, reflecting a net increase in the recognition of tax losses over amounts generated and utilised during the year.

Current assets
Trading properties
Additions to trading properties during the year amounted to £62.5 million. The principal elements of the additions are expenditure at the strategic land sites at Alconbury, Waterbeach and Newark of £11.8 million, the purchase of the Herne Bay site and subsequent development expenditure of £17.5 million, the purchase of the two Manchester sites and subsequent expenditure of £23.7 million (excluding the £2.0 million attributed to the hotel and included in property, plant and equipment) and £5.8 million at Bridge Quay.

Included within the figures mentioned is £5.3 million of capitalised overheads. £34.1 million of additions have arisen as a result of the acquisition of Catesby.

As noted elsewhere, this reflects the fair value of the assets acquired through the Catesby acquisition and includes the Newark strategic site as well as interests in a number of land promotion sites. Two such sites, included at fair value at £6.5 million, were disposed of during the period and are included in disposals. Amounts written off the value of trading properties in the year of £4.4 million mostly relate to a number of Scottish housebuilding sites. All trading properties are carried in the balance sheet at the lower of cost (or acquisition date fair value) and net realisable value.

Trading and other receivables
Trading and other receivables include £25.2 million in respect of property sales of which £12.3 million has been received since the year end, £12.9 million is due in stages up to 2019, £1.6 million of other receivables and £3.1 million of prepayments and accrued income.

Cash
Cash balances of £43.6 million were held at the year end, down from £162.8 million at 30 September 2014. The reduction reflects the intensive period of investment in our various projects during the year in particular £36.4 million at our strategic land sites at Alconbury, Rugby and Newark, £12.1 million in respect of the acquisition of Catesby (net of cash acquired), £25.7 million at Manchester and £49.8 million at other commercial sites.

Consolidated balance sheet continued

Non-current liabilities

Borrowings

The loan of £11.4 million at 30 September 2015 is a loan from the HCA to fund infrastructure at our strategic land site at Newark. The interest rate is 2.2 per cent above the EC Reference Rate and is rolled up into the principal. Repayment is dependent on land sales with a final repayment date of 21 March 2021.

Deferred tax liabilities

The deferred tax liability at 30 September 2015 largely reflects deferred tax on the balance of valuation uplifts not covered by available losses on the Group's interests in the sites at Alconbury and Rugby.

Current liabilities

Trade and other payables of £28.8 million include £4.5 million of trade payables, £9.6 million of other payables, £12.6 million of accruals and £0.6 million of deferred income. Trade payables include £2.1 million in respect of active developments and will be settled in the ordinary course of business. Other payables principally include £1.0 million relating to amounts received in respect of exchanged or reserved flats at Bridge Quay and £3.3 million of deferred consideration in respect of the Catesby acquisition. The amounts included within accruals principally relate to uninvoiced amounts relating to a number of construction projects.

Equity attributable to equity holders of the parent

The movements in equity attributable to equity holders of the parent are set out in detail in the consolidated statement of changes in equity on page 128.

EPRA

We have set out below our calculation of the EPRA performance measures relevant to our current activities. As a Group that carries out both trading and investment activities, and with a significant proportion of our investment portfolio under construction we have only included those EPRA performance measures that bear meaningful comparison to our peer group.

EPRA net asset value (NAV) and EPRA triple net asset value (NNNAV)

The EPRA NAV and NNNAV of the Group have been determined as follows:

	£'000	Number of shares	Pence per share
Net asset value (NAV)	**347,828**	**143,260,359**	**242.8**
Revaluation of trading property held as current assets			
– Alconbury	18,978		
– Newark	2,355		
– Herne Bay	7,500		
– Bridge Quay	3,011		
– Manchester sites	589		
– Land promotion sites	4,700		
– Other	950		
	38,083		
Deferred tax liability	3,967		
EPRA NAV	**389,878**	**143,260,359**	**272.1**
Deferred tax	(11,583)		
EPRA NNNAV	**378,295**	**143,260,359**	**264.1**

The main adjustment for the Group relates to the fair value of property assets that are held on the balance sheet as trading properties and therefore under IFRS are carried at the lower of cost and net realisable value. We fair value these assets with the majority externally valued by CBRE.

S

Financial resources and capital management

The Group had £11.4 million of external borrowings at 30 September 2015 and £43.6 million of cash. The Group expects to utilise the cash balances to execute its strategy of continuing to develop its strategic land and commercial development properties over the coming years. Since the year end the Group has put in place or has agreed terms in respect of the following loan facilities:

- a £7.0 million non-recourse investment property bank loan with a margin of 2.2 per cent and a term of five years;
- a £19.3 million development and investment bank loan to fund the construction of the Herne Bay foodstore with a margin during the development phase of 2.45 per cent falling to 1.90 per cent when the occupier enters into the lease. This five year facility is guaranteed by the Group for the first three years after which the guarantee falls away;
- an £18.0 million development and investment bank loan to fund the construction of the hotel at Stansted airport. This five year loan has a margin of 2.6 per cent during the development phase which drops to 1.5 per cent when the hotel opens. This loan is guaranteed by the Group for its full duration; and
- a £35.5 million loan from the HCA to fund infrastructure costs at Rugby. The loan has an interest rate of 2.5 per cent above the EC Reference Rate and repayment is dependent on land sales with a final repayment date of 2025.

The Group's policy is to secure bank facilities on its commercial development projects at market rates and levels but does not intend to borrow from commercial banks in respect of its infrastructure spend at its strategic land sites. The Group will, however, seek to borrow from Government sources (such as the HCA) to fund infrastructure spend at its strategic sites where such borrowing will enhance the speed with which such sites can be brought forward and where the terms will enhance our expected returns. As the strategic land sites form the majority of the Group's net assets, this policy will result in a low overall level of gearing at any one time.

In order to give the Group further financial flexibility, we have also negotiated an unsecured revolving credit facility of £25.0 million which we expect to use to augment our own working capital from time to time. The Group maintains a comprehensive business plan model which predicts the cash usage and generation on a project by project and amalgamated basis in detail for five years but for longer on a less detailed basis. This model is regularly updated and informs the Group as to its cash needs, allowing us to plan ahead. It is this model that allows the Group to be confident as to its viability.

Jon Austen
Group Finance Director
2 December 2015

A proactive approach to managing risk

> We organise site tours for our Board which allows everyone to see the changes happening on the ground and provides real context for risk assessment.

Robin Butler,
Managing Director

The Board

↑

Audit Committee

↑

Executive Directors

↑

Senior Management

The Board has ultimate responsibility for risk management across the Group but, as permitted by the UK Corporate Governance Code and taking into account the size and structure of the Group, the Board has agreed that the Audit Committee, rather than a separate Risk Committee, should take responsibility for the review of risk.

During the year under review, the Audit Committee has undertaken a review of the process of risk management within the Urban&Civic Group and established a procedure for the ongoing review and management of the key risks facing the Group. Individual Executive Directors will review the management of risk, including at the specific projects for which they have overall responsibility. This will be done by regular site visits and by ongoing contact with, and management of, the staff involved with each of these projects. The Managing Director will ensure that appropriate risk management systems and reporting are in place. A review of risk will take place at regular meetings of the executives with an update provided at each Board meeting of any new risks or issues of concern (if any) which have arisen as a result of these discussions.

A key component in the Group's risk management process is the maintenance of a risk register with a summary of key risks being reviewed at each Board meeting. The risk register is used to design, communicate and monitor internal controls that result in an operational environment that the Board believes produces shareholder returns at an acceptable level of risk. The most significant risks identified in the risk register are shown on the following pages.

Movement since 30 September 2014	Risk description	Impact of risk	Controls and mitigation/action
	Strategic risk		
	The business model of the Company is affected by external factors, such as economic conditions, the property market, the quoted property sector and political factors. Adverse changes in market conditions and the economic environment increase the risk of a decline in development returns and property valuations. Changes in legislation, regulation, taxation or best practice.	If external influences are not considered fully, adverse financial implications could result from incorrect business decisions being made.	Consideration, when making decisions, is given to external markets, dynamics and influences. Strategy is considered at each Board meeting and specifically at an annual strategy meeting. Press, industry forums and adviser updates are used to keep executives up to date in respect of external markets. Regional focus and local knowledge in areas with strong underlying economics (such as job creation) mitigate the impact of market and economic shocks. Prior to investment, detailed due diligence and financial appraisals are rigorously carried out using historic, current and forecast market data. The appraisals are also flexed to establish the financial outcome on a downside-case basis. Business plan and rolling long-term cash flow forecasts with detailed sensitivity analysis. Effective monitoring with the assistance, when required, of appropriate professional advisers (tax, accounting, regulatory, company law).
	Implementing a strategy and/or development programme which is inconsistent with the market environment, skillset and experience of the business.	An inconsistent approach could devalue the Group's property portfolio and consequently reduce total shareholder return. Inappropriate strategy could result in over-exposure to a single scheme which could have an adverse impact on Group cash flows.	Board meetings are held at two-monthly intervals to review and, where necessary, update strategy and to review progress against objectives. The Group annually approves a business plan and produces rolling long-term cash flow forecasts with detailed sensitivity analysis. These are reviewed against the Group's KPIs and revised where necessary. For property assets under development, detailed budgets are prepared and approved by the Board, costs are monitored and remedial actions are identified and approved where necessary. Material capital commitments, which have not been approved in the Group business plan, require additional Board approval.
	Property valuations are inherently subjective due to the individual nature of each property and there is no assurance that the property valuations will be reflected in actual transaction prices or that the estimated yields, sales prices or annual rental income will prove attainable.	Volatility or inaccurate estimates in property valuations may result in unexpected movements in the statement of comprehensive income or EPRA measures. Net rental income not maximised. Sale proceeds not maximised.	Independent external valuers are used to value all significant investment property assets bi-annually. With respect to significant development assets, Director valuations are sense checked by market metrics sourced internally and/or from independent valuations. Net rental income is monitored continually by the project director. Sales process typically involves third party agent and full exposure to the market.

Movement since 30 September 2014	Risk description	Impact of risk	Controls and mitigation/action
	Strategic risk continued		
	The Group operates in a complex and changing planning environment.	Non-compliant or contested applications or changes to the planning system that are non-favourable to the Group's operations could limit or delay the Group's ability to secure viable permissions, which could adversely impact shareholder returns. The cost of preparing for planning will be lost. In addition, the reputation of the Company may be damaged. Time delay may increase costs or create other issues with property cycle. Lost value from expiry of planning permission.	The Group employs highly qualified and experienced staff who are dedicated to gaining planning consents. The Group engages in rigorous public consultation. High quality professional advisers are used throughout the planning process. The Group's local office network ensures it has direct knowledge of local planning authorities and consultants to invest in projects matching local needs.
	The Group's reputation could be damaged through adverse publicity, inappropriate actions by Directors or employees, unclear communications or inaccurate media coverage.	Total shareholder return is the most likely metric that could be affected should the Group's reputation be tarnished. Dissatisfaction from stakeholders and other factors which may affect the Group's reputation. The market perception of the Company may be confused, with possible consequences on its share price/ability to perform a market transaction.	The Board processes are designed to ensure strategies and projects are carried out with a view to maintaining and enhancing the Group's reputation. The Group takes advice on regulatory compliance. The Group employs investor and public relations specialists and retains the services of an external public relations agency. Care is taken in interaction with the public and stakeholders such that the likelihood of dissatisfaction arising out of unplanned events or operations is low. Programme of regular meetings with analysts and institutional shareholders. A dialogue is maintained with investors where possible and appropriate. High standards of corporate governance. Press announcements and other significant external communications are reviewed before being issued. External announcements are ultimately approved by the Chairman.

Movement since 30 September 2014	Risk description	Impact of risk	Controls and mitigation/action
	Operational risk		
	Lack of availability of investment and development opportunities and availability to develop real estate projects.	Failure to identify sufficient or appropriate pipeline opportunities could materially impact the Group's performance and consequently shareholder return. Income diminishes and market view of the Company declines.	The Group is geographically diverse and employs or engages advisers with strong local connections, which leads to a diverse range of business opportunities being reviewed. Long-dated projects ensure continuity of returns over the medium term (assuming a functioning market). Collaboration with joint venture partners is embraced by the Group.
	Competition with other participants in the real estate industry.	Assets acquired at excessive prices. Developments commence at wrong point in the cycle. Potential assets not acquired because pricing too high.	Use of experience and expertise in determining suitable offer prices and optimal project timings to maximise returns. Assessment of the threats of competition before acquiring assets.
	Inaccurate or inadequate assessment of development and/or investment opportunities or schemes.	Financial outcomes of developments or investments can be impacted where inadequate or erroneous due diligence or appraisals have been relied upon. This, for example, could be the result of poor estimation of costs, cost inflation or overestimation of sales values.	Projects from acquisition to completion are closely monitored by the Board. Significant assumptions are market tested. Close relationships with trusted suppliers and professionals is/has been established. Fixed price contracts are used where appropriate.
	Properties acquired/sold without due consideration to other opportunities available, price paid/received and/or timing of the transaction.	Acquisitions and/or disposals are entered into which adversely affect the financial performance of the Group.	All significant acquisitions/disposals are considered and formally agreed by the Board via review of investment reports. Impact of acquisitions/disposals reviewed in cash flow analysis and highlighted to Board. Market risk assessed by the Board.
	Ineffective delivery and procurement processes leading to delays, reduced build quality and cost pressures.	Delays in procurement and delivery increase the Group's exposure to variations in cost, build quality, penalties and the uncertainties in the wider economy, all of which could adversely impact on total shareholder returns.	The Group has internal development and project management teams. Well defined and rigorous tender processes are employed. Project delivery is closely monitored through the supervision of the development's professional teams and strong, regular cost reporting.

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Movement since 30 September 2014	Risk description	Impact of risk	Controls and mitigation/action
	Operational risk continued		
	Adverse/unforeseen environmental and archaeological issues and other hazards and risks associated with development. Statutory authorities change their requirements.	Development may become potentially unviable. Value of development may be adversely impacted. Profit and/or cash flow impact from delay. Potential loss of pre-let to occupier. Funding of development may be adversely affected.	Desktop/full assessment at appropriate times. Physical investigations and environmental studies carried out where necessary. Appropriate insurance, where available. Adequate health and safety procedures. Provide adequate contingency for such matters in development appraisal and programme. Appointment of appropriate consultants and appropriate representations are made. Legal, regulatory and commercial updates from law firms and other professional advisers, including political advisers. Designs are based on statutory regulations at time of submission for building approval.
	Failure to comply with legislation, to identify environmental issues in respect of owned or to be acquired sites, or to meet stakeholder requirements or expectations.	Failure to manage environmental issues on the Group's strategic land sites or commercial property holdings could result in financial penalties or reputational damage.	Appropriate environmental surveys and due diligence have been/will be undertaken for the Group's current or proposed property holdings. The Group uses specialist environmental consultants where applicable. Warranties are sought from consultants and contractors. The Group's employees are up to date with both legislation and customer requirements.
	Non-performance of key joint venture partners.	The collapse or non-performance of a joint venture partner could result in financial loss for the Group.	The Group undertakes detailed counterparty due diligence prior to entering into any joint venture arrangements. External high quality legal teams are used to put in place secure, yet workable, legal arrangements. Regular monitoring of financial reports is undertaken.
	Investments in joint ventures are not effectively monitored and controlled in respect of additional loans or investments, operations, tax and/or legal liabilities. Joint venture partner in financial difficulties. Internal disputes within joint venture partner.	Income and capital growth from associates and joint ventures not realised. Completion of joint venture developments to specification.	Decisions relating to new investments, including investment in joint ventures, made by the Board in the form of a board approved investment paper. Suitable protections/controls provided for in joint venture agreements on acquisitions. Follow-up visits are undertaken to ensure such controls are in place. Suitable and appropriate staff allocated to the projects. Monthly/quarterly reports produced by the joint ventures, reviewed by senior management and significant issues highlighted to the Board. Annual budgets and cash flows reviewed and significant variances reported to the Board.

Movement since 30 September 2014	Risk description	Impact of risk	Controls and mitigation/action
	Financial risk		
	Lack of funding required to develop the business and take advantage of new opportunities.	Unable to take advantage of opportunities as they arise.	Detailed business plan informs funding needs. Continuous monitoring of capital and debt markets. Maintenance of relationships with lenders. Exploration of methods, with advisers, of raising equity.
	Financials may not be in accordance with budgets and forecasts. Cost overruns on development projects.	Business decisions may be made on incorrect basis. Market builds inaccurate expectations based on company information. Reduced profits.	Detailed annual business plan prepared and approved by Board. Detailed cash flow analysis and projections inform the process and refine or challenge business plan assumptions. Fixed price contracts with LADs where possible.
	Failure to adhere to loan covenants.	A breach of loan covenants could result in loans being withdrawn, facilities cancelled or penalties levied. Effect on ability to raise new finance. Damage to reputation.	The requirements/covenants of each loan facility are monitored regularly for compliance. Approval procedures operated for all changes to tenancies and lease terms in accordance with loan agreements, where appropriate. Principal terms of all prospective loans are reviewed to ensure that they do not conflict with property or commercial objectives. Covenants or tests are monitored and modelled through cash flow analysis.
	Resources risk		
	Over-reliance on key people or inability to attract and retain people with appropriate qualities and skills.	Over-reliance on key people makes the Group vulnerable should those key employees leave. Replacement of key personnel could be costly and/or time consuming if the Group's working environment is not attractive.	The Group offers a competitive remuneration package which includes both short and long-term incentives. Employees generally work on a number of projects across the Group and are not dedicated to one particular site. Short reporting lines and delegated authority ensure staff feel they are contributing to the success of the Group. The Nomination Committee reviews succession planning. Appropriate notice periods minimise disruption.

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Movement since 30 September 2014	Risk description	Impact of risk	Controls and mitigation/action
	Resources risk continued		
⌄	Inadequate focus on potential corruption in the Group.	Breach of anti-corruption legislation, e.g. Bribery Act. Financial loss arising from fraud, bribery or other corrupt practices. Censure, bad publicity resulting in adverse impact on reputation.	Segregation of duties of the following processes: • appointment and tendering process controls; • finance and invoicing; • close management and review of costs and diligent benchmarking of development costs reduce risk of "over pricing"; and • budget and cost control. Anti-corruption policies and procedures in compliance with the 2010 Bribery Act will be reviewed by the Board annually. All expenses approved in line with Group policy. All corporate hospitality offered/received is monitored by monthly reporting under the Group's Gifts and Hospitality policy.
⌃	Health and safety issues.	Serious injury and loss of life. Development may be adversely impacted by site closure, delays and cost overrun. Damage to reputation. Directors' liability.	Health and safety procedures reviewed, including appointment of principal contractor as defined by the current Construction (Design and Management) Regulations, or as amended. Due diligence carried out (including appropriate references) on principal contractor and design consultants. Appointment of planning coordinator to ensure compliance with CDM regulations. Appropriate insurance cover is carried by either the Group or its contractors.

Long-term viability statement

The Directors have assessed the prospects of the Group and reviewed the expectation that it will continue in operation for the foreseeable future. The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Directors considered the Group's cash balances, capital commitments, principal risks (and how these are managed) and Group strategy. A review of the Group's current position and future development plans are discussed in this strategic report, the financial position of the Group is on pages 126 to 167 and the principal risks the Group is exposed to and the action taken in mitigation is set out above. The Directors 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, for the next five years and that it is appropriate to continue to prepare financial statements on a going concern basis. The Board has taken the view that a period of five years is appropriate as it reviews, on an annual basis, the Group's rolling five year business plan, which takes into account the Group's strategy, financial position and associated principal risks.

The strategic report contained on pages 4 to 89 was approved by the Board on 2 December 2015.

On behalf of the Board.

Nigel Hugill
Executive Chairman

Robin Butler
Managing Director

—
Stage 2
Trees on the move
across Alconbury Weald


UASC

We set ourselves high standards

The Company aims to comply with the principles and provisions of the UK Corporate Governance Code (the ‘Code’) published by the Financial Reporting Council in September 2014. This report sets out the Group’s principal governance policies and practices and explains how it complies with the provisions of the Code. Except as referred to below, the Company has complied with all relevant provisions throughout the year.

The Board is committed to upholding high standards of corporate governance. The high level of involvement of the Executive Directors in the day to day running of the Group’s operations enables good governance principles and policies to be upheld throughout the Group.

The Board

(Biographical details are on pages 98 to 99)

Strategy
Leadership
Risk Management
Governance

Senior Management

Company Secretary

Audit Committee

Members:
Duncan Hunter (Chairman)
June Barnes
Alan Dickinson
Robert Dyson

Independence of members: 4/4

The Audit Committee will:

- consider the appointment and fees of the external auditor
- discuss the scope of the audit and its findings
- be responsible for monitoring compliance with accounting and legal requirements
- review the annual and interim financial statements
- review risk management

p100 Further information can be found in the Audit Committee report

Nomination Committee

Members:
Alan Dickinson (Chairman)
June Barnes
Robert Dyson
Duncan Hunter
Mark Tagliaferri

Independence of members: 4/5

The Nomination Committee will:

- review the structure, size and composition (including the balance of skills, knowledge and experience) of the Board and its committees
- review succession planning for the Board

p102 Further information can be found in the Nomination Committee report

Remuneration Committee

Members:
Robert Dyson (Chairman)
Duncan Hunter
Mark Tagliaferri

Independence of members: 2/3

The Remuneration Committee will:

- consider and approve the remuneration and benefits of the Directors of the Company
- review the ongoing appropriateness of the remuneration policy

p104 Further information can be found in the Directors' Remuneration report

Leadership

Role of the Board

The Board is responsible to shareholders for the good governance, objective risk assessment and effective leadership required to deliver upon the Group's objectives. The Board has adopted a formal schedule of matters reserved for its decision.

These matters include:

- strategy;
- approval of significant acquisitions and disposals;
- approval of operating and capital expenditure budgets;
- review of financial performance and adherence to five year plan;
- approval of interim and annual financial statements;
- dividend policy;
- internal controls and risk management;
- Corporate Governance; and
- approval of Group policies.

