Urban&Civic

Annual Report and Accounts 2023

Urban&Civic

We were founded on the dual belief that it was impractical to meet housing requirements without an increased contribution from large infrastructure led sites and that it was entirely possible to deliver high quality, locally endorsed and sustainable large sites. From private equity backed start-up, to public company and now wholly owned by the Wellcome Trust, over the last 13 years, our business has delivered on this belief and become trusted as the leading Master Developer of large scale Strategic Sites.

Our purpose, vision and values distinguish our approach, are woven deep within the DNA of our business and are embedded throughout the communities we are delivering.

Values

Quality

We deliver places, environments and outcomes of which we are proud

Integrity

We keep our promises and do the right things

Purpose

We work at scale and with partners who value quality, to create infrastructure led, beautiful, sustainable and community focused places where housebuilders want to build and people want to live.

Vision

As the leading Master Developer of large scale Strategic Sites, we strive to be proud of the sustainable communities we are crafting, the quality of placemaking we are delivering and the challenges that we are overcoming through shared innovation and passion. We believe that doing things right means creating value for our shareholder and for our wider stakeholders. We are committed to keeping our promises, maximising our investment and delivering across an increasing range of sites.

Seeing is believing

With seven large scale sites in delivery, we are constantly learning and evolving best practice which we implement across our portfolio and incorporate into the design and planning for our emerging projects. We also seek to share this knowledge with stakeholders, Government and the wider industry through talks, tours, consultation responses, workshops and case studies.

Garland Park unites heritage, landscape and play

www.urbanandcivic.com/media-library/case-studies/garland-park-unites-heritage-landscape-and-play/

All Roman Roads lead to Priors Hall Park

www.urbanandcivic.com/media-library/case-studies/all-roman-roads-lead-priors-hall-park/

Passion

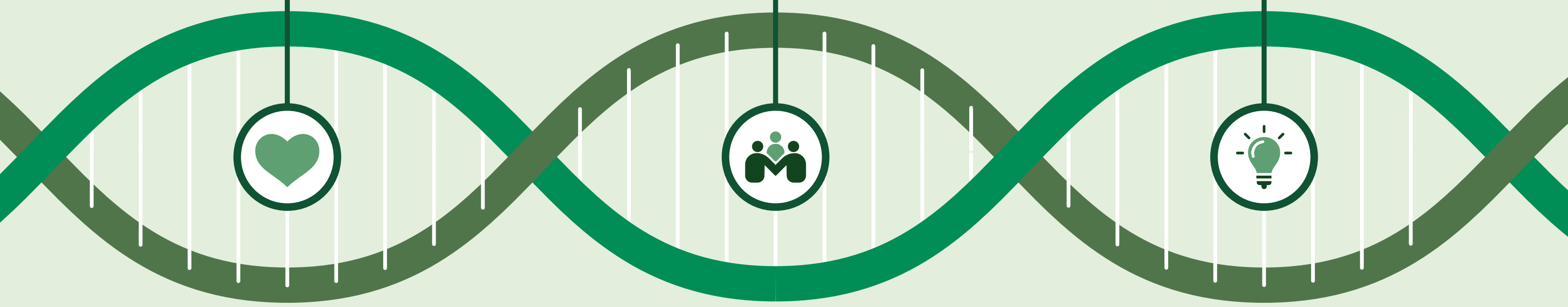
We love what we do and strive to do it even better

Partnership

We build strong relationships based on trust and shared values

Innovation

We are unafraid to do things differently



Quality of Life survey results brought to life

www.urbanandcivic.com/media-library/case-studies/quality-life-results-brought-life/

Alconbury Weald hosts a manufacturing summit

www.urbanandcivic.com/media-library/case-studies/alconbury-weald-hosts-manufacturing-summit/

Living sport partnership

www.urbanandcivic.com/media-library/case-studies/living-sport-partnership/

Strategic report

Phase 1 at Houlton, Rugby

The UK's leading Master Developer

We are the UK's leading Master Developer having been specifically created 13 years ago to disrupt the established approach to the promotion and delivery of large scale residential led Strategic Sites. Now owned by the Wellcome Trust we are committed to delivering on our purpose, vision and values and achieving our strategic objectives.

For more information, visit:
www.urbanandcivic.com/portfolio

Extending over 16,000 acres of land, our Strategic Sites are almost all within 100 miles of London, in key growth locations with strong transport links and with delivery and returns achieved over ten to twenty years per site.

5 new secondary schools

28km cycle ways

2,000+ acres of open space

Our Partners

Read more on page 31

Whilst a number of our sites are owned outright, we also work in partnership with like-minded land owners and investors who share our passion for great places.

Our Stakeholders

Read more on pages 26 to 32

We work with a wide variety of stakeholders, including the following local Government bodies, to deliver on our shared ambitions for quality, innovation and strong communities.

Customers

Read more on page 29

Our customers extend from national to SME housebuilders across the diverse and increasingly innovative housebuilder market.

In addition to our Strategic Sites:

Catesby

Our Catesby business focuses on smaller scale land promotion achieving predominantly planning uplift based returns.

No. of sites	Total acres
63	**4,715**

Commercial

Our commercial sites comprise farming operations and a small number of bespoke city centre developments targeting de-risked shorter-term returns.

No. of sites	Total acres
4	**3,883**

Portfolio value by segment

At 30 September 2023

- Strategic Sites: £755.5m 87%
- Commercial development: £32.9m 4%
- Farming operations: £52.5m 6%
- Commercial: £85.4m 10%
- Catesby: £25.7m 3%

8m sq.ft.
employment floorspace

33,000
consented homes

18
new primary schools

Our business model

Our business model drives shareholder and wider stakeholder outcomes by delivering serviced land parcels on large scale Strategic Sites where our customers want to build and where their customers/employees want to live and work. This requires a number of key and consistent ingredients which feed a Master Developer approach that is underpinned by our purpose, vision and values and addresses three universal sustainability challenges.

Our key resources

Land
Large scale unbroken blocks of land within 100 miles of London are the essential foundation of our Master Developer model with smaller scale sites targeted by our Catesby business.

Employees
Our growing team has significant expertise throughout all elements of acquisition, funding, planning, development, project management, sustainability, community engagement and estate management.

Funding
Our Strategic Sites and Catesby business are underpinned by our returns and strongly supportive shareholder together with long-dated funding provided by Homes England.

Partners
Large scale sites require long-term trusted partnerships with a wide range of stakeholders. Our hard earned reputation and demonstrable track record of delivery allow projects to progress with a shared belief and expectation.

Leadership
We constantly search for better, more efficient and more sustainable ways of doing things, and are proud to be judged by our quality and stakeholder support.

The Master Developer approach – infrastructure led sustainable communities

As Master Developer, we take responsibility for obtaining planning and delivering the sustainable green, grey and community infrastructure to establish high quality places within which we market fully serviced land parcels to housebuilders. Throughout this process we establish a strong governance structure and empowered community.

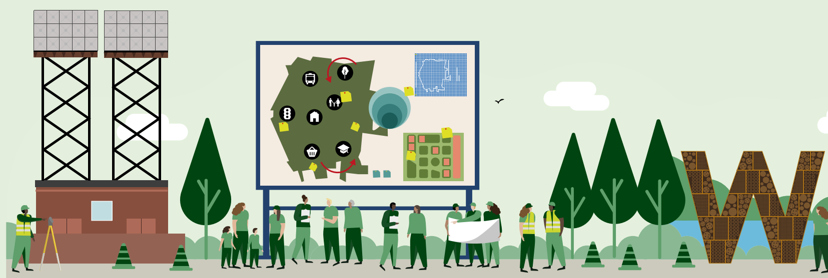
Raw land

Large blocks of land acquired directly or through partnerships

716
acres of raw land

Planning

Application of a flexible and innovative planning structure underpinned by extensive engagement



Universal challenges:
CLIMATE CHANGE
BIODIVERSITY

Social
The Road Ahead – public information
www.urbanandcivic.com/media-library/case-studies/engaging-community-middlebeck/

Physical
St Gabriels Primary School wins sustainability award
www.urbanandcivic.com/media-library/case-studies/st-gabriels-extension-wins-sustainability-prize/

Economic
Alconbury hosts another Make Your Mark event
www.urbanandcivic.com/media-library/case-studies/alconbury-hosts-another-make-your-mark-event/

Delivery

Green infrastructure
Early delivery of a significant and sustainable green infrastructure framework

Grey infrastructure
Creation of pipes, wires, cycle lanes, pathways and primary roads

Community infrastructure
Establishing quality and cohesion via the early delivery of community facilities

Serviced land (product)

Housebuilders add the homes; businesses add the commercial spaces

We work with:

- Nationals
- SMEs
- Affordable providers
- Build to Rent
- Leaders in modern methods of construction

15
acres of serviced land

HEALTH AND WELLBEING

Natural
Blooming marvelous bulbs for Middlebeck
www.urbanandcivic.com/media-library/case-studies/blooming-marvelous-bulbs-middlebeck/

Human
Get fit going around Wintringham
www.urbanandcivic.com/media-library/case-studies/get-fit-going-around-wintringham/

Sustainability Framework
Our Sustainability Framework addresses the three universal challenges of climate change, biodiversity and health and wellbeing via a holistic five Capital approach throughout the planning, delivery and occupation stages. Key metrics are assessed to drive continuous environmental and social improvements.

Read more on our approach to sustainability and environmental outcomes on pages 42 to 57 and via our website: **www.urbanandcivic.com**

Stakeholder outcomes

Shareholder
EPRA NTA adjusted

£683.1m (-7.7%)

Employees
% of employees undertaking ten or more hours of non-mandatory learning and development

95%

Customers
Plot completions

1,408 (+15.3%)

Suppliers and contractors
Average Considerate Contractors Scheme score by contractors employed by Urban&Civic

42 points (representing "excellent")

Partners
Property valuation uplift for joint venture partners since start of partnerships

35%

Local communities
% by total value of direct contracts placed with local contractors

44%

Government
Number of site visits hosted by Urban&Civic

55

We have the essential ingredients to navigate market cycles

Successful property investing and developing requires an intimate understanding of the interplay between economic history, existing macro-economic forces and investor emotion; all of which goes to drive what is euphemistically known as the market cycle. Nowhere is the cycle more pronounced than in the land market, Urban&Civic's stock in trade.

Given our strategic sites come forward over 10 to 20 years, Urban&Civic is a company that by design and necessity was established and operates to navigate economic and political cycles. It was, in part, that longer term view that inspired Wellcome's acquisition of Urban&Civic in 2021 and which continues to underpin its ongoing further investment.

There is no doubting the challenges in both the political and economic arenas at present, but I have seen firsthand how the team is driven by shared values and objectives and has remained focused on making substantive progress across the portfolio this year.

Consistency of approach is key, especially in the challenging environment and it is all too easy for enthusiasm to diminish. I was therefore particularly pleased that in the recent employee engagement survey, which repeated the analysis last undertaken in 2021, not only did we achieve a higher response rate of 97 per cent but we also maintained our award-winning engagement score of 91 per cent. As a Board we will be working through the details of that survey and taking forward key learnings during 2024.

From the full acquisition of Waterbeach, our 6,000 home development to the north of Cambridge, to the commencement of the link road at Newark, Urban&Civic, supported by Wellcome, has continued to invest for the future. Thepages of this report set out the achievement of significant milestones and real stakeholder engagement. Houlton School, at our Rugby development, continues to win awards. Our sites in delivery at Alconbury, Wintringham and elsewhere are recognised as market leading and their growing communities are taking responsibility for an increasing range of activities such as allotments, sports and social events.

> "Urban&Civic, supported by Wellcome, has continued to invest for the future.
>
> PETER PEREIRA GRAY — CHAIRMAN

SEEING IS BELIEVING

Houlton School scoops the Inaugural RIBA Reinvention Award

www.urbanandcivic.com/media-library/case-studies/houlton-school-scoops-inaugural-riba-reinvention-award/

The Royal Institute of British Architects (RIBA) named Houlton School in Rugby as the winner of its first-ever Reinvention Award which was presented alongside the Stirling Prize in Manchester this October. James McCosh and Niamh Cronin of VHH Architects, with school principal Michael McCulley, collected the award. The judges commended the Houlton School scheme for its sensitive reimagining of the iconic Grade II-listed Rugby Radio Station.

Community consultation on the Baldock strategic masterplan

The congestion in the planning system remains a challenge for Catesby and unconsented strategic sites. Whilst an expected general election in 2024 may stagnate the planning system still further in the shorter term, it will likely enhance the imbalance in the current demand and supply for land as the market recovers in the medium term. It is noticeable, however, that the pedigree of Urban&Civic's existing sites allays concerns across the political spectrum, as the role of large infrastructure and amenity led sites in meeting housing needs across the wider south east has now become established. There is plenty of room for optimism here.

We are making clear progress as the sustainability report demonstrates but there is still much to be done. We have established a new Board committee this year to provide detailed oversight on our plans and actions to meet our ambitious sustainability targets.

> Given our long view, Urban&Civic has always believed that sustainability must be embedded in the core of its model.
>
> **PETER PEREIRA GRAY —**
> CHAIRMAN

Valuers of course do not have the luxury of the long term and must estimate the exchange price of a cyclical piece of land at the date of valuation. Leaving aside my fear that such an approach can lead to pro cyclical outcomes, I note that Urban&Civic's valuers this year have taken a cautious approach to the valuation of our sites in the absence of comparable evidence, which is ultimately what they rely upon, given their lack of familiarity with wider investment markets and risk and return. Whilst disappointing in the immediate term, such a cautious approach provides increased optimism around future returns for our shareholder and a certain sense of opportunity to take advantage of a dearth in transaction evidence. We are very well capitalised to maintain and strengthen our market position and keep delivering collaboratively for all stakeholders.

The British Academy's answer in June 2009 to the Queen's now famous question of a London School of Economics Professor in late 2008 ("Why did no-one see it coming?") concluded that the cycle "had many causes (but) was principally a failure of the collective imagination of many bright people".

Whilst I do not wholly agree with that answer, I can say with certainty that at Urban&Civic, we have many bright people and tremendous experience, and as the UK's leading Master Developer, we do not suffer a failure of collective imagination. We have the assets, the mentality, the commitment and the alignment with our shareholder to deliver through the cycle and will optimise our returns for them in doing so.

I would like to thank my fellow Board members, Directors and all colleagues for the progress we have made this year in assessing and managing risks whilst at the same time seizing clear opportunities. By staying constant and consistent in our approach, we are very well positioned for the recovery when it comes. History shows us that we can rely upon that.

At a time when many are fearful of macro-economic and political change, I remain optimistic that at Urban&Civic we have all the essential ingredients of people, property, balance sheet and imagination to produce first-class environments designed to serve the needs of our communities. Wherever we are in the cycle, with the support of our shareholder, we will keep doing what we do best; making places where people want to live.

Peter Pereira Gray
Chairman
21 December 2023

SEEING IS BELIEVING

The Greatest Show... U&C's Away Day 2023

Building on the success of the last four Employee Away Days, Joh Thomas (U&C) and Katie Yates (Catesby Estates) were once again tasked with leading the co-ordination and delivery of the 2023 event at Corby.

The Core at Corby Cube was an obvious choice of venue. Located in the centre of Corby and a well-known community facility, it was able to facilitate what was the largest company Away Day to date.

Set in their auditorium, the conference adopted a Greatest Show theme and had a number of talent spots interspersed with discussions on business strategy, stakeholder engagement and a Q&A session with members of our Priors Hall community including a teacher, a local business owner, a member of the resident's association and a local authority officer. Combined with a site tour, dinner and various skills workshops the next morning, it really was an Away Day to remember.

Link to values:

Passion Partnership

Link to Sustainability Capitals:

Social Natural

www.urbanandcivic.com/media-library/case-studies/greatest-show-ucs-away-day-2023/

What our model will also afford is an acceleration in project momentum as the pendulum begins to swing.

NIGEL HUGILL —
CHIEF EXECUTIVE

Irrespective of political and economic turbulence, the case for large scale Strategic Sites is now well established

Commentary
Economic headwinds, a Mexican stand off between buyers and sellers, the rise of no overall control politics at a local level and a lack of direction at a national level, combined with the removal of buy-side incentives and reduced mortgage availability, have created a challenging course for everyone to navigate. As a Master Developer of large scale Strategic Sites, these factors are not to be trivialised but are part of the economic and political cycles that we have very deliberately structured ourselves to work through. Exactly at times like these, companies like ours must stick to their values and look to the horizon. Sometimes it may not quite feel like it but our progress on the ground this year has only served to consolidate the platform advantage that we have worked so hard to achieve.

Recovery in market housing demand is not an if but a when. The pendulum will swing, both for sales and additional planning consents. Current new build housing starts are failing to keep up with the growth in population, such that the structural shortage of homes is only getting worse. The most immediate evidence of the resulting pressures can be seen in often crippling rental increases. Effective alleviation can only come from a recovery in new housing starts. Urban&Civic is not immune from the continuing headwinds in market sales. Indeed, with a high percentage of purchasers on our projects being first time buyers or young families with mortgages looking to secure access to exceptional schools and safe, green environments, we feel the gusts especially keenly. The withdrawal of Help to Buy, increases in borrowing costs and the necessity to sell starter homes in order to upgrade all impact negatively upon our core purchasers. Witness the reported level of sales: 1,408 new units is our highest ever and represents the continuation of an upward trend. However, it came out below mid year expectations following slower market purchases and Build to Rent completions in the second half.

Potential for recovery

The results for the year directly reflect the difficult trading conditions experienced by our housebuilder customers but also the latent future value and sales income being created as our Master Developed communities begin to mature and new projects continue to progress. The modest increase in headline EPRA NTA to £743.4 million as at 30 September 2023 (0.5 per cent up on £739.8 million as at September 2022 equivalent) overstates the actual performance on account of share issues during the year. The more representational adjusted percentage is that the 30 September 2023 EPRA NTA per share at 331.1p was down 9 per cent across the course of the year. The fall reflected a reduction in the externally appraised value of all projects in delivery as discount rates were moved out and a haircut applied to estimated land values. On the other hand, total cash generation from plot completions reached £128.5 million of which the Urban&Civic share amounted to £85.8 million, both of which were new highs. The post-Covid-19 experience of 2020 moving into 2021 is that valuation confidence in our innately long-term cash generating projects can return correspondingly quickly.

What our model will also afford is an acceleration in project momentum as the pendulum begins to swing.