Key activities of the Board and committees during the year ended 30 September 2015:

- Review of strategy and business objectives
- Continuing review of major development progress
- Acquisition of the Catesby Property Group in February 2015
- Completion of the integration of the Terrace Hill business
- Commencement of dividend payments
- Review of risk management process
- Review of succession planning
- Update of all Group policies
- Review of terms of reference of all committees

Leadership continued

Chairman and Managing Director

The Board structure is such that the roles of the Chairman and Chief Executive are combined and are exercised by the same person. Nigel Hugill is Executive Chairman of the Group and Robin Butler is Managing Director. The role of Managing Director is distinct from that of the Chairman and the roles of each of the Executive Directors (including the Chairman and Managing Director) have been clearly established with a division of responsibilities, set out in writing and approved by the Board. They are summarised below.

Key responsibilities of Executive Directors

Chairman	Managing Director	Property Director	Finance Director
Nigel Hugill	**Robin Butler**	**Philip Leech**	**Jon Austen**
• Leadership of the Board and the Company • Successful achievement of objectives and execution of strategy • Ensure long-term sustainability of the business • Management of Board matters and implementation of Board decisions • Effective communication with shareholders	• Review of operational performance of the Group's business • Optimise the use and adequacy of the Group's resources • Internal controls management • Leadership of the senior executive team • Acquisition and implementation of major development schemes	• Identify and propose commercial acquisitions and/or disposals • Propose major projects or bids • Oversee all investments and major commercial expenditure • Management of regional offices	• Provide advice and guidance on financial strategy • Responsible for ensuring the Group's financial commitments, targets and obligations are met • Financial management, including budget, banking and debt management • Ensure compliance with statutory regulations

The Code requires that, on appointment, the Chairman should meet the independence criteria set out in Provision B.1.1. Nigel Hugill did not meet those criteria on appointment and therefore the Group does not comply with this provision of the Code. The Group discussed the Board structure with shareholders and its advisers prior to the Chairman's appointment and received positive feedback.

Non-Executive Directors

The Group has six Non-Executive Directors of whom four, June Barnes, Alan Dickinson, Robert Dyson and Duncan Hunter, are considered to be independent. Mark Tagliaferri represents GI Partners, which is the Group's largest shareholder, and is therefore not considered to be independent. Robert Adair was Executive Chairman of the Terrace Hill group prior to the Urban&Civic Group's Listing in May 2014 and has since become a Non-Executive Director and Deputy Chairman of the Group. He is not therefore considered to be independent. Alan Dickinson has been appointed as Senior Independent Director and acts as a sounding board and confidant for the Chairman and as an intermediary for other directors if necessary. He is also available to meet shareholders to discuss any concerns they may have.

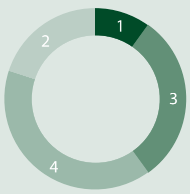
The Non-Executive Directors, led by the Senior Independent Director, meet at least annually without the Chairman or the Executive Directors present. In 2015, the performance of the Chairman was appraised through a formal process led by the Senior Independent Director. The Chairman also holds regular meetings with the Non-Executive Directors.

Effectiveness

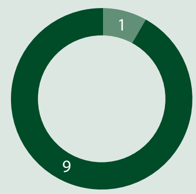
Composition of the Board

The Code requires that the Board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively. In the Board's view, the current Board structure works efficiently and is in the best interests of shareholders and the Group as a whole.

Board composition



Board balance



Board committees

The Board delegates specific areas of responsibility to committees which have the authority to make decisions in accordance with their terms of reference, which are available on the Company's website. Each committee reviews its terms of reference on an annual basis.

Board and committee attendance

The Board holds six scheduled meetings each year. In addition, a number of unscheduled Board and committee meetings are held to discuss ad hoc matters or matters of a routine/administrative nature. Non-committee members of the Board attend committee meetings by invitation. The attendance record of the Directors at the scheduled Board and committee meetings is shown in the table below. The Board also holds an annual strategy meeting and all Directors attended the strategy meeting held in 2015.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Meetings held	●●●●●●	●●●●●	●●●	●●
Chairman				
Nigel Hugill	●●●●●●	—	—	—
Executive Directors				
Robin Butler	●●●●●●	—	—	—
Philip Leech	●●●●●●	—	—	—
Jon Austen	●●●●●●	—	—	—
Non-Executive Directors				
Robert Adair	●●●●●●	—	—	—
June Barnes[1,2]	●●●●●●	●●●●●	●●●	—
Alan Dickinson[1,2]	●●●●●●	●●●●●	●●●	—
Robert Dyson[1,2,3]	●●●●●●	●●●●●	●●●	●●
Duncan Hunter[1,2,3]	●●●●●●	●●●●●	●●●	●●
Mark Tagliaferri[2,3]	●●●●●●	—	●●●	●●

1. Member of Audit Committee (Chairman: Duncan Hunter).
2. Member of Nomination Committee (Chairman: Alan Dickinson).
3. Member of Remuneration Committee (Chairman: Robert Dyson).

Key:
● Attended
— Not applicable

Effectiveness continued

Appointments to the Board

The current Board was put in place in 2014 and major shareholders were consulted at the time. The Executive Directors appointed were the key executives of the Group and were appointed on merit. The Non-Executive Directors were appointed following a rigorous selection process. Future appointments will be made on merit against objective criteria with due regard to the balance of skills, experience, knowledge, diversity and independence of the Board to enable it to discharge its duties and responsibilities effectively. The Nomination Committee will lead this process and make recommendations to the Board. Further information can be found in the Nomination Committee report on pages 102 to 103.

Time commitment

Executive Directors are required to devote substantially all of their working time to their responsibilities as members of the Board, although certain outside directorships are permitted. The Non-Executive Directors have confirmed that they have sufficient time to meet what is expected of them as Non-Executive Directors of the Group, as specified in their Letters of Appointment. Other significant commitments of the Non-Executive Directors were disclosed to the Board before their respective appointments and any changes to these commitments will be notified to the Chairman. Directors are expected to attend all scheduled Board meetings and additional meetings as required. They are also expected to attend all meetings of the committees of which they are a member, the annual strategy meeting and the Annual General Meeting.

Professional development

Each Director is provided with a tailored induction on joining the Board and specific updates on particular areas of the Group's operations are provided. Directors are expected to update their skills and knowledge and to develop their understanding of the Group's operations. They are offered training and updates to enable them to fulfil their duties effectively.

During the year under review, personalised in-house training sessions were provided to Non-Executive Directors and Directors are also able to attend relevant seminars and conferences at the Company's expense. The Company Secretary provides briefings on corporate governance and regulatory updates at Board meetings or as required. Non-Executive Directors have undertaken a programme of site visits to further develop their understanding of the Group's business and operations.

Information and support available to Directors

Board papers are provided to all Directors on a timely basis and in a form and of a quality to enable them to discharge their duties. Prior to all Board meetings, Directors receive agendas and supporting papers to allow time for appropriate review and to facilitate discussion at the meetings. Presentations and verbal updates are given at each Board meeting. All Directors are able to make further enquiries or requests for information if required and objective and constructive challenge by the Non-Executive Directors is welcomed.

Directors have access to the advice and services of a professionally qualified and experienced Company Secretary, who is responsible for ensuring information is made available to the Board and its committees on a timely basis and for planning the agendas for the annual cycle of Board and committee meetings. The Company Secretary will assist with professional development as required and ensures compliance with Board, regulatory and corporate governance procedures.

Minutes of Board and committee meetings are circulated to all Directors, who have the opportunity to ensure that they accurately reflect the business conducted at each meeting and that they cover all issues raised.

Directors are able to seek any further information or to take independent professional advice they may require in the performance of their duties, at the expense of the Company.

Board evaluation and performance

The Board will carry out an annual evaluation of its own performance and that of its committees and individual Directors. An appraisal of the Chairman's performance took place during the year under review and an evaluation of the performance of the Board and its committees has taken place since the year end. The Board evaluation process took place by means of a detailed questionnaire completed by all Directors and the results of the evaluation will be communicated to the Board for action points to be implemented where necessary. The Chairman has undertaken to lead an individual evaluation with each Director.

Annual re-election of Directors

Notwithstanding that the Company is not in the FTSE 350, all Directors will be subject to annual election by shareholders in compliance with Code Provision B.7.1. Biographies of all Directors are on pages 98 to 99 and separate resolutions relating to their reappointment are contained in the Notice of the Annual General Meeting to be held on 10 February 2016, circulated with this Annual Report.

Accountability

Audit Committee

Duncan Hunter (Chairman of the Audit Committee) and Alan Dickinson (member of the Audit Committee) are both considered to have recent and relevant financial experience. Further details are in the report of the Chairman of the Audit Committee on pages 100 to 101 and biographical details of all the Audit Committee members are set out on page 99.

The terms of reference of the Audit Committee were reviewed during the year and are available on the Group's website.

Risk management and internal control

The Board is responsible for establishing and maintaining the Group's system of internal controls and risk management. An analysis of the Group's principal risks, their potential impact and action taken to mitigate risk is set out on pages 82 to 89.

The system of internal controls is designed to limit risk through identification and mitigation controls, although it should be noted that no system can eliminate risks and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board views internal controls as a two-way process, being the communication by management of the requirements and expectations and the provision of relevant information to enable controls to take place effectively. The Board may request any information from management to ensure an adequate system of internal controls is in place.

The Executive Directors and senior management regularly assess the risks facing the business and the controls in place to minimise those risks. The Group risk register is submitted to the Audit Committee and Board at least annually to assess the effectiveness of the process and to report any recommendations for improvement to the Board. The Board will review key risks at each Board meeting.

The Board has considered the appropriateness of establishing an internal audit function and, having regard to the relatively straightforward nature of the Group's operations and the likely cost of such a function, has concluded that it is not appropriate to the Group at this stage. The Board will keep this under review and will consider an independent review of key areas of the business and controls if required.

Remuneration

This information is contained in the Directors' remuneration report on pages 104 to 115.

Relations with shareholders

Dialogue with shareholders

Communication with existing and potential shareholders is given a high priority and the Group undertakes a regular dialogue with its shareholders. The Chairman and Finance Director are the Group's principal representatives and hold meetings with investors, analysts and other interested parties throughout the year. In addition, Alan Dickinson has been appointed as Senior Independent Non-Executive Director and has held meetings with some of the Company's major shareholders. He is available to discuss any concerns with shareholders if other channels of communication are not available or would be inappropriate.

Key investor activities during the year to 30 September 2015:

- Presentation of the annual results for the period ended 30 September 2014 and the interim results for the period ended 31 March 2015
- Programme of meetings between the Chairman and Finance Director and the Group's largest shareholders, analysts and potential shareholders
- Annual General Meeting held in February 2015
- Property tours for investors and analysts

Feedback from meetings, presentations and tours is received from the Company's brokers and, at each Board meeting, the Board receives feedback from the Chairman on all investor meetings, enabling Directors to develop an understanding of the views of the Company's major investors.

The Group's website is an important source of information for shareholders and presentations made to analysts are made available on the website as soon as practicable after they have been made. Regulatory announcements made by the Company are maintained on the website which also contains all other material information including historic reports and share price information.

For more information visit
www.urbanandcivic.com/investor_relations

Constructive use of general meetings

The Company will give shareholders at least 20 working days' notice of the AGM and details of the resolutions to be proposed at the AGM to be held on 10 February 2016 can be found in the notice of meeting circulated with this Annual Report. Details of the number of proxy votes for, against and withheld on each resolution will be disclosed at the meeting and posted on the website.

The AGM provides an opportunity for shareholders to vote on the resolutions proposed and to raise any issues with Directors, all of whom attend and are available to answer questions.

Annual Report and Accounts

The Board has considered the Group's Annual Report and Accounts for the year ended 30 September 2015 and, taking account of the recommendations of the Audit Committee, is satisfied that, taken as a whole, it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's performance, business model and strategy.

Heather Williams
Company Secretary
2 December 2015

Nigel Hugill
Executive Chairman

Nigel was founding Executive Chairman of Urban&Civic Limited. He has held numerous senior positions within the property and regeneration industry over a career spanning 30 years, including serving as special policy adviser to Sir Bob Kerslake at the HCA. He was chief executive officer of Chelsfield plc from 1992 to 2005 and executive chairman of Lend Lease Europe from 2005 to 2008, having joined the company through the joint acquisition of the residential developer Crosby.

External appointments

Nigel is also chairman of the Royal Shakespeare Company and the respected urban think tank Centre for Cities and is on the Chairman's Group of the Council of the London School of Economics.

Robin Butler
Managing Director

Robin co-founded Urban&Civic Limited with Nigel Hugill in 2009 as Managing Director. He joined Elliott Bernerd in 1985 and in 1986 became a founding director of Chelsfield plc and was a main board director until the sale of the business in 2004. At Chelsfield he was involved in regeneration projects of metropolitan scale and international significance, including Merry Hill, Paddington Basin, White City (now Westfield) and Stratford City in London. He joined Lend Lease Europe in 2005 and was appointed chief executive in 2006.

External appointments

Robin is also on the board of the Royal Academy of Music and is chairman of New Heritage, the regeneration body for Dudley MBC.

Philip Leech
Property Director

Philip, chief executive of Terrace Hill since 2005, joined Terrace Hill in 1993 and established and ran the north east office from 1994. He has been personally responsible for large parts of Terrace Hill's regional development portfolio for the past 20 years. Philip continues to lead the enlarged Group's commercial development activities.

External appointments

None.

Jon Austen
Group Finance Director

Jon was the finance director of Terrace Hill, a position he held since joining in 2008. He previously served as chief financial officer at Arlington Securities Limited and Pricoa Property Investment Management, and joined Terrace Hill from Goodman Property Investors. Jon has been working in the property industry for over 25 years.

External appointments

None.

Robert Adair
Deputy Chairman and Non-Executive Director

After graduating in geology from Oxford University, Robert qualified as a Chartered Accountant. Robert founded Terrace Hill in 1986.

External appointments

Robert is chairman of Petroceltic International plc and Ambrian PLC. He also holds directorships in a number of other private companies.

June Barnes
Independent Non-Executive Director

June left the East Thames Group in 2014 after serving as group chief executive for over 16 years. She trained as a town planner and is also a member of the Chartered Institute of Housing.

June has served on a number of boards and working groups over the years concerned with the built environment and poverty and was chair of the London Sustainable Development Commission from 2005 to 2008 and more recently vice chair of the National Housing the Federation.

External appointments

June is currently a board member of the Institute for Sustainability and sits on the London Mayor's Design Advisory Group.

Committee membership

Audit Committee
Nomination Committee

Alan Dickinson
Senior Independent Non-Executive Director

Alan has spent more than 45 years in banking, originally joining the Royal Bank of Scotland in 1973, having started his career with Westminster Bank in 1968. A former chief executive of RBS UK, he is an experienced retail and corporate banker with a strong strategic focus and considerable experience of the corporate world and the impact of current and past economic cycles upon markets and market participants.

External appointments

Alan is also a non-executive director of Lloyds Banking Group and Willis Limited, a governor of the charity Motability and honorary treasurer of Surrey County Cricket Club.

Committee membership

Audit Committee
Nomination Committee (Chairman)

Robert Dyson
Independent Non-Executive Director

Bob is a Chartered Surveyor and former chairman of the north west region of property advisers JLL, from where he retired at the end of 2013. He joined the property profession in 1970 and after periods in nationalised industry and the public sector entered private practice, from where he has dealt with all aspects of residential and commercial property. Over the past 25 years Bob specialised in investment, development and large-scale mixed-use regeneration schemes. He has held a number of non-executive positions in finance and property organisations including Manchester Building Society.

External appointments

None.

Committee membership

Audit Committee
Nomination Committee
Remuneration Committee (Chairman)

Duncan Hunter
Independent Non-Executive Director

On leaving Oxford with a DPhil, Duncan joined Cazenove & Co in 1974, becoming a partner in 1981.

As a managing director in the successor business, JPMorgan Cazenove, he led some of the firm's largest financial advisory mandates for M&A and equity offerings.

External appointments

On retiring from JPMorgan Cazenove, Duncan joined EQL Capital as executive chairman in January 2008.

Committee membership

Audit Committee (Chairman)
Nomination Committee
Remuneration Committee

Mark Tagliaferri
Non-Executive Director

Mark heads the London office of GI Partners. Prior to joining the firm, he spent six years with Nomura, after which he served as a senior partner at Terra Firma Capital Partners. At Nomura and Terra Firma, Mark assisted in the investment and oversight of approximately $3 billion of equity capital invested in European businesses and properties. Previously, he was founder and chief executive of Dawnay Day Corporate Finance, which was ranked in the top five UK mergers and acquisitions boutiques during his tenure. His early career was with Deloitte & Touche, where he finished as head of its London M&A Advisory Practice.

External appointments

Mark is managing partner of GI Partners.

Committee membership

Nomination Committee
Remuneration Committee

Audit Committee

Membership
The Audit Committee comprises:

Chairman:
Duncan Hunter
(Independent Non-Executive Director)

Members:
June Barnes
(Independent Non-Executive Director)

Alan Dickinson
(Independent Non-Executive Director)

Robert Dyson
(Independent Non-Executive Director)

In accordance with the requirements of the UK Corporate Governance Code, the Board has considered the experience and qualifications of members and has satisfied itself that two members have recent and relevant experience. My career has been spent in the corporate sector as a managing director of finance at a leading investment bank. Alan Dickinson is a main board director of Lloyds Banking Group and is also a member of several other audit committees and chairman of one. Further details on the Committee members are set out on page 99.

The terms of reference of the Audit Committee can be found in the investor relations section on the Company's website at www.urbanandcivic.com.

Meetings

The Executive Chairman, Finance Director and the Company Secretary attend all meetings of the Committee. Other Executive Directors and senior members of the finance team attend by invitation. The Group's external auditor is invited to attend all meetings and the Audit Committee meets with the auditor without management being present at least twice a year.

The Committee met five times during the year, with all meetings aligned to the Group's financial reporting timetable. The attendance of the Committee members at meetings is set out in the Corporate Governance report on pages 92 to 97.

Activities during the year

During the year ended 30 September 2015 the Audit Committee has, inter alia:

- reviewed the audited financial statements and preliminary announcement of the Group for the period ended 30 September 2014, including consideration of key accounting issues and areas of significant judgement and review of and discussion with the external auditor of their report to the Audit Committee on the Group accounts for the period ended 30 September 2014;
- reviewed the Group's interim financial statements and announcement of results for the six months to 31 March 2015;
- reviewed the Audit Planning Report prepared by the external auditor in respect of the financial year ended 30 September 2015;

- considered the key accounting treatments and significant accounting judgements at the audit planning meeting in respect of the Group's accounts for the year ended 30 September 2015, including:
  - the valuation of investment and carrying value of trading properties;
  - revenue recognition policies;
  - acquisition accounting; and
  - reviewing and resolving potential differences in valuation opinion between valuers and management;
- made recommendations to the Board regarding the payment of dividends;
- approved the procedure for the agreement and authorisation of non-audit services and for the approval of fees relating to these services. Audit and non-audit fees are disclosed in note 4 to the accounts on page 138;
- carried out a review of the risk management process within the Group and satisfied itself that appropriate actions are being taken to manage and mitigate risk. The Committee agreed that, due to the size and structure of the Group, it was not appropriate to appoint a separate Risk Committee but that the Audit Committee would take responsibility for the review of risk management. The Committee recommended to the Board that a review of key risks takes place at every Board meeting and agreed that, in addition, the Audit Committee would review on a regular basis a detailed analysis of risks facing the business and the mitigating steps taken by management. Further details are contained in the risk review on pages 82 to 89;
- discussed the arrangements in place to ensure an effective system of internal financial and non-financial controls and discussed the need for the appointment of an internal audit function. The Committee concluded that due to the close involvement of the Executive Directors and senior managers on a day to day basis, the appointment of an internal audit function was not necessary. The Committee will review this annually;
- approved the Group's Anti-bribery policy and procedures and the Gifts and Hospitality policy. Established procedures by which declarations are made by staff relating to any gifts or hospitality given or received;
- reviewed the procedures in place for the approval of expenses; and
- reviewed the procedures by which staff can raise concerns and approved the Whistleblowing policy.

Financial year ended 30 September 2015
The Committee is satisfied with the accuracy and consistency of information included in the Annual Report and Accounts for the year ended 30 September 2015.

Financial reporting and significant judgements
The significant areas of judgement considered by the Committee and assessed with the external auditor in relation to the year ended 30 September 2015 were as follows:

i) Valuation of investment properties and carrying value of trading properties:
The total EPRA value of all the Group's property interests was £343.4 million at 30 September 2015. These values reflect investment properties, trading properties and the Group's share of properties held by joint ventures and associates.

The valuation of our property interests are important for determining the fair value of our investment properties and for assessing the carrying value of our trading properties which are held at the lower of cost and Net Realisable Value. They also inform our calculations of our EPRA NAV.

Of the £343.4 million, 77 per cent has been independently valued by CBRE Limited, the balance having been valued by the Directors.

Property valuations are inherently subjective and require significant judgement. Members of the Committee, together with the external auditor, met with the external valuers without management present to discuss the half year and year-end valuations to assess the integrity of the valuation process and discussed the valuations at 31 March 2015 and 30 September 2015 on a property by property basis. The key judgements applied to individual valuations were considered and discussed. The largest assets that were valued, Alconbury Weald, Rugby and Newark, utilised a discounted cash flow model reflecting the scale of the assets and the length of time over which the assets will be realised. The Committee considered the key inputs to the discounted cash flow model, namely the timing of cash inflows, the assumed profit required by housebuilders and the discount rate, and concluded that the assumptions applied to the valuations were appropriate.

Members of the Committee also discussed and reviewed Directors' valuations and considered that the key assumptions applied to the valuations were appropriate.

ii) Acquisition accounting
During the year, the Group acquired the Catesby Property Group. The accounting was complex and required a number of significant judgements, including the fair value of the separable assets and liabilities of the Catesby Property Group, the fair value of the consideration paid and the treatment of the resultant goodwill arising on acquisition. The Committee discussed the acquisition accounting at length with the external auditor and concluded that the accounting had been carried out correctly and that the fair values that were determined were fair and reasonable.

Assessment of the effectiveness and independence of the external auditor
BDO LLP has been the auditor to the Urban&Civic Group since its Listing in May 2014 and was previously auditor to the Terrace Hill group. The Audit Committee has reviewed the effectiveness of the auditor and whether the agreed audit plan has been fulfilled. The Audit Committee also considered the audit plan's robustness and the degree to which BDO LLP was able to assess key accounting and audit judgements and the content of the audit clearance report issued by them. This was carried out through both informal and formal meetings with the external auditor. The Audit Committee concluded that both the audit and audit process were effective.

The Committee agrees that BDO LLP remain effective in their role as external auditor and recommends to the Board that they be appointed as external auditor for a further year. A resolution to this effect will be proposed at the Annual General Meeting to be held on 10 February 2016.

Duncan Hunter
Chairman of the Audit Committee
2 December 2015

Nomination Committee

Membership
The Committee comprises:

Chairman:
Alan Dickinson
(Independent Non-Executive Director)

Members:
June Barnes
(Independent Non-Executive Director)

Robert Dyson
(Independent Non-Executive Director)

Duncan Hunter
(Independent Non-Executive Director)

Mark Tagliaferri
(Non-independent Non-Executive Director)

Robert Dyson and Duncan Hunter were appointed to the Committee during the year.

The Company Secretary is secretary to the Nomination Committee and is available to provide advice and support to the Committee as required. The Executive Chairman and the Company Secretary attend all meetings of the Committee and other Executive Directors attend by invitation only.

The attendance of the Committee members at meetings can be found in the Corporate Governance report on page 95.

Role and responsibilities of the Nomination Committee
The Nomination Committee is responsible for ensuring that the Company is headed by an effective Board which is collectively responsible for the long-term success of the Company. The Committee is responsible for reviewing the size, structure and composition of the Board and the balance of skills, knowledge, experience and diversity of Directors. The Committee will assess the independence of Non-Executive Directors.

The terms of reference of the Nomination Committee can be found in the investor relations section on the Company's website at www.urbanandcivic.com.

Succession planning/length of tenure

The Nomination Committee regularly discusses issues relating to succession plans for Directors and senior management.

The appointment of all six Non-Executive Directors took effect on the Company's listing in May 2014. The Committee is mindful of corporate governance guidelines on the length of service of Non-Executive Directors and is giving due consideration to an appropriate programme of their refreshment.

Appointments to the Board

Appointments to the Board are made on merit against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. The Board supports the Davies Report recommendations to promote greater female Board representation and will give it full consideration when considering new appointments to the Board, while remaining of the view that the overriding policy is that selection should be based on the best person for the role. We will appoint on merit, skills and experience.

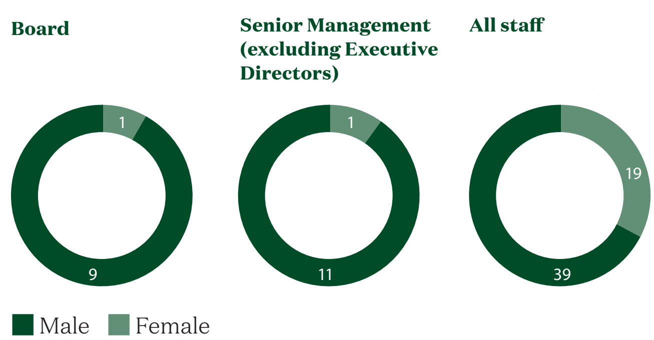
In considering non-executive appointments, the Nomination Committee will work with executive search consultants but will only use those that have adopted a voluntary code of conduct addressing gender and ethnic diversity. We will not impose a quota relating to gender balance at Board level but will work towards achieving a diverse working environment when considering the appointment of a Director.

There have been no Board appointments during the year.

Diversity

During the year, the Company adopted a Diversity policy which is found on the Company's website.

Gender diversity of the Board, senior management and the Group as at 30 September 2015 is shown below:



Meetings in the year

During the year, the Nomination Committee met on three occasions and discussed and reviewed the following areas:

- recommended revisions to the Non-Executive Directors' letters of appointment to ensure that they are compliant with UK Corporate Governance Code requirements;
- approved the Company's Diversity policy which was subsequently adopted by the Board;
- reviewed potential conflicts of interest of Directors and established a register of conflicts and a formal reporting process to identify and, where required, manage potential conflicts;
- reviewed the professional development and training requirements of the Non-Executive Directors;
- instigated a programme of site visits for attendance by the Non-Executive Directors to further enhance their knowledge and understanding of the Company's business;
- reviewed a separation of the roles and responsibilities of the Executive Directors;
- reviewed succession planning of senior management;
- engaged a recruitment agency to assist with the recruitment of the Company Secretary; and
- updated its terms of reference.

Board evaluation

Earlier this year, as Chairman of the Nomination Committee and Senior Independent Director, I led a process of evaluation of the Chairman. Individual Directors completed questionnaires which included both a scoring system and free comments. The results were analysed and discussed by the Board (on an anonymised basis) and I provided feedback to the Chairman. Subsequent to the year end, an evaluation of the Board and its committees has taken place by the completion of detailed questionnaire.

Directors' re-election

The Board believes that the requirements of Code Provision B.7.1 of the UK Corporate Governance Code should be fulfilled, notwithstanding that the Company is not in the FTSE 350. This provision requires all Directors of such companies to be subject to annual election by shareholders and the Board has chosen to comply with this provision as it accepts that shareholders should have the right to vote on each Director's re-election to the Board on an annual basis. The Board has considered the proposed reappointment of Directors at the Annual General Meeting to be held on 10 February 2016, at which the following resolutions relating to the appointment of Directors will be proposed:

- the re-election of Nigel Hugill as Executive Chairman;
- the re-election of Robin Butler, Philip Leech and Jon Austen as Executive Directors; and
- the re-election of Robert Adair, June Barnes, Alan Dickinson, Robert Dyson, Duncan Hunter and Mark Tagliaferri as Non-Executive Directors.

The Nomination Committee confirms to shareholders that these Directors continue to be effective and demonstrate commitment to their roles. I trust shareholders will support the Committee and vote in favour of these resolutions.

Alan Dickinson
Chairman of the Nomination Committee
2 December 2015

Directors' remuneration report

for the year ended 30 September 2015

Chairman's introduction

Dear shareholder,
I am pleased to introduce the Directors' remuneration report for the year ended 30 September 2015. The report for 2015 has been split into three sections, namely:

- this annual statement which summarises and explains the major decisions on directors' remuneration in the year under review;
- the Directors' remuneration policy report which, following shareholder approval at the 2015 Annual General Meeting, sets out the basis of remuneration for the Group's Directors from the 2015 AGM onwards; and
- the annual report on remuneration, which sets out the remuneration earned by the Group's Directors together with how the policy will be implemented in the 2015/16 financial year.

The directors' remuneration policy was approved by shareholders for three years at the Annual General Meeting held in February 2015. The annual report on remuneration will be subject to an advisory shareholder vote at the Annual General Meeting to be held on 10 February 2016.

Performance and reward in the year to 30 September 2015

The Group has reported a total comprehensive income for the year of £7.0 million and IFRS net assets of £347.8 million and EPRA net assets of £389.9 million at 30 September 2015, 3.8 per cent and 11.1 per cent higher compared against the same respective net asset valuations at 30 September 2014. Reflecting EPRA net asset growth and the individual performance of the Executive Directors against their personal objectives, annual bonus awards for the Executive Directors for the year ended 30 September 2015 ranged from 30 per cent to 50 per cent of salary with 50 per cent of these amounts deferred into Urban&Civic shares for two years.

Additionally, 50 percent of awards originally granted to legacy Terrace Hill executives in 2013 under the Terrace Hill Group plc Performance Share Plan have vested based on a performance period ended 30 September 2015. While the threshold EPRA NAV target (50 per cent of awards) was not met, the maximum relative Total Shareholder Return target (50 per cent of awards) was exceeded.

The year ahead

No changes to the policy will be made for the year ending 30 September 2016. Base salaries and benefit provision will remain unchanged, pension provision will continue to be set at 15 per cent of salary and incentive pay will be capped at 175 per cent of base salary in respect of the annual bonus (with 50 per cent deferred into shares for two years) and 200 per cent of salary in respect of long-term incentives.

As a result of the current Performance Share Plan reaching the end of its ten year life, shareholder approval will be sought for a replacement PSP at the 2016 Annual General Meeting and while certain provisions will be updated for best and market practice, the key terms of the new plan are expected to be broadly similar to the current PSP. As a result, no changes will be required to the current Directors' remuneration policy to accommodate the new plan.

The Committee intends to grant awards under the 2016 PSP within six weeks of shareholder approval of the plan. While award levels and performance targets have yet to be determined, award levels will be within the normal maximum annual grant limits and performance metrics will continue to be based on EPRA NAV and relative TSR conditions.

In addition, Executive Directors are required to build and then hold 200 per cent of their base salary in the Company's shares and a two year post-vesting holding period of awards made under the PSP will continue to apply.

The Committee unanimously recommends that shareholders vote to approve the annual report on remuneration.

Robert Dyson
Chairman of the Remuneration Committee
2 December 2015

Directors' remuneration policy report

Introduction and overview

The Group's remuneration policy is designed to provide competitive rewards for its Directors, taking into account the performance of the Group and individual executives, together with comparisons of pay conditions throughout the markets in which the Group operates. It is the aim of the Committee to attract, retain and motivate high calibre individuals with a competitive remuneration package. It is common practice in the industry for total remuneration for Executive Directors to be significantly influenced by bonuses and long-term incentives.

The remuneration packages are constructed to provide a balance between fixed and variable rewards. Therefore, remuneration packages for Executive Directors normally include basic salary and benefits in kind with variable pay based on performance related annual bonus and long-term incentive plans.

Consideration of shareholder views

The Company encourages two-way communication with both its institutional and private shareholders and the Committee is committed to considering shareholder feedback received. This feedback, plus any additional feedback received during any meetings from time to time, is considered as part of the Group's annual review of remuneration policy. In addition, the Remuneration Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the remuneration policy.

Consideration of employment conditions elsewhere in the Group

The Group employs around 58 people and the Committee considers the general base salary increase for all employees when determining the annual salary increases for the Executive Directors and considers quantum and the structure of pay across the Group more generally when reviewing the Executive Director remuneration policy.

Employees have not been consulted in respect of the design of the Group's senior executive remuneration policy, although the Committee will keep this under review.

Summary of remuneration policy

A summary of the remuneration policy for Directors which has been in operation from the 2015 AGM, is set out below.

Element	How component supports corporate strategy	Operation	Maximum	Performance targets and recovery provisions
Base salary	To provide a competitive salary level to attract and retain high calibre executives.	Basic salaries are reviewed on an annual basis. The Committee seeks to establish a basic salary for each position, determined by individual responsibilities and performance taking into account comparable salaries for similar positions in companies of a similar size in the same market.	There is no prescribed maximum base salary or annual salary increase. The Committee is guided by the general increase for the broader employee population but may decide to award a lower increase for Executive Directors or indeed exceed this to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take into account relevant market movements. Current salary levels are set out in the annual report on remuneration.	Not applicable.
Pension	To provide a competitive level of contribution to pension arrangements.	Company contribution normally paid monthly into the Company's pension scheme, into a personal pension arrangement and/or as a cash supplement.	Up to 15 per cent of salary.	Not applicable.
Benefits	To provide a competitive level of benefits.	Car allowance (or company car), private medical insurance, permanent health insurance and life assurance provided. Other benefits may be provided where relevant.	Provided at approved cost.	Not applicable.

Element	How component supports corporate strategy	Operation	Maximum	Performance targets and recovery provisions
Annual bonus	To drive and reward annual performance of individuals, teams and the Group.	Based on performance during the relevant financial year. 50 per cent of any bonus is deferred into shares which vest over a two year period.	Up to 175 per cent of base salary.	Performance period: normally one year. The majority (if not all) of the performance targets will be based on financial targets with any remainder based on personal/strategic targets. Clawback provision operates.
Long-term incentives – Performance Share Plan (PSP)	To drive and reward the long-term performance of the Group and to align the interests of management with those of shareholders.	Awards granted under the PSP have the following features: • conditional awards or nil/nominal cost options; • vesting is dependent on the satisfaction of performance targets and continued service; and • awards are subject to a two year holding period.	200 per cent of salary. (Up to 300 per cent of salary in exceptional circumstances).	Performance period: normally three years. Up to 25 per cent of an award vests at threshold performance (0 per cent vests below threshold), increasing to 100 per cent pro-rata for maximum performance. Performance will be measured against TSR and/or relevant financial measures. Clawback provision operates.
Share ownership guidelines	To further align executives with shareholders.	The Committee requires that Executive Directors satisfy a minimum shareholding requirement.	Minimum of 200 per cent of salary.	Not applicable.
Non-Executive Directors	To provide fees reflecting time commitments and responsibilities of each role, in line with those provided by similarly sized companies.	Cash fee normally paid on a monthly basis. Non-Executive Directors' fees are determined by the Executive Directors having regard to the need to attract high calibre individuals with the right experience, the time and responsibilities entailed and comparative fees paid in the market in which the Group operates. Taxable benefits may be provided where appropriate including the reimbursement of expenses.	There is no prescribed maximum individual fee or fee increase. The Board (excluding Non-Executive Directors) is guided by the general increase for the broader employee population, time commitment, scope and responsibility of the role and/or relevant market movements. Current fee levels are set out in the annual report on remuneration.	Not applicable.

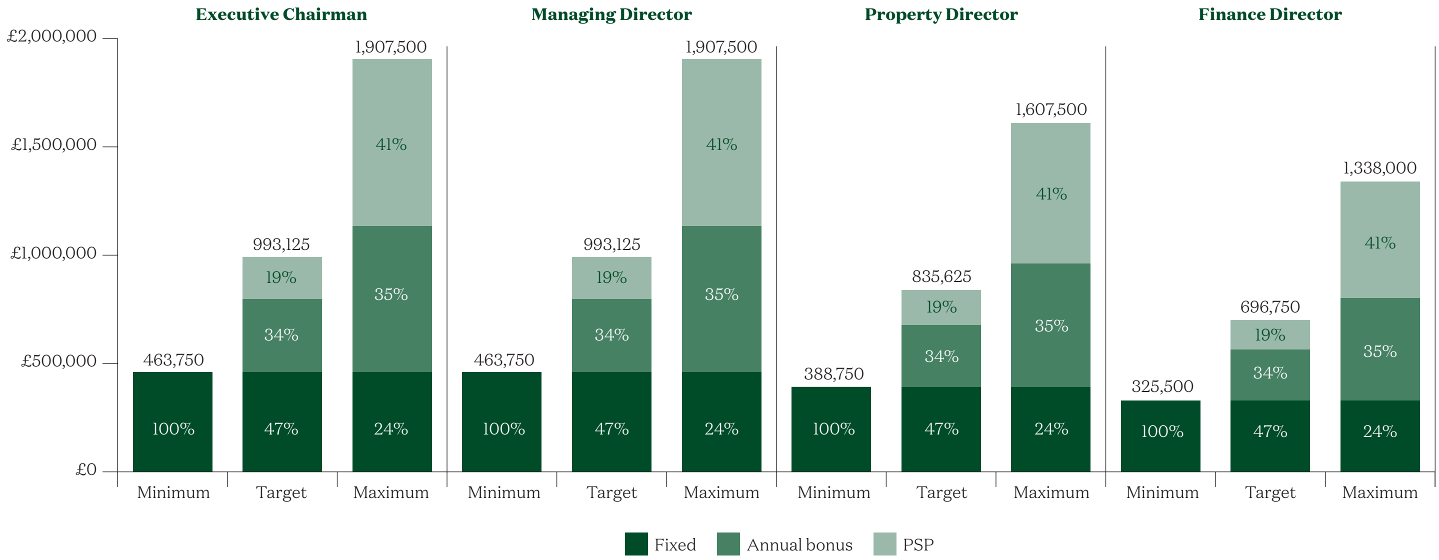
Notes:

1. A description of how the Company intends to implement the policy set out in this table from the 2015 AGM is set out in the annual report on remuneration.
2. Below Board level, a lower or no annual bonus may apply and participation in the PSP is normally limited to the Executive Directors and certain selected Senior Executives. In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals, together with the fact that remuneration of the Executive Directors and senior executives typically has a greater emphasis on performance related pay.
3. The choice of the performance metrics applicable to the annual bonus scheme reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of financial targets and specific individual objectives. Further details of the choice of performance measures and performance targets are set out in the annual report on remuneration.
4. The performance conditions applicable to the PSP (see the annual report on remuneration) are selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to shareholders and are consistent with the Company's objective of delivering superior levels of long-term value to shareholders.
5. The Committee operates the PSP in accordance with the plan rules and the Listing Rules and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plan.
6. Executive Directors may participate in any all-employee share plan to the extent operated.
7. For the avoidance of doubt, in approving this directors' remuneration policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension, payment of last year's annual bonus, the vesting/exercise of share awards granted in the past, additional fees potentially payable to Robert Adair to assist with litigation on tax affairs, or satisfaction of the settlement agreement entered into with Robert Adair upon admission to the Official List). Details of any payments to former Directors will be set out in the annual report on remuneration as they arise.

Directors' remuneration policy report continued

Reward scenarios

The charts below show how the composition of each of the Executive Directors' remuneration packages varies at different levels of performance under the policy, as a percentage of total remuneration opportunity and as a total value.



Notes:

1. The minimum performance scenario comprises the fixed elements of remuneration only, including:
   - salary, as set out in the annual report on remuneration;
   - pension (15 per cent of salary); and
   - benefits are approximated.
2. The on-target level of bonus is taken to be 50 per cent of the maximum bonus opportunity, and the on-target level of PSP vesting is assumed to be 25 per cent of the face value of the PSP award. These values are included in addition to the components/values of minimum remuneration.
3. Maximum remuneration assumes full bonus pay-out (175 per cent of salary only) and the full face value of the PSP (i.e. 200 per cent of salary), in addition to fixed components of minimum remuneration.
4. No share price growth has been factored into the calculations.

Approach to recruitment and promotions

The remuneration package for a new Director would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance have been proven and sustained. The annual bonus potential would be limited to 175 per cent of salary and grants under the PSP would be limited normally to 200 per cent of salary (300 per cent of salary in exceptional circumstances).

In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer if required in order to facilitate, in exceptional circumstances, the recruitment of the relevant individual. The Committee would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Service contracts for Executive Directors

The policy on termination is that the Group does not make payments beyond its contractual obligations. The Committee will seek to ensure that no unjustified payments for failure are made.

All Executive Directors are employed on rolling contracts subject to 12 months' notice from either the Executive or the Company, given at any time. Service contracts do not provide explicitly for termination payments or damages but the Company may make payments in lieu of notice. For this purpose, pay in lieu of notice would consist of basic salary and other relevant emoluments for the relevant notice period excluding any bonus. In addition, the Company has discretion in certain circumstances to pay certain fees relating to the termination, for example, fees for legal advice received by the Executive.

There are no special provisions contained in any of the Executive Directors' contracts which provide for longer periods of notice or additional payments on a change of control of the Company. Further, there are no special provisions providing for additional compensation on an Executive Director's cessation of employment with the Group.

An annual bonus may be payable with respect to the proportion of a financial year served although it will be pro-rated for time and paid at the normal payment date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain prescribed circumstances set out in the plan rules of the relevant share plan (for example, death, injury or disability, retirement or other circumstances at the discretion of the Committee), "good leaver" status may be applied. For good leavers, awards will usually vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and will be reduced pro-rata to reflect the proportion of the vesting period actually served, although the Remuneration Committee has discretion to allow these awards to vest at an earlier date (although not earlier than the date of cessation) and/or disapply time pro-rating. For awards granted prior to admission to the Official List, awards will vest on or just after the Executive Director's date of cessation or after the next set of annual financial results are published, subject to the performance conditions.

The Board allows Executive Directors to accept appropriate outside Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board.

Non-Executive Directors

All Non-Executive Directors have a remuneration agreement for an initial period of 12 months and thereafter on a rolling basis subject to three months' notice by either the Non-Executive Director or the Company, given at any time. In addition, temporary additional day rates can be provided to certain Non-Executive Directors. Full details on any additional day rates are set out in the annual report on remuneration.

In the event of termination of their appointment Non-Executive Directors are not entitled to any compensation.

Annual report on remuneration

Implementation of the remuneration policy for the year ending 30 September 2016

The following section sets out how the Remuneration Committee intends to implement the remuneration policy for the year ending 30 September 2016.

Base salary

Base salary levels for the Executive Directors as at 1 October 2015 and 1 October 2014 are shown below:

Director	Title	2015	2014	% increase
Nigel Hugill	Executive Chairman	**£385,000**	£385,000	0%
Robin Butler	Managing Director	**£385,000**	£385,000	0%
Philip Leech	Property Director	**£325,000**	£325,000	0%
Jon Austen	Group Finance Director	**£270,000**	£270,000	0%

The next salary review date is expected to be 1 October 2016.

Pension

The Group will contribute 15 per cent of base salary for all Executive Directors (payable into a pension arrangement or as a salary supplement).

Benefits

Benefits provided will continue to include a fully expensed Company car or cash alternative, private medical insurance, permanent health insurance and life assurance. Other benefits may be payable where appropriate.

Annual bonus

For the year ending 30 September 2016, the annual bonus structure will be similar to that operated in the prior year with 70 per cent of the annual bonus based on growth in EPRA NAV and 30 per cent based on personal objectives. Annual bonus targets for the year ending 30 September 2016 are currently considered to be commercially sensitive, although retrospective disclosure will be provided in the 2016 annual report on remuneration. The Remuneration Committee retains discretion to reduce (but not increase) annual bonuses in the event that the share price diverges markedly from reported growth in EPRA NAV. 50 per cent of any bonus paid will continue to be deferred into Company shares for a period of two years.

Long-term incentives

As a result of the current Performance Share Plan reaching the end of its ten year life, shareholder approval will be sought for a replacement PSP at the 2016 Annual General Meeting and while certain provisions will be updated for best and market practice, the key terms of the new plan are expected to be broadly similar to the current PSP. As a result, no changes will be required to the current directors' remuneration policy to accommodate the new plan.