Licences help lighten the capital load for small and medium-sized housebuilders, better enabling a step up in production. Demand from first time buyers and young families becomes pent up, it does not disappear. To that end, I would also like to think that peak pessimism has passed. Recent trading updates from the publicly quoted majors trading from our locations, the most recent RICS sentiment survey and the reintroduction of two-year fixed rate mortgage priced at below 5 per cent, all point in that direction. Plus, house price resilience has tended to surprise on the upside. Inflation has fallen to an extent that real wages are starting to rise, which has historically been a strong if somewhat lagging indicator of upward house price movements. Notwithstanding, new house sales and residential transactions generally remain considerably below long-run historical averages. Planning processes are proving beyond protracted. For Catesby, in particular, taking applications forward is akin to wading through toffee.

Shareholder backing

The Group benefits enormously from the backing and involvement of our shareholder, the Wellcome Trust. Correspondingly we were pleased to be able to maintain gift aid payments of £17.0 million at almost the same level (year to 30 September 2022: £17.1 million), despite the broader challenges. Reported pretax profits for the year of £22.0 million benefited

SEEING IS BELIEVING

Homes and Habitats for Waterbeach

With the first new residents moving into Waterbeach this year we are equally proud of the five key habitat areas which have been identified to protect and enhance ecology around the site:

1. The **western bund** provides grassland, wetland and trees/shrubs that will be transformed to benefit species including butterflies, moths, common lizard, birds and bats. Enhancements to the Old Tillage waterway, which connects the River Cam to the Old West River and the Fens, will help species like water vole and otter commute through the area.
2. In the **northern parkland**, arable fields will be transformed into species-rich grassland and parklands with traditional wetland areas.
3. The **lake and runway grassland** will provide a patchwork of wetlands, meadows and woodland at the heart of Waterbeach that will be enhanced to support the kingfishers already using the area, as well as a range of key species groups such as reptiles, bats and amphibians.
4. The grassland, bunkers and specimen trees of the **Royal Engineers' old golf course** have created an amazing backdrop to this important habitat area, creating a rich and diverse home for a wide range of species. This will be further enhanced to support our priority species.
5. Waterbeach has been designed so wildlife habitats connect throughout the **urban ecology** – from hedgehog highways through gardens to swift and bat boxes on the homes. Wildlife-friendly gardening booklets in welcome packs and nature walks with ecologists will help new residents find out more about local nature and how their gardens can be designed to support wildlife.

Dedicated paths and educational trails have already started to be delivered to provide controlled access for people to enjoy nature without disturbing the mosaic of habitats created.

These habitats will continue to evolve as they are enhanced and managed. Delivery against the biodiversity strategy and Biodiversity Net Gain Action Plan will be independently monitored by the Wildlife Trust and the local authority ecology team.

Link to values:

Passion
Partnership
Integrity
Innovation

Link to Sustainability Capitals:

Human

www.urbanandcivic.com/media-library/case-studies/what-way-make-your-mark/

considerably from the sale of the agricultural estates out of Farmcare at Coldham on the Cambridgeshire Fens and Goole in Yorkshire, which were decided upon after the transfer from Wellcome in 2021. Sales contracts were exchanged during the summer of last year but only completed in November and October 2022 respectively. Net receipts from the sales of approximately 8,000 acres amounted to just over £100 million. An EPRA adjustment in respect of the contracted sales had already been taken in the September 2022 balance sheet. Following other minor sales out of the Farmcare portfolio, two further estate assets are retained. The holdings at Stoughton in Leicestershire aggregate 4,300 acres in Harborough District to the immediate south and east of the city of Leicester. The land at Down Ampney is slightly smaller in size and in the South Cotswolds in Gloucester. Both are judged to have development potential, whilst a Resolution to grant a significant new gravel extraction has been obtained recently at Down Ampney.

Freehold ownership of Waterbeach

The proceeds of the Farmcare sales were reinvested in the purchase for £117 million of the majority 91 per cent interest held by the Ministry of Defence at our Waterbeach project, 4 miles north of the Cambridge science park. The purchase was completed in July 2023 but we had been working with our partners since 2014 in envisaging 6,500 new homes that both anticipate and facilitate world-beating economic growth in a wonderful, nature-rich lakeside environment, quite unlike anywhere else in Cambridgeshire. Outline planning consent was obtained in 2019. The total area extends to more than 700 acres but, as with all Urban&Civic projects, considerable thought and planning has been given to the creation of accessible and child-friendly countryside environments. In addition to the 23 acre lake, there will be 250 acres of green space and 34 acres of ecology habitats to provide homes for wildlife. A biodiversity net gain of 25 per cent is being targeted.

The purchase is much the largest by Urban&Civic to date but, thanks to shareholder support, the Group now enjoys unfettered freehold ownership of what is probably the most significant development project outside of London. First residents completed on their new homes last month. Sales at Waterbeach will help sustain the business over the next 15 years, as well as providing a shining example of Master Development at its best.

Freehold ownership of Waterbeach continued

In the absence of any comparable evidence, our valuers, CBRE, chose to appraise our investment effectively at acquisition cost. Urban&Civic was a singular purchaser and the Ministry, when announcing the disposal, specifically referenced our custodianship as a significant consideration. The transaction also demonstrates how we are able to successfully structure multiple realisation points to our landowning partners.

Large site discount

Over the course of this year, it's fair to say that I was not anticipating that future increases to the large site discount would be so large. The figures warrant describing in detail so as to demonstrate the extent of prospective future realisations already inherent within the balance sheet. This measure was introduced into our financial reporting to convey the difference between the current sales valuation as appraised on a notional parcel of 150–200 units and the value as estimated in our accounts of between 3,000–6,500 units. The large site discount enumerated what had been taken as the current market evidence on a conventional parcel less the estimated reduction for scale. The difference arises from discounting those starting values, historically from say 5.5 per cent for contracted parcels and 8.5 per cent for consented parcels that remain uncontracted. The total discount across Group projects in delivery came to aggregate about £200 million a year ago and would unwind annually with sales in the normal course, whilst increasing as new projects came on stream, hence the description as a store of future value.

Quite the most significant feature of the 2023 valuations was the discount applied to prospective future cash flows attaching to Waterbeach. The Cambridgeshire project aside, the annual discounts were moved out mostly between 6.5 per cent for contracted and 10 per cent on uncontracted parcels. Waterbeach is our project with the least contracted sales to housebuilders (currently only 200 but with more in solicitors' hands) whilst indisputably affording the most potential (6,500 consented plots in an area of high demand and constrained supply with 1,000+ plots already infrastructured).

September 2022 discount rates of 5.75 per cent contracted and 9.50 per cent uncontracted were adjusted to 6.50 per cent and 10.75 per cent respectively in September 2023, apparently to reflect the immaturity of the site.

The consequence of the applied methodology is such that the large site discount in the CBRE valuation for Waterbeach can be calculated as a whopping £267 million. Put another way, the discount for scale came out at 65 per cent. Build out of Waterbeach will capture that discount progressively without any upward movement in prices. Equally, the aggregated large site discount across all Group projects in delivery amounted to £448 million or 60 per cent of 30 September 2023 EPRA NTA. These are orders of magnitude higher than previous equivalents. As an illustration, last year's calculations were for a discount of £204 million and 28 per cent respectively.

Reducing granted planning applications

Planning is only getting slower and harder. As a result, regardless of the Levelling Up and Regeneration Bill (LURB) becoming the Levelling Up and Regeneration Act (LURA), new implementable consents are on the decline. The most recent annual figures from the Department for Levelling Up, Housing and Communities (DLUHC) for the 12 months to December 2022 are stark. Local authorities received fewer applications to build new houses or improve old ones in 2022 than at any point since before 2006, the earliest year for which the Government provides statistics. The data shows 409,459 planning applications lodged in 2022, down nearly 14 per cent on the previous year. The proportion of applications being granted has fallen in line with the number that have been submitted. There were 11 per cent fewer applications granted last year than in 2021, down to 287,000 for the whole of 2022. Perhaps more significantly, the number of new homes granted consent in the 12 months to June 2023 on sites between 100 and 250 units (typically the most popular size) was 25 per cent lower compared with the same period in the 12 months to June 2021. The major house builders have been conspicuously absent from the land markets for more than a year, a number citing that prices are insufficiently attractive. With few distressed sellers, the lack of new consents suggests that downward price pressures are likely to be resisted, at least in our chosen locations. If anything, it is the reverse for our seven projects with existing outline consents and already infrastructured into the next phases of sales. I expect oven-ready, deliverable low risk sites to be in shortest supply such that the wider slowdown of new consents will mean that the options for returning housebuilders become still more limited.

If the processes are hard going for us, most likely they are harder again for others who are less planning experts and without the benefit of maintaining relationships. Good progress has been made with South Cambridgeshire District Council in securing important enabling consents for the expanding Wellcome Genome Campus at Hinxton, some 10 miles from Cambridge where Urban&Civic acts as Master Developer on behalf of our parent shareholder. Catesby has performed manfully in the circumstances: Resolutions to Grant or outline consents at Pulborough, Horsham, for 170 plots; Hellingly, Wealden, for 360 plots (both in Sussex); and Flitch Green, Uttlesford, for 160 plots in Essex provide some grounds for cautious optimism.

More milestones

The strategic objectives section of this report describes high activity across the portfolio. Most notably, commencing the delivery of the £80 million Newark Link Road represented another significant milestone for the business. We are delighted to have collaborated with other stakeholders to secure £32 million of LEP and Levelling Up Fund Grant as part of a financing package, also including Homes England, that allows us to construct a new link road of regional significance.

The ongoing recognition of Houlton School at Rugby represents another example of Urban&Civic as Master Developer taking all encompassing construction responsibility. To win the inaugural RIBA Reinvention Award was particularly satisfying. The conversion of the Grade II listed C-Station into the heart of a new school really exemplifies the way in which we worked with Heritage England, the Department for Education, LOCATED and other stakeholders to achieve a suitable second act for a magnificent building.

We are a business that was established with the mantra of doing things right. It is doubly rewarding when stakeholders highlight our initiatives in their own reports on good practice such as a Sport England's Active Design Guide.

Prospects

Government equivocation has undoubtedly created planning inertia. The extent to which the effects of the LURA will be felt prior to the General Election next year has to remain questionable. Meanwhile, the political landscape in which we are required to operate is only becoming more complicated. There was a period up to 2018 when, except for the half of Priors Hall that was then in Corby, all Urban&Civic projects were in Conservative-controlled local authorities.

Fast forward to the elections in May 2023 that served to remove the remaining majorities in every authority holding elections. The beneficiaries have been no overall control (NOC). That said, and despite the lack of vertical integration, a number of the NOC authorities have become notably more proactive in the progression of local plan processes than their predecessors. Catesby's consent at Hellingly came from a NOC Wealdon, led by the Liberal Democrat and Green parties. At Hertsmere in Hertfordshire, a new installed Labour/Liberal Democrat working majority voted in Cabinet and subsequently shepherded through full council the proposal to restart the local plan process on which Bowmans Cross depends and which was halted by the previous Conservative administration. Our partnership with Hertfordshire County Council to progress the Baldock development in North Herts is also progressing well. Irrespective of political turbulence, the case for large scale Strategic Sites as being fundamental to housing delivery is now well established and equally well understood. Our teams are actively involved in helping Homes England develop its understanding and ambitions around Cambridge. Prospects at Tempsford remain linked to East West Rail for which there appears current cross-party support.

True to our values

Urban&Civic remains committed to our values, aims and objectives at all times and across our markets. We are not a fair weather friend. We care passionately about community building. It is particularly rewarding to watch the extent to which we are able to help nurture and support volunteering as a first step towards new community championing. Nor are we complacent, least of all this year. The sustainability section of this report demonstrates how, having set ourselves a series of challenging targets that are directly relevant to our business, we are making clear progress but also where we need to redouble our efforts. The commitment is Group-wide and collective. Witness the creation of a new Board committee focused entirely on sustainability.

Grateful thanks

Sincere thanks to all colleagues. The road is sometimes hard but it remains wide. I could not be working with a better group.

Nigel Hugill
Chief Executive
21 December 2023

SEEING IS BELIEVING

Houlton hosts the House of Lords

www.urbanandcivic.com/media-library/case-studies/houlton-hosts-house-lords/

The Built Environment Committee of the House of Lords visited Houlton as part of its investigation into the impact of environmental regulations on development. It hosted a round table session for SME housebuilders in the Barn and toured the site with our team to discuss how the Master Developer approach is able to address regulations and maintain strong relationships with stakeholders such as Natural England. Its final report describes the visit and key points discussed.

Strategic objectives

Our strategy reflects our scalable business model which is structured to be consistent and resilient throughout economic cycles such as this one. The Master Developer approach generates alignment with stakeholders across the entire lifecycle of delivery and is therefore capable of responding to both opportunities and challenges. With the support of our shareholder, the Wellcome Trust, we are committed to:

1 **Securing additional Strategic Sites/consents**

2 **Accelerating the volume of serviced residential and employment parcels for the market**

3 **Enhancing the quality of sustainable placemaking**

4 **Identifying and delivering further trading opportunities**

5 **Delivering returns for our shareholder and other stakeholders**

1

As the market leading Master Developer for the delivery of Strategic Sites we continue to focus on identifying and promoting further sites within 100 miles of London, predominantly through off-market negotiations and through public procurement.

Progress by the end of 2023:

- We acquired the outstanding 91 per cent interest in Waterbeach from the Ministry of Defence for c.£117.5 million to become freehold owners of the site which, accounting for contracted minimum receipts, equated to a purchase price of just under £17,000 per unserviced consented plot.
- We have materially progressed the detailed planning and procurement of the Wellcome Trust's Genome Campus at Hinxton with consent achieved for two new bridges over the A1301 connecting the new and existing campus locations.
- Working with a multitude of stakeholders including Highways England, Nottinghamshire CC, Newark and Sherwood DC and a number of land owners engaged through a consortium agreement, we have secured technical approval for the southern link road at Middlebeck, breaking ground on this £80 million regional investment in April 2023.
- Working with our partner, Hertfordshire County Council, we have been developing and consulting upon the strategic masterplan for Baldock that underpins the planning application process commencing in 2024. We have engaged with extensive local stakeholders and held a number of public consultation events.
- We have continued to progress the planning at Manydown and received detailed approvals for the site-wide framework and for two new construction access junctions.
- In partnership with a number of key stakeholders, such as Sport England and Natural England, we have sought to highlight good practice in design and delivery of Strategic Sites. Houlton was used by Sport England in its recent Active Design Guidance as a case study of how large scale sites can meet all ten of its Active Design principles.

Objectives for 2024:

- Submit and progress an outline planning application at Baldock.
- Gain outline planning consent for a 1,500 unit extension at Alconbury Weald on Grange Farm and commence the access works in the south and the primary link road construction.
- Secure Phase 1 planning consent for the Wellcome Genome Campus, Key Phase 3 approvals at Alconbury, Key Phase 4 approvals at Houlton and Key Phase 2 approvals at Wintringham.
- Be responsive to the evolving planning system in a general election year and support stakeholders seeking to progress local plans.
- Continue to engage with national and local stakeholders to improve planning and environmental regulation whilst continuing to address regional shortfalls in electricity supply and water supply.

2

The combination of our own capital and additional funding provided by Homes England and local stakeholders continues to allow us to accelerate the delivery of sustainable green, grey and community infrastructure across our Strategic Sites, bringing forward additional points of sale ahead of those previously appraised.

Progress by the end of 2023:

- At Middlebeck, we have appointed two principal contractors and commenced delivery of the Southern Link Road, commenced works to bury 4km of overhead power cables across Key Phases 2 and 3 and commenced the central primary street works for Key Phase 3.
- At the Wellcome Genome Campus we have completed all initial enabling works allowing for the commencement of the primary arterial highway works to the A1301.
- At Waterbeach, Stonebond and CALA are both delivering new homes for sale, have opened show homes and have achieved first plot completions.
- At Priors Hall, Barratt, Taylor Wimpey, Davidsons and Francis Jackson are delivering new homes for sale in Zone 2 and Zone 3. Davidsons and Francis Jackson are selling the first new homes in Zone 3.
- At Alconbury, MAGPAS (air ambulance) has formally opened its new facility.
- The first new commercial buildings have started on site at Houlton with the 70,000 square feet electronic component manufacturing facility for Wago.

Objectives for 2024:

- Achieve outstanding Key Phase and reserved matters approvals necessary to facilitate start on site at Manydown.
- Achieve Key Phase and reserved matters approvals necessary to facilitate development for new Key Phases at Alconbury Weald and Wintringham.
- Enter into contracts for over 1,750 additional units across 11 serviced land parcel releases to housebuilders at Houlton, Waterbeach, Middlebeck, Priors Hall and Alconbury.
- Complete earthwork movement from Key Phase 1 to Key Phase 4 at Houlton.
- Complete the demolition of the barracks and carry out the earthworks for the extension to Key Phase 1 at Waterbeach.
- Deliver Build to Rent homes at Alconbury and identify further Build to Rent parcels across our portfolio of sites.
- Commence on site infrastructure works including the renewable energy generation facilities at Wellcome Genome Campus expansion, Hinxton.

3

With seven Strategic Sites now in active delivery, the sustainable credentials and quality-driven placemaking continue to be recognised by the market as a point of differentiation for stakeholders and our housebuilding customers.

Progress by the end of 2023:

- Houlton School has continued to win awards including the inaugural RIBA Reinvention Award celebrating the creative reuse, rather than demolition, of a listed building improving its environmental, social and economic sustainability as well as increasing its longevity and energy efficiency.
- The additional teaching block at St Gabriel's Church Academy at Houlton, which is a CLT/all electric standalone building for the primary school, has been opened.
- The Exchange Co-Working Facility and the Paddle pizza restaurant have opened, completing the local centre at Houlton alongside the new community garden and allotments.
- The new David Lloyd sports centre, delivered as part of the employment land at Houlton, has opened and currently has 4,500 members with some housebuilders linking incentives to yearly membership packages.
- The Co-op at Alconbury has opened and the upper floor, which was built as flexible space, is being fitted out as a temporary GP surgery ahead of a larger facility coming forward as part of the district centre in due course.
- The 3.5km leisure route at Wintringham has been completed and opened. As well as a circular walking and cycling route, the route includes three fitness stations with a range of equipment and play-on-the-way features to encourage active and healthy lifestyles.
- 918 trees have been successfully translocated as part of the initial works at the Wellcome Genome Campus with a further 1,050 to be planted over the winter/spring.
- We have continued the implementation of Urban&Civic's Sustainability Framework and updated our toolkits and the Quality of Life Foundation has published its assessments of Houlton, Alconbury and Priors Hall.