While award levels and performance targets have yet to be determined, award levels will be within the normal maximum annual grant limits and performance metrics will continue to be based on EPRA NAV and relative TSR conditions and measured over the performance period from 1 October 2015 to 30 September 2018. Full details of the award levels to Executive Directors and the performance targets will be provided in the relevant Stock Exchange announcement which will be published immediately following grant.

The Remuneration Committee intends to grant awards under the 2016 PSP within six weeks of shareholder approval of the plan.

Clawback provisions

Consistent with best practice, the Company will operate clawback provisions in respect of annual bonus and PSP awards in the year ended 30 September 2016. The Committee may withhold ("malus") or recover ("clawback") awards/payments within a period of three years from award in the event that the Company materially misstates its financial results, there is an error in assessing the performance targets and/or participants ceases employment as a result of misconduct on the part of the individual.

Non-Executive Directors

Non-Executive Directors' fees as at 1 October 2015 and 1 October 2014 are show below.

	2015	2014
Robert Adair	**£40,000**	£40,000
June Barnes	**£40,000**	£40,000
Alan Dickinson	**£55,000**	£55,000
Robert Dyson	**£46,000**	£46,000
Duncan Hunter	**£55,000**	£55,000
Mark Tagliaferri	**£40,000**	£40,000

It is expected that the Non-Executive Directors' fees will next be reviewed with effect from 1 October 2016.

How the remuneration policy was implemented in 2014/15

Directors' remuneration

The details set out on pages 110 to 115 of this report are subject to audit.

	Basic salary/fees[5]		Benefits[6]		Bonus[7]		Long-term incentives[8]		Compensation for loss of office		Pension[9]		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Executive Directors														
Nigel Hugill[1]	**385**	139	**25**	8	**193**	347	**—**	—	**—**	—	**58**	21	**661**	515
Robin Butler[1,10]	**385**	139	**23**	8	**193**	347	**—**	—	**—**	—	**53**	21	**659**	515
Philip Leech	**325**	307	**15**	15	**98**	394	**275**	—	**—**	—	**49**	46	**762**	762
Jon Austen	**270**	255	**16**	15	**81**	332	**233**	—	**—**	—	**41**	38	**641**	640
Non-Executive Directors														
Robert Adair[2,11]	**58**	207	**—**	11	**—**	300	**—**	325	**—**	375	**—**	29	**58**	1,247
June Barnes[1]	**40**	14	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**40**	14
Alan Dickinson[1]	**55**	20	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**55**	20
Robert Dyson	**46**	30	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**46**	30
Duncan Hunter[1]	**55**	20	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**55**	20
Mark Tagliaferri[1,3]	**40**	14	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**40**	14
Nick Gaskell[4]	**—**	9	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	9
Will Wyatt[4]	**—**	9	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	9

Notes:

1. Appointed at admission on 22 May 2014.
2. Appointed Deputy Chairman at admission on 22 May 2014.
3. Mark Tagliaferri's annual fee is payable to GI Group.
4. Resigned as a director of Terrace Hill at admission on 22 May 2014.
5. Basic salary/fees includes salary and fees received during the period that each Director was a Director of Urban&Civic plc.
6. Includes a fully expensed company car or cash alternative, private medical insurance, permanent health insurance and life assurance.
7. The annual bonus for the year ended 30 September 2015 was capped at 175 per cent of salary with 70 per cent (up to 122.5 per cent of salary) based on growth in EPRA NAV and 30 per cent (up to 52.5 per cent of salary) based on personal objectives. The Remuneration Committee determined annual bonuses for the year with reference to the growth in EPRA NAV and personal objectives on a broad basis and without regard to the specific performance against either measure. Bonuses thus awarded ranged from 17 per cent to 29 per cent of the maximum. 50 per cent of any bonus award is paid in cash and 50 per cent is deferred into shares for two years.
8. The performance conditions for PSP awards vesting in 2015 were based on Urban&Civic Total Shareholder Return (TSR) and growth in EPRA NAV over the three years to 30 September 2015. There was an equal weighting between both measures. The specific performance conditions were:
   a. EPRA NAV must have increased by 2.5 per cent per annum greater than RPI for 25 per cent vesting and must have increased by more than 12.5 per cent per annum greater than RPI for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis, for performance between 2.5 per cent and 12.5 per cent per annum; and
   b. Total Shareholder Return must have been equal to the movement in the FTSE 350 Real Estate Index for 25 per cent vesting and must have exceeded the FTSE 350 Real Estate Index by 15 per cent for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis, for performance between median and upper quartile.

   At the end of the three year period, the threshold NAV target was not met although the maximum TSR target was exceeded. As a result, 50 per cent of awards will vest.
9. Pension payments are made as cash supplement to the Directors and not directly to a pension scheme.
10. As permitted by the UK Corporate Governance Code, Executive Directors may be permitted to act as director of a non-Group company and to retain any earnings they receive for that role. During the year ended 30 September 2015, Robin Butler was a director of New Heritage Regeneration Limited and retained earnings of £20,000 for that role.
11. During the year the Company paid Robert Adair £20,000 for services which were outside the normal duties of a Non-Executive Director, in accordance with his letter of appointment.

Annual report on remuneration continued

Scheme interests awarded in relation to the year ended 30 September 2015
No scheme interests were granted in the year (the last PSP awards were granted in September 2014).

Board changes/payments for loss of office
There were no changes to the Board during the year under review.

Payments to past Directors
No payments to past Directors were made during the year under review.

Statement of Directors' shareholdings and share interests
Full details of outstanding performance share awards in the Company held by Executive Directors at 30 September 2015 are shown below:

	Number of awards	Date of grant	Share price at date of grant	Exercise price	Exercise period
Nigel Hugill	342,222[1]	30 September 2014	233.5p	20.0p	1 October 2017 to 30 September 2024
Robin Butler	342,222[1]	30 September 2014	233.5p	20.0p	1 October 2017 to 30 September 2024
Philip Leech	288,888[1]	30 September 2014	233.5p	20.0p	1 October 2017 to 30 September 2024
Philip Leech	213,469[2]	7 June 2013	213.8p	20.0p	1 October 2015 to 6 June 2023
Jon Austen	240,000[1]	30 September 2014	233.5p	20.0p	1 October 2017 to 30 September 2024
Jon Austen	180,866[2]	7 June 2013	213.8p	20.0p	1 October 2015 to 6 June 2023

Notes:
1. The 2014 awards will ordinarily vest following the third anniversary of the grant date and, other than to pay the relevant taxes, are not able to be sold for a further two year period after vesting. The awards only vest subject to continued service and to the extent the following performance conditions are satisfied over the period from 1 October 2014 to 30 September 2017:
   - for 50 per cent of awards: EPRA NAV must increase by greater than 3 per cent per annum more than RPI for 25 per cent vesting and must increase by greater than 12.5 per cent per annum more than RPI for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis, between the threshold and maximum targets; and
   - for 50 per cent of awards: Total Shareholder Return must be equal to the median performance in the FTSE 350 Real Estate Index for 25 per cent vesting and must be in the top quartile of the FTSE 350 Real Estate Index for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis, between the threshold and maximum targets.

   There is equal weighting attached to each of these performance conditions. To the extent that the awards vest, they will be exercisable from vesting until the tenth anniversary of grant, assuming the participant remains in the Company's employment.
2. Details of the performance conditions attached to the 2013 awards are set out under the single figure table on page 111.

Directors' shareholdings
The table below sets out Directors' shareholdings, which are beneficially owned or subject to a performance or service condition.

	Interests in ordinary shares		Share awards subject to performance conditions		
Director	**30 September 2015[2]**	30 September 2014	**30 September 2015[2]**	30 September 2014	% of salary for shareholding guideline[1]
Nigel Hugill	**1,198,393**	1,198,393	**342,222**	342,222	834%
Robin Butler	**1,198,393**	1,198,393	**342,222**	342,222	834%
Philip Leech	**459,624**	459,624	**288,888**	502,357	379%
Jon Austen	**236,752**	236,752	**240,000**	420,866	235%
Robert Adair	**4,230,182**	13,611,062	—	—	n/a
June Barnes	**4,444**	4,444	—	—	n/a
Alan Dickinson	**88,889**	88,889	—	—	n/a
Robert Dyson	**173,411**	173,411	—	—	n/a
Duncan Hunter	**550,000**	550,000	—	—	n/a
Mark Tagliaferri	—	—	—	—	n/a

1. Based on the number of shares beneficially held, the share price at 30 September 2015 (268p) and the relevant base salary at 30 September 2015.
2. The share awards granted on 7 June 2013 to Philip Leech and Jon Austen have vested as to 50% but have not been exercised and therefore are not included.

Directors' service contracts

Details of the service contracts of current Directors are set out below:

Executive Directors

Current Directors	Company notice period	Contract date	Unexpired term of contract (months)[1]	Potential termination payment	Potential payment on change of control/liquidation
Nigel Hugill	12 months	28 April 2014	Rolling contract	12 months' salary and other relevant emoluments excluding bonus	Nil
Robin Butler	12 months	28 April 2014	Rolling contract	12 months' salary and other relevant emoluments excluding bonus	Nil
Philip Leech	12 months	28 April 2014	Rolling contract	12 months' salary and other relevant emoluments excluding bonus	Nil
Jon Austen	12 months	28 April 2014	Rolling contract	12 months' salary and other relevant emoluments excluding bonus	Nil

Notes:
1. Contracts will continue until terminated by notice either by the Company or the Director.

Non-Executive Directors

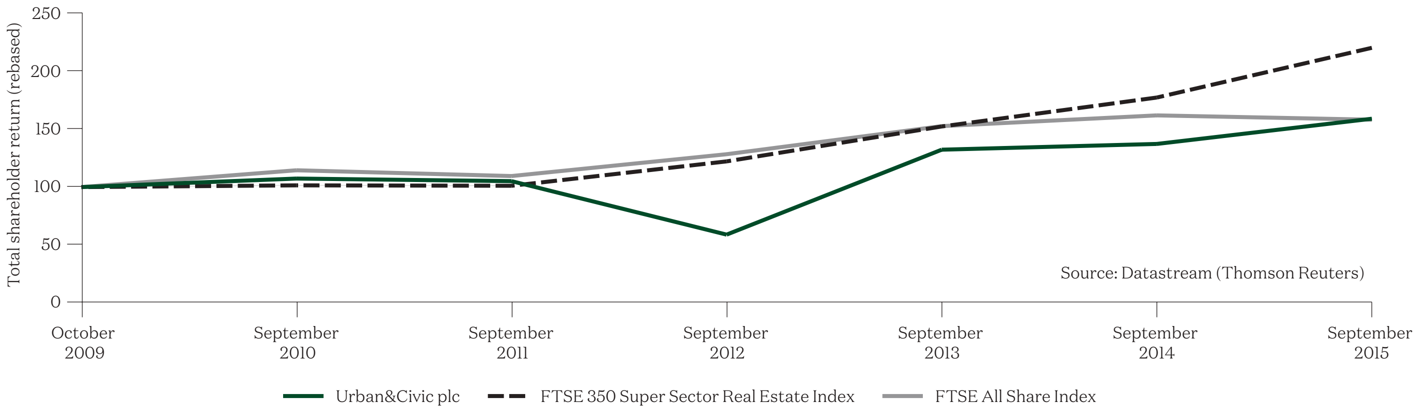
	Notice period	Contract date
Robert Adair	3 months	23 September 2015
Robert Dyson	3 months	23 September 2015
Alan Dickinson	3 months	23 September 2015
June Barnes	3 months	23 September 2015
Duncan Hunter	3 months	23 September 2015
Mark Tagliaferri	3 months	23 September 2015

Robert Adair's contract provides for an additional day rate of £4,000, subject to a maximum of £20,000, if his services are required for duties which fall outside the normal duties of a Non-Executive Director.

Annual report on remuneration continued

TSR performance graph and table

The graph shows the Company's performance, measured by TSR, compared with the FTSE All Share Index and FTSE 350 Super Sector Real Estate Index over the past six years. The Committee considers this to be a relevant index for TSR comparison. Note that TSR prior to admission is based solely on the TSR of Terrace Hill (Urban&Civic was not listed at that time).



Executive Chairman/Chief Executive six year history

The table below sets out the single figure of total remuneration for the period since Listing for the Executive Chairman. Prior to the date of Listing (22 May 2014) we have shown the single figure for the Chief Executive of Terrace Hill.

Year	Incumbent	Single figure of total remuneration	Annual bonus pay-out against maximum[3]	PSP vesting against maximum opportunity
2014/15	Nigel Hugill	£661,000	29%	0%
2013/14	Nigel Hugill[1]	£515,000	n/a	n/a
2013/14	Philip Leech[2]	£536,000	n/a	0%
2012/13	Philip Leech	£652,000	n/a	0%
2011/12	Philip Leech	£345,000	n/a	0%
2010/11	Philip Leech	£400,000	n/a	n/a[4]
2009/10	Philip Leech	£295,000	n/a	0%

Notes:
1. Appointed Executive Chairman of Urban&Civic on 22 May 2014.
2. Served as Chief Executive of Terrace Hill until 22 May 2014.
3. A discretionary annual bonus scheme without a maximum was operated historically. As a result it is not possible to show the annual bonus payment as a percentage of the maximum opportunity.
4. No awards were granted with a performance period ended in 2010/11.

Percentage change in remuneration of Executive Chairman and employees[1]

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000	% change
Executive Chairman			
Salary	**385**	139	277
Benefits	**25**	8	313
Bonus	**193**	347	(56)
Average employee			
Salary	**109**	99	10
Benefits	**10**	2	400
Bonus	**30**	62	(52)

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Relative importance of the spend on pay[1]

	Year ended 30 September 2015	Period ended 30 September 2014	% change
Staff costs (£'000)	**6,941**	4,521	53.5
EPRA net asset value (£m)	**389.9**	350.8	11.1
Total shareholder return (per cent)	**15.8**	3.8	315.8

1. The figures for the year ended 30 September 2015 include the Urban&Civic group for the 12 months from 1 October 2014 and of Catesby for the period from the date of acquisition of 27 February 2015 to 30 September 2015. The comparative figures reflect the Urban&Civic group for the period from 1 January 2014 to 30 September 2014 including the Terrace Hill group from 22 May 2014 to 30 September 2014 and therefore comparison is not considered particularly meaningful.

Details of the Remuneration Committee, advisers to the Committee and their fees

The Committee determines the specific remuneration packages for each of the Executive Directors and no Director is involved in any decisions as to his own remuneration. The Committee has access to information and advice provided by the Executive Chairman and the Group Finance Director and has access to independent advice (currently from New Bridge Street (NBS)) where it considers appropriate. NBS does not provide any other services to the Company and were paid £23,000 in respect of the year ended 30 September 2015.

Statement of voting at general meeting

At the 2015 Annual General Meeting, shareholders voted in favour of the resolution to approve: the annual statement and annual report on remuneration (Resolution 2) and the directors' remuneration policy report (Resolution 3) as follows:

Resolution	For the resolution[1]	%	Against the resolution	%	Votes withheld[2]
2. To approve the directors' remuneration report, other than the part containing the directors' remuneration policy as set out in the report and accounts for the period to 30 September 2014	109,556,937	99.98	17,170	0.02	22,449
3. To approve the directors' remuneration policy as set out in the report and accounts for the period to 30 September 2014	109,556,937	99.98	17,400	0.02	22,219

Notes:

1. Includes discretionary votes.
2. A vote withheld is not a vote in law and is not counted in the calculation of votes for or against a resolution.

As at the date of the meeting there were 140,497,109 ordinary shares of 20p each in issue. Proxies amounting to 109,596,556 votes were received in respect of all resolutions.

Robert Dyson
Chairman of the Remuneration Committee
2 December 2015

The Directors present their report together with the audited accounts for the year ended 30 September 2015. As permitted by legislation, some of the matters to be included in this report have instead been included in the strategic report on pages 4 to 89. Specifically, these relate to the Company's performance, business model and strategy, uncertainties, future business developments and risk management.

Results and dividends

The Group reported a profit for the year of £7.0 million (2014: £15.0 million) as shown in the consolidated statement of comprehensive income on page 126. An interim dividend of 1.0p per share was paid on 26 June 2015 to shareholders on the register on 5 June 2015. A final dividend of 1.65p per share is recommended for approval at the Annual General Meeting to be held on 10 February 2016 and, subject to shareholder approval, will be paid on 19 February 2016 to shareholders on the register on 5 February 2016. The total dividend paid during the year amounts to £3.5 million (2014: £Nil), of which 1.5p per share represents the 2014 final dividend and 1.0p per share represents the 2015 interim dividend.

Directors and their interests

The Directors who held office during the year and up to the date of this report are listed below:

Nigel Hugill	(Executive Chairman)
Robin Butler	(Managing Director)
Philip Leech	(Property Director)
Jon Austen	(Group Finance Director)
Alan Dickinson	(Senior Independent Non-Executive Director)
Robert Adair	(Non-Executive Director)
June Barnes	(Independent Non-Executive Director)
Robert Dyson	(Independent Non-Executive Director)
Duncan Hunter	(Independent Non-Executive Director)
Mark Tagliaferri	(Non-Executive Director)

Biographical details of the Directors are contained on pages 98 and 99.

Details of the Directors' remuneration and their interests in the shares of the Company are set out in the Directors' remuneration report on pages 104 to 115. In accordance with the UK Corporate Governance Code, all of the Directors will offer themselves for re-election at the forthcoming AGM.

Directors' conflict of interest

Under the Companies Act 2006 (the 'Act'), Directors are subject to a statutory duty to avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. As is permissible under the Act, the Company's Articles of Association allow the Board to consider, and if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. Directors are required to notify the Company of any conflict or potential conflict of interest under an established procedure. Any conflicts or potential conflicts are noted at each Board meeting and a register of conflicts is maintained by the Company Secretary.

Directors' liability insurance and indemnity

The Company maintains Directors' and Officers' liability insurance. To the extent permitted by UK law, the Company indemnifies its Directors against claims brought against them as a consequence of the execution of their duties as Directors of the Company.

Corporate governance

The Group's compliance with the UK Corporate Governance Code is set out on pages 92 to 97.

Charitable and political donations

During the year to 30 September 2015, Urban&Civic plc donated £31,000 (2014: £25,000) to charity including local youth, sports and social clubs, charities that help train the unemployed back into work and community environment charities. Further details are contained in the corporate social responsibility report on pages 66 to 75.

Authority was granted at the 2015 Annual General Meeting to enable the Group to make political donations up to an aggregate amount not exceeding £150,000. That authority will expire at the 2016 Annual General Meeting and a resolution will be proposed for its renewal. The Group made no political donations during the year (2014: £Nil).

Change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. None of these are considered material and, given the commercial sensitivity of these agreements, the Directors do not intend to disclose specific details.

The Group's Performance Share Plan contains provisions relating to the vesting of awards in the event of a change in control of the Company.

There are no agreements between the Company and its Directors or employees providing for compensation for a loss of office or employment that occurs specifically because of a takeover bid.

Financial instruments

The information required in respect of financial instruments, as required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, is set out in note 22 to the consolidated financial statements on pages 152 to 155.

Employment and environmental matters

Information in respect of the Group's employment and environmental matters and greenhouse gas reporting is contained in the corporate responsibility report on pages 66 to 74.

Substantial shareholdings

As at 2 December 2015, the shareholders listed below had notified the Company of a disclosable interest of 3 per cent or more in the ordinary share capital of the Company:

	Number of ordinary shares at 2 December 2015	%
GIP U&C	40,447,294	28.09
Investec Wealth and Investment Limited	15,806,820	10.98
APG Asset Management NV	7,500,000	5.21
Aberforth Partners LLP	7,194,800	5.00
Morgan Stanley Investment Management Limited	7,207,489	5.00

Risk management and internal control

Information on the Group's system of internal controls and risk management is set out on pages 82 to 89.

Group structure

Details of the Group's subsidiary undertakings are set out in note 14 to the company financial statements on pages 165 to 167.

Details of the Group's joint ventures and associates are set out in note 14 of the consolidated financial statements on pages 145 to 148.

Purchase of own shares

The Company was granted authority at the 2015 Annual General Meeting to purchase its own shares up to a total aggregate value of 10 per cent of the issued nominal share capital, subject to market-standard maximum and minimum price constraints. That authority will expire at the 2016 Annual General Meeting and a resolution will be proposed for its renewal. During the year the Company, via the Employee Benefit Trust, purchased 1,442,709 20p ordinary shares at a cost of £3,697,000.

Share capital

Details of the Company's issued share capital are shown in note 23 to the consolidated financial statements on pages 155 to 156. As at 30 September 2015, there were 144,006,555 ordinary shares of 20p each in issue, each carrying one vote and all fully paid. There is only one class of share in issue and there are no restrictions on the transfer of shares in the Company other than those specified by law or regulation (for example, insider trading laws) and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Group require the approval of the Company to deal in the ordinary shares.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the 2016 AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. There are no restrictions on voting rights other than as specified by the Company's Articles of Association.

At the AGM in 2015, the Directors were given the power to allot shares up to a nominal amount of one-third of the Company's issued nominal share capital, as well as additional authority to allot a further one-third on a rights issue. This authority expires at the 2016 AGM and a resolution will be proposed for its renewal.

The issued share capital was increased during the year by the issue of 3,509,446 ordinary shares in part consideration of the acquisition of the Catesby Property Group in February 2015.

Amendment of Articles of Association

The Company's Articles of Association can only be amended by a special resolution of the members, requiring a majority of not less than 75 per cent of such members voting in person or by proxy.

Annual General Meeting

The AGM of the Company will be held at The Royal Institution of Great Britain, 21 Albemarle Street, London W1S 4BS on 10 February 2016 at 10.00 a.m. The special business at the 2016 AGM will include resolutions dealing with the authority to issue shares, the disapplication of pre-emption rights, the authority for the Company to purchase its own shares, the approval of a dividend reinvestment scheme, the approval of the Group's performance share plan, the authority to make political donations and the authority to call general meetings on not less than 14 clear days' notice. The notice of meeting, containing explanations of all the resolutions to be proposed at that meeting, is circulated with this Annual Report and Accounts.

Auditor

BDO LLP is willing to be reappointed as the external auditor to the Company and Group and their reappointment has been considered by the Audit Committee and recommended to the Board. A resolution will be proposed at the AGM on 10 February 2016 for their reappointment and to authorise the Directors to determine their remuneration.

Disclosure of information to auditor

The Directors who held office at the date of approval of this directors' report confirm that, as far as they are aware, there is no relevant audit information of which the auditor is unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant information and to establish that the auditor is aware of that information.

Post balance sheet events

There were no material post balance sheet events.

Going concern

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Directors considered the Group's cash balances and capital commitments. After making enquires, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The report of the Directors was approved by the Board on 2 December 2015.

By order of the Board

Heather Williams
Company Secretary
2 December 2015

Statement of Directors' responsibilities in respect of the accounts

The Directors are responsible for preparing the Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements;
- for the Company financial statements, state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a directors' report, a strategic report and a directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 and as regards the Group financial statements Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information which has not been disclosed to the auditor.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the adoption of a going concern basis for the preparation of the financial statements continues to be appropriate based on a review of the current and projected financial position of the Group, making reasonable assumptions about future trading performance;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors' responsibilities statement was approved by the Board on 2 December 2015.

By order of the Board

Jon Austen
Group Finance Director
2 December 2015

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Stage 3
Replanting in key phase 1


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Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 September 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements of Urban&Civic plc for the year ended 30 September 2015 comprise the consolidated statement of comprehensive income, the consolidated and Company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparing the parent company financial statements is applicable law and United Kingdom Accounting Standards.

Respective responsibilities of Directors and auditor

As explained more fully in the statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £5.0 million. This was determined with reference to a benchmark of Group total assets (of which it represents 1.3 per cent) which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower materiality for particular classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality of £500,000 to apply to those classes of transactions and balances which impact on EPRA adjusted earnings.

Performance materiality was set at 75 per cent of the above materiality levels.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £50,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Our assessment of risks of material misstatement and overview of the scope of our audit

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement at the Group level. Audit work to respond to the assessed risks was performed directly by the Group audit engagement team who performed full scope audit procedures on the Group's three component sub-groups. Our audit work at each of these components was executed at levels of materiality applicable to the relevant component, which in each instance was lower than Group materiality.

We set out below the risks that we believe to have had the greatest impact on our audit strategy and scope. The Audit Committee's consideration of the judgements set out in this section is set out on page 101:

Valuation of investment properties and carrying value of trading properties

Risk

The Group, directly or through its joint ventures, associates and other investments, owns a portfolio of properties which are held as either investment properties or trading properties.

Investment properties owned directly by the Group, including those in the course of development, are held at fair value in the Group financial statements. Trading properties are carried in the consolidated balance sheet at the lower of cost and net realisable value.

In respect of the investment properties held by joint ventures and associates, the Group has an indirect exposure to fair value changes, as the Group adjusts the carrying amount of these investments for changes in the fair value of the underlying investment property.

Determination of the fair value of investment properties and the carrying amount of trading properties is considered a significant audit risk due to the subjective nature of certain assumptions inherent in each valuation.

Each valuation requires consideration of the individual nature of the property, its location, its cash flows and comparable market transactions. The majority of the Group's property interests are in the course of development. The valuation of these properties requires the discounting of estimated future cash flows with deductions for costs to complete, which given the long-term nature of the Group's developments requires significant judgements.

Response

Our audit work included, but was not restricted to:

- obtaining an understanding of the approach to the valuation of both investment properties and trading properties;
- meeting with the Group's external valuer, who valued the majority of the Group's property interests, to understand the assumptions and methodologies used in valuing these properties, the market evidence supporting the valuation assumptions and the valuation movements in the year;
- discussing with management the assumptions and methodologies used in the Directors' valuations of those properties not externally valued;
- using our knowledge and experience to evaluate and challenge the valuation assumptions, methodologies and the unobservable inputs used;
- agreeing the accuracy of the key observable valuation inputs supplied to and used by the external valuer and Directors as appropriate; and
- assessing the competency, independence and objectivity of the external valuer.

Acquisition accounting

Risk

During the period the Company completed the acquisition of Catesby Property Group plc.

The accounting for this business combination includes a number of accounting complexities and significant judgements such as determining the fair value of the separable assets and liabilities acquired, the fair value of the consideration payable and the treatment of the resultant goodwill arising on acquisition. We therefore considered the accounting for the acquisition of Catesby Property Group plc to be a significant audit risk.

Response

Our audit work included, but was not restricted to:

- reviewing the terms of the transaction between the Company and Catesby Property Group plc to confirm the Directors' assessment that the Company had acquired a 100 per cent beneficial interest in the Catesby Property Group plc on the acquisition date of 27 February 2015;
- reviewing and challenging the judgements made by the Directors in assessing the fair values of the assets and liabilities acquired, the fair value of the consideration payable and the treatment of the acquisition costs and of the resultant negative goodwill (or "discount on acquisition");
- re-reviewing the fair values of the assets and liabilities acquired in light of the negative goodwill arising; and
- considering the accuracy and completeness of the disclosures in connection with the transaction in the Group financial statements.

Revenue recognition

Risk	Response
The Group's revenue includes income from the sale of land interests held through promotion agreements with the landowner. Proceeds from such sales are typically received as a series of staged payments over a period of more than one year. We therefore identified the recognition and measurement of this type of revenue as a significant audit risk.	Our audit work included, but was not restricted to: • evaluating the revenue recognition policy applied to each of the key land promotion sales; • ensuring that the Group has fulfilled its contractual obligations to entitle it to the revenue; • reviewing and challenging the discount factor applied to the deferred sales receipts and agreeing the present value calculations; and • evaluating the recoverability assessment made by management in respect of the deferred sales receipts.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report and Accounts is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report and Accounts is fair, balanced and understandable and whether the Annual Report and Accounts appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matters on which we have agreed to report by exception

The Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code and a statement in relation to going concern as if the Company's shares had a Premium Listing on the London Stock Exchange. Accordingly, we have agreed to review:

- the Directors' statements, set out on pages 89 and 118, in relation to long-term viability and going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules of the Financial Conduct Authority for review by the auditor.

We have nothing to report in respect of these matters.

Russell Field (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
2 December 2015

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

— Consolidated statement of comprehensive income
for the year ended 30 September 2015

	Notes	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Revenue	3	**55,478**	23,227
Direct costs	3	**(51,924)**	(17,292)
Gross profit	3	**3,554**	5,935
Acquisition and Listing costs		**(857)**	(2,775)
Impairment of goodwill		—	(455)
Other administrative expenses		**(9,493)**	(4,739)
Administrative expenses		**(10,350)**	(7,969)
Other operating income		**347**	—
Discount on acquisition	2	**4,731**	—
Surplus on revaluation of investment properties	12	**1,930**	5,925
Share of post-tax profit from joint ventures	14	**3,760**	11,297
Impairment of loans to joint ventures	14	**(826)**	—
Surplus on revaluation of other investment	14	—	1,114
Profit on disposal of other investment		**1,326**	—
Release of other liabilities	21	**1,922**	—
Operating profit	4	**6,394**	16,302
Finance income	6	**665**	3,534
Finance costs	6	**(20)**	(672)
Profit before taxation		**7,039**	19,164
Taxation expense	9	**(14)**	(4,158)
Total comprehensive income		**7,025**	15,006
Basic earnings per share	10	**5.0p**	20.8p
Diluted earnings per share	10	**5.0p**	20.8p

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

The notes on pages 130 to 159 form part of these financial statements.

— Consolidated balance sheet
as at 30 September 2015

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	Notes	30 September 2015 £'000	30 September 2014 £'000
Non-current assets			
Investment properties	12	**98,615**	66,291
Property, plant and equipment	13	**2,708**	124
Investments in joint ventures and associates	14	**41,718**	17,018
Other investment	14	**—**	5,394
Deferred tax assets	16	**8,657**	8,285
		151,698	97,112
Current assets			
Trading properties	17	**163,459**	78,115
Trade and other receivables	18	**33,268**	12,004
Cash and cash equivalents	22	**43,574**	162,762
		240,301	252,881
Total assets		**391,999**	349,993
Non-current liabilities			
Borrowings	20	**(11,408)**	—
Deferred tax liabilities	16	**(3,967)**	(1,296)
		(15,375)	(1,296)
Current liabilities			
Trade and other payables	19	**(28,796)**	(11,713)
Other liabilities	21	**—**	(1,922)
		(28,796)	(13,635)
Total liabilities		**(44,171)**	(14,931)
Net assets		**347,828**	335,062
Equity			
Share capital	23	**28,801**	28,099
Share premium account		**168,186**	168,186
Shares to be issued	23	**1,948**	—
Capital redemption reserve		**849**	849
Own shares		**(3,951)**	(254)
Other reserve		**111,985**	103,442
Retained earnings		**40,010**	34,740
Total equity		**347,828**	335,062
NAV per share	25	**242.8p**	238.5p

The financial statements were approved by the Board and authorised for issue on 2 December 2015 and were signed on its behalf by:

Nigel Hugill
Director

Jon Austen
Director

The notes on pages 130 to 159 form part of these financial statements.

— Consolidated statement of changes in equity
for the year ended 30 September 2015

	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Capital redemption reserve £'000	Own shares £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	1,500	—	—	—	—	—	19,180	20,680
Shares in Urban&Civic Holdings S.à.r.l. acquired	(1,500)	—	—	—	—	1,500	—	—
Fair value of consideration on acquisition	4,239	18,208	—	849	(254)	34,037	—	57,079
Shares issued in consideration for the acquisition of Urban&Civic Holdings S.à.r.l.	8,617	—	—	—	—	67,905	—	76,522
Proceeds from shares issued	15,243	156,242	—	—	—	—	—	171,485
Fees and expenses associated with share issues	—	(6,264)	—	—	—	—	—	(6,264)
Share-based payment expense	—	—	—	—	—	—	554	554
Total comprehensive income for the period	—	—	—	—	—	—	15,006	15,006
Balance at 30 September 2014	28,099	168,186	—	849	(254)	103,442	34,740	335,062
Shares issued in part consideration for the acquisition of Catesby Property Group plc	702	—	1,948	—	—	8,543	—	11,193
Purchase of own shares	—	—	—	—	(3,697)	—	—	(3,697)
Share-based payment expense	—	—	—	—	—	—	1,777	1,777
Total comprehensive income for the year	—	—	—	—	—	—	7,025	7,025
Dividends paid	—	—	—	—	—	—	(3,532)	(3,532)
Balance at 30 September 2015	**28,801**	**168,186**	**1,948**	**849**	**(3,951)**	**111,985**	**40,010**	**347,828**

— Consolidated cash flow statement
for the year ended 30 September 2015

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Cash flows from operating activities		
Profit before taxation	7,039	19,164
Adjustments for:		
Surplus on revaluation of investment properties	(1,930)	(5,925)
Share of post-tax profit from joint ventures	(3,760)	(11,297)
Surplus on revaluation of other investment	—	(1,114)
Finance income	(665)	(3,534)
Finance costs	20	672
Depreciation charge	694	29
Impairment of loans to joint ventures	826	—
Release of other liabilities	(1,922)	—
Goodwill written off	—	455
Discount on acquisition	(4,731)	—
Share-based payment expense	1,777	554
Cash flows from operating activities before change in working capital	(2,652)	(996)
(Increase)/decrease in trading properties	(50,094)	12,306
(Increase)/decrease in trade and other receivables	(12,495)	4,299
Increase/(decrease) in trade and other payables	5,071	(2,301)
Cash (absorbed by)/generated from operations	(60,170)	13,308
Finance costs paid	(20)	(533)
Finance income received	663	254
Tax paid	(1,836)	(108)
Net cash flows from operating activities	(61,363)	12,921
Investing activities		
Acquisition of subsidiaries net of cash acquired	(12,134)	1,518
Additions to investment properties	(31,959)	(2,895)
Additions to property, plant and equipment	(3,211)	(70)
Investment in joint ventures	(21,922)	(2,104)
Receipts from associates	—	2,000
Proceeds from disposal of investment	5,394	—
Net cash flows from investing activities	(63,832)	(1,551)
Financing activities		
Proceeds from issuance of shares	—	171,485
Costs of issuance of shares	—	(5,025)
New loans	11,221	4,985
Issue costs of new loans	—	(56)
Grant income received	2,015	1,000
Repayment of loans	—	(22,185)
Purchase of own shares	(3,697)	—
Dividends paid	(3,532)	—
Net cash flows from financing activities	6,007	150,204
Net (decrease)/increase in cash and cash equivalents	(119,188)	161,574
Cash and cash equivalents at 1 October (2014: 1 January)	162,762	1,188
Cash and cash equivalents at 30 September	43,574	162,762

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU adopted IFRS) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements in accordance with IFRS.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and other non-current investments. The Company has elected to prepare its individual financial statements, on pages 160 to 167, in accordance with UK GAAP.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to both periods, unless otherwise stated.

Functional and presentation currency

All financial information is presented in British Pounds Sterling (£), the Group's functional currency, and has been rounded to the nearest thousand (£'000) unless indicated to the contrary.

Going concern

The consolidated 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. At 30 September 2015 the Group has prepared cash flow projections that show that it is expected to have adequate resources to continue in operational existence for the foreseeable future.

Adoption of new and revised standards

During the year ended 30 September 2015 the following new or revised accounting standards were adopted by the Group:

IAS 16 'Property, Plant and Equipment' (amendment)

IAS 24 'Related Party Disclosures' (amendment)

IAS 38 'Intangible Assets' (amendment)

IAS 40 'Investment Property' (amendment)

IFRS 2 'Share-based Payment' (amendment)

IFRS 3 'Business Combinations' (amendment)

IFRS 8 'Operating Segments' (amendment)

IFRS 13 'Fair Value Measurement' (amendment)

The adoption of revised standards either had no impact on the financial statements or resulted in changes to presentation and disclosure only.

New standards and interpretations not yet applied

The IASB has issued or amended the following standards that are mandatory for later accounting years and that are relevant to the Group and have not been adopted early. These are:

IFRS 9 'Financial Instruments' (effective date: 1 January 2018 subject to EU endorsement)

IFRS 15 'Revenue from Contracts with Customers' (effective date: 1 January 2018 subject to EU endorsement)

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application, other than on presentation and disclosure.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Group as if it formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

1. Accounting policies continued

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. Direct costs of acquisition are charged to the consolidated statement of comprehensive income.

Goodwill is capitalised as an intangible asset, with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Goodwill is reviewed for impairment at each reporting date. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income.

Joint arrangements

The Group is party to joint arrangements where there are contractual arrangements that confer joint control over the relevant activities of the arrangements to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

All of the Group's interests in joint arrangements constitute joint ventures, where the Group has rights to only the net assets of the joint arrangements.

In the consolidated financial statements interests in joint ventures are accounted for using the equity method of accounting whereby the consolidated balance sheet incorporates the Group's share of the net assets of the joint ventures. The consolidated statement of comprehensive income incorporates the Group's share of the joint ventures' profits after tax.

Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Associates

Where the Group has significant influence but not control or joint control over the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recorded in the consolidated balance sheet at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses.

Where the Group has a legal obligation to a third party in relation to the losses of an associate, the Group fully provides for its share and the charge is recognised in the consolidated statement of comprehensive income.

Investment properties

Investment properties are properties held for long-term rental income and/or for capital appreciation and are measured initially at cost, including related transaction costs, and subsequently at fair value. Changes in fair value of an investment property at the balance sheet date and its carrying amount prior to remeasurement are recorded in the consolidated statement of comprehensive income.

Investment property is recognised as an asset when:

- it is probable that future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions present that could prevent completion; and
- the cost of the investment property can be measured reliably.

Additions to investment properties in the course of development or refurbishment include the cost of finance and directly attributable internal and external costs incurred during the period of development until the properties are ready for their intended use.

An investment property undergoing redevelopment or refurbishment for continued use as an investment property will remain as an investment property measured at fair value and is not reclassified. A transfer of a property from investment properties to trading properties will be made where there is a change in use and the land is to be developed with a view to sale.

Trading properties

Trading properties are inventory and are included in the consolidated balance sheet at the lower of cost and net realisable value. Net realisable value is the expected net sales proceeds of the developed property in the ordinary course of business less the estimated costs to completion and associated selling costs. A provision is made to the extent that projected costs exceed projected revenues.

All external and internal costs, including borrowing costs, directly associated with the purchase, promotion and construction of a trading property are capitalised up to the date that the property is ready for its intended use. Property acquisitions are recognised when legally binding contracts that are irrevocable and effectively unconditional are exchanged.

Properties reclassified to trading properties from investment properties are transferred at deemed cost, being the fair value at the date of reclassification.

1. Accounting policies continued

Leases

Where the Group is the lessor, the Directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS 17 'Leases' for all properties leased to tenants and in their judgement have determined that all such leases are operating leases. Rental income from operating leases is recognised in the consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

Where the Group is the lessee, leases in which substantially all risks and rewards of ownership are retained by another party are classified as operating leases. Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

Lease incentives

Lease incentives, including rent free periods and payments to tenants, are allocated to the consolidated statement of comprehensive income on a straight line basis over the lease term as a deduction from rental income.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. This includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all plant and equipment at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the reporting date, of each asset over its expected useful life as follows:

Freehold property	– shorter of term of the lease granted and 10 per cent straight line
Leasehold improvements	– shorter of term of the lease and 10 per cent straight line
Furniture and equipment	– 20–33 per cent straight line

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be readily measured. Revenue is measured at the fair value of the consideration receivable, excluding VAT. The following criteria must be met before revenue is recognised:

Sale of property

Revenue from the sale of trading and investment properties is recognised when the significant risks and rewards of ownership of the Group's interest in the properties have passed to the buyer, usually when legally binding contracts that are irrevocable and effectively unconditional are exchanged.

Trading revenue

Trading revenue and profits are recognised in accordance with IAS 11 'Construction Contracts' or IAS 18 'Revenue' depending on whether all development risks, apart from the construction risk, have passed to the purchaser under the terms of the development agreement. Where only the construction risk remains, the revenue and profit on the development is recognised under IAS 11, so as to match the proportion of the development work completed on a percentage completion basis. The percentage completion basis is determined by using the total costs incurred at the reporting date as a proportion of the total forecast costs at completion. Profits are only recognised where the outcome can be determined with reasonable certainty. Full provision is made for losses as soon as such losses are foreseen. Where revenue is recognised under IAS 18 disposals are recognised where the risks and rewards of ownership are considered to have been transferred to the purchaser.

Rental income

Rental income arising from property is accounted for on a straight line basis over the term of the lease.

Fees and other income

Fees from development management service arrangements and other agreements are determined by reference to the relevant agreement and recognised as the services are provided.

Taxation

Current tax

The charge for current taxation is based on the results for the year as adjusted for items that are non-taxable or disallowed. It is calculated using rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax payable upon realisation of revaluation gains on investment property disposals that were recognised in prior periods is recorded as a current tax charge with a release of the associated deferred taxation.

1. Accounting policies continued

Taxation continued

Deferred tax

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and the corresponding tax base cost used in computing taxable profit.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the consolidated statement of comprehensive income except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Under IAS 12 'Income Taxes', deferred tax is recognised for tax potentially payable on the realisation of investment properties at fair values at the balance sheet date.

Share-based payments

The fair value of granting share awards under the Group's performance share plan, and the other share-based remuneration of the Directors and other employees, is recognised through the consolidated statement of comprehensive income. The fair value of shares awarded is calculated by using an option pricing model. The resulting fair value is amortised through the consolidated statement of comprehensive income on a straight line basis over the vesting period. The charge is reversed if it is likely that any non-market based vesting criteria will not be met.

Employee Benefit Trust

The Group is deemed to have control of its Employee Benefit Trust (EBT) and it is therefore treated as a subsidiary and consolidated for the purposes of the consolidated accounts. The EBT's investment in the parent company's shares is deducted from equity in the consolidated balance sheet as if they were treasury shares. Other assets and liabilities of the EBT are recognised as assets and liabilities of the Group. Any shares held by the EBT are excluded for the purposes of calculating earnings per share and net assets per share.

Retirement benefits

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the period to which they relate.

Government grants

Government grants received in relation to property asset capital expenditure is generally deducted in arriving at the cost of the relevant asset. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is netted against the cost of the asset.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when the dividends are approved by the directors or paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Impairment of non-financial assets (excluding trading properties, investment properties and deferred tax)

Impairment tests on the Group's goodwill are undertaken at each reporting date to determine whether there is any indication of impairment. If such indication becomes evident, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less from inception. For the purposes of the cash flow statement, cash and cash equivalents comprises cash in hand and deposits with banks net of bank overdrafts.

1. Accounting policies continued

Financial instruments continued

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently at amortised cost.

Borrowings

Interest-bearing loans are initially recorded at fair value, net of any directly attributable issue costs, and subsequently recognised at amortised cost.

Borrowing costs

Finance and other costs incurred in respect of obtaining borrowings are accounted for on an accruals basis using the effective interest method and amortised to the consolidated statement of comprehensive income over the term of the associated borrowings.

Borrowing costs directly attributable to the acquisition and construction of investment and trading properties are added to the costs of such properties until the properties are ready for their intended use.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Other investments

Other investments comprise investments that have been designated at fair value through profit and loss on the basis that from acquisition they are monitored on a fair value basis so designation results in more relevant financial information.

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgement that may impact on the Group's earnings and financial position include:

Valuation of investment and trading properties

For the purposes of calculating the fair value of its investment property portfolio and the net realisable value of its trading property portfolio, the Group uses valuations carried out by either independent valuers or Directors on the basis of market value in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuations are based upon assumptions including future rental income, sales prices, an estimate of typical profit margins, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers and Directors also make reference to market evidence for comparable property transactions and principal inputs and assumptions.

Distinction between investment properties and trading properties

Where there is a strategic decision taken to divest any element of a property and there is a reasonable expectation that the element concerned will become the subject of a binding sale contract in due course, then that element is remeasured to fair value at the decision date and transferred to trading properties.

Trading income

When a contract for the sale of a property is judged to be a construction contract (see revenue recognition policy for trading income), revenue is recognised using the percentage-of-completion method as construction progresses. The percentage of completion is estimated by reference to the stage of the projects and contracts – determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

Taxation

There are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve judgements about future events. The Directors have also exercised their judgement in relation to the recognition of certain deferred tax assets and liabilities.