Objectives for 2024:

- Complete and open the Prestley Wood Academy Special Educational Needs School which topped out earlier this year and which will form part of the wider Prestley Wood Academy site in the heart of Alconbury Weald.
- Gain planning permission for Phase 1 of the local centre at Wintringham.
- Complete and open the transport hub at Waterbeach.
- Complete delivery of Mere Way cycle route and bridge across the A10 at Waterbeach.
- Undertake and report on Quality of Life surveys at Wintringham and Middlebeck.

4

The Catesby business continues to be the main focus of our shorter-term projects across a wider geography. Other legacy shorter-term projects are being concluded.

Progress by the end of 2023:

- The two farming estates at Coldham and Goole totalling c.8,000 acres were successfully sold for over £100 million (net of sales costs).
- Catesby is continuing to build pipeline with terms settled on 12 new sites (241 acres), prospectively totalling over 2,176 new homes.
- A record number of planning applications were submitted this year by Catesby, which currently has 4,574 plots awaiting determination. Notable planning consents were achieved at Pulborough, Horsham, for 170 plots, Hellingly, Wealden, for 360 plots and Flitch Green, Uttlesford, for 160 plots. All were achieved at local level with Catesby working closely with local stakeholders and the local authorities.
- Catesby concluded a sale of land at Flitch Green, Essex, to Dandara. This 160-home site included 40 per cent affordable housing, an office hub and a new countryside park. The team managed to achieve a local level consent for this non-allocated site and secure a buyer in less than 18 months.
- Manchester New Square is now 72 per cent sold with commercial units at ground floor level now including Starbucks and Fuwa Fuwa.

Objectives for 2024:

- Continue to seek a strong pipeline of new land to promote, accepting that 2024 will continue to present both challenges and opportunities.
- Minimise future business risk by continually evolving the planning and community engagement strategies to promote sites through the local plan process, seeking allocations and gaining consents at a local level where possible.
- Continue to build brand awareness and relationships with identified key influencers within the sector, helping to ensure we are the land promoter of choice for those landowners seeking land promotion partnerships.
- Review the residual Farmcare portfolio for further short and long-term opportunities.
- Explore the potential to widen the Build to Rent delivery including an increased MMC and modular contribution.

5

Our business model targets growth in EPRA metrics to underpin shareholder return whilst delivering a real difference to the communities in which we are working. This principal measure remains consistent under the Wellcome Trust's ownership.

Progress by the end of 2023:

- Financial results show favourable movements across all but one of the Group's key performance indicators, including:
  - EPRA NTA adjusted down 7.7 per cent;
  - gearing (EPRA NAV) reduced to 9.5 per cent;
  - land sales and plot completions equivalent to 1,408 plots, total cash of £128.5 million, U&C share £85.8 million including first residential sales at Waterbeach; and
  - profit after tax of £23.8 million (2022: £20.1 million).
- Funding package secured for the Middlebeck Link Road combining a £7 million LEP grant, £5 million from NSDC and a £20 million grant from the Levelling Up Fund enabling construction packages to be let.
- Farmcare business successfully disposed of two long-term agricultural assets with receipts reinvested into Waterbeach as previously described.

Objectives for 2024:

- Secure infrastructure funding at Manydown to accelerate delivery.
- Complete extension and expansion of the Group's expiring £40 million revolving credit facility with HSBC.

SEEING IS BELIEVING

David Lloyd opening creates a new community hub

www.urbanandcivic.com/media-library/case-studies/david-lloyd-opening-creates-new-community-hub/

Our first David Lloyds sports centre opened at Houlton this year after a host of community initiatives. With swimming lessons starting for the neighbouring primary school and 60 per cent of their membership sold, this is a facility that has been welcomed by the community.

Measuring our progress

The Group's key performance indicators have remained stable in nature throughout the year, although sustainability targets continue to evolve in order to hit our objective of becoming Net Zero by 2030 (in respect of direct emissions) and 2040 (including indirect emissions). Further details of our sustainability targets can be found on pages 48 to 49.

Link to strategy: 1 Secure sites 2 Accelerate delivery 3 Sustain quality 4 Identify opportunities 5 Deliver returns

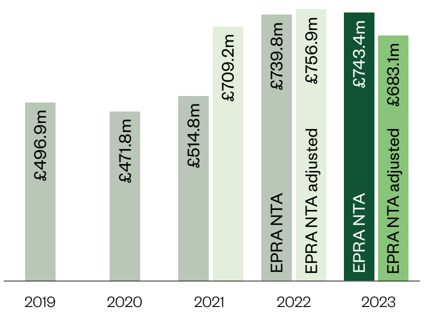
Financial

EPRA NTA

+0.5%

EPRA NTA adjusted

-7.7%



Link to strategy

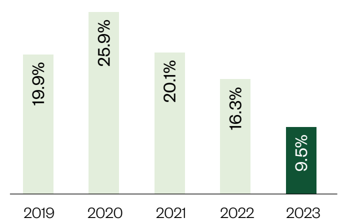
1 2 3 4 5

Definition EPRA NTA (which sets out the net asset value attributable to equity shareholders adjusted for revaluation surpluses on trading properties net of associated tax provisioning) and EPRA NTA adjusted (which adjusts EPRA NTA for share capital subscribed by, and gift aid paid to, the Wellcome Trust) are the predominant measures used to assess the Group's changes in value.

Performance EPRA NTA rose 0.5 per cent over the last year whereas EPRA NTA adjusted fell 7.7 per cent in the same period. The decline was largely the result of reductions in the value of the Group's Strategic Sites (reflecting a slower housing market and an underperforming planning system).

Gearing – EPRA NAV

9.5%



Link to strategy

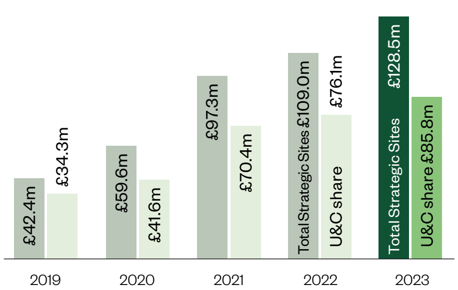
1 2 3 4 5

Definition Urban&Civic observes a self-imposed gearing limit of 30 per cent on an EPRA NAV basis (a non-standard metric detailed in note 23 of these financial statements). This limit ensures the Group does not take on more borrowing than it can afford to service but allows some borrowing capacity to enhance returns. The Group has maintained its policy of not borrowing to acquire land or fund the cost of constructing infrastructure at its Strategic Sites, except where these borrowings are from Government sources.

Performance At 30 September 2023 the Group's net debt position was £72.7 million comprising external borrowings of £173.3 million and cash reserves of £100.6 million, producing a net gearing ratio of 9.5 per cent on non-look-through EPRA NAV basis. Of the external borrowings, £172.8 million (or 98.9 per cent) gross of borrowing cost is with Homes England.

Cash generations from plot completions

£128.5m (total Strategic Sites) **£85.8m** (U&C share)



Link to strategy

1 2 3 4 5

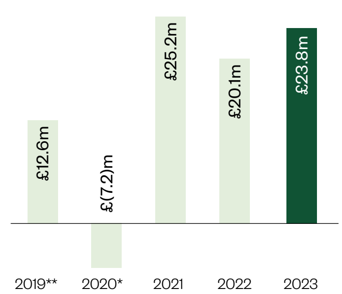
Definition Strategic Sites continue to account for a significant proportion of Urban&Civic's value (87 per cent of the Group's property portfolio value at 30 September 2023 compared to 77 per cent in the prior year) and as a consequence, and despite the current housing market turbulence, cash generation from these sites remains a focus for the Group as cash allows Urban&Civic to gauge how well the sites are maturing, provides overhead coverage, and generates capital for future growth. This measure is often combined with plot completions in order to assess profitability on a per plot basis, which is also used to consider how current economics might impact property valuations.

Performance Cash generation has continued its upward trend as sites continue to build momentum. This has been achieved despite recent falls in sales rates, higher interest rates and the withdrawal of Help to Buy in October 2022, which has impacted not only the Group's contracted receipts, but also Urban&Civic's customers' (the housebuilders') appetite for further land parcels.

This financial year £128.5 million was generated by 1,408 completions (U&C share: £85.8 million), compared to £109.0 million generated by 1,221 completions last year (U&C share: £76.1 million).

Profit after tax

£23.8m



Link to strategy

1 2 3 4 5

Definition Profit is predominantly used to provide an indication of how the Group's Strategic Sites are maturing and/or growing in number; however, segmental analysis is also required as both Farmcare and Catesby can make meaningful contributions to Group profits.

Performance Profit after tax was up 18.4 per cent to £23.8 million in the financial year, predominantly due to the sale of two farms by Farmcare (which contributed £27.0 million to the results). The £3.2 million loss after tax, having excluded the farm sales, is reflective of lower sales at the Group's Strategic Sites as well as a lack of land promotion planning consents and follow-on sales by Catesby.

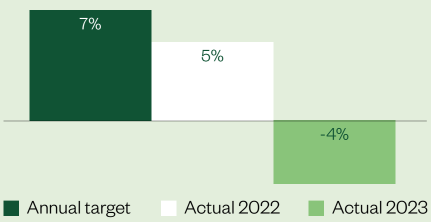
* 2020 restated to FRS 102. ** Reported under IFRS.

Non-financial

Carbon footprint

4%

Annual increase in Scope 1 and 2 carbon emissions



Link to strategy

1 2 3 4 5

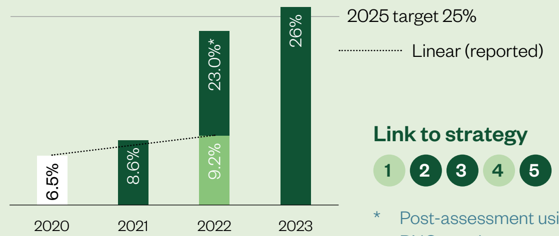
Definition Urban&Civic has set an annual target to reduce the carbon emissions from the direct consumption of electricity, gas and fuel in vehicles (known as Scope 1 and 2 emissions) across our portfolio by 7 per cent. This sets the pathway to achieve the 2025 target of a 28 per cent reduction compared to 2021 data. We are required to disclose our Scope 1 and 2 emissions in accordance with the Streamlined Energy and Carbon Reporting requirement and this forms the basis for demonstrating performance against our annual and 2025 reduction targets.

Performance Urban&Civic's Scope 1 and 2 carbon emissions increased by 4 per cent in 2022/23 compared to the previous year. The key reason for this was the 7 per cent increase in the electricity grid carbon factor meaning the carbon content of the electricity consumed was higher than 2021/22 even though the amount of electricity consumed decreased by 5 per cent overall. Other reasons for not meeting the target included increased gas consumption at our Middlehaven asset and increased direct fuel consumption for business travel purposes. If the impact of these factors were excluded, then the Scope 1 and 2 carbon emissions across the Strategic Sites would have decreased by 5 per cent and therefore be on par with the previous year. Going forwards, a number of energy efficiency and renewable energy initiatives are planned for 2023/24 as identified by the Energy Savings Opportunities Scheme energy surveys, combined with further measures identified to help progress towards Net Zero.

Enhance biodiversity

26%

Average Biodiversity Net Gain performance across seven sites in delivery



Link to strategy

1 2 3 4 5

* Post-assessment using Defra BNG metric.

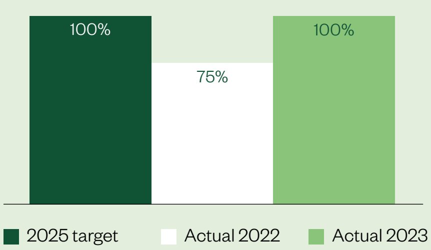
Definition Urban&Civic uses the Biodiversity Net Gain (BNG) metric to assess the positive impact on ecological value created across our Strategic Sites. We previously used and reported against the BNG metric set by Warwickshire County Council; however, all sites were reassessed in 2022 in accordance with the BNG metric method released by Defra which will be used by the industry to demonstrate compliance with the forthcoming regulations. Consequently, we increased our 2025 target from 12 to 25 per cent given the methodology change and uplift in performance across all sites so that now our target is significantly above the proposed mandatory minimum of 10 per cent.

Performance The average BNG score has increased by 3 per cent in the past year across our seven sites in delivery thereby currently exceeding our 2025 target. This increase is based on a revised assessment of Priors Hall, Corby, and Middlebeck, Newark, plus the inclusion of the assessment undertaken for the Wellcome Genome Campus expansion at Hinxton. The revised assessment for Priors Hall saw a particularly significant increase from 7.6 per cent to 22.0 per cent which was based on more detailed Key Phase landscape designs, refined future assumptions and minor changes to the Defra BNG calculation tool.

Health and wellbeing

100%

Percentage of sites with over 200 homes occupied that have a robust biannual resident survey in place



Link to strategy

1 2 3 4 5

Definition Urban&Civic aims to create distinctive places embedding high ecological and social value which serve to enhance physical and mental health and improve the quality of life for all. We have partnered with the Quality of Life Foundation to develop and deliver a resident survey across our Strategic Sites with more than 200 occupied homes, the findings of which are used to improve resident engagement and experience. The Quality of Life survey will then be rerun every two years to ensure the continuous improvement of community wellbeing.

Performance Two Quality of Life surveys were initiated in 2023 for Middlebeck and Wintringham, both sites now having over 200 occupied homes. All five Strategic Sites with over 200 occupied homes have now had surveys conducted, thereby achieving the 100 per cent target. The initial three pilot sites (Houlton, Alconbury Weald and Priors Hall) will be resurveyed in 2024 to fulfil our commitment to revisit the survey every two years.

Employee engagement

91%

Measure of employee engagement

Key indicator	Question	Response favourability		
Pride	I am proud to say I work for U&C	93%	5%	2%
Care	I care about the future of U&C	95%	4%	1%
Longevity	I would still like to be working at U&C in two years' time	86%	9%	5%
Advocacy	If asked, I would recommend to friends and family that U&C is a good place to work	89%	9%	2%
Endeavour	Working for U&C makes me want to do the best I can	93%	4%	3%

■ Agree and strongly agree ■ Neither agree nor disagree ■ Disagree and strongly disagree

Link to strategy

1 2 3 4 5

Definition We used a survey platform provided by People Insight to help us measure employee engagement on the basis of whether Urban&Civic has a workplace approach resulting in the right conditions for all employees to give their best each day, be committed to its goals and values, be motivated to contribute to Urban&Civic's success and have an enhanced sense of their own wellbeing.

Performance 97 per cent (2022: 93 per cent) of employees took part in the survey and we achieved a top quartile engagement score of 91 per cent (2022: 91 per cent), earning an Outstanding Workplace Award from People Insight.

> ...whilst the external environment remains challenging, this year we have stuck to our values and continued to invest and evolve for the future, ensuring we are fully match fit to respond to the recovery.

ROBIN BUTLER —
MANAGING DIRECTOR

Growing and supporting our communities

As is well documented, the backdrop for this review is one of a very tough year with the conflicting forces of strong construction inflation, volatile purchaser demand, the removal of buying incentives without replacement, a stagnant planning process, interest rates rising and consequential land transactions falling.

At the wholesale land end of the curve there have been very few transactions and equally few value opportunities as there is limited distress in the long-term ownerships and owners are deferring rather than transacting.

Housebuilders have reacted to the slowdown by "pouring less foundations" and transacting on bulk sales at a discount to open market value to maintain momentum and recover work in progress spend, as well as changing their mix to maximise the efficiency of sales value per bedroom. Some major housebuilders are also now building bulk Build to Rent parcels for investors to order.

All those external factors accepted, our model, with development periods stretching beyond 20 years, was always designed to "build through economic cycles". The resilience, despite the onslaught, has seen reduced sales volumes but less marked than elsewhere, relatively little impact on house prices and reduced but continuing demand for land. Both the structure of selling land on licences and the enduring quality of our environmental, educational and leisure facilities, which have continued to come forward across our sites, have served to disproportionately capture buyers' reduced attention and maintain market positioning.

SEEING IS BELIEVING

Volunteering Days take our teams into the heart of the community

The return of U&C's corporate volunteering days, which provide our team with an opportunity to use some of their 3 annual volunteering days, saw 40 employees team up with colleagues from across all parts of the business to give back to communities around our sites in delivery.

First up was a trip to Godmanchester Foodbank at The Beacon Centre in Little Stukeley, near Alconbury Weald. Once we finished our behind the scenes look at an all staff briefing in action, our enthusiastic team got to work sprucing up their storage centre. We split up into smaller groups to paint three rooms and a corridor, clean all of the windows and general grounds maintenance, which saw six trips to the tip as the outside space was completely revamped.

Next up, we headed to Corby to support the biggest urban sports venue in the world. We started with Mandy Young MBE talking through the moving story behind Adrenaline Alley and the impressive community facility and charity that has benefited so many, from local young people to Olympic gold medalists. A U&C crew transformed the site's entrance by painting fences and planting, while others painted a photography studio, removed rubble from an outdoor BMX track and cleared and reorganised what felt like an endless supply of storage rooms.

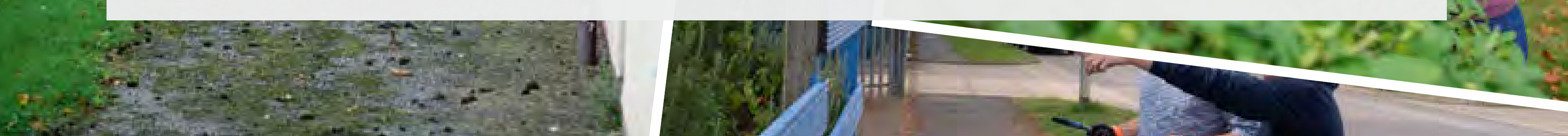
Mandy Young MBE, CEO/founder of Adrenaline Alley, said: "We would like to say a huge thank you to Urban&Civic volunteers. From painting and rubble clearing to planting and clearing rooms, the impact of so many people in one day meant we could do jobs the charity has not had the resources to do. It was great to raise awareness about our charity to local business and I am sure there will be opportunities for us to work together in the future for the benefit of our community."

Over the two events, the U&C team volunteers carried out around 200 hours of hard work that has helped make an enormous difference to both venues.