1. Accounting policies continued

Share-based payments

The value of share-based payments is estimated using an option pricing model as at the date of grant and using certain assumptions that are disclosed in note 27.

2. Business combinations

Current year

On 27 February 2015 the Group acquired the entire issued share capital of Catesby Property Group plc, the parent company of a well established, planning-led, strategic land group. The acquisition increased the Group's interest in land holdings in areas of high housebuilder demand and land promotion capability. The purchase consideration was satisfied through a combination of £21,999,000 of cash and 4,248,553 new shares of 20p each in the Company.

Details of the fair value of the identifiable assets and liabilities acquired, the purchase consideration and the discount arising on the purchase are as follows:

	Fair value £'000
Non-current assets	
Property, plant and equipment	67
Investments in joint venture	17
Deferred tax assets	23
	107
Current assets	
Trading properties	34,077
Trade and other receivables	9,549
Cash and cash equivalents	6,582
	50,208
Total assets	50,315
Non-current liabilities	
Deferred tax liabilities	(2,295)
Corporation tax	(2,003)
	(4,298)
Current liabilities	
Trade and other payables	(8,094)
	(8,094)
Total liabilities	(12,392)
Net assets acquired	37,923
Fair value of consideration given	
Fair value of the cash consideration at 27 February 2015	21,999
Fair value of consideration shares at 27 February 2015	11,193
Total consideration	33,192
Discount on acquisition	4,731

The fair value of the share consideration given has been calculated by reference to the Company's share price at the time of the acquisition. Of the amounts disclosed above, payment of £3,281,000 of the cash consideration and £1,948,000 of the share consideration (representing 739,107 shares of 20p each) is deferred until 27 February 2016. These amounts are therefore included within other payables and shares to be issued, respectively.

Fair value adjustments to the net assets acquired relate to property revaluations and deferred tax thereon.

2. Business combinations continued

Current year continued

The Directors have considered the resultant discount arising on the purchase and have revisited the fair value of the net assets acquired and the consideration paid. They have concluded that they are a fair assessment. The discount on acquisition, which arises principally from the fair value of Newark, has been taken to the consolidated statement of comprehensive income. The discount on acquisition is not subject to corporation tax.

The Group has completed its fair value assessment and therefore the fair values disclosed are considered to be final.

Acquisition costs of £857,000 have been recognised in administrative expenses in the consolidated statement of comprehensive income.

Since 27 February 2015 the acquiree group has contributed £13,029,000 to the revenues of the Group and accounted for a £2,519,000 profit before taxation. If the acquisition had occurred on 1 October 2014, the revenue of the Group would have been increased by a further £14,662,000 and the Group's profit before taxation for the period would have been increased by a further £10,769,000.

Prior period

On 22 May 2014 the Company acquired the entire issued share capital and the issued PECs of Urban&Civic Holdings S.à.r.l., the parent company of a group focused on the delivery of strategic residential land developments in key growth areas of the UK. The principal reason for the acquisition was to create the opportunity to grow a new 'best in class' UK real estate business. The acquisition was satisfied by the issue of 43,084,456 new shares of 20p each in the Company, representing 67 per cent of the total shares in issue prior to the placing and employee offer. Consequently the business combination was accounted for as a reverse acquisition in accordance with IFRS 3 'Business Combinations' (revised), and accordingly the assets and liabilities of the Company and its subsidiary undertakings, being the acquiree group, were fair valued.

Details of the fair value of the identifiable assets and liabilities acquired, the purchase consideration and the goodwill arising were as follows:

	Fair value £'000
Non-current assets	
Property, plant and equipment	60
Investments in joint ventures and associates	5,445
Other investment	4,280
Deferred tax assets	11,101
	20,886
Current assets	
Trading properties	45,948
Trade and other receivables	15,017
Cash and cash equivalents	1,518
	62,483
Total assets	83,369
Non-current liabilities	
Borrowings	(10,857)
	(10,857)
Current liabilities	
Borrowings	(4,953)
Trade and other payables	(9,013)
Other liabilities	(1,922)
	(15,888)
Total liabilities	(26,745)
Net assets acquired	56,624
Fair value of consideration given	
Fair value of the Company's issued share capital at 22 May 2014 (net of own shares held)	56,588
Fair value of share options outstanding at 22 May 2014	491
Total consideration	57,079
Goodwill arising on acquisition	455

2. Business combinations continued

Prior period continued

The fair value of the consideration given was calculated by reference to the closing share price of the Company on 21 May 2014.

Fair value adjustments to the net assets acquired predominantly related to property revaluations, deferred tax thereon and additional deferred tax assets recognised in respect of estimated tax losses that were expected to be utilised as a consequence of the business combination.

Included within acquired receivables were amounts due from joint ventures and associates totalling £5,228,000, which were fair valued at £Nil based on the expected amounts receivable. Other liabilities represented an acquired contingent liability. Further information in respect of this is included in note 21.

The Directors considered the incidental amount of resultant goodwill arising on acquisition and concluded that it be immediately written off in the consolidated statement of comprehensive income in the post-acquisition period. The goodwill was not deductible for tax purposes.

Acquisition costs of £1,860,000 were recognised in administrative expenses in the consolidated statement of comprehensive income.

From 22 May 2014 to 30 September 2014, the acquiree group contributed £21,373,000 to the revenues of the Group and £6,058,000 to the Group's profit for the period before taxation. If the acquisition had occurred on 1 January 2014, the contribution to the revenue of the Group to 30 September 2014 would have been £33,855,000 and the contribution to the Group's profit before taxation for the period would have been £1,815,000.

3. Revenue and gross profit

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Revenue on construction contracts	30,772	1,714
Trading property sales	12,732	18,305
Rental and other property income	10,424	2,240
Recoverable property expenses	844	227
Project management fees and other income	706	741
Revenue	**55,478**	23,227
Cost of construction contracts	(30,059)	(987)
Cost of trading property sales	(9,552)	(15,038)
Direct property expenses	(7,067)	(1,040)
Recoverable property expenses	(844)	(227)
Write down of trading properties	(4,402)	–
Direct costs	**(51,924)**	(17,292)
Gross profit	**3,554**	5,935

	Year ended 30 September 2015	Period ended 30 September 2014
Number of construction contracts	1	2

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Revenue on construction contracts	30,772	1,714
Costs of construction contracts	(30,059)	(987)
Profit on construction contracts	713	727

Construction contract revenue is recognised in the consolidated statement of comprehensive income in line with the contract stage of completion on the relevant contract, determined using the proportion of total estimated development costs incurred at the reporting date. No advances or retentions have been received for construction contracts.

4. Operating profit

Is arrived at after charging/(crediting):	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Depreciation of property, plant and equipment – included in administrative expenses	180	29
Depreciation of property, plant and equipment – included in direct costs	514	—
Impairment of trade receivables	5	—
Operating lease charges – rent of properties	482	255
Share-based payment expense	1,777	554
Acquisition and Listing costs	857	2,775
Impairment of goodwill	—	455
Discount on acquisition	(4,731)	—
Capitalisation of administrative expenses to investment and trading properties	(6,969)	(3,165)
Administrative expenses taken to direct costs	(109)	—
Fees paid to BDO LLP in respect of:		
– audit of the Company	260	150
Other services:		
– audit of subsidiaries and associates	100	50
– audit related assurance services	35	—
– corporate finance services	—	163
– other fees payable[1]	93	—

1. Other fees payable to the Company's auditor are principally for tax related work provided to certain subsidiary undertakings.

In 2014, in addition to the amounts disclosed above, BDO LLP charged the Company £362,000 in relation to corporate finance services which were charged to the share premium account.

5. Segmental information

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

The two principal segments are strategic land and commercial property development. The strategic land segment includes serviced and unserviced land, consented and unconsented land and mixed-use development. The commercial segment includes Central London office developments, commercial regional developments and Scottish land. The business combination in February 2015 is being reported to the chief operating decision-maker under the strategic land segment.

Segmental information is reported in the table that follows in respect of the current year in accordance with the requirements of IFRS 8 'Operating Segments'.

5. Segmental information continued

Consolidated statement of comprehensive income
for the year ended 30 September 2015

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	**16,186**	**39,292**	**—**	**55,478**
Cost of trading property sales	(10,511)	(37,011)	—	(47,522)
Write down of trading properties	—	(4,402)	—	(4,402)
Total direct costs	(10,511)	(41,413)	—	(51,924)
Gross profit/(loss)	**5,675**	**(2,121)**	**—**	**3,554**
Acquisition costs	—	—	(857)	(857)
Non-recurring administrative expenses	—	—	(190)	(190)
Share-based payment expense	—	—	(1,777)	(1,777)
Other administrative expenses	—	—	(7,526)	(7,526)
Total administrative expenses	—	—	(10,350)	(10,350)
Other operating income	217	130	—	347
Discount on acquisition	—	—	4,731	4,731
Surplus on revaluation of investment properties	2,538	(608)	—	1,930
Share of post-tax profit from joint ventures	3,760	—	—	3,760
Impairment of loans to joint ventures	—	(826)	—	(826)
Profit on disposal of other investment	—	1,326	—	1,326
Release of other liabilities	—	—	1,922	1,922
Operating profit/(loss)	**12,190**	**(2,099)**	**(3,697)**	**6,394**
Net finance income	—	—	645	645
Profit/(loss) before tax	**12,190**	**(2,099)**	**(3,052)**	**7,039**

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.

In the year ended 30 September 2015, there were three major customers that generated £30,772,000, £6,460,000 and £5,867,000 of revenue. Each of these represented 10 per cent or more of the total revenue.

Consolidated balance sheet
as at 30 September 2015

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	72,965	25,650	—	98,615
Property, plant and equipment	—	1,486	1,222	2,708
Investments in joint ventures and associates	38,097	3,621	—	41,718
Deferred tax assets	—	—	8,657	8,657
Non-current assets	**111,062**	**30,757**	**9,879**	**151,698**
Trading properties	88,766	74,693	—	163,459
Trade and other receivables	18,563	14,705	—	33,268
Cash and cash equivalents	—	—	43,574	43,574
Current assets	**107,329**	**89,398**	**43,574**	**240,301**
Borrowings	(11,408)	—	—	(11,408)
Trade and other payables	(10,442)	(18,354)	—	(28,796)
Deferred tax liabilities	(3,967)	—	—	(3,967)
Total liabilities	**(25,817)**	**(18,354)**	**—**	**(44,171)**
Net assets	**192,574**	**101,801**	**53,453**	**347,828**

5. Segmental information continued

Consolidated statement of comprehensive income for the period ended 30 September 2014

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	1,854	21,373	—	23,227
Direct costs	(1,267)	(16,025)	—	(17,292)
Gross profit	587	5,348	—	5,935
Acquisition and Listing costs	—	—	(2,775)	(2,775)
Impairment of goodwill	—	—	(455)	(455)
Other administrative expenses	—	—	(4,739)	(4,739)
Total administrative expenses	—	—	(7,969)	(7,969)
Surplus on revaluation of investment properties	5,925	—	—	5,925
Share of post-tax profit from joint ventures	11,297	—	—	11,297
Surplus on revaluation of other investment	—	1,114	—	1,114
Operating profit/(loss)	17,809	6,462	(7,969)	16,302
Net finance (costs)/income	(429)	56	3,235	2,862
Profit/(loss) before tax	17,380	6,518	(4,734)	19,164

During the period to 30 September 2014 one commercial customer generated £19,026,000 of revenue representing greater than 80 per cent of the total revenue.

Consolidated balance sheet as at 30 September 2014

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	62,896	3,395	—	66,291
Property, plant and equipment	—	—	124	124
Investments in joint ventures and associates	13,573	3,445	—	17,018
Other investment	—	5,394	—	5,394
Deferred tax assets	—	—	8,285	8,285
Non-current assets	76,469	12,234	8,409	97,112
Trading properties	49,164	28,951	—	78,115
Trade and other receivables	1,362	10,642	—	12,004
Cash and cash equivalents	—	—	162,762	162,762
Current assets	50,526	39,593	162,762	252,881
Trade and other payables	(3,631)	(8,082)	—	(11,713)
Other liabilities	—	—	(1,922)	(1,922)
Deferred tax liabilities	(1,296)	—	—	(1,296)
Total liabilities	(4,927)	(8,082)	(1,922)	(14,931)
Net assets	122,068	43,745	169,249	335,062

6. Finance income and finance costs

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Interest receivable from cash deposits	**665**	294
Discount received on early repayment of loans	**—**	3,235
Fair value gain on non-hedging derivative financial instruments	**—**	5
Finance income	**665**	3,534
Interest payable on borrowings	**(207)**	(529)
Interest capitalised	**187**	202
Charges relating to early repayment of loans	**—**	(345)
Finance costs	**(20)**	(672)
Net finance income	**645**	2,862

Interest is capitalised at the same rate as the Group is charged on respective borrowings.

7. Directors' remuneration

Details of the Directors' remuneration is given in the Directors' remuneration report on pages 104 to 115.

8. Employee benefit expenses

Employee benefit expenses (including Directors) are as follows:	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Wages and salaries (including discretionary bonus)	**6,941**	4,521
Employer's national insurance contributions and similar taxes	**929**	628
Defined contribution pension cost	**496**	172
Share-based payment expense	**1,777**	554
Total staff costs (including Directors)	**10,143**	5,875
Amount capitalised to investment and trading properties	**(3,430)**	(2,633)
Amount included within operating profit	**6,713**	3,242

Average number of employees during the year (including Directors)	Year ended 30 September 2015 Number	Period ended 30 September 2014 Number
Head office and property management	**50**	28

9. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Current tax:		
UK corporation tax on profits for the year	**—**	48
Adjustments in respect of previous periods	**10**	—
Total current tax	**10**	48
Deferred tax:		
Origination and reversal of timing differences	**4**	4,110
Total deferred tax charge	**4**	4,110
Total tax charge	**14**	4,158

9. Tax on profit on ordinary activities continued

(b) Factors affecting the tax charge for the year

The effective rate of tax for the year varies from the standard rate of tax in the UK. The differences can be explained below.

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Profit attributable to the Group before tax	7,039	19,164
Profit multiplied by the average rate of UK corporation tax of 20.42 per cent (period ended 30 September 2014: 21.49 per cent)	1,437	4,118
Expenses not deductible for tax purposes	288	726
Income not assessable for tax purposes	(1,359)	—
Differences arising from taxation of chargeable gains and property revaluations	—	(60)
Profits from joint ventures and associates	—	(321)
Tax losses and other items	(362)	—
Changes in tax rates	—	(305)
	4	4,158
Adjustments to tax charge in respect of previous periods	10	—
Total tax charge	14	4,158

(c) Associates and joint ventures

The Group's share of tax on the joint ventures and associates is £Nil (period ended 30 September 2014: £Nil).

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on a profit of £7,025,000 (period ended 30 September 2014: £15,006,000) and on 141,705,236 (period ended 30 September 2014: 72,138,247) shares, being the weighted average number of shares in issue during the year.

Diluted earnings per share

The effect of shares to be issued on the acquisition of Catesby has been factored into the Group's diluted earnings per share calculation. Awards under the Group's long-term incentive plan have not been included as these are anti-dilutive.

Weighted average number of shares	2015 Number	2014 Number
In issue at 1 October (2014: 1 January)	140,497,109	9,074,791
Effect of shares issued and to be issued on acquisition of Catesby Property Group plc	2,076,823	—
Effect of own shares purchased	(868,696)	—
Effect of shares in issue at the date of the reverse acquisition	—	10,171,516
Effect of capitalisation of PECs in May 2014	—	16,319,656
Effect of placing and employee share offer in May 2014	—	36,572,284
Weighted average number of shares at 30 September – basic	141,705,236	72,138,247
Effect of shares to be issued on acquisition of Catesby Property Group plc	437,389	—
Weighted average number of shares at 30 September – diluted	142,142,625	72,138,247

11. Dividends

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
Final dividend of 1.5p (period ended 30 September 2014: 0.0p) per share proposed and paid during the year relating to the previous period's results	**2,107**	–
Interim dividend of 1.0p (period ended 30 September 2014: 0.0p) per share paid during the year	**1,425**	–
	3,532	–

The Directors are proposing a final dividend of 1.65p (period ended 30 September 2014: 1.50p) per share totalling £2,376,000 (period ended 30 September 2014: £2,107,000). The dividend has not been accrued in the consolidated balance sheet at 30 September 2015.

12. Investment properties

(i) Carrying amount reconciliation

	£'000
Valuation	
At 1 January 2014	55,455
Additions at cost	3,411
Surplus on revaluation	5,925
Transfers to trading properties	1,500
At 1 October 2014	66,291
Additions at cost	30,394
Surplus on revaluation	1,930
At 30 September 2015	**98,615**

(ii) Operating lease arrangements

Refer to note 28 for details of the operating leases related to investment properties.

(iii) Items of income and expense

During the year ended 30 September 2015, £3,410,000 (period ended 30 September 2014: £1,854,000) was recognised in the consolidated statement of comprehensive income in relation to rental and ancillary income from investment properties. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £1,903,000 (period ended 30 September 2014: £1,267,000). The Group did not incur any direct operating expenses arising from investment properties that did not generate rental income (period ended 30 September 2014: £Nil).

(iv) Restrictions and obligations

At 30 September 2015 there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2014: none).

There are no obligations to construct or develop the Group's principal investment property. The Group has an obligation to complete the construction of another investment property that has commenced at the balance sheet date.

At 30 September 2015 contractual obligations to develop investment property amounted to £5,269,000 (2014: £509,000).

(v) Historical cost and capitalisation

The historical cost of investment properties as at 30 September 2015 was £75,439,000 (2014: £45,045,000), which included capitalised interest of £10,705,000 (2014: £10,705,000). There was no interest capitalised during the year. The average cost of interest capitalised during the period ended 30 September 2014 was 2.3 per cent. During the year staff and administrative costs of £1,658,000 (period ended 30 September 2014: £255,000) have been capitalised and are included within additions.

12. Investment properties continued

(vi) Fair value measurement

Of the Group's investment properties Alconbury Weald which represents 74 per cent of the year-end carrying value (2014: 98 per cent), is valued on a semi-annual basis by CBRE Limited, an independent firm of Chartered Surveyors, on the basis of fair value. The valuation at each period end is carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. The other investment properties are valued by the Directors on the basis of fair value. Where an investment property has been purchased in proximity to the year end, the valuation is performed by the Directors on the basis of fair value, which in 2015 the Directors have assessed as equal to cost.

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.

As noted above, the Group's investment properties are all carried at fair value and are 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 following table summarises the valuation technique used in measuring the fair value of the Group's investment properties, as well as the significant unobservable inputs and their inter-relationship with the fair value measurement.

Valuation technique

Discounted cash flows: the valuation model for the Group's strategic land considers the present value of net cash flows to be generated from a property (reflecting the current approach of constructing the infrastructure, discharging the section 106 costs obligations and then selling fully serviced parcels of land to housebuilders for development), taking into account expected house price/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.

Significant unobservable inputs

The key inputs to the valuation included:

- expected annual house price inflation (3.7 per cent);
- expected annual cost price inflation (2.0 per cent);
- profit on gross development value (20.0 per cent);
- private residential gross development value (£230–£240 per sq.ft.);
- infrastructure, section 106 and community infrastructure levy (£561,000 per net developable acre); and
- risk adjusted discount rate (8.5 – 10.0 per cent).

Inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- expected annual house price inflation was higher (lower);
- expected annual cost price inflation was lower (higher);
- profit on gross development value was lower (higher);
- private residential gross development value was higher (lower);
- infrastructure, section 106 and community infrastructure levy rate per net developable acre was lower (higher); and
- risk adjusted discount rate was lower (higher).

13. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 January 2014	—	—	138	138
Acquired through business combination (see note 2)	—	23	37	60
Additions	—	—	70	70
At 1 October 2014	—	23	245	268
Acquired through business combination (see note 2)	—	30	37	67
Additions	2,000	627	584	3,211
At 30 September 2015	**2,000**	**680**	**866**	**3,546**
Depreciation				
At 1 January 2014	—	—	115	115
Charge for the period	—	3	26	29
At 1 October 2014	—	3	141	144
Charge for the year	514	44	136	694
At 30 September 2015	**514**	**47**	**277**	**838**
Net book value				
At 30 September 2015	**1,486**	**633**	**589**	**2,708**
At 30 September 2014	—	20	104	124

No assets were held under finance leases in either the current year or the prior period.

14. Investments

(i) Investments in joint ventures and associates

	Joint ventures £'000	Associates £'000	Total £'000
Cost or valuation			
At 1 January 2014	—	—	—
Acquired through business combinations (see note 2)	2,945	2,500	5,445
Additions	476	—	476
Loans advanced	1,800	—	1,800
Share of revaluation uplift on investment property	11,297	—	11,297
Loans repaid	—	(2,000)	(2,000)
At 1 October 2014	16,518	500	17,018
Acquired through business combination (see note 2)	17	—	17
Additions	285	—	285
Loans advanced	21,619	—	21,619
Share of post-tax loss excluding investment property revaluation	(110)	—	(110)
Share of revaluation uplift on investment property	3,870	—	3,870
Loans repaid	(155)	—	(155)
Impairment of loans to joint ventures	(826)	—	(826)
At 30 September 2015	**41,218**	**500**	**41,718**

14. Investments continued

(i) Investments in joint ventures and associates continued

At 30 September 2015 the Group's interests in its joint ventures were as follows:

SUE Developments LP	50%	Property investment
Achadonn Limited	50%	Property development
Altira Park JV LLP	50%	Property development

Summarised information on joint ventures 2015

	SUE Developments LP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Total 2015 £'000
Revenue	—	—	—	—
Profit/(loss) after tax	7,520	(7)	—	7,513
Total assets	76,770	6,556	1,265	84,591
Other liabilities	(45,416)	(6,596)	(983)	(52,995)
Total liabilities	(45,416)	(6,596)	(983)	(52,995)
Net assets	**31,354**	**(40)**	**282**	**31,596**
The carrying value consists of:				
Group's share of net assets	15,677	—	141	15,818
Loans	22,420	2,490	490	25,400
Total investment in joint ventures	**38,097**	**2,490**	**631**	**41,218**

SUE Developments LP's principal asset is an investment property 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 investment property is valued on a semi-annual basis by CBRE Limited, an independent firm of chartered surveyors using the same valuation technique as adopted for the valuation of the Group's principal investment property, Alconbury Weald (see note 12). The values for the significant unobservable inputs are listed below, whilst their relationship with the fair value measurement is described in note 12.

Significant unobservable inputs

- expected annual house price inflation (3.25 per cent);
- expected annual cost price inflation (2.0 per cent);
- profit on gross development value (20 per cent);
- private residential gross development value (£230–£235 per sq.ft.);
- infrastructure and section 106 costs (£539,000 per net developable acre); and
- risk adjusted discount rate (8.75–10.25 per cent).

14. Investments continued
(i) Investments in joint ventures and associates continued
Summarised information on joint ventures 2014

	SUE Developments LP £'000	Achadonn Limited £'000	Total 2014 £'000
Revenue	—	1,659	1,659
Profit/(loss) after tax	22,594	(150)	22,444
Total assets	27,146	12,428	39,574
Other liabilities	(3,600)	(6,367)	(9,967)
Total liabilities	(3,600)	(6,367)	(9,967)
Net assets	23,546	6,061	29,607
The carrying value consists of:			
Group's share of net assets	11,773	—	11,773
Loans	1,800	2,945	4,745
Total investment in joint ventures	13,573	2,945	16,518

At 30 September 2015 the Group's interests in its principal associates are as follows:

Terrace Hill Development Partnership	20%	Property development

Summarised information on principal associates

	2015 Terrace Hill Development Partnership £'000	2014 Terrace Hill Development Partnership £'000
Revenue	**2,242**	628
Profit after tax	**1,613**	226
Total assets	**7,465**	8,042
Other liabilities	**(8,152)**	(10,342)
Total liabilities	**(8,152)**	(10,342)
Net liabilities	**(687)**	(2,300)
Non-recourse net liabilities	**687**	2,300
Adjust for:		
Group's share of net liabilities	**—**	—
The carrying value consists of:		
Group's share of net liabilities	**—**	—
Loans	**500**	500
Total investment in associates at 30 September 2015	**500**	500
Share of unrecognised profit		
At 1 October 2014	**45**	—
Share of unrecognised profit for the period	**323**	45
At 30 September 2015	**368**	45

14. Investments continued

(i) Investments in joint ventures and associates continued

Summarised information on principal associates continued

The Group has no legal or constructive obligations to fund the losses of this associate.

Terrace Hill Development Partnership has not been equity accounted for as the entity has preferential investors that will receive their return before the Group. When the entity can satisfy the obligations to those investors, equity accounting will resume. Terrace Hill Development Partnership is classified as an associate due to the significant influence being exercised by the Group over its operating activities. The investment in Terrace Hill Development Partnership is carried at cost and subject to regular impairment reviews. The carrying value of this associate is £500,000 (2014: £500,000).

(ii) Other investment

	£'000
At 1 January 2014	—
Acquired through business combination (see note 2)	4,280
Surplus on revaluation	1,114
At 1 October 2014	5,394
Disposals	(5,394)
At 30 September 2015	**—**

The other investment at 30 September 2014 represented the fair value of the Group's minority share of the net assets attributable to the equity members of Howick Place JV S.à.r.l.

A complete list of the Group's subsidiaries is included in note 14 of the notes to the Company financial statements on pages 165 to 167.

15. Goodwill

	£'000
Cost or valuation	
At 1 January 2014	—
Arising on business combination (see note 2)	455
At 1 October 2014 and 30 September 2015	**455**
Amortisation and impairment	
At 1 January 2014	—
Impairment	(455)
At 1 October 2014 and 30 September 2015	**(455)**
Net book value	
At 30 September 2015	**—**
At 30 September 2014	—

The goodwill arose on the business combination in the prior period as described in note 2 to the financial statements.

16. Deferred tax

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

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
At 1 October (2014: 1 January)	**6,989**	(2)
Arising on business combination (see note 2)	**(2,295)**	11,101
Movement in the year (see note 9)	**(4)**	(4,110)
At 30 September	**4,690**	6,989

The deferred tax balances are made up as follows:

	At 30 September 2015 £'000	At 30 September 2014 £'000
Deferred tax assets		
Tax losses	**8,657**	8,285
	8,657	8,285
Deferred tax liabilities		
Revaluation surpluses	**3,967**	1,296
	3,967	1,296

At 30 September 2015, the Group has unused tax losses of £44,146,000 (2014: £45,308,000), of which £43,285,000 (2014: £41,425,000) has been recognised as a deferred tax asset. A deferred tax asset in respect of tax losses of £861,000 (2014: £3,883,000) has 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.

Under IAS 12 'Income Taxes' deferred tax is recognised for 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 losses if there is uncertainty over future recoverability.

The Group's deferred tax balances have been measured at a rate of 20 per cent (2014: 20 per cent), being the enacted rate 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. After the balance sheet date, the Finance (No.2) Act 2015 was substantively enacted, which will see the UK corporation tax rate reduced to 19 per cent from 1 April 2017 and 18 per cent from 1 April 2020. This will reduce the amount of UK corporation tax that the Group will have to pay in the future.

17. Trading properties

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
At 1 October 2014 (2014: 1 January)	**78,115**	45,545
Additions at cost	**62,546**	4,362
Acquired through business combination (see note 2)	**34,077**	45,948
Transfers to investment properties	**—**	(1,500)
Amounts written off value of trading properties	**(4,402)**	—
Disposals	**(6,877)**	(16,240)
At 30 September	**163,459**	78,115

During the period to 30 September 2014 a trading property with a book value of £1,500,000 was transferred to investment properties following a decision to hold the property for income generation.

During the year staff and administrative costs of £5,311,000 (2014: £2,910,000) have been capitalised and are included within additions.

Capitalised interest of £494,000 is included within the carrying value of trading properties as at 30 September 2015 (2014: £307,000).

18. Trade and other receivables

	At 30 September 2015 £'000	At 30 September 2014 £'000
Trade receivables	28,105	492
Less: provision for impairment of trade receivables	(7)	(2)
Trade receivables (net)	28,098	490
Other receivables	1,592	2,703
Amounts recoverable under contracts	449	6,453
Prepayments and accrued income	3,129	2,358
	33,268	12,004

The ageing of trade receivables was as follows:	At 30 September 2015 £'000	At 30 September 2014 £'000
Up to 30 days	14,585	105
31 to 60 days	1	23
61 to 90 days	44	—
Over 90 days	4,114	211
Total	18,744	339
Amounts not yet due	9,354	151
Trade receivables (net)	28,098	490

There were no amounts past due but not impaired at 30 September 2015 (2014: none).

Included within amounts recoverable under contracts at the balance sheet date was the following amount relating to construction contracts:

	At 30 September 2015 £'000	At 30 September 2014 £'000
Contract costs incurred plus recognised profits less recognised losses to date	—	991
Less: progress billings	—	—
Contracts in progress at the balance sheet date	—	991

At 30 September 2015 the Group was due £4,220,000 (2014: £4,220,000) from joint ventures and associates which has been fully provided against. The movement in the allowance for impairment in respect of these amounts during the year was as follows:

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
At 1 October (2014: 1 January)	4,220	—
Acquired through business combination (see note 2)	—	5,228
Amounts recovered	—	(1,008)
At 30 September	4,220	4,220

The allowance is calculated with reference to the net asset values in the joint ventures and associates.

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19. Trade and other payables

	At 30 September 2015 £'000	At 30 September 2014 £'000
Trade payables	**4,501**	2,237
Taxes and social security costs	**1,417**	498
Other payables	**9,622**	880
Accruals	**12,619**	6,780
Deferred income	**637**	1,318
	28,796	11,713

20. Borrowings

Non-current	At 30 September 2015 £'000	At 30 September 2014 £'000
Other loans	**11,408**	—
	11,408	—

Maturity profile	At 30 September 2015 £'000	At 30 September 2014 £'000
Between one and five years	**—**	—
More than five years	**11,408**	—
	11,408	—

Other loans comprise borrowings from the HCA. The loan of £11.2 million was drawn on 27 March 2015 and has a final repayment date of 21 March 2021. Interest is charged at 2.2 per cent above the EC Reference Rate and the facility is secured against specific land holdings with a carrying value at 30 September 2015 of £23,145,000. At 30 September 2015, £0.2 million of interest has been accrued.

21. Other liabilities

Acquired contingent liabilities	£'000
At 1 January 2014	—
Acquired through business combination	1,922
At 1 October 2014	1,922
Release to profit and loss during the year	(1,922)
At 30 September 2015	**—**

A potential tax liability that was acquired as part of the business combination in the period to 30 September 2014 has been released in the current year following a tribunal ruling in favour of Urban&Civic plc.

22. Financial instruments

(a) Capital risk management

The Group's primary objective with regards to capital management is to continue as a going concern for the foreseeable future.

The Group's capital comprises equity attributable to shareholders, cash and cash equivalents and borrowings.

Although the Group aims to ensure borrowings are secured against specific property assets without further recourse, banking covenants have previously, and are expected to in the future, place responsibilities on the Group to manage capital to ensure that assets are safeguarded and early debt repayments or other financial penalties are not forthcoming.

The Group's capital structure is managed through close monitoring of the Group's business plan, which encompasses a review of dividend proposals, proposed repayments of shareholder capital as well as identifying any required asset realisations and shares issues.

The Group is not subject to any externally imposed capital requirements.

Details of the Group's significant accounting policies, including the basis on which income and expenses are recognised through the income statement and the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1.

(b) Financial risk management

The Group's principal financial instruments at 30 September 2015 comprise cash, short-term deposits and other loans. The main purpose of these financial instruments is to provide finance for the Group's operations at appropriate cost and risk levels.

The Group has various other financial instruments such as trade and other receivables, amounts recoverable under contracts and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below. The magnitude of the risk that has arisen over the year is detailed below.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Group holds significant cash balances on short-term deposit. The Group's policy is to monitor the level of these balances to ensure that funds are available as required, recognising that interest earnings will be subject to interest rate fluctuations.

When necessary and considered appropriate, the Group borrows cash in the form of loans, which are usually subject to interest at floating rates. It is recognised that rates will fluctuate according to changes in LIBOR and the bank base rate. The Group is cognisant at all times of movements in interest rates and will, as appropriate, enter into interest rate swaps to maintain a balance between borrowings that are subject to floating and fixed rates. However, at 30 September 2015, the Group had no interest rate swaps in place and therefore exposure to interest rate risk in respect of its financial liabilities relates to the cost of servicing its floating rate borrowings.

Market rate sensitivity analysis

The analysis below shows the sensitivity of the statement of comprehensive income and net assets to a 0.5 per cent change in interest rate on the Group's financial instruments that are affected by market risk.

0.5 per cent increase in interest rates	At 30 September 2015 £'000	At 30 September 2014 £'000
Interest on borrowings	(56)	—
Interest on cash deposits	218	796
Total impact on pre-tax profit and equity – gain	**162**	796

0.5 per cent decrease in interest rates	At 30 September 2015 £'000	At 30 September 2014 £'000
Interest on borrowings	56	—
Interest on cash deposits	(218)	(796)
Total impact on pre-tax profit and equity – loss	**(162)**	(796)

22. Financial instruments continued

(b) Financial risk management continued

(ii) Credit risk

The Group's principal financial assets are cash, trade and other receivables, amounts recoverable under contracts and loans advanced to joint ventures and associates.

Cash deposits are placed with a range of banks to minimise the risk to the Group. Details are provided in the table set out below of the relevant financial institutions pooled by their respective Standard and Poor long-term credit ratings or Fitch long-term credit ratings where Standard and Poor ratings are unavailable. All ratings are of investment grade and therefore the Directors are comfortable with the credit ratings of the financial institutions.

The principal risk is therefore deemed to arise from trade and other receivables, amounts recoverable under contracts and loans advanced to joint ventures and associates. Trade receivables from the sale of properties are secured against those properties until the proceeds are received. Rental receivables are unsecured but there is no significant concentration of credit risk as no tenant accounts for more than 6 per cent of total rent. Credit checks, rental deposits and third party guarantees are used in isolation or in combination to mitigate against potential financial loss arising from defaults where considered necessary. Other receivables are predominantly due from local authorities, which are not considered to have a high credit risk. Amounts recoverable under contracts are due from the owner of one development where Urban&Civic is appointed the development manager, and therefore represents a concentration of credit risk. However, extensive financial due diligence was carried out on this development partner prior to the transaction being entered into in order to mitigate this risk. The Group's joint ventures and associates are structured, with the assistance of professional advisers, in a way that provides the Group with maximum flexibility and security. Furthermore, robust controls and procedures are applied to these interests in a manner that is consistent with other Group operations.

Credit ratings of the financial institutions holding the Group's cash deposits as at 30 September 2015 are shown below. Included in cash balances is an amount of £853,000 that is restricted.

Financial institution	Long-term credit rating	Cash at bank £'000	Short-term deposits £'000	Total £'000
Handelsbanken, HSBC, Wells Fargo	AA-	1,624	16,015	17,639
Bank of Scotland, Close Brothers, Helaba, Lloyds, Nationwide, Santander	A	4,871	12,140	17,011
Barclays	A-	909	2,504	3,413
Co-operative	B	154	—	154
Aareal, RBS	BBB+	2,258	3,099	5,357
		9,816	**33,758**	**43,574**

Credit ratings of the financial institutions holding the Group's cash deposits as at 30 September 2014 are shown below.

Financial institution	Long-term credit rating	Cash at bank £'000	Short-term deposits £'000	Total £'000
Handelsbanken, HSBC, Wells Fargo	AA-	584	71,396	71,980
Barclays, Crédit Agricole, Helaba, ING Bank N.V., KBC, Lloyds, Nationwide, Santander	A	618	56,613	57,231
Bank of Scotland, RBS	A-	9,660	7,862	17,522
Close Brothers	A	—	7,941	7,941
Aareal	A-	—	7,935	7,935
Co-operative	B	153	—	153
		11,015	**151,747**	**162,762**

(iii) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash balances and loans. Cash flow and funding needs are regularly monitored.

22. Financial instruments continued

(c) Categories of financial assets and financial liabilities

	At 30 September 2015		At 30 September 2014	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Current financial assets – loans and receivables				
Cash and cash equivalents	**43,574**	**43,574**	162,762	162,762
Trade and other receivables	**28,745**	**28,745**	1,152	1,152
Amounts recoverable on contracts	**449**	**449**	6,453	6,453
Total current financial assets	**72,768**	**72,768**	170,367	170,367
Non-current financial assets – loans and receivables				
Loans advanced to joint ventures and associates	**25,900**	**25,900**	5,245	5,245
Non-current financial assets – fair value through profit and loss				
Other investment	**—**	**—**	5,394	5,394
Total non-current financial assets	**25,900**	**25,900**	10,639	10,639
Total financial assets	**98,668**	**98,668**	181,006	181,006
Current financial liabilities – amortised cost				
Trade payables	**4,501**	**4,501**	2,237	2,237
Other payables	**14,786**	**14,786**	218	218
Total current financial liabilities	**19,287**	**19,287**	2,455	2,455
Non-current financial liabilities – amortised cost				
Other loans	**11,408**	**11,408**	—	—
Total non-current financial liabilities	**11,408**	**11,408**	—	—
Total financial liabilities	**30,695**	**30,695**	2,455	2,455

The maximum exposure to credit risk from the financial assets, excluding cash, is £55,094,000 (2014: £18,244,000).

At 30 September 2015 and 30 September 2014 no financial liabilities were designated at fair value.

The maturity analysis of the undiscounted contractual cash flows relating to financial liabilities as at 30 September 2015 (excluding those repayable on demand) is presented below. No maturity analysis is presented in respect of the prior period as all financial liabilities at 30 September 2014 were repayable on demand.

At 30 September 2015	Currency	Current interest rate	Year of maturity	Carrying amount £'000	Contractual cash flow £'000	In less than one year £'000	Between one and two years £'000	In more than five years £'000
Other loans arranged in 2015	Sterling	3.22%	2021	11,408	13,610	—	—	13,610
Total				11,408	13,610	—	—	13,610

22. Financial instruments continued

(d) Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2015 was as follows:

	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets on which no interest is earned £'000
Total financial assets	**98,668**	**1,296**	**33,758**	**63,614**

	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities on which no interest is earned £'000
Total financial liabilities	**30,695**	**11,408**	**—**	**19,287**

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2014 was as follows:

	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets on which no interest is earned £'000
Total financial assets	181,006	—	159,240	21,766

	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities on which no interest is earned £'000
Total financial liabilities	2,455	—	—	2,455

23. Share capital

Urban&Civic plc (formerly Terrace Hill Group plc)	At 30 September 2015 £'000	At 30 September 2014 £'000
Issued and fully paid		
144,006,555 (2014: 140,497,109) shares of 20p each (2014: 20p each)	**28,801**	28,099

Urban&Civic Holdings S.à.r.l.	At 30 September 2014 £'000
Issued and fully paid	
1,500,000 shares of £1 each	1,500

23. Share capital continued

Movements in share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At January 2014	1,500	1,500,000
Shares eliminated on acquisition of Urban&Civic Holdings S.à.r.l.	(1,500)	(1,500,000)
	—	—
Shares in issue at date of acquisition	4,239	21,197,129
Shares issued in consideration for Urban&Civic Holdings S.à.r.l. shares	1,815	9,074,791
Shares issued in consideration for Urban&Civic Holdings S.à.r.l. PECs	6,802	34,009,665
Shares issued in respect of placing	15,111	75,555,556
Shares issued in respect of employee offer	132	659,968
At 30 September 2014	28,099	140,497,109
Shares issued in consideration for Catesby Property Group plc	702	3,509,446
At 30 September 2015	**28,801**	**144,006,555**

At 30 September 2015 the Company was committed to issuing 739,107 (2014: Nil) shares that are to be issued one year from the acquisition date of Catesby Property Group plc. The fair value of £1,948,000 has been calculated by reference to the Company's share price at the date of the Catesby acquisition (see note 2).

24. Reserves

The movement on reserves in the year (2014: period) is set out in the consolidated statement of changes in equity on page 128.

The nature and purpose of the Group's reserves are:

Share premium account: represents the excess of the value of shares issued over their nominal amount.

Capital redemption reserve: represents the amount paid to purchase issued shares for cancellation at their nominal value.

Own shares: represents the amount paid to purchase issued shares in connection with the employee share-based payment plan.

Other reserve: represents a non-distributable capital reserve arising on the acquisition of subsidiary undertakings.

Retained earnings: represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income and reserve moments in relation to share-based payments.

25. Net asset value per share

Net asset value per share is calculated as the net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue at that date.

	At 30 September 2015	At 30 September 2014
Net asset value (£'000)	**347,828**	335,062
Number of ordinary shares in issue	**144,006,555**	140,497,109
Shares to be issued	**739,107**	—
Own shares held	**(1,485,303)**	—
	143,260,359	140,497,109
NAV per share	**242.8p**	238.5p

26. Contingent liabilities, capital commitments and guarantees

The Group has given a guarantee of £600,000 (at 30 September 2014: £600,000) as part of its development obligations.

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

	At 30 September 2015	At 30 September 2014
Contracted but not provided for	**18,958**	13,810

27. Share-based payments

The Group operates an equity-settled share-based payment scheme for all Executive Directors and certain senior management.

Options are granted over the Company's shares that are capable of vesting on the third anniversary of issue dependent on certain performance conditions having been met. In the year ended 30 September 2015, options over 635,096 shares (period ended 30 September 2014: options over 2,145,032 shares) were awarded to Directors and other participating staff. The performance conditions attached to these awards are as follows:

- EPRA Net Asset Value must increase by greater than 3 per cent per annum more than RPI for 25 per cent vesting and must increase by greater than 12.5 per cent per annum more than RPI for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis, for outperformance between 3 per cent per annum and 12.5 per cent per annum; and
- Total Shareholder Return must be equal to the movement in the FTSE 350 Real Estate Index for 25 per cent vesting and must fall within the upper quartile of relative performance of the FTSE 350 Real Estate Index for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis, for outperformance between the medium and upper quartile.

Awards will lapse if not vested at the end of the vesting period.

The performance conditions for the awards granted in the period run from 22 May 2014 to 30 September 2017.

There are 660,986 share awards outstanding that were acquired as part of the business combination in May 2014. At the balance sheet date 50 per cent of these have lapsed and 50 per cent have vested but not been exercised.

	Year ended 30 September 2015			
	Number of share awards granted	Weighted average exercise price	Fair value of award at date of grant	Share price at date of grant
Awards outstanding at 1 October 2014	**2,806,018**	**20.00p**		
Awards lapsed	**(584,304)**	**20.00p**		
Awards granted (date of grant: 27 February 2015)	**178,669**	**20.00p**	**251.86p**	**264.0p**
Awards granted (date of grant: 26 March 2015)	**456,427**	**20.00p**	**134.92p–214.22p**	**260.0p**
Awards outstanding at 30 September 2015	**2,856,810**	**20.00p**		

	Period ended 30 September 2014			
	Number of share awards granted	Weighted average exercise price	Fair value of award at date of grant	Share price at date of grant
Awards outstanding at 1 January 2014	—	—		
Acquired on business combination	1,046,095	20.00p		
Awards exercised	(59,406)	20.00p		
Awards lapsed	(325,703)	20.00p		
Awards granted (date of grant: 30 September 2014)	2,145,032	20.00p	134.92p–214.22p	233.5p
Awards outstanding at 30 September 2014	2,806,018	20.00p		

27. Share-based payments continued

The fair value of the awards in the period ended 30 September 2014 were calculated by using an option pricing model involving six variables: share price, exercise price, expected term, expected dividend yield, expected volatility and risk free interest rate. The values assigned to those variables were: 233.50p grant date share price, 20.00p exercise price, expected term of three years, 0.00 per cent expected dividend yield, 39.10 per cent expected volatility and 1.22 per cent expected risk free interest rate. The awards in March 2015 are subject to the same performance criteria as those issued on 30 September 2014 and the same valuation was applied, as the directors determined that fair value had not materially changed since the 30 September 2014 award. The awards in February 2015 are not subject to any performance criteria beyond continued employment. The valuation of those awards was based on the fair value of consideration paid for the acquisition of Catesby.