Link to values: Passion, Partnership

Link to Sustainability Capitals: Social, Natural

www.urbanandcivic.com/media-library/case-studies/volunteering-days-take-our-teams-heart-community/



Supporting the community at Houlton

The extensive time and research we put into the delivery of our own Single-Family Build to Rent (SFBTR) portfolio is now paying dividends. We are now in a position to use a blend of delivery mechanisms encompassing traditional methods as well as both flat-pack and volumetric modular construction techniques. The more recent flattening of construction inflation coupled with flexible procurement options should allow us to deliver BTR cost effectively. The market has an overhang of capital specifically seeking SFBTR, much of which is now going into housebuilder bulk sales via both existing stock and pre-commitments. The stock is of variable quality and not always specifically designed for that market. There is a shortage of consented land for BTR build out and we are considering undertaking our own delivery of SFBTR across our sites for retention.

Emerging once again from the slowing of unit sales we foresee increased demand for land from both housebuilders and for the BTR sector which will strengthen blended absorption rates yet again. This will be further heightened in the short term as the current deficiencies of the planning system will create a lag in new consented land coming forward. There is also a probability of seeing listed housebuilders moving more towards a more mixed delivery model which includes some rental and prioritising return on capital employed as a more important financial metric which will favour our land model.

Across the sites the wider recognition of our quality is rewarding. The conversion of the Grade II listed C-Station building into the centrepiece of Houlton School has continued to dominate the headlines with its recent capture of RIBA's inaugural Reinvention Award. We have seen our first David Lloyd centre open at Houlton and our investment in placemaking and community building has continued. New play areas, landscaping and walks have been brought forward alongside sustainable urban drainage systems and water bodies and our teams have ensured their safe opening alongside the ongoing maintenance and management of both resident and construction areas. We are working closely with the management companies to deliver and establish multifunctional, economically sustainable landscaping and facilities for the long-term.

It is particularly rewarding to see local groups forming around on site themes and facilities such as allotments, events and sports and our teams are supporting these emerging community champions with the hope of establishing long-term trends.

During the year we have introduced our "five-star" health and safety engagement programme amongst both our housebuilder partners and directly appointed contractors with the aims of further improving general health and safety standards across the Strategic Sites through regular inspection and monitoring, recognising and sharing good practice and improving collaboration between parties. We have reviewed and strengthened the health and safety assessment of our consultant and contractor pre-selection procedures and have updated our Safety, Health and Environment Consortium Agreement to provide clearer and strengthened standards and performance requirements together with a requirement for a signed commitment from the senior leadership of our partners.

Progress on the sustainability agenda has been strong and is detailed in the sustainability section of this report. The formation of a new Board committee to focus specifically on this topic together with health and safety (H&S) and the recruitment of a dedicated Carbon and Sustainability Manager reflects the priority being given to such matters.

Electric vehicle chargers are now operational across the majority of our offices for employee/site vehicles and also in public areas alongside our key facilities. Estates are carrying out an extensive review of utility smart metering to monitor and manage usage and consumption and this continues to be a particular focus for the coming year, alongside the installation of solar panels on commercial buildings that are to be retained longer term.

Within the business, the evolution of the inclusive management structures via the Employee Advisory Group (EAG) and Executive Management Committee (EMC) is paying strong dividends. Our new employees' health and safety forum and sustainability group have been actively providing feedback and ideas for addressing both issues and continuously raising the profile of both within the business. The recent internal, but independent, engagement survey achieved a response rate of 97 per cent whilst maintaining the 91 per cent engagement score of two years ago, remaining well ahead of that exhibited by both sector competitors and companies of a similar size. There is still much to work on within the responses but the progress at all levels reflects the time and effort being invested right across the business.

So, whilst the external environment remains challenging, this year we have stuck to our values and continued to invest and evolve for the future, ensuring we are fully match fit to respond to the recovery.

Robin Butler
Managing Director
21 December 2023

> It is particularly rewarding to see local groups forming around on site themes and facilities such as allotments, events and sports.

Strong stakeholder relationships and strategic partnerships

The long-term success of our business is critically dependent on the way we work with a wide range of stakeholders. From our earliest days, we have believed in doing things right and creating value for all our stakeholders, not only in the way we do business but in the places we craft. The long-term alignment created by the ownership and delivery of our Strategic Sites means that our relationships are built and nurtured to last. This mutually supportive approach is particularly important during more challenging economic times.

Section 172 statement

The Directors continue to have regard to the interests of the Company's wider stakeholders, in accordance with section 172 of the Companies Act. The content on stakeholder engagement in this section highlights key actions in this area of which the Board has full transparency. Below we have sought to illustrate the information provided to the Board and how it addresses stakeholder considerations as well as describing how stakeholder engagement takes place throughout the business.

Stakeholder information

Soft information

- Attendance at EMC
- Access to all staff briefings
- Review of Company Away Day
- Site visits
- Stakeholder discussions
- Valuer meeting

Hard information

- Committee minutes (EAG, EMC)
- Board papers and business plans
- Risk and opportunity review
- Staff surveys
- HR reports
- Press clippings
- Health and safety compliance
- Whistleblowing reports
- Audit reports

Monitoring

Review

Stakeholder considerations impact

- Corporate strategy
- Market response
- Risk appetite
- Sustainability Framework
- U&C values

Initiatives for 2024:

- There will be opportunities for Board members to hear directly from a range of external stakeholders.
- At least one Board meeting a year will be held at a Strategic Site with an opportunity for the site team to present to the Board and for the Board to tour around the site.

Employees

We aim to maintain an open, diverse and inclusive working environment and encourage strong links between employees, management and the Board.

Why are they important?

It is essential for the performance and growth of our business to support and develop all of our employees, retain experience and broaden our base with new talent. We want all of our employees to understand the origins and support the values of our business so that our entire team are ambassadors for our vision and objectives.

What do they want from us?

- Fair compensation and benefits
- Comprehensive reward and recognition systems
- Positive work environment, culture and working relationships
- Clear expectations, goals and feedback
- Learning, development and career progression
- Challenging and engaging work
- Positive work-life balance

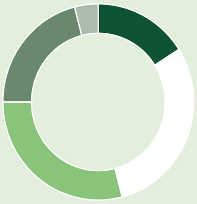
Methods of engagement

Employee engagement is continuous and operates at all levels throughout the business. Formal structures such as the Performance and Development Review process and employee communities such as the Employee Advisory Group (EAG) and Health and Wellbeing Committee complement regular discussions within teams, across projects and with the senior executives. There are entire business briefings via Microsoft Teams every fortnight led by our Chief Executive and Managing Director as well as an annual update at the Company Away Day. Social events occur throughout the year at office and project level, as well as the Christmas lunch where everyone gets together and the Values Awards are presented. Company induction days for all new employees include sessions with either the Chief Executive or Managing Director as well as the wider functions of the business and complement an extensive onboarding process. There are a number of surveys carried out which range from short pulse surveys on particular issues to the biennial employee engagement survey to track engagement over time. The Board is kept fully informed via minutes of meetings and specific reports/surveys as well as the ability to dial into Microsoft Teams briefing sessions. Culture and performance are regularly discussed and are reviewed at the Board strategy day. Non-Executive Board members also conduct site visits and talk to team members directly.

How we engaged in the year

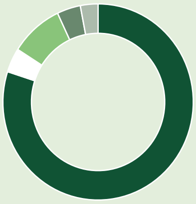
The EAG met four times during the year with attendance by the Managing Director for a proportion of all of these meetings. The minutes of the EAG were presented in person by its rotating Chair to the Executive Management Committee and were also included in the Board papers. The employee engagement survey which was last undertaken in 2021 was repeated this year and included, at the Board's request, specific questions around culture as well as diversity and inclusion. The annual Company Away Day was held in Corby and included not only updates on the business (including stakeholder engagement) but opportunities for the whole business to interact and be together. The success of the employee Values Awards, which were introduced by the EAG for the first time last year, means they have become an annual event and voting is underway.

Age diversity



- 20–29: 19,16%
- 30–39: 35,30%
- 40–49: 33,29%
- 50–59: 24,21%
- 60–69: 5,4%

Ethnicity



- White/British: 93,80%
- White/Other: 5,4%
- Asian/Asian British: 10,9%
- Mixed or Multiple Ethnic Groups: 5,4%
- Black/African/Caribbean/Black British: 3,3%

Outcomes

Participation in the employee engagement survey increased from 93 per cent in 2021 to 97 per cent this year and we maintained our excellent engagement score of 91 per cent and were again presented with an Outstanding Workplace Award. There are a number of learnings to take from that survey including ensuring we provide greater opportunities for coaching and development of skills alongside support for career aspirations wherever possible. Key initiatives which have been implemented from the EAG this year include Company volunteering (with September now marked as our Corporate Volunteering Month), an annual foodbank challenge, policy changes, workplace and process improvements, learning and development (L&D) opportunities and benefit enhancements. Overall our business has grown by ten employees over the year and 95 per cent of employees achieved our target of undertaking at least ten hours of non-mandatory Company provided or sponsored learning, training or professional study during the year.

SEEING IS BELIEVING

Ensuring a real focus on our health and wellbeing at U&C

Promoting positive health and wellbeing for our employees has been at the forefront of our employee agenda for 2023 which has seen us supporting a number of initiatives to deliver the commitments of our H&W Policy. With Mental Health Champions working across the Company and covering all geographies, many have formed our new Health & Wellbeing Committee supporting employees to work, live and think well and have been the driving force behind our targeted events in support of Mental Health Awareness Week and World Mental Health Day. Initiatives included a wellbeing relay, acts of kindness and replacing our usual all staff update with a mindfulness session alongside teach-ins with industry experts on Mental Health, Anxiety and Self Care and targeted MH training for all our Line Managers. Next year we will look to further build on the positive steps taken in 2023 which were hugely championed by our leadership team and employees.

www.urbanandcivic.com/media-library/case-studies/ensuring-real-focus-our-health-and-wellbeing-uc/

Shareholder

Since 21 January 2021 Urban&Civic has been owned by the Wellcome Trust as an investment within its investment portfolio.

Why is the Wellcome Trust important?

The aim of the Wellcome Trust's investment portfolio is to maximise returns over the long term to ensure that the Wellcome Trust continues to have sustainable resources for its charitable activities. Wellcome's investment strategy also targets companies that take their environmental, social and governance responsibilities seriously. The Urban&Civic business model aligns strongly with this strategy and investment horizon. Furthermore, we are directly working with our shareholder to bring forward the extension of its globally renowned Genome Campus at Hinxton.

What do they want from us?

- Strong governance and risk management
- NAV growth
- Profit growth
- ESG leadership
- Transparency
- Timely and accurate reporting
- Clear strategy and execution

Methods of engagement

Our Board has two nominees of the Wellcome Trust including our Chairman. There is regular dialogue throughout the year with bilateral presentations to spread further knowledge and understanding. We act as development manager for our shareholder in the context of Hinxton.

How we engaged in the year

The Wellcome Trust has been both engaged and supportive throughout the year. Following transfer of the Farmcare assets last year it approved the disposal of two farms which did not have long-term development potential. Funds generated have been reinvested together with additional shareholder capital into core Urban&Civic assets. This included the acquisition of the outstanding 91.1 per cent interest in Waterbeach from the Ministry of Defence for c.£117.5 million to become freehold owners of the site. The Wellcome Trust internal audit function will provide internal audit services to Urban&Civic from this year. Our Chair of the Audit Committee and wider team have been engaging with the Wellcome Trust's internal audit team during the course of the year to prepare for this transition. Senior Directors from Urban&Civic have presented to the Wellcome investment team on the UK property market and the Master Developer approach to development. Board discussions have identified and addressed shareholder considerations in terms of the additional funding provided and governance changes.

Outcomes

The Wellcome Trust has full visibility of our business and is strongly supportive of our strategic objectives and our purpose, vision and values. This year we have distributed via gift aid £17.0 million to the Wellcome Trust. In addition, the Wellcome Trust has transferred to Urban&Civic a number of wider land assets from other parts of its investment portfolio which have either been sold or are being considered for their long-term development potential. Additional funding has been provided to take advantage of commercial opportunities. We have now assumed responsibility for the delivery and expansion of the Genome Campus at Hinxton and established a strong working relationship with Wellcome and Campus teams including undertaking presentations to the Wellcome Board.

SEEING IS BELIEVING

Planting the foundations for Hinxton's future landscape

www.urbanandcivic.com/media-library/case-studies/planting-foundations-hinxtons-future-landscape/

Customers

We work with a range of national and SME housebuilders, housing associations and Build to Rent investors to bring forward high quality homes across our sites as well as exploring new and innovative approaches with emerging providers and investors.

Why are they important?

As the leading Master Developer, whose product is serviced land, understanding and delivering on the needs of our customers is key to ensuring value and repeat business and attracting new customers.

What do they want from us?

- Integrity
- Serviced land supply
- Quality
- Site marketing
- Jobs and skills support
- Health and safety support
- Equality

Methods of engagement

We are constantly engaging with our existing customers in the context of ongoing delivery and with potential customers for future parcels to ensure that our product is optimised to meet their requirements. Whilst active on site, we hold portfolio meetings to focus on health and safety and sustainability. We actively encourage our customers to both participate in and contribute to community events and initiatives to further leverage the delivery investment for the community. The Board receives regular updates on delivery rates and housebuilder performance both in terms of health and safety and sustainability. The mix of housing type/tenure and provider are reviewed during the Board strategy day and market considerations are considered through updates and risk discussions. Board visits to site also provide an opportunity to see the housing in context.

How we engaged in the year

We have maintained a consistent dialogue with our customers and have closely tracked sales and marketing providing community support wherever appropriate. Sales levels have moved in line with economic confidence with an increase in Build to Rent disposals towards the end of the year. We have completed 8 parcel contracts to 7 housebuilders reflecting the reduced market demand but the continued delivery of high quality infrastructure, landscape and placemaking ensures that our sites remain well placed for market recovery. There are now around 42 housebuilders and contractors involved in our five-star health and safety engagement programme and there have been 76 consortium health and safety co-ordination meetings held across our portfolio of sites during the year.

Outcomes

Whilst construction levels have fallen, performance in terms of health and safety and community engagement has increased. Innovations in terms of incentives have included offering a family membership for a year to the new David Lloyd centre at Houlton following an introduction facilitated by our community team. Other housebuilders have sought to support biodiversity initiatives on site. Quality has been strongly maintained and with the ongoing delivery of site-wide infrastructure and community development, the sites remain well placed for economic recovery especially if the planning system remains sluggish in providing additional consented land.

SEEING IS BELIEVING

Houlton's housebuilder consortium brings our customers together

www.urbanandcivic.com/media-library/case-studies/houltons-housebuilder-consortium-brings-our-customers-together/

Suppliers and contractors

We work with a broad spectrum of specialist and principal contractors, consultants and utility providers at various stages of the Master Developer process.

Why are they important?
Working at scale and to a consistently high quality across a range of sites means that we value the flexibility and innovation that comes from being a trusted client of our specialist and principal contractors, consultant teams and utility companies. We encourage them to take ownership of what they do whilst also being cognisant of how their actions impact on others.

What do they want from us?
- Certainty of payment
- Regularity of work
- Flexible procurement
- Clear instruction and communication
- Inclusion in the wider team

Methods of engagement
We are constantly engaging with our existing suppliers which are often operating across a number of sites. Regular dialogue ensures that they are fully apprised of project and corporate objectives including health and safety, modern slavery and sustainability. In particular our Net Zero ambitions are reliant upon reductions made in our supply chain and therefore on capturing data from our supply chain. We also work with them on joint initiatives where we can leverage our combined involvement to promote employment and training opportunities, volunteering with stakeholders and engagement generally through leisure activities. All this engenders the trust and team spirit which are the hallmarks of our sites. The Board is kept up to date on performance issues throughout the year as well as safety and sustainability considerations. Counterparty risk is actively assessed, both in terms of ongoing and new contracts.

How we engaged in the year
Close working relationships and active financial and performance monitoring significantly supported our ability to continue delivery across our sites in 2023. This was a key focus for the Board given the challenging market conditions. As with our housebuilding customers, civils and building contractors have been actively supported through the five-star health and safety programme and the health and safety co-ordination and collaboration meetings. Working with our civil engineering contractors we supported and jointly held training courses to improve the management of the installation of underground utilities. We have hosted two sustainability forums with five different housebuilders which work across a number of sites to share sustainability best practice and identify opportunities for collaboration. We have also hosted two workshops with our consultants and also our contractors to outline our data requirements and to understand the potential challenges of obtaining such data. Working with our service suppliers we also supported each other's internal training programmes with virtual talks and presentations as well as volunteering events with key stakeholders where specialist contractors supported a key event. Sporting events included a cricket match with ECL Civil Engineering Limited and the annual five-a-side football tournament with Breheny Civil Engineering Limited which this year included teams from BMD landscape architects and David Lock Associates.

Outcomes
We have further strengthened our working relationships and furthered our approaches to health and safety and sustainability. We entered into a contract with Breheny Civil Engineering Limited and ECL Civil Engineering Limited for the delivery of the new link road at Middlebeck following a traditional tender process. The submissions from these two parties demonstrated their understanding of our vision and business model, having worked closely with us previously. Equally, the impacts arising from the insolvency of one civils contractor operating across a number of sites were managed quickly and efficiently.

SEEING IS BELIEVING

Litter Pick'n'Pizza – motivating with margherita

Wintringham's project management team hosted the first Wintringham Litter Pick'n'Pizza morning in November in an effort to raise awareness with housebuilder and contractor stakeholders about their collective impact on the wider Wintringham development.

Whilst its not anyone's intention to negatively impact the environment with waste, it is an inevitable by-product of development as is the number of vehicular movements to and from site to deliver materials.

All housebuilders and contractors are duty bound to have in place waste management strategies on their respective sites; however, it is the areas outside of their direct control which often get overlooked.

With over 74 bags of rubbish collected from across the site in return for 9 pizzas and a few sides consumed, this proved to be a highly productive initiative and moving forwards each housebuilder has committed to contribute resource on rotation every month with the goal being a cleaner, more environmentally friendly development for all to work and live on.

www.urbanandcivic.com/media-library/case-studies/litter-picknpizza-motivating-margherita/

Partners

Our partners include local authorities, landed estates, Government bodies, Homes England and investment funds.

Why are they important?

Working with the right partners who value quality and legacy is critical to establishing the alignment which underpins the promotion and delivery of large scale sites.

What do they want from us?

- Transparency
- Timely and accurate reporting
- Cost control and efficient budgeting
- Delivery
- Quality
- Legacy
- Recognition

Methods of engagement

We have both structured and informal engagement with our partners during the year. Each partnership has a formal reporting mechanism with regular meetings to review progress, discuss options and agree strategy. These are then supplemented with informal updates, site visits and opportunities to share observed best practice. The Board is able to track the progress of these partnerships via our strong linear development and risk reporting and is kept apprised of partner issues and requirements.

How we engaged in the year

This year saw the conclusion of a very successful partnership at Waterbeach following our acquisition from the Ministry of Defence of its interest in that project. We marked the completion of the deal with the final Project Execution Group meeting on site and were able to review the extensive progress we had made together. We look forward to welcoming back all those involved as Waterbeach reaches further significant milestones. We have also strengthened our relationships within our new partnerships, such as that for Baldock with Hertfordshire County Council, by hosting its members and senior officers on site at Houlton. Regular Project Board and review meetings have taken place throughout the year with all parties involved in key decision making and business plan approvals. Given the increase in interest rates, the decision has been made on a number of projects to repay a proportion of Homes England loan funding and we have kept its senior team fully apprised of our strategy.

Outcomes

The long-term alignment sought and earned through our partnerships has been evident in the way in which decisions have been taken during the course of the year. Clear communication and strong project knowledge have allowed us to collectively update business plans to accommodate changing economic circumstances. In the case of the Ministry of Defence we have also been able to accelerate project returns by acquiring its interest taking on the development risk going forward.

SEEING IS BELIEVING

Officers and members of Hertfordshire County Council visit Houlton to see what's in store for Baldock

www.urbanandcivic.com/media-library/case-studies/officers-and-members-hertfordshire-county-council-visit-houlton-see-whats-store-baldock/

Government and regulators

We work with the Government and its agencies like Homes England, Sport England and Natural England along with local authorities to deliver more quality homes in highly sustainable environments.

Why are they important?

Working at scale means that the proposals we bring forward will have a material impact on the delivery targets of central and local Government as well as the consequential requirements, such as schools, highways, landscapes and the health of a range of statutory bodies.

What do they want from us?

- Sustainable delivery
- Quality
- Market leadership
- Long-term alignment
- Jobs and skills
- Meaningful community engagement

Methods of engagement

In addition to the formal planning processes, as the leading Master Developer, we actively engage with national and local Government and wider Government agencies to identify ways in which the planning and delivery of large scale developments can be improved. Senior team members often lead tours of our sites for Government stakeholders or speak at national conferences. We are actively engaged in supporting Government stakeholders in the promotion of their key functions through contributions to publications and highlighting how we have been able to meet their objectives on large scale Strategic Sites. These reports also provide the Board with an objective and public assessment with which to consider site progress and a demonstrable validation of our culture and approach in action.

How we engaged in the year

Houlton School, with its reuse of a Grade II listed building unifying heritage and education requirements, has continued to win a wide range of awards this year including RIBA's inaugural Reinvention Award which was presented alongside the Stirling Prize. The school has formed the centrepiece of a number of tours around Houlton to illustrate the advanced delivery of a Strategic Site. We have hosted local and county authorities as well as the House of Lords Built Environment Committee and provided support for the Office of Health Improvement and Disparities stakeholder workshop on site at Houlton. Senior team members have also been contributing to Natural England's Development Industry Group and a number of other stakeholder groups as well as chairing Centre for Cities. Given the Government's focus on Cambridgeshire, we have also met with Homes England to share knowledge and assist its understanding of both the risks and opportunities in the area.

Outcomes

We are finding that there is an emerging consensus across the political spectrum that infrastructure led large sites are an appropriate and acceptable way to bring forward new communities and meet housing need in the wider South East England. Urban&Civic's existing sites in delivery are regarded as best in class and Sport England used Houlton as a case study to illustrate how large scale Strategic Sites can meet all ten of Sport England's Active Design principles. Our Sustainability Framework is taking our delivery beyond regulatory requirements with our target of achieving 25 per cent Biodiversity Net Gain across our sites by 2025. This is giving us valuable insights which we are able to share with Defra and Natural England as they bring forward the statutory requirements.

SEEING IS BELIEVING

Houlton scores a perfect 10 from Sport England against its new Active Design Guidance

www.urbanandcivic.com/media-library/case-studies/houlton-scores-perfect-10-sport-england-against-their-new-active-design-guidance/

Local communities

We passionately believe in the importance of ongoing engagement and ensure that the scale and longevity of our investments benefit local communities through opportunities, partnerships, jobs and training.

Why are they important?

Engaging with local communities at every stage from pre-planning through to delivery is fundamental to the Master Developer model. From the earliest opportunity, the voice of the community provides insights into a local area, what's working and what isn't, together with concerns about development which can be addressed and opportunities which can be enhanced. Those voices change and grow as the development comes forward but are just as important, especially as the management of the community assets needs to be considered and sustained. Neighbours can become supporters and residents often become ambassadors.

What do they want from us?

- Meaningful community engagement
- Keep our promises
- Sustainable delivery
- Quality
- Long-term alignment
- Jobs and skills
- Opportunities

Methods of engagement

Across the lifecycle of the project our team actively engages with the local communities initially around our sites and then with the emerging community on site. Early engagement focuses on the proposals and evolves into ways in which we can support community initiatives and ensure communities benefit from investment in jobs and skills. The introduction of Quality of Life surveys for projects in delivery also provides independent analysis of community views which can be tracked over time and which provide the Board with an objective assessment of delivery. We also invite representatives of community groups to attend our Company Away Day for a Q&A session.

How we engaged in the year

We have been engaging at all stages of the Master Developer process this year. From planning consultations for Baldock, which saw 418 local residents give their views on the opportunities for the development and the wider town, to the establishment of the People of Houlton consortium, which pulls together the various emerging stakeholder groups across the Houlton community, our teams have been busy working with local people to maximise the benefits and minimise the impact of development. Quality of Life surveys have been conducted at Wintringham and Middlebeck and the survey results for Alconbury, Priors Hall and Houlton from last year have been extensively analysed with a number of initiatives implemented. A major communication event was held to explain the works involved in the delivery of the Newark Link Road and various sporting events were hosted and supported throughout the year. With all employees encouraged to take three volunteering days during the year, we also organised a number of community support events at the Beacon Centre in Little Stukely near Alconbury Weald, Adrenaline Alley near Corby and the Forest of Marston Vale which saw our teams paint, prune and generally pitch in. This year, Away Day attendees included the school principal, a local business owner, the chair of the residents association and the deputy chief executive of the County Council.

Outcomes

On established developments, the community groups are maturing and we are now supporting rather than originating events and activities. We are seeing growing resilience, knowledge and enthusiasm for taking on management tasks and we are ensuring that the various groups know each other and can share information. The early delivery of green and community infrastructure is a major factor in the success of these communities. Schools and community buildings have been reasonably straightforward to deliver and we are pleased to see some encouraging progress around health provision as well. It is quite clear that our teams generate a lot of pride from being involved in our growing communities and we continue to have several team members serving as governors of our schools or being involved in local organisations.

SEEING IS BELIEVING

Yet another summer of youth games at Priors Hall Park

The ever-popular Youth Games in the amphitheatre event returned to Priors Hall Park this summer bringing hundreds of visitors to the development's centrepiece.

Children (and parents) enjoyed a range of fun-filled activities for young people, in a continued triumph for local partnership working. Qualified sports coaches from North Northamptonshire Council (NNC) offered dodgeball, archery, swingball and other games, while volunteers from Weldon Rock Solid Youth Club ran craft activities, a games tables and sumo suits. The Corby Safer Communities Team held a popular "beer goggles catch challenge" alongside information and advice on local services for families and young people.

NNC have brought their sports coaches to the amphitheatre every Thursday in the school holidays for two hours of multi-sports sessions, aimed at 5–12 year olds. We're delighted to be working with our local partners: promoting active lifestyles and bringing our community together especially as they get on average four times as many participants at Priors Hall compared to similar activities in other locations.

www.urbanandcivic.com/media-library/case-studies/yet-another-summer-youth-games-priors-hall-park/

A stable framework that can provide assurance to the Board and confidence to stakeholders

Risk signpost

Board risk oversight
pages 77 to 78

Audit Committee activities on risk framework and internal control
pages 80 to 81

Principal risks
pages 36 to 41

Risk environment

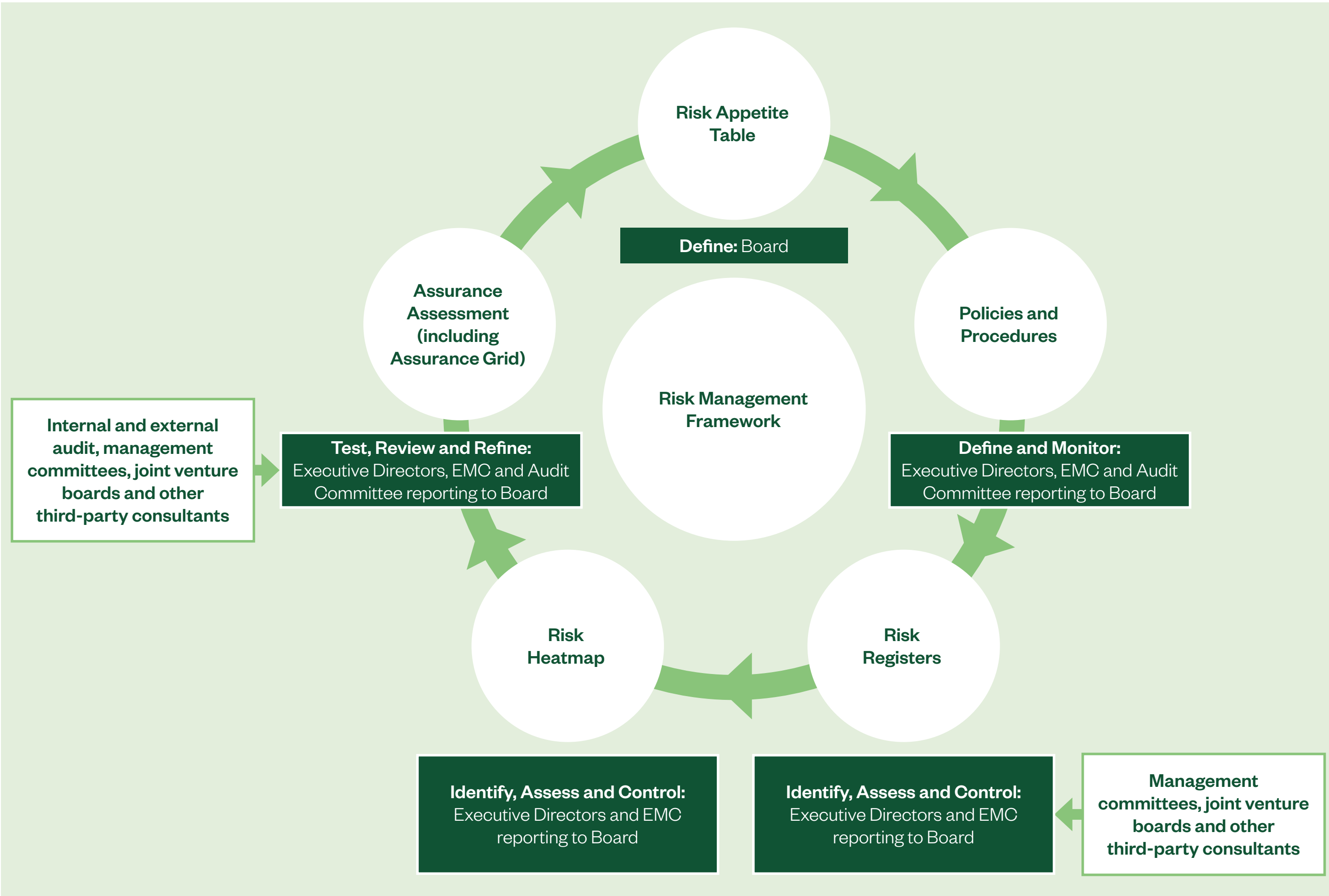
Urban&Civic's risk management framework is established, monitored and managed in the knowledge that:

- a significant proportion of the Group's operations facilitate regional housing development and delivery in the UK;
- housing markets, and therefore land markets, are typically cyclical;
- Urban&Civic's customers (housebuilders), and the housebuilders' customers (homebuyers), are influenced by mortgage availability, interest rates, job security and disposable income (amongst other matters) when deciding to buy (or build) homes;
- the political environment surrounding residential delivery is often in a state of flux, particularly in respect of planning consents, which are heavily influenced by planning policy, which is in turn set by Government and implemented by local authorities;
- changes in legislation and regulation impact the way the Group operates, both directly and indirectly. Changes in sustainability legislation, for example, could reduce profitability through increasing specification, and therefore the cost, of infrastructure and housing delivery (air source heat pumps are an example);
- the ability to acquire development sites and bring them forward, so that homes may be built, is heavily dependent on not only land availability (which tends to be more evident in times of distress), but also our in-house skillset, meaning that a high quality and stable workforce is a key part of Urban&Civic's business model; and
- disrupting factors, such as wars or pandemics, may physically and/or financially halt or slow house delivery and reduce profitability in a way that may not be fully predictable (through rising input prices for example).

Delivering strategic objectives through its risk management framework

Urban&Civic delivers its strategic objectives (on behalf of its stakeholders) through operating a Board led risk management framework, which comprises:

- **risk appetite table:** defining the nature and scale of risk that the Group is prepared to take for identified strategic areas of Urban&Civic's business. This table is annually reviewed by the Board and the current appetites have been highlighted on the risk heatmap below;
- **risk assurance grid and policies and procedures summary:** setting out the Group's key controls, policies and procedures, based on the Institute of Internal Auditors' three-lines-of-defence model. The assurance grid, which contains an evaluation of these key controls, is monitored by the Executive Directors, EMC and Audit Committee, before being reported to the Board. It is at this stage where the Executive Directors, with the assistance of the EMC, management committees, joint venture partners and other third party consultants, will design and implement mitigating actions, controls and procedures;
- **risk registers and risk heatmaps:** identifying and assessing top-down and bottom-up risks applicable to the Group's strategy and operations (both existing and emerging). Both the registers and heatmaps incorporate bottom-up input from Group committees, joint venture partners and other third party consultants; and
- **assurance assessments:** testing the effectiveness of mitigating actions, controls and procedures, typically through internal and external audit. The Executive Directors, assisted by the EMC, management committees, joint venture partners and other third party consultants, and overseen by the Audit Committee, will regularly review and refine the controls and procedures to address any weaknesses, with the remedial actions being reported to the Board.



Principal areas of focus in 2022/23

The following reviews or improvements to the Group's risk management framework were undertaken or implemented during the financial year:

- The Board monitored the political and economic environment at each Board meeting. Consideration was given as to the effects of the ongoing war in Ukraine, particularly in respect of farming operations, as well as increases in interest rates, materials prices and energy charges. These reviews considered short, medium and longer-term time horizons.
- The Board and EMC, and where applicable business segment or joint venture boards, reviewed a summary of corporate and project/business segment level risks (including emerging risks) at each meeting, focusing on those risks that exceeded risk appetite or were designated red risks post-mitigation. All reviewers had access to supporting risk registers and where applicable third party experts or consultants (predominantly in respect of farming operations).
- The Board approved the formation of an additional Board committee to review, challenge, oversee and make recommendations to the Board on sustainability and health and safety matters (given the scale and complexity of both areas). Although the Committee did not convene until after the year end, terms of reference were agreed, and the Board is confident that governance (and controls) will be improved as a result.
- Save for the addition of a new committee, the committee structure has remained stable this year, with the same processes and procedures being followed. Our joint venture partners at Wintringham are currently testing the Group's processes and procedures around revenue billing and collection (with the assistance of third party internal auditors, which are undertaking agreed upon procedures). Work on this matter was ongoing at the year end. Such additional governance by our joint venture partners or other management boards (such as those associated with the Baldock and Hinxton developments) helps to provide an alternative point of view and can lead to further improvements to the Group's risk management framework.
- The Audit Committee continued to oversee the internal audit programme during the financial year (carried out by Grant Thornton and Systems Concepts). Five internal audits were undertaken during the year (sustainability, purchase to pay, governance, Farmcare operations and Farmcare health and safety). The Audit Committee agreed the scope for each audit and the Wellcome Trust's own in-house internal audit function dual tracked all audits (save for the Farmcare health and safety audit) in anticipation of taking over Grant Thornton's role from 2023/24.

- The Audit Committee agreed the internal audit plan for 2023/24, to be carried out by the Wellcome Trust internal audit function (on behalf of Urban&Civic) following its independent risk assessment of Urban&Civic's operations. The 2023/24 programme will see HR controls, compliance and risk management frameworks, Catesby land promotion activities and IT penetration tests. Additionally, Urban&Civic may participate in audits on cross-Wellcome themes, namely financial crime and a project audit on the Wellcome Genome Campus, Hinxton (where Urban&Civic is the development manager).

- The Audit Committee reviewed and commented on the framework underpinning the Executive Directors' assurance over internal controls. This review included oversight of the Group's three-lines-of-defence assurance grid, which outlines the key controls and processes attaching to the key risks as well as the Executive Directors' evaluation of these key controls and processes. Additional work to document key processes and procedures, which will support the assurance grid, commenced during the year and included the introduction of a Group wide control summary of policies and procedures. This workstream will be completed in the new year.

- The Head of Health and Safety at Urban&Civic and third party consultants (RPS Group and Systems Concepts) continued to be employed to oversee periodic reviews of the health and safety practices at the Group's sites and offices.
- The Head of Sustainability continues to be employed to manage the Group's approach to sustainability and ensure it complies with all applicable laws and regulations as it continues to implement current and emerging best practices.
- The continuation of employee induction programmes, away days and L&D has helped to reinforce the Group's risk appetite and frameworks.
- Ongoing monitoring and reporting on non-financial KPIs.

Risk after mitigation

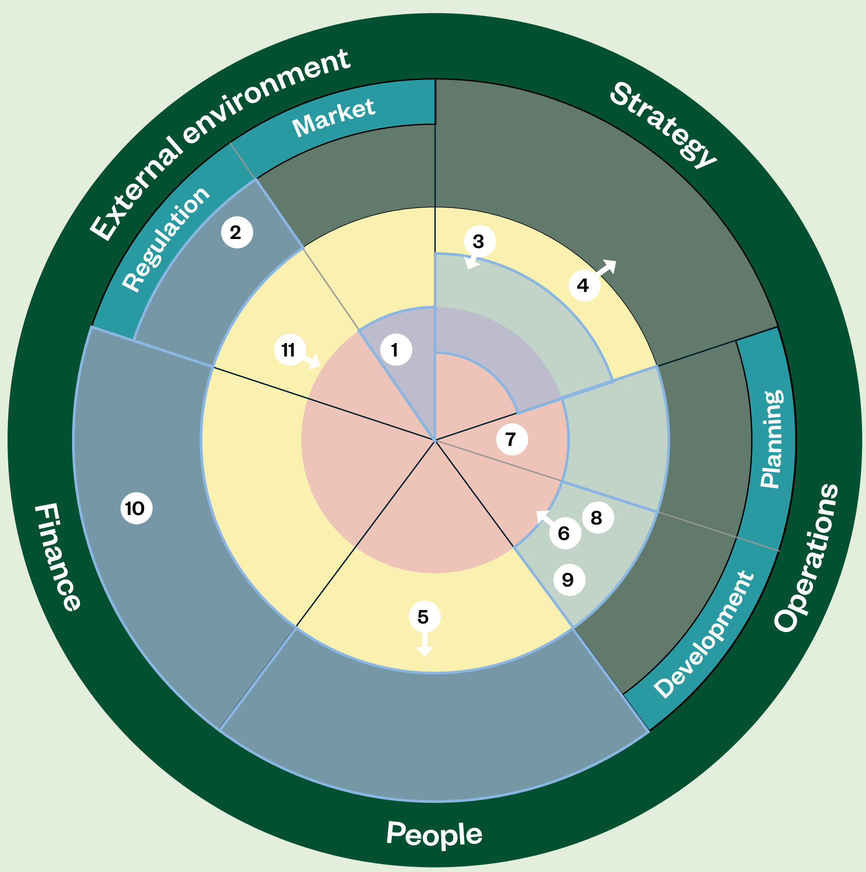
High Medium Low

Movement in the year

Risk appetite attaching to risk area

Key

R1. Market risk
R2. Legal and regulatory risk
R3. Strategic risk
R4. Competition risk
R5. People risk
R6. Cyber risk
R7. Planning risk
R8. Health and safety risk
R9. Delivery risk
R10. Financial risk
R11. Climate change risk



Principal risks

Stable in composition and risk appetite, but with increased ratings in a number of key areas.

Key

Link to strategy:

1 Secure sites

2 Accelerate delivery

3 Sustain quality

4 Identify opportunities

5 Deliver returns

Risk rating after mitigation:

Low

Medium

High

Change during the year:

Increase in risk

No change

Decrease in risk

N New risk

Read more on our KPIs pages 20 and 21

External environment

R1. Market risk (including political environment)

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; cash flow generation from plot completions; gearing – EPRA NAV; carbon footprint; enhance biodiversity; health and wellbeing.

Impact of risk

The business model may be affected by external market factors such as wars, pandemics and other economic conditions as well as the property market, international events and UK political and legislative factors, for instance climate change, tax or planning policy. Adverse movements in these external market factors increase the risk of lower stakeholder returns, although investment opportunities may be more evident.

Key controls and mitigations

- Strategy and external market factors are considered at each Board meeting and specifically at the annual business strategy day.
- Regional focus and local knowledge in areas with strong underlying economics (such as job creation) mitigate the impact of market and economic shocks.
- Sales contracts with contractual annual minimum receipts in respect of the Group's most prominent segment, strategic land, help maintain cash flow.
- Upfront land parcel sales at a full premium in periods of high expenditure (ensuring receipts are contracted ahead of cost commitments).
- Low forward capital commitments (where funding is not already in place).
- Prior to investment, detailed due diligence and financial appraisals are carried out and flexed to establish the financial outcome on a downside-case basis.
- Close monitoring of exposure to a single counterparty.
- Business plan (one year) and rolling long-term cash flow forecasts (one, two, five and ten years) with sensitivity analysis are maintained.

Typical risk indicators

- Reduced sales rates and prices (homes and land parcels).
- Increased interest rates.
- Falling real estate indices (indicative of reduced stakeholder appetite).
- Increased construction costs.
- Reduced property valuations.
- Press or social media narrative (may provide an early warning).
- Counterparty default/falling credit ratings/falling profitability/negative press comment.
- Variable crop prices (in respect of farming operations).
- Reduced planning consents achieved.

Movement description

- The UK's political and economic environment has shown little improvement in the year before an election. Inflation, although falling, has remained above target, and interest rates as a consequence have remained relatively high (making mortgages more expensive for prospective homebuyers). The withdrawal of Help to Buy (in October 2022) has also negatively impacted affordability for first time buyers.
- Cost inflation in respect of infrastructure delivery has eased in the year, although contractor and subcontractor defaults have increased.
- Sales rates (homes and land parcels) have nearly halved over the year, reducing plot completions and parcel sales for the Group.
- Farming crop prices and subsidies have reduced (as the effect of the war in Ukraine eases and EU subsidies are phased out).
- Evidence of reduced planning consents following the announcement of Government proposals (in December 2022) to move to advisory rather than mandatory housing targets for local plans and recent Government declarations.

The risk rating has remained within last year's banding and within risk appetite, although it is held at the highest score possible.

S

R2. Legal and regulatory risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; carbon footprint; enhance biodiversity; health and wellbeing.

Impact of risk

Non-compliance with current or emerging regulations could have financial and reputational consequences for Group strategies and operations over the near and longer term, leading to an inability to raise finance, to benefit from stakeholder support or co-operation, or to obtain planning consents, as well as leading to project delays, penalties, fines and reputational damage.

Key controls and mitigations

- Current, pending and emerging regulations are considered at each Board meeting.
- EMC and other subcommittee meetings identify operationally impactful legislation (often through the risk registers).
- The Group employs highly qualified and experienced employees, and specialist consultants where appropriate, to ensure compliance with laws and regulations. This includes internal and external auditors.
- Learning and development and continuing professional development undertaken.

Typical risk indicators

- Legislation enactment.
- Litigation.
- Investigations or enquiries (HMRC or Health and Safety Executive for example).
- Frequency of reportable incidents (health and safety).
- Penalties.

Movement description

- No significant control breaches or changes to legislation evident.
- Internal auditor reviewed the key processes and controls around sustainability, purchase to pay, governance, Farmcare operations and Farmcare health and safety. All reports were rated "amber" or better (meaning only some improvements were required).
- External auditor performed additional testing on processes as required by new auditing standards (ISA 315).
- Sustainability (ESG) regulation continues to evolve, although the recent relaxations announced by the Government are not expected to have a significant impact for new build housing.
- Governance checklists help ensure compliance with legislation.
- Learning and development targets across the Group improved this year (see page 7).

The risk rating has remained within last year's banding and within risk appetite.

R3. Strategic risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; cash flow generation from plot completions; carbon footprint; enhance biodiversity.

Impact of risk

Implementing a strategy inconsistent with market environment, skillset and experience of the business could devalue the Group's property portfolio or have an adverse impact on the Group's cash flows, consequently eroding stakeholder returns.

Key controls and mitigations

- Board annually approves a business plan and reviews rolling longer-term cash flow forecasts with sensitivity analysis.
- Business plan and costs are periodically monitored by the Board, EMC and subcommittees and remedial actions are identified, approved and implemented where necessary.
- Material capital commitments, which have not previously been approved in the Group business plan, require additional Board approval.
- All investment and divestment decisions require Chief Executive approval and Board approval if material.

Typical risk indicators

- Adverse variances to the business plan.
- Reduced property valuations.
- Reduced housebuilder demand.
- Litigation.
- Contingency utilisation.
- Covenant breaches.

Movement description

- More challenging market conditions have led to near-term falls in valuations and liquidity issues for SME customers, contractors and subcontractors.
- Reduced profitability of the housebuilders has caused a suspension in land buying by many, and this has triggered Urban&Civic to review serviced land sales strategies where bid pricing is not maintained or bettered.
- Build to Rent options remain open (as a way of enhancing returns through accelerated delivery), despite the increased cost of borrowing.

The risk rating has increased, although has remained at last year's banding and within risk appetite.

Link to strategy:

1 Secure sites 2 Accelerate delivery 3 Sustain quality 4 Identify opportunities 5 Deliver returns

Operational strategy

R4. Competition risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; large site discount; plot completions; cash flow generation from plot completions.

Impact of risk

Competition could result in assets being acquired at excessive prices, potential assets not being acquired because pricing is too high, developments commencing at the wrong point in the cycle or sales pricing falling short of expectations.

Key controls and mitigations

- Experience and expertise used to determine suitable offer prices and optimal project timings (to maximise returns).
- Investment, divestment and development decisions are benchmarked against market conditions prior to contract execution or development commencement (using in-house and third party research and advice).
- Assessment of competition before acquiring assets (such as competing sites close to a proposed acquisition that might impact the Group's intended strategy).
- Open, honest and fair relationships with partners, landowners, agents and other stakeholders provide the Group with a competitive advantage through enhancing its reputation of delivering on its promises.

Typical risk indicators

- Ratio of successful to unsuccessful bids.
- Adverse variances to business plans and/or investment memorandums.
- Significant or persistent abortive costs.
- Lost bids.
- Low rates of return.

Movement description

- Abortive costs have remained within cyclical parameters.
- Rates of returns for assessed opportunities have remained within historical delegated limits.
- Fewer competitors in the strategic land market, but supply of sites remains tight.
- Buyouts of land promoters by housebuilders and private equity do not appear to have significantly increased competition for Catesby, although demand for sites remains high, which is preventing margins from growing (despite the difficulties of bringing sites forward with the current planning system).

The risk rating has decreased, although it has remained within last year's banding and within risk appetite.

People strategy

R5. People risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; cash flow generation from plot completions; employee engagement.

Impact of risk

Over-reliance on key people or inability to attract and retain people with appropriate qualities and skills, making the Group operationally vulnerable to both time delays and replacement cost.

Key controls and mitigations

- Dedicated Head of Human Resources.
- The Group offers competitive remuneration packages, including both long and short-term incentives, which are reviewed periodically using external benchmarks.
- Short reporting lines and delegated authority ensure employees feel they are contributing to the success of the Group.
- Nomination and Governance Committee review succession plans.
- Appropriate notice periods to minimise disruption.
- Structured Learning & Development (L&D) programme.
- Adequate resourcing.
- Performance reviews with a development focus and exit interviews.
- Periodic employee engagement surveys.
- Reports from the Employee Advisory Group (EAG).

Typical risk indicators

- High or increasing employee turnover.
- Critical appraisal, exit interview, employee engagement survey or EAG feedback.
- Complaints or grievances.
- Absenteeism or underperformance.

Movement description

- Succession plan completed and reviewed.
- Employee turnover stable.
- EAG initiatives implemented (such as extending maternity and paternity benefits).
- Engagement survey maintained at 2021's high engagement level (91 per cent).

The risk rating has been decreased although it has remained within last year's banding, above risk apetitie.

Risk rating after mitigation:

Low Medium High

Change during the year:

Increase in risk · No change · Decrease in risk · N New risk

S

Operations

R6. Cyber risk

Strategic objectives

1 2 3 4 5

KPIs Limited impact on any one KPI due to the Group's relatively low reliance on IT.

Impact of risk

Loss of business credibility due to lack of timely, accurate information. Cost of reinstatement. Cost and reputational damage of breaches in data protection regulations. Reduced operational capability.

Key controls and mitigations

- Passwords, protocols and protections.
- Cloud-based storage solutions (predominantly).
- Firewalls and anti-virus software with regular updates.
- Computer data back-up and recovery procedures and periodic testing.
- Hardware replacement programme to reduce vulnerability.
- Administration rights restricted.
- Multifactor authentication to gain network access.
- Limited personal data held.
- Mobile data management on all devices.
- Employee cyber awareness training.

Typical risk indicators

- Server downtime.
- Loss or corruption of data.
- GDPR breaches.
- Volume of IT support calls.
- Increased volume of attempted "hacks" or phishing communications.
- Ransom demands.

Movement description

- No reported breaches.
- No server downtime.
- Vulnerability testing and data recovery processes tested in the year.
- Quarterly review meetings with our IT provider to discuss network performance and work programmes.
- Internal audit recommendations implemented.
- Planned system upgrades completed.

The risk rating has increased, from green to amber, although it has remained within risk appetite.

R7. Planning risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; cash flow generation from plot completions.

Impact of risk

Appropriate planning consents are not achieved (or not achieved in a timely manner) or are challenged once granted, resulting in:

- loss of promotion costs;
- value proposition not being maximised;
- judicial review or call-in – increasing costs or creating other issues within property cycles; and
- difficulties in arranging finance.

Key controls and mitigations

- Internal planning expertise to navigate planning law and regulation.
- Expert advice obtained before proceeding with planning work.
- Before significant planning applications are made, the Group, together with its advisers, undertakes detailed consultations with the relevant planning authority, statutory authorities and other stakeholders.
- Increased focus on political landscape pre-investment (particularly where the local authority does not have a majority control).

Typical risk indicators

- Longer than average times to achieve consent.
- Planning budget overruns.
- Increased appeals and judicial reviews.
- Inability (at all or below expectations) to finance, build out or sell consented scheme.

Movement description

- Current difficulties within the planning system, which are structural rather than Urban&Civic specific, have been highlighted previously in this section and in other areas of the Annual Report.

The risk rating has remained within last year's red banding, above risk appetite.

Link to strategy:

1 Secure sites 2 Accelerate delivery 3 Sustain quality 4 Identify opportunities 5 Deliver returns

Operations continued

R8. Health and safety risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; large site discount; plot completions; cash flow generation from plot completions; health and wellbeing.

Impact of risk

Serious injury and loss of life could lead to development site closure, delays and cost overruns, as well as reputational damage, litigation costs and Directors' liability. Poor employee wellbeing, injury or loss of life would affect operational efficiency.

Key controls and mitigations

- Board oversight, which from 2023/24 will be supplemented by the new Sustainability and Health & Safety Committee.
- Dedicated Head of Health and Safety.
- Internal audit reviews.
- Health and safety policies and procedures, regularly reviewed by the Head of Health and Safety.
- Principal contractors and principal designers appointed in line with Construction (Design and Management) Regulations 2015.
- Due diligence carried out (including appropriate references) on contractors, consultants, customers and suppliers prior to appointment.
- Safety meetings with housebuilder customers and contractors to review engagement and performance.
- Appropriate insurance cover is carried by either the Group or its contractors.
- Appropriate training by Head of Health and Safety or third party consultants provided to all employees.

Typical risk indicators

- Incidents (reportable and non-reportable), including near misses.
- Penalties.
- Investigations (by the Health and Safety Executive or similar) and enquiries.
- Adverse internal audit findings.
- Litigation.

Movement description

- Although not yet convened, terms of reference have been agreed in respect of a new Board committee to be known as the Sustainability and Health & Safety Committee.
- Embedded and reviewed systems, policies and procedures.
- Low incident rate during the year.
- Internal health and safety reviews/site audits and general advisory now established.
- Internal audit recommendations implemented.

The risk rating has remained within last year's banding and within risk appetite.

R9. Delivery risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; cash flow generation from plot completions; carbon footprint; enhance biodiversity; health and wellbeing; employee engagement.

Impact of risk

Ineffective delivery of projects could lead to delays, reduced build quality, increased cost pressures and reduced profitability.

Key controls and mitigations

- Projects are monitored on an ongoing basis by the Board, EMC and subcommittees.
- Internal development and project management teams manage project delivery (including procurement).
- Fixed price contracts are used where appropriate.
- Internal audit reviews of project delivery mechanisms are carried out periodically.
- Material subcontractors and customers are credit checked and performance bonds, guarantees and charges are used as appropriate to safeguard delivery.
- Delivery is linked to prevailing economic conditions, which is made possible by relatively low unfunded forward capital commitments.

Typical risk indicators

- Customer/subcontractor complaints.
- Adverse budget variances.
- Delayed completion dates.
- Adverse internal audit findings.
- Subcontractor or customer default.
- Slowdown of sales or bidding interest.

Movement description

- Housebuilders remain cautious bidders as sales pricing and sales volumes soften. With housebuilding costs remaining relatively high, profit margins and cash flow of Urban&Civic's customers have been put under pressure. This has led Urban&Civic to slow infrastructure delivery especially where works are not funded by grant or Homes England loan facilities.
- Urban&Civic has seen improved tender pricing in respect of servicing contracts; however, certain contractors, such as Buckingham, which was undertaking groundworks at Priors Hall, have entered administration, reminding the Group to remain vigilant when placing contracts. No material losses were made in the year in respect of such defaults.

The risk rating has remained within last year's banding and within risk appetite.

Risk rating after mitigation:

Low Medium High

Change during the year:

Increase in risk No change Decrease in risk N New risk

S

Financial

R10. Finance risk

Strategic objectives

1 2 3 4 5

KPIs Cash flow generation from plot completions; carbon footprint; enhance biodiversity.

Impact of risk

Lack of funding, increased cost of debt, or failure to adhere to loan covenants could result in financial loss or affect the ability to take advantage of opportunities as they arise.

Key controls and mitigations

- Detailed annual business plan prepared, approved and regularly monitored by the Board and EMC.
- Regular monitoring of debt markets (with assistance of advisers).
- Maintenance of relationships with lenders and institutional investors.
- Review of principal terms of prospective loans prior to documentation.
- Ongoing monitoring of covenants/requirements to ensure compliance.
- Investment funding from the Wellcome Trust (subject to the usual permissions and appraisals).
- Consideration of interest rate hedging as appropriate.

Typical risk indicators

- Increased gearing metrics.
- Reduced project returns (through increased debt servicing costs).
- Covenant breaches (or reduced headroom on tested covenants).
- Reduced deal flow (reduces options to realise assets to lower debt levels).

Movement description

- Sales completion in respect of two farms generating in excess of £100 million of proceeds (which were reinvested in part when the remaining 91.1 per cent interest in Waterbeach was acquired in July 2023).
- All due contractual minimums and deferred sales receipts from housebuilders were received in the year.
- Corporate RCF expanded by £40 million post-year end (which provides additional flexibility).
- £75 million of new investment funding introduced by the Wellcome Trust in the year in the form of share capital.
- Covenant compliant on a look-back and look-forward basis.

The risk rating has remained within last year's banding and within risk appetite.

Link to strategy:

1 Secure sites
2 Accelerate delivery
3 Sustain quality
4 Identify opportunities
5 Deliver returns

Risk rating after mitigation:

Low
Medium
High

Change during the year:

Increase in risk
No change
Decrease in risk
N New risk

External environment

R11. Climate change risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; cash flow generation from plot completions; carbon footprint; enhance biodiversity.

Impact of risk

Climate change, regulatory controls aimed at preventing climate change and societal attitudes create a range of possible impacts for the delivery of large scale sites including impacts on design, delivery timings, costs, values and sales rates (amongst other matters).

Key controls and mitigations

- Board oversight, which from 2023/24 will be supplemented by the new Sustainability and Health & Safety Committee.
- Dedicated Head of Sustainability and Carbon and Sustainability Manager.
- Implementing plans with short and long term delivery milestones to reduce Scope 1, 2 and 3 emissions for Strategic Sites.
- Sustainability considered within business planning and quarterly Strategic Development Committee reviews.
- Climate Resilience Strategy prepared highlighting specific climate risks and opportunities for the business and implementing subsequent mitigation actions.
- Continue to prioritise the delivery of extensive green and climate resilient infrastructure.
- Demonstrable progress against the targets set within the Sustainability Framework.
- Work with housebuilder customers and other third party stakeholders to direct, influence and encourage consistent and congruent stakeholder best practice.
- Identify, interrogate and trial innovations and then promote and adopt where they make a difference (modular housing for example).
- Network of sustainability "champions" across the business reviewing processes and opportunities quarterly.
- Horizon scanning for future expected legislation, regulatory controls and industry best practices.
- Plan for greater number of "1 in 100" flooding events, extreme temperatures and extended drought periods.

Typical risk indicators

- Flooding.
- Water scarcity.
- Heat damage to structures and overheating discomfort in extreme temperatures.
- Community complaints and potential health and safety implications.
- Reduced sales levels and values.
- Local and regional planning conditions being imposed ahead of national guidance.
- Regulatory costs, challenges or fines.
- Restricted supply of materials and increased construction costs.
- Negative press comment and public perception.
- Premature obsolescence of buildings and infrastructure.

Movement description

- Carbon baseline studies completed for all Strategic Sites and adoption of Carbon Management Framework to measure, monitor, report and reduce carbon emissions across sites (including Scope 3 baseline).
- Although not convened, in 2022/23 terms of reference were agreed in respect of a new Board committee to be known as the Sustainability and Health & Safety Committee.
- Sustainability Governance Strategy Review undertaken, and recommended improvements implemented.
- Climate Resilience Strategy prepared and adopted.
- Progress against all sustainability targets and metrics reported through each SDC and specific actions embedded in business plans for 2023/24.
- Metric performance verified by third party (Hoare Lea).
- ESOS and Net Zero energy audits undertaken for the portfolio to comply with mandatory disclosure requirements with recommendations informing carbon reduction action plans.
- Developing a costed Net Zero Transition Plan for Scopes 1,2 and 3.
- Report prepared under the Task Force on Climate-related Financial Disclosures Framework.

The risk rating has increased, although it has remained within last year's banding, above risk appetite.

Sustainability progress

"

Our Climate Resilience Strategy will bolster our already robust approach to mitigating and adapting to climate change going forward.

RICHARD QUARTERMAINE —
HEAD OF SUSTAINABILITY

Introduction

We are now well into the five-year horizon set by our Sustainability Framework to monitor and report performance against our sustainability targets by 2025. Not only are we making good progress in each of the five Capitals (physical, social, economic, natural and human), we are also still learning more about the extent of our impacts and the opportunities to reduce them. This includes how we improve our processes and engage on sustainability matters both internally and with wider stakeholders.

How we measure and reduce our carbon emissions to address the climate change universal challenge has been a key focus for the year. This is essential as we work towards our longer-term ambition to be Net Zero for our direct and indirect carbon emissions in order to mitigate our contribution to climate change.

Future climate change will also challenge us at all levels of society, from a global level to the areas within which we operate, our communities and our business operations. The risks of climate change are becoming ever more apparent, both physically from the effects of extreme heat, drought and flooding, and transitionally, through more regulation as well as market reputation and societal shift.

We have spent time investigating how resilient our sites are (both current and proposed) to a changing climate and identifying the key risks that we could face and opportunities to enhance value. Our Climate Resilience Strategy will bolster our already robust approach to mitigating and adapting to climate change going forward. We have used this work to inform the first formal review of the business against the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD) framework – governance, strategy, risk management and metrics and targets.

With the increased action across the business around sustainability and associated governance needs, there have been two notable changes over the past 12 months.

The first was the appointment of a Carbon and Sustainability Manager to support delivery and reporting against our targets and ambitions. The focus remains on business-wide delivery so this role will primarily enable identification and implementation of initiatives and evidence performance. Or in other words, doing what we said we would do.

The second key change was the formation at the end of the year of the Sustainability and Health & Safety Committee, the purpose of which is to dedicate more Board member time to discussing an expanding sustainability agenda and to advise the Board accordingly. Further details can be found in the governance section on page 75.

A key takeaway over the past year has been the need for U&C to remain flexible to a constantly evolving sustainability landscape and the need to review all possible opportunities to meet our targets. What is apparent though is the unequivocal need for us to act responsibly and continue our push towards delivering highly sustainable sites for the benefit of our local communities, partners, employees and supply chains and ultimately the wider society.

Our sustainability progress disclosure begins with a snapshot of our performance against each of our sustainability metrics over the past year followed by a deep-dive into our activities under each of our universal challenges – climate change, biodiversity and health and wellbeing. We conclude by looking at how we are engaging our employees to take the lead on pushing our sustainability agenda and delivering tangible outcomes.

Our Sustainability Framework

The Sustainability Framework is pivotal in bringing together collective action across Urban&Civic to make a positive sustainable impact for our sites and communities. We have made considerable progress towards this objective over the past three years and are broadly on track to meet our 2025 targets.

When developing Urban&Civic's Sustainability Framework, the aim was to align our strategy and targets with the ambitions of the UN Sustainable Development Goals, recognising the collective action required to progress towards a more sustainable world. A number of the goals relate specifically to our business activities as set out below and we have shown how our targets and performance track back to these global sustainability objectives.

Primary

Sustainable cities and communities

Supplementary

Quality education

Affordable and clean energy

Decent work and economic growth

Industry, innovation and infrastructure

Reduced inequalities

Responsible consumption and production

Climate action

Life on land

There are also three critical universal challenges that are important to us as a business to focus on to provide a positive impact to our communities, within our operating regions and for the benefit of wider society. These focus areas are climate change, biodiversity and health and wellbeing. Our response to the key Sustainable Development Goals and the universal challenges is structured around our five "Capitals". The Capitals – physical, social, economic, nature and human – promote a holistic and interdisciplinary approach to sustainability to be achieved by the business and our supply chain. Each Capital sets a headline objective, relevant action areas and detailed performance metrics which we can measure our progress against. The metrics are set for the period 2020 to 2025 and are detailed in this section.

We are committed to being transparent with our performance and recognising both the successes and challenges faced in working towards achieving our commitments. We have provided a snapshot here and describe in more detail our progress and reporting criteria on our website.

Taking action!

Our sustainability champions

A key way we can achieve our sustainability targets and commitments around climate change, biodiversity and health and wellbeing is to engage everyone within the business to take action and share knowledge. To facilitate this, we launched the Sustainability Champions Group (SCG), bringing together a network of employees from various functions of the business and across multiple locations. The purpose of the SCG is to encourage the sharing of ideas around sustainability and how this fits into all business operations. The champions are asked for any suggestions on Company-wide initiatives that they believe could make a difference or have seen make a difference, to identify learning and development opportunities and to be advocates for sustainability within the business. To date, there have been some great tangible outcomes from the SCG including the trial of a recycling scheme which focuses on office waste and an educational communications piece focusing on the "Tips to Reducing Carbon Emissions". This guide sets out key recommendations which can be adopted when aiming to reduce Scope 1, 2 or 3 carbon emissions and will hopefully lead to increased confidence in decision making for all Urban&Civic employees when engaging with our external stakeholders.

Biodiversity

Climate change

Health and Wellbeing

2022/23 performance

Physical

NET ZERO CARBON

- 4 per cent annual increase in absolute Scope 1 and 2 carbon emissions, target 7 per cent reduction
- 107 litres/person/day max. water consumption for all new properties connected since October 2021, target 90 litres/person/day
- 100 per cent of occupied buildings within 200m of a high quality cycle way, target 95 per cent

Performance overview

Scope 1 and 2 carbon emissions increased primarily because there was a 7 per cent increase in the carbon content of the electricity consumed from the grid even though the amount of electricity consumed decreased by 5 per cent overall. Other reasons include increased gas consumption at our Middlehaven asset and increased direct fuel consumption for business travel purposes.

More residents' water consumption data was received from water companies and there was a reduction in average consumption compared to last year; however, it is essential for water companies to continue supporting us to provide better data and engage customers to use less water.

Social

VIBRANT COMMUNITIES

- 99 per cent of homes within 300m from a public accessible green and blue space, target 95 per cent
- 42 average score under the Considerate Constructors Scheme by all directly employed contractors, target 39
- 86 per cent of sites that have a live post-planning, consultation and engagement strategy, target 100 per cent

Performance overview

The Wellcome Genome Campus expansion at Hinxton commenced this year so its performance against the metrics was assessed. Although there have been many post-planning consultation and engagement activities, there isn't yet a finalised strategy in place and so overall performance is lower compared to the previous year.

Human

PERSONAL EMPOWERMENT

- 100 per cent of sites with over 200 homes occupied have a Quality of Life survey in place, target 100 per cent
- 2.7 average score achieved by directly employed contractors and housebuilders against the five-star safety rating system, target 4
- 95 per cent of employees undertook a minimum of ten hours of non-mandatory learning per annum, target 95 per cent

Performance overview

The health and safety "five-star" engagement programme was introduced at the start of 2022/23 and performance was mixed and below the initial target set. We expect performance to improve now that housebuilders and contractors are familiar with the new assessment method and understand our requirements. More engagement will be undertaken with those not meeting the target and incentives introduced where possible.

Economic

INCLUSIVE PROSPERITY

- 100 per cent of directly employed contractors that pay the Real Living Wage, target 100 per cent
- 44 per cent of the total value of direct contracts placed with principal contractors based within 40 miles of sites, target 80 per cent
- 83 per cent of Strategic Sites in delivery are actively promoting local businesses and start-ups, target 100 per cent

Performance overview

The procurement of suitable and competitive local contractors still remains a challenge and so performance compares low against the target. Sourcing local partners will remain a focus for the year ahead.

This year, the early stage of the Wellcome Genome Campus expansion project has limited the available opportunities to promote local businesses and start-ups. However, we expect this to change during 2023/24 as the project continues to gather pace and further local engagement takes place.

Natural

- 32 average new trees are planted for each house occupied, target 25
- 26 per cent average Biodiversity Net Gain for all Strategic Sites, target 25 per cent
- 99 per cent of construction and demolition waste is diverted from landfill, target 95 per cent

Performance overview

The improvement in the average Biodiversity Net Gain score in the year now means that all three metrics exceed the 2025 target.

Key

- Not meeting target
- Improved, not meeting target
- Meeting target

Climate change: Progress towards Net Zero

"Net Zero" is increasingly now recognised as the target that both public and private organisations need to achieve to stop the worst effects of climate change from happening. U&C's approach to Net Zero is very simple and aligned with Science Based Targets – achieve a long-term and lasting carbon reduction before then "neutralising" the remaining emissions through carbon removal. This is what guides the action we are taking.

In 2021, the first U&C Map to Net Zero was completed thereby setting out how the business could become Net Zero. The "Map" used an in-depth study of the carbon footprint at our Houlton site to both forecast the full footprint for U&C and quantify the reductions required to achieve this ambitious target. The Map articulated the U&C Net Zero ambition in terms of Scope 1, 2 and 3 emissions which was subsequently formalised in the Sustainability Framework launched in 2022:

- **Scope 1 and 2 –** by 2030, target to be Net Zero for the emissions from U&C-controlled sources such as office facilities and vehicles; and
- **Scope 3 –** by 2040, ambition to be Net Zero for the indirect emissions in the U&C value chain by significantly reducing the embodied carbon in buildings and infrastructure built by U&C (excluding housebuilder and resident emissions).

U&C has since undertaken considerable work to articulate this ambition in terms of delivery, impact and site specific opportunities. More significantly, there has been a focus on taking tangible actions to make meaningful carbon reductions now and to build a suite of actions for the business to roll out more broadly. This work will inform U&C's planning for making a commitment to the Science Based Targets initiative (SBTi), planned for 2024.

Highlights of what we've done over the past 12 months are summarised opposite in relation to what we set out to do last year.

2025 INTERIM CARBON REDUCTION TARGETS

Scope 1 and 2 emissions

28 per cent reduction compared to 2020/21 data reflecting 7 per cent reduction per annum over four years.

Scope 3 emissions

19 per cent reduction against annual BAU under a 1.5°C scenario.

2022/23 Scope 3 carbon footprint

Our "trial" year for Scope 3 data collection produced an indicative and unaudited footprint of 13,577 tCO_2e broadly 10 times higher than our Scope 1 and 2 emissions of 1,294 tCO_2e. 98.7 per cent of our Scope 3 emissions were Category 2 "capital goods" emissions (i.e. upfront carbon in buildings and infrastructure completed or under construction) with the remainder comprising employee commuting, business travel and waste generated from U&C offices.
The footprint excludes housebuilder and resident emissions which are beyond the U&C Scope 3 boundary.

What we are doing

TOWARDS NET ZERO SCOPE 1 AND 2 EMISSIONS BY 2030

Scope 1 and 2 carbon emissions are from U&C-controlled sources such as office facilities (gas and electricity) and vehicles (fuel).

ESOS and Net Zero audits

Energy audits were undertaken as part of our compliance with the Energy Savings Opportunities Scheme (ESOS) Phase 3, but also to identify the initiatives required to facilitate achieving U&C's Net Zero ambition for Scope 1 and 2 emissions by 2030. These initiatives are now being actioned by each Strategic Site.

Reducing Scope 1 and 2 carbon

Wintringham solar panels and battery storage

The electricity generated and stored by the solar array and battery installed at the Wintringham office in December 2022 provided enough power to offset an impressive 93 per cent of its energy demand over the same period. With only 7 per cent "net electricity" coming from the grid, the Wintringham office is almost a Net Zero energy building. A similar installation was completed at our Hinxton site office in September 2023 with more planned installations to follow.

Cleaner fuel used in site vehicles

Efforts to reduce Scope 1 emissions have led to the switch from diesel Land Rovers on sites to hybrid and electric vehicles. This switch could lead to an annual reduction in carbon emissions of six tonnes. The roll-out of these has started this year and will follow into next, the benefit of which will be reflected in our future fuel emissions.

DEVELOPING A PLAN FOR NET ZERO SCOPE 3 EMISSIONS BY 2040

Scope 3 emissions are indirect carbon emissions from the U&C value chain such as embodied carbon in building and infrastructure built by U&C and operation energy use by those assets. Scope 3 excludes housebuilder embodied carbon and residents' emissions, however, we are working collaboratively to influence and reduce these where possible.

Site Carbon Dashboards developed

Each Dashboard sets the specific near-term Scope 3 Carbon Budgets to 2035 (compared to BAU) for the buildings and infrastructure on each Strategic Site to adhere to Science Based Targets and our Map to Net Zero.

Map to Net Zero 2023 update

For Scope 3 emissions only the U&C carbon budget and forecast was updated in line with the site Carbon Dashboards and Science Based Targets initiative requirement to set a 1.5°C aligned pathway.

Reducing Scope 3 carbon

Qflow data capture trial

The majority of U&C's Scope 3 emissions result from the delivery of infrastructure and buildings. To quantify these emissions, we have trialled a live data capture system called Qflow. Qflow enables the scanning of material deliveries to site and waste away with the data converted into an embodied carbon footprint. The feedback from the trial has been extremely positive and will continue in 2024.

More sustainable fuel use

Following the successful use of hydrotreated vegetable oil (HVO) in conjunction with one of U&C's contractors at Priors Hall Park last year, all Strategic Sites have begun switching from using diesel fuel to this sustainable alternative. Priors Hall Park and now Houlton are using HVO which has led to a 98 per cent carbon saving compared to diesel.

Recycling office waste

We partnered with Terracycle to trial their "Zero Waste" bins in our Houlton and London offices to collect waste which is either typically thrown away or considered "unrecyclable". The results were positive and the trial sparked much engagement amongst employees. This type of behaviour change will be essential to reduce our Scope 3 emissions more broadly going forward.

Climate change: Robust Carbon Management

The way in which we measure, track and report our carbon impacts are clearly identified and communicated in our Carbon Management Framework. The framework is based around four pillars, encouraging collaboration towards carbon reduction goals and providing clarity on progress against them. It also sets the process and standards for the whole business and its supply chain partners to implement and take responsibility for delivering measurable outcomes.

Engage and collaborate

Supply chain engagement
Significant collaboration has occurred between U&C and its consultants and contractors to understand and obtain design and construction carbon data relating to its construction projects. Two workshops were held in May with consultants and contractors to increase engagement and provide teaching on the U&C carbon data collection forms prepared to easily facilitate this process.

Low carbon design

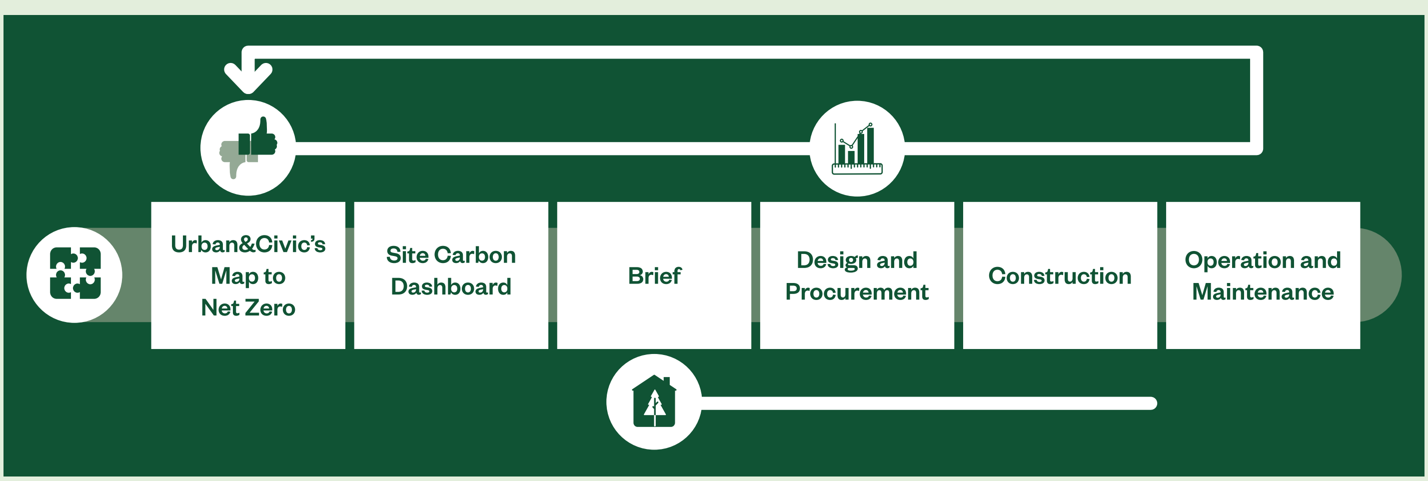
Project Sustainability Brief and low carbon design support
Emphasis on designing with the "carbon hierarchy" in mind – building less and building efficiently. Our Project Sustainability Brief is shared with design teams at the early stages of a project which clearly sets out the criteria required to deliver low carbon infrastructure and buildings that meet the challenging targets set in the Carbon Dashboards.

Measure and monitor

Carbon footprinting
We have focused on calculating the U&C Scope 3 carbon footprint during the year which has relied on considerable data collection. Construction data has been collected on multiple projects through work with our contractors, using two key methods: manual carbon data forms which have been shared with contractors, and the use of the Qflow software as previously described. Our "trial" footprinting year has been successful with most contractors providing their data to us.

Feedback and influence

Learning valuable lessons
Our efforts to manage and reduce our carbon emissions have provided valuable lessons, both for U&C employees and external stakeholders. For example, the carbon data collection process for Scope 3 emissions has led to many discussions around how to best obtain the necessary data, sharing learnings on how to calculate carbon footprints and what can be done to streamline the process in future years.



Climate change:
Resilience strategy and risk disclosure

Adapting to a changing climate

Our climate change universal challenge has two components – mitigation and adaptation. The majority of our work to date has been to reduce our carbon emissions and to mitigate our impact and contribution towards a changing climate. However, we also recognise the potentially significant impact, both in terms of risks and opportunities, that climate change and the transition to a low carbon economy could have on our business and how we need to adapt to it.

In response, a detailed climate risk assessment was commissioned to identify the exposure of the business to future climatic changes and how they could be managed and mitigated. The review assessed the current and long-term exposure of U&C to climate change at three key levels shown opposite.

1. **Corporate-level climate risk management analysis**
2. **Portfolio climate risk screening**
3. **Asset-level deep-dive for one site**

The climate risk review considered three recognised climate change scenarios reflecting different temperature increases to 2100. These scenarios, based on the Intergovernmental Panel on Climate Change recommendations, were:

- 1.5°C scenario aligned to the Paris Agreement goals;
- 2°C scenario based on current trends and delays in introducing policies; and
- 4°C warming scenario as the expected worst case associated with an increased level of emissions.

The assessment reviewed both the physical risks of climate change, being those which are caused by acute weather events and chronic weather patterns, plus also transition risks associated with the shift towards a low carbon economy, such as carbon taxation or imposed market constraints.

Overall U&C was considered to have a low exposure to climate related physical and transition risks with many initiatives already in place to mitigate them. However, certain risk-specific action areas have been identified for the business to address as detailed in our Climate Resilience Strategy prepared following the climate change risk review. An example of the risks identified and proposed mitigation actions are set out opposite:

	Risks	Actions
Physical risks	Potential heat stress risk in the short term	• Raise awareness of risks and mitigation and adaptation opportunities with site teams and incorporate into next generation developments.
	Precipitation stress and drought risk in the long term	• Continue engagement with water companies to address impact of drought risk on water supply.
Transition risks	Evolving regulatory requirements throughout design and construction of sites	• Align with industry best practice and horizon scanning to stay ahead of forthcoming national and local regulations.
	Future policy interventions to achieve national decarbonisation goals	• Implement efficient data collection, tracking and annual reporting systems. Conduct an annual review of climate-related policies that might impact U&C.
	Potential increased operating costs and reputational damage	• Continue to pursue U&C Net Zero objectives and Science Based Targets initiative commitment by implementing the site Carbon Dashboards and the Carbon Management Framework in line with industry best practice for buildings and infrastructure.
	Lack of engagement from housebuilders and local authorities limiting climate resilience action	• Continue to engage housebuilders and local authorities on climate risk and adaptation.

Building on the climate mitigation and resilience work we've undertaken, we have also assessed the business against the Task Force on Climate-related Financial Disclosures framework (TCFD). The TCFD report in the Appendix represents our first disclosure against the framework and shows partial or full compliance under each of the four pillars: governance, strategy, risk management and metrics and targets.

Participation in TCFD reporting increases the amount of credible information on the climate-related risks and opportunities businesses such as ours are exposed to. Increased awareness allows for better forward planning and risk reduction, thereby strengthening the long-term stability of the business.

Although this is a good start for us, we have identified several clear ways to improve our climate reporting further with the intention of providing a compliant report next year.

Biodiversity

Despite the uncertainty surrounding the direction of the UK's environmental agenda over the past 12 months, U&C maintains and demonstrates its long-term commitment to the protection and enhancement of the ecological value of its sites through increasing Biodiversity Net Gain (BNG).

Biodiversity is one of the three universal challenges that U&C has identified as a matter of global significance and as a Master Developer has a critical role to play in improving through its development activities. In turn this will benefit the resilience of local ecosystems, reduce species decline, benefit human health, aid carbon sequestration and deliver high quality placemaking for local communities.

Across all sites in delivery, the average Biodiversity Net Gain (BNG) increased to 26 per cent from 23 per cent thereby now exceeding the 2025 target of 25 per cent.

The significantly improved average BNG score for the seven sites in delivery is based on the reassessment of two sites using the latest Defra 4.0 metric and the inclusion of one additional site:

Sites	2021/22	2022/23
Priors Hall, Corby	7.6%	**22.1%**
Middlebeck, Newark	25.3%	**29.1%**
Wellcome Genome Campus, Hinxton	—	**22.0%**

The latest assessments are based on more detailed designs for particular Key Phases which give finer granularity on the biodiversity richness of proposed habitats compared to the original assumptions at outline stage. This is a reflection of the approach taken by U&C to continually improve on what was originally envisaged in the planning of our sites as a consequence of our experience in delivery and industry best practice.

SEEING IS BELIEVING

Great crested newts population at Waterbeach increases

The great crested newt reserve and ecological corridor has been an ongoing piece of the Waterbeach biodiversity framework since before development of the site began. This important area of land along the eastern boundary of the site has been protected and enhanced for biodiversity with key species in mind. A range of ecological enhancement and creation works have already been implemented as required under the great crested newt licence. These works have included creating shelter features called "hibernacula" out of logs, rocks and earth for the newts to hibernate in over winter and reed removal in the ponds to make the perfect habitat for newt courtship displays. The grasslands within the ecological corridor have also been managed, with periodic cutting to maintain the rough diverse grass that newts need to travel between ponds in search of mates and egg laying plants. This habitat management throughout the reserve will also benefit other important species, such as the grass snake and common lizard, that are abundant on the site.

The newt licences implemented thus far at Waterbeach require monitoring of the newt population over the course of several years. This monitoring involves conducting biannual overnight surveys of the ponds within the ecological corridor. During each survey visit, each pond will be surveyed six times between March and June when the newts are active. The newt monitoring this year has indicated that all of the habitat management and enhancements within the reserve have made a significant difference to the biodiversity of Waterbeach, with the great crested newt population of the site increasing from a medium to a large population since 2018

Link to values:
- Passion
- Partnership

Link to Sustainability Capitals:
- Social
- Natural

www.urbanandcivic.com/media-library/case-studies/great-crested-newts-population-waterbeach-increases/

SEEING IS BELIEVING

Carbon assessment of trees, habitats and soils

U&C has for a long time understood the multifunctional nature of the green infrastructure we deliver across our sites. With our extensive tree planting, the creation of new habitats and enhanced existing features comes the sequestration of carbon from the atmosphere as one of the many ways we can take action against climate change. However, this benefit had not been quantified, nor had the impact of our soil management activities in preparing a site for development.

In 2022, Treeconomics was appointed to evaluate this net impact over the long term and recommended ways to maximise this benefit through more effective planting and soil management. At a portfolio level, the study revealed it will broadly take:

1. **<10 years** for new and retained trees planted during the development process to recover the carbon lost from the trees removed in order to facilitate site development; and
2. **50 years** for the trees planted to sequester the equivalent amount of carbon that is lost through necessary habitat removal and soil disturbance at the pre-development stage.

The study made a clear recommendation which is now embedded in the U&C Biodiversity and Climate Action Toolkits – those sites retaining more trees and planting at scale (such as through woodland creation) will typically recover more quickly in terms of carbon storage and offset the impact of the development on soil.

Although the impact of soil disturbance is relatively small compared to the embodied carbon impact of the buildings and infrastructure developed on the sites, the intention is to still reflect it in the business' Net Zero transition planning.

The next steps for U&C will be to estimate the carbon value within pre-development soil and trees to help inform the masterplan on new sites and to develop processes and tools for effective decision making throughout the whole design, construction and operation of the development.

Link to values:
Passion
Partnership

Link to Sustainability Capitals:
Physical
Human

www.urbanandcivic.com/media-library/case-studies/carbon-assessment-trees-habitats-and-soils/

Health and Wellbeing

Delivering quality of life

Unlike carbon and biodiversity, it can be difficult to assess if we are truly delivering against our ambition of creating wellbeing led developments that motivate our communities to embrace active and healthy lifestyles to meet our health and wellbeing universal challenge. We recognised this in the development of our Sustainability Framework which includes a specific metric, under our human capital, to assess all sites with over 200 occupied homes through a robust survey mechanism every two years which records residents' sense of their quality of life, health and wellbeing.

Last year, working with the Quality of Life Foundation, we piloted the Quality of Life Resident Review Survey on our three sites with over 200 occupied homes – Alconbury Weald, Houlton and Priors Hall – to test if it was capable of giving a good and appropriate measure of health and wellbeing on all our Strategic Sites.

The pilot provided us with a deep and valuable insight into how our communities view our sites in comparison to national benchmarks published by the Office for National Statistics. Based on the findings, our site teams developed action plans for each pilot site to implement and to embed into ongoing community engagement activities.

Progress in 2023

Undertaking the Quality of Life survey provides the double benefit of identifying good practice and development opportunities across our sites whilst also assessing our response to the findings identified from previous surveys.

We continued the roll-out of the Quality of Life survey across two sites now with over 200 occupied homes – Middlebeck and Wintringham. The response rate was again good, reflecting a really engaged community and the work U&C does to encourage this.

Detailed findings will be available in early 2024 and once again action plans will be developed to take forward.

Although the Quality of Life survey findings for the three pilot sites yielded some common themes that needed further scrutiny by the business, it was the site action plans that specifically determined how the business would respond at a local level to drive most benefit. We actively track and manage outcomes in response to the survey findings to ensure we are sufficiently listening to our communities and demonstrate continuous improvement in what we do. Some examples of how we delivered in response to the pilot Quality of Life surveys are set out below.

Looking ahead, we will have the opportunity in 2024 to see the impact of the actions U&C has implemented across the three pilot sites when the Quality of Life surveys are undertaken once again as per our commitment in the Sustainability Framework.

Priors Hall Park – Quality of Life survey

Quality of Life survey theme and findings

Control – influence

57.6 per cent of respondents felt they could not influence decisions affecting the local area and many said they were not aware of opportunities to influence decisions in the local area.

Nature – green space

Most residents felt Priors Hall had a special or unique character, mainly due to green spaces or community feel (66.4 per cent).

Movement – green space

Residents were keen for more access to walking and cycling infrastructure in and around Priors Hall.

Wonder – playfulness

Residents tended to agree that Priors Hall Park offered people of all ages opportunities to enjoy themselves, though many felt neutral. The survey highlighted need for intergenerational use and provision for older children and teenagers.

U&C response

U&C developed a link with the Priors Hall Park neighbourhood association. U&C now attends these meetings to provide an update and promote widely to encourage attendance.

This summer a local consultation was launched on play areas for the new zones to ensure they have a chance to have their say on future plans.

We opened "The Gulley", our 25-acre nature reserve and county wildlife site for residents to be able to enjoy walking through.

We're also set to open new walking routes and access to green spaces across both Zone 2 and 3, with Old Quarry Wood, and links between new Zone 3 and Zone 1 amenities, via the Gulley.

New Village Green in Zone 2 will be designed to provide intergenerational activities, such as games tables, chess and pétanque as well as a high quality timber play area. This follows on from similar feedback in the additional play area consultation with residents.

Health and safety review

During the year, we have implemented a new proactive engagement programme with all of our housebuilder partners and directly employed contractors. This has involved regular face-to-face contact between site management teams and its wider health and safety teams, which has facilitated the exchange of good practices, sharing training opportunities and promoting openness when observations of concern have needed to be addressed.

Our new "five-star engagement programme" has been met positively by the majority of our supply chain who have attended consortium meetings each month. This has included providing evidence of undertaking regular reviews of health and safety standards, providing high standards of health and safety across their sites when independently reviewed, responding positively to observations made and where required and demonstrated prompt close-out actions.

We have introduced a strengthened "Safety, Health and Environment Consortium Agreement" to provide clearer and strengthened standards and performance requirements, along with a requirement for all of our partners to sign a health and safety commitment statement.

In our first year of implementing the five-star programme, 15 per cent of housebuilders and 40 per cent of directly employed contractors achieved the target of four stars with a further 25 per cent of housebuilders and 33 per cent of directly employed contractors achieving between three and four stars. The good health and safety standards observed across our strategic land sites have been facilitated by regular audits and inspections, monitoring trends and setting action plans. The results of this ongoing management has been regularly reported to, and leadership provided by, the Executive Management Committee and Board.

Now that our new five-star engagement programme has been embedded across all of our Strategic Sites, our focus for the year ahead is to work to improve housebuilder and contractor performance through continued engagement, initiatives and support as required.

To incentivise and based on performance to date, a lower target score of 3.5 stars rather than 4 will be set for 2023/24 to ensure the target remains challenging yet achievable.

We have also worked to strengthen both the communication and consultation activities with our employees in many ways; for example, regular briefings, safety bulletins and refreshing and promoting internal health and safety guidance documents. Our employee health and safety forum meets regularly and provides valuable feedback and suggestions that have aided the focus of the health and safety strategy and directed employee engagement and communications. We have also maintained an active health and safety training programme, focusing on ensuring our teams have a high level of knowledge of the Construction (Design and Management) Regulations 2015, Building Safety Act 2023 and up-skilling our office management teams.

> Despite market headwinds the Group has seen profitable trading across all business segments.

DAVID WOOD —
GROUP FINANCE DIRECTOR

Reduced demand and fewer transactions have negatively impacted valuer sentiment

Introduction

Higher interest rates and elevated inflation, coupled with the fall away of Help to Buy in October 2022, have caused a significant number of our customers' customers to defer their decisions to buy a new home. This demand-side slowdown has caused the housebuilders to reduce build rates and consequently land purchases, which has had near-term consequences for Urban&Civic's revenues and valuer attitudes.

As mentioned elsewhere in this Annual Report, in a period where the planning system is making it hard to achieve consents for the likes of Urban&Civic and Catesby, having oven ready land parcels available for sale when the housing market improves should be beneficial for Group profitability and valuations. This view is underpinned by the Group's large site discount (which represents the difference between the unserviced land values ascribed by CBRE Strategic Site valuations and the current retail prices being achieved on smaller parcel sales) increasing by £244 million or 119.6 per cent in the year.

The underperforming housing market and planning system, coupled with reduced transactional evidence and falling valuations, have meant that the Group's EPRA NTA adjusted has decreased by 7.7 per cent (or £56.7 million) since the beginning of the year, compared to a 6.7 per cent rise last year.

Property revaluation deficits accounted for £84.2 million of the headline £56.7 million reduction, predominantly reflecting CBRE's reduced serviced land values and increased discount rates within their valuation models (as a result of market uncertainties).

The Group's forward contracted sales at its Strategic Sites totalled £119.4 million at 30 September, receivable over an average period of 2.3 years (30 September 2022: £95.3 million and 2.5 years). These forward contracts specify minimum annual sums which the housebuilders are required to pay whether houses are built or not. The minimums due in the next financial year amount to £39.1 million and all such sums to date have been settled without default or significant delay.

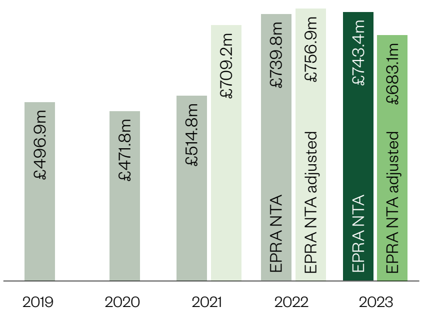
Introduction continued

Residential sales equivalent to 1,408 plots were made in the year, generating £85.8 million of cash for the Group. This total is 15.3 per cent higher than last year's 1,221 plots, but below expectations following a quieter last quarter at the Strategic Sites and delayed Build to Rent sales contract completions.

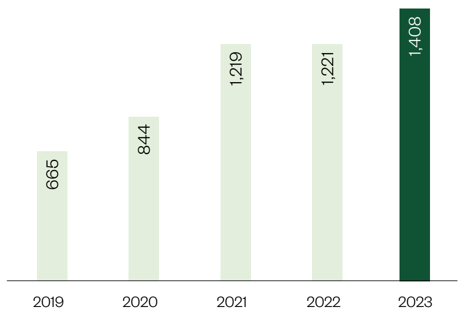
Despite market headwinds the Group has seen profitable trading across all business segments, resulting in profit after tax increasing to £23.8 million this year compared to £20.1 million last year.

EPRA NTA **+0.5%**

EPRA NTA adjusted **-7.7%**[1]

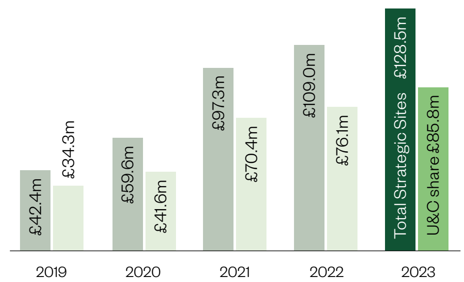


Plot completions **1,408**



Cash generations from plot completions

£128.5m (Total Strategic Sites) **£85.8m** (U&C share)



1. Compared to opening EPRA NTA

Key performance indicators

The Group's key performance indicators have remained stable in nature throughout the year, with the exception of the removal of EPRA