This value is charged to the consolidated statement of comprehensive income over the vesting period. The charge to the consolidated statement of comprehensive income for the year was £1,777,000 (period ended 30 September 2014: £554,000).

The weighted average share price on the date of exercise of the awards exercised in the prior period was 254.0p.

Employee Benefit Trust

The Company established the Urban&Civic plc Employee Benefit Trust (the 'Trust'), to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company. The Trust purchases shares in the Company to satisfy the Company's obligations under its share-based payment plans.

During the year the Company purchased 1,442,709 (period ended 30 September 2014: Nil) 20p shares in Urban&Civic plc at a cost of £3,697,000 (period ended 30 September 2014: £Nil). On 30 September 2015 the Trust held 1,485,303 (2014: 42,594) 20p shares in Urban&Civic plc at a cost of £3,951,000 (2014: £254,000), which had a market value of £3,981,000 (2014: £114,000).

28. Leases

Operating lease commitments where the Group is the lessee

The future aggregate minimum lease rentals payable under non-cancellable operating leases are as follows:

Land and buildings	At 30 September 2015 £'000	At 30 September 2014 £'000
In one year or less	**1,836**	1,508
Between one and five years	**4,928**	4,949
In five years or more	**268**	178
	7,032	6,635

Operating lease commitments where the Group is the lessor

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

Land and buildings (including investment property)	At 30 September 2015 £'000	At 30 September 2014 £'000
In one year or less	**5,462**	1,897
Between one and five years	**8,427**	4,582
In five years or more	**5,825**	1,951
	19,714	8,430

29. Related party transactions

Key management personnel

The Directors of the Company are considered to be key management personnel. The combined emoluments for the key management personnel, based upon amounts included in the Group financial statements, are set out in the Directors' remuneration report on page 111.

Compensation payments

During the year the Group made a £200,000 payment to Robert Adair, the former Chairman of the Company, as part of his settlement agreement. This became payable on the Group receiving an implementable planning consent for its site in Herne Bay and was included in accruals at 30 September 2014. Robert Adair also received a fee of £20,000 for services which were outside the normal duties of a Non-Executive Director, in accordance with his letter of appointment.

Shareholder transactions

GIP U&C S.à.r.l. was the immediate holding and controlling company of Urban&Civic Holdings S.à.r.l. up to 21 May 2014 and received the following payments in respect of monitoring services:

	Year ended 30 September 2015 £'000	Period ended 30 September 2014 £'000
GIP U&C S.à.r.l.	—	5

Fees, other income and amounts due from joint ventures and associates

The following amounts are due from the Group's joint ventures and associates. These sums relate to loans provided to those entities and form part of the net investment in that company apart from Terrace Hill Residential PLC, which is included in receivables.

	At 30 September 2015 £'000	At 30 September 2014 £'000
SUE Developments LP	22,420	1,800
Terrace Hill Residential PLC	4,220	4,220
Achadonn Limited	3,316	2,945
Altira Park JV LLP	490	—
	30,446	8,965

Amounts due from Terrace Hill Residential PLC have been fully provided against at 30 September 2015 and 30 September 2014. On 13 October 2015 Terrace Hill Residential PLC went into liquidation. During the year an amount of £826,000 (period ended 30 September 2014: £Nil) has been provided against the loans advanced to Achadonn Limited.

Fees charged by the Group to SUE Developments LP during the year and included in prepayments and accrued income at 30 September 2015 were £282,000 (period ended 30 September 2014: £Nil).

— Company balance sheet
as at 30 September 2015

	Notes	30 September 2015 £'000	30 September 2014 £'000
Fixed assets			
Investments	4	**451,411**	291,508
		451,411	291,508
Current assets			
Debtors due within one year	5	**27,454**	17,432
Cash at bank and in hand		**372**	462
		27,826	17,894
Creditors: amounts falling due within one year	6	**(172,206)**	(9,439)
Net current (liabilities)/assets		**(144,380)**	8,455
Total assets less current liabilities		**307,031**	299,963
Capital and reserves			
Share capital	8	**28,801**	28,099
Share premium account	9	**168,186**	168,186
Shares to be issued	9	**1,948**	—
Share scheme reserve	9	**3,653**	2,440
Capital redemption reserve	9	**849**	849
Own shares	9	**(3,951)**	(254)
Merger reserve	9	**95,225**	94,095
Profit and loss account	9	**12,320**	6,548
Shareholders' funds		**307,031**	299,963

The financial statements were approved by the Board and authorised for issue on 2 December 2015 and were signed on its behalf by:

Nigel Hugill
Director

Jon Austen
Director

The notes on pages 161 to 167 form part of these parent company financial statements.

1. Accounting policies

Accounting convention

The financial statements of the Company have been prepared under UK GAAP and the historical cost convention and in accordance with the Companies Act 2006.

The Company has taken exemption under FRS 1 'Cash Flow Statements' not to present a cash flow statement. A consolidated cash flow statement is presented on page 129 of the Group financial statements.

Rental income

Rental income arising from properties is accounted for on a straight line basis over the term of the lease.

Share-based payments

The fair value of granting share awards under the performance share plan and the other share-based remuneration of the Directors and other employees is recognised through the profit and loss account. The fair value of shares awarded is calculated by using an option pricing model. The resulting fair value is amortised through the profit and loss account on a straight line basis over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met.

Where the Company grants rights in its equity directly to an employee of a subsidiary, the transaction is accounted for as an equity-settled transaction. In the financial statements of the Company, the grant of rights is recognised as a capital contribution made to the subsidiary.

Investments

The investments in subsidiary companies are included in the Company's balance sheet at cost less provision for impairment.

Where the Company has a legal obligation to a third party in relation to the losses of an associate, the Company fully provides for its share and the charge is recognised in the profit and loss account of the Company.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when the dividends are approved by the directors or paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable. The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade debtors, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses. On confirmation that the trade debtor will not be collectable the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities including trade creditors, other creditors, accruals and amounts due to Group undertakings are originally recorded at fair value and subsequently stated at amortised cost under the effective interest method.

2. Profit attributable to members of the parent company

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group consolidated financial statements include a profit after tax for the year of £1,891,000 (period ended 30 September 2014: £521,000) attributable to the Company.

3. Directors' and auditor's remuneration

Directors' remuneration is given in the Directors' remuneration report on pages 104 to 115. Details of the remuneration paid to the Company's auditor, BDO LLP, for audit and non-audit services provided are given in note 4 to the Group financial statements on page 138.

4. Investments

	£'000
Cost or valuation	
At 1 October 2014	307,513
Additions (see below)	168,070
Capital contribution on the granting of share scheme options to employees of subsidiaries	1,213
At 30 September 2015	**476,796**
Cost	476,796
Valuation	—
	476,796
Amounts written off	
At 1 October 2014	16,005
Impairment charge	9,380
At 30 September 2015	**25,385**
Net book value	
At 30 September 2015	**451,411**
At 30 September 2014	291,508

There were two principal investment additions in the year:

- the Company subscribed for £134,023,000 worth of shares in an existing subsidiary company; and
- the Company acquired Catesby Property Group plc at a cost of £33,192,000 as described in note 2 to the consolidated financial statements.

A complete list of the Company's subsidiaries is included in note 14 of these Company financial statements.

5. Debtors

	At 30 September 2015 £'000	At 30 September 2014 £'000
Amounts due within one year:		
Trade debtors	—	10
Prepayments and accrued income	**3,221**	361
Amounts due from subsidiaries	**24,233**	16,623
Other debtors	—	438
	27,454	17,432

6. Creditors

	At 30 September 2015 £'000	At 30 September 2014 £'000
Amounts due within one year:		
Trade creditors	**115**	155
Accruals and deferred income	**1,336**	2,015
Amounts due to subsidiaries	**167,221**	6,976
Other creditors	**3,534**	293
	172,206	9,439

7. Related party transactions

The Company has taken advantage of the exemption allowed by FRS 8 'Related Party Transactions' not to disclose any transactions with other Group entities that are wholly owned within the Group.

The Company has previously made a loan of £4,220,000 (2014: £4,220,000) to Terrace Hill Residential PLC, an associated undertaking, which is fully provided against at the year end (year ended 30 September 2014: fully provided).

8. Share capital

	At 30 September 2015 £'000	At 30 September 2014 £'000
Issued and fully paid		
144,006,555 (2014: 140,497,109) ordinary shares of 20p each (2014: 20p each)	**28,801**	28,099

Movements in ordinary share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2014	28,099	140,497,109
Ordinary shares issued in consideration for Catesby Property Group plc	702	3,509,446
At 30 September 2015	**28,801**	**144,006,555**

9. Reserves

	Share premium £'000	Shares to be issued £'000	Share scheme reserve £'000	Capital redemption reserve £'000	Own shares £'000	Merger reserve £'000	Profit and loss account £'000
At 1 October 2014	168,186	—	2,440	849	(254)	94,095	6,548
Profit for the year	—	—	—	—	—	—	1,891
Dividends paid	—	—	—	—	—	—	(3,532)
Shares in part consideration for the acquisition of Catesby Property Group plc	—	1,948	—	—	—	8,543	—
Purchase of own shares	—	—	—	—	(3,967)	—	—
Share-based payment expense	—	—	1,213	—	—	—	—
Reserve transfer on impairment of investment in subsidiary	—	—	—	—	—	(7,413)	7,413
At 30 September 2015	**168,186**	**1,948**	**3,653**	**849**	**(3,951)**	**95,225**	**12,320**

10. Share-based payments

The Company operates an equity-settled share-based payment scheme for all executive Directors and certain senior management of the Group. Details of the options granted under the scheme and the options outstanding at the balance sheet date is given in note 27 to the Group financial statements on pages 157 to 158. On the basis that all awards made relate to employees of subsidiaries, this value is recognised as a capital contribution to those subsidiaries over the vesting period and is added to the cost of the relevant investment. The total capital contribution for the year was £1,213,000 (2014: £1,044,000).

Employee Benefit Trust

The Company established the Urban&Civic plc Employee Benefit Trust (the 'Trust') to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company. The Trust purchases shares in the Company to satisfy the Company's obligations under its share-based payment plans.

During the year the company purchased 1,442,709 (2014: Nil) 20p shares in Urban&Civic plc at a cost of £3,697,000 (2014: £Nil). On 30 September 2015 the Trust held 1,485,303 (2014: 42,594) 20p shares in Urban&Civic plc at a cost of £3,951,000 (2014: £254,000), which had a market value of £3,981,000 (2014: £114,000).

11. Reconciliation of movement in shareholders' funds

	At 30 September 2015 £'000	At 30 September 2014 £'000
Profit/(loss) for the financial year	**1,891**	(309)
Share-based payment expense	**1,213**	1,044
Acquisition of Urban&Civic Holdings S.à.r.l.	**—**	95,299
Other issue of shares in the year (nominal value)	**—**	15,243
Acquisition of Catesby Property Group plc	**11,193**	—
Premium on shares issued in the year (net of expenses)	**—**	149,978
Employee options satisfied from own share reserves	**—**	355
Purchase of own shares	**(3,697)**	—
Dividends paid	**(3,532)**	—
Net increase to shareholders' funds	**7,068**	261,610
Opening shareholders' funds	**299,963**	38,353
Closing shareholders' funds	**307,031**	299,963

12. Financial commitments

The Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	At 30 September 2015 £'000	At 30 September 2014 £'000
Operating leases which expire:		
Between one and five years	**1,278**	1,175
After five years	**—**	70
	1,278	1,245

13. Contingent liabilities and guarantees

The Company has given a guarantee of £600,000 (2014: £600,000) as part of its development obligations.

14. Subsidiary undertakings

At 30 September 2015 the subsidiaries, held directly or indirectly by the Company, were as follows:

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Baltic Business Quarter Management Limited[1]	100%	Property management
Belgrave Residential Assets Limited[2]	100%	Property development
Belgrave Residential Investments Limited[2]	100%	Property development
Bridge Quay Management Company Limited[1]	100%	Property management
Brightstamp Limited[2]	100%	Investment holding company
Catesby Estates (Developments) Limited[2]	100%	Property development
Catesby Estates (Developments II) Limited[2]	100%	Property development
Catesby Estates (Grange Road) Limited[3]	100%	Property development
Catesby Estates (Hawton) Limited[3]	100%	Property development
Catesby Estates (Newark) Limited[3]	100%	Property development
Catesby Estates (Residential) Limited[3]	100%	Property development
Catesby Estates Limited[3]	100%	Property development
Catesby Land Limited[3]	100%	Property development
Catesby Land Promotions Limited[2]	100%	Property development
Catesby Property Group plc[3]	100%	Management and administration
Catesby Serviced Offices (Doncaster) Limited[3]	100%	Property management
Christchurch Business Park Management Limited[1]	100%	Property management
Dialfolder Limited[2]	100%	Investment holding company
Hollylux Limited[1]	100%	Property development
Manhattan Gate Management Company Limited[1]	100%	Property development
Mount York Estates Limited[1]	100%	Investment holding company
Newark Commercial Limited[3]	100%	Property development
Paisley Pattern Homes Limited[2]	100%	Property development
PCG Residential Limited[2]	100%	Property development
PCG Residential Lettings (No.7) Limited[1]	100%	Property development
Pelham Street LLP[1]	100%	Property development
Platts Eyot Limited[1]	100%	Property investment and development
Port Hampton Limited[1]	100%	Property investment and development
Second Terrace Hill Investing[2]	100%	Investment holding company
Second Park Circus Investing[2]	100%	Investment holding company
Second South Eastern Recovery Investing Limited[2]	100%	Investment holding company
Spath Holme Limited[1]	100%	Property development and management
South Eastern Recovery II Limited[2]	100%	Property development
T.H (Development Partnership) Limited[1]	100%	Investment holding company
T.H (Development Partnership) General Partner Limited[1]	100%	Investment holding company
Tannochside Estates Limited[1]	100%	Property development
Terrace Hill (Awdry) Holdings Limited[1]	100%	Investment holding company
Terrace Hill Baltic (No.2) Limited[1]	100%	Property development
Terrace Hill Baltic (No.4) Limited[1]	100%	Property development
Terrace Hill (Berkeley) Limited[1]	100%	Property investment
Terrace Hill (Berkeley No 1) Limited[1]	100%	Property investment
Terrace Hill (Bracknell) Limited[1]	100%	Property development
Terrace Hill (Herne Bay) Limited[1]	100%	Property development
Terrace Hill (Honiton) Limited[1]	100%	Property development
Terrace Hill (Princess Street) Limited[1]	100%	Property development
Terrace Hill (Property Developments) No 1 Limited[1]	100%	Property development

14. Subsidiary undertakings continued

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Terrace Hill (Property Developments) No 2 Limited[1]	100%	Property development
Terrace Hill Brigit Limited[1]	100%	Investment holding company
Terrace Hill Castlegate House Limited[1]	100%	Property development
Terrace Hill Deansgate Limited[1]	100%	Property development
Terrace Hill Deansgate Operations Company Limited[1]	100%	Property management
Terrace Hill Developments Limited[1]	100%	Property development
Terrace Hill Development Partnership Nominee Limited[1]	100%	Investment holding company
Terrace Hill Estates Limited[1]	100%	Property development
Terrace Hill Foodstores Company Limited[1]	100%	Investment holding company
Terrace Hill Foodstore Developments Limited[1]	100%	Property development
Terrace Hill Foodstore Development Company Parent Limited[1]	100%	Investment holding company
Terrace Hill Limited[1]	100%	Investment holding company and property development
Terrace Hill Mayflower Plaza Limited[1]	100%	Property development
Terrace Hill North East Limited[1]	100%	Investment holding company and property development
Terrace Hill Property Developments Limited[1]	100%	Investment holding company
Terrace Hill Southampton Limited[1]	100%	Property development
Thanet Reach Estates Limited[1]	100%	Property development
Urban&Civic (Bradford) Limited[1]	100%	Property development
Urban&Civic (Management) Limited[2]	100%	Management and administration
Urban&Civic (Property Investment No 1) Limited[1]	100%	Property investment
Urban&Civic (Property Investment No 2) Limited[1]	100%	Property investment
Urban&Civic (Property Investment No 3) Limited[2]	100%	Property investment
Urban&Civic (Secretaries) Limited[2]	100%	Administration
Urban&Civic Acquisitions 2 S.à.r.l. (incorporated in Luxembourg)[4]	100%	Property investment and development
Urban&Civic Alconbury Limited[1]	100%	Property investment and development
Urban&Civic Alconbury S.à.r.l. (incorporated in Luxembourg)[4]	100%	Investment holding company
Urban&Civic Armadale No. 1 Limited[2]	100%	Property development
Urban&Civic Bishop Auckland Limited[1]	100%	Property development
Urban&Civic Britannic Global Income Trust Limited[2]	100%	Investment holding company
Urban&Civic Broomielaw Limited[2]	100%	Property development
Urban&Civic Burnley Limited[1]	100%	Property development
Urban&Civic Carluke Limited[2]	100%	Property development
Urban&Civic Central Funding Limited[1]	100%	Investment holding company and property development
Urban&Civic Central Scotland Limited[2]	100%	Property development
Urban&Civic Christchurch Limited[1]	100%	Property development
Urban&Civic Feethams Limited[1]	100%	Property investment and development
Urban&Civic Galasheils No.2 Limited[1]	100%	Property development
Urban&Civic Hayling Island Limited[1]	100%	Property development
Urban&Civic Holdings S.à.r.l. (incorporated in Luxembourg)[4]	100%	Investment holding company
Urban&Civic Holmfirth Limited[1]	100%	Property development
Urban&Civic Homes Limited[2]	100%	Property development
Urban&Civic Howick Place Investments Limited[1]	100%	Investment holding company
Urban&Civic Hyde Limited[1]	100%	Property development
Urban&Civic Investments Limited[1]	100%	Investment holding company and property development
Urban&Civic Kilmarnock Limited[2]	100%	Property development

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14. Subsidiary undertakings continued

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Urban&Civic Land Developments (Scotland) Limited[2]	100%	Property development
Urban&Civic Maidenhead Limited[1]	100%	Property development
Urban&Civic Middlehaven Limited[1]	100%	Investment holding company and property development
Urban&Civic Middlehaven Properties Limited[1]	100%	Property development
Urban&Civic Middlehaven Properties 2 Limited[1]	100%	Property development
Urban&Civic Middlesbrough Limited[1]	100%	Property development
Urban&Civic Miscellaneous Properties Limited[1]	100%	Property development
Urban&Civic Northam Limited[1]	100%	Property development
Urban&Civic Penzance Limited[1]	100%	Property development
Urban&Civic Prestwich Limited[1]	100%	Property development
Urban&Civic Projects Limited[1]	100%	Project co-ordination and management services
Urban&Civic Property Investments No. 4 Limited[1]	100%	Investment holding company
Urban&Civic Redcliff Street Limited[1]	100%	Property development
Urban&Civic Residential Lettings (No.3) Limited[1]	100%	Property development
Urban&Civic Resolution Limited[1]	100%	Property development
Urban&Civic Rugby Limited[1]	100%	Property investment and development
Urban&Civic Rugby (Member) Limited[1]	100%	Property investment and development
Urban&Civic Shotts Limited[2]	100%	Property development
Urban&Civic Skelton Limited[1]	100%	Property development
Urban&Civic St. Austell Limited[1]	100%	Property development
Urban&Civic Stockton Limited[1]	100%	Property development
Urban&Civic Stokesley Limited[1]	100%	Property development
Urban&Civic Sunderland Limited[1]	100%	Property development
Urban&Civic Tunbridge Wells Limited[1]	100%	Property development
Urban&Civic UK Limited[1]	100%	Management and administration
Urban&Civic Victoria Street Limited[1]	100%	Property development
Urban&Civic Waterbeach Limited[1]	100%	Property investment and development
Westview Investments Limited[1]	100%	Investment holding company and property development
Whiston Investments Limited[1]	100%	Property development

1. Registered address: 50 New Bond Street, London W1S 1BJ.
2. Registered address: 115 George Street, Edinburgh EH2 4JN.
3. Registered address: Catesby House, 5b Tournament Court, Edgehill Drive, Warwick, Warwickshire CV34 6LG.
4. Registered address: 40 Avenue Monterey, L-2163, Luxembourg.

— Glossary of terms

AGM	Annual General Meeting
Catesby/Catesby Property Group	Catesby Property Group plc and subsidiaries, joint ventures and associates
Company	Urban&Civic plc (formerly known as Terrace Hill Group plc)
Earnings per share (EPS)	Profit after tax divided by the weighted average number of shares in issue
EBT/the Trust	Urban &Civic Employment Benefit Trust
EC Reference Rate	European Commission Reference Rate
Employment land/plots	Land and parcels of land upon which a variety of commercial uses will be delivered in accordance with a planning consent
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 triple net asset value (EPRA NNNAV)	EPRA net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of EPRA NAV
Estimated rental value	Open market rental value that could reasonably be expected to be obtained for a new letting or rent review at a particular point in time
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 measureable date (i.e. an exit price)
Group and Urban&Civic Group	Urban&Civic plc and subsidiaries, joint ventures and associates
Gross development value (GDV)	Sales value once construction is complete
Gearing	Group borrowings as a proportion of net asset value
HCA	Homes and Communities Agency
Initial yield	Annualised net rent as a proportion of property value
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
LADs	Liquidated Ascertained Damages
LEP	Local Enterprise Partnership
Listing	The 22 May 2014 transfer of Urban&Civic plc from the Alternative Investment Market (AIM) to the standard listing segment of the Capital Official List and admission to trading on the London Stock Exchange
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Official List	A definitive record, maintained by the Financial Conduct Authority, confirming that a company's shares are listed on the London Stock Exchange
Preferred Equity Certificates (PECs)	Non-cancellable, fixed interest rate, subordinated loans
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
PSP	Performance Share Plan
Terrace Hill group	Terrace Hill Group plc and subsidiaries at 21 May 2014
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 group	Urban&Civic Holdings Sà.r.l. and subsidiaries
Urban&Civic plc	Parent company of the Group
Voids	Period of non-occupancy of a lease

Urban&Civic plc

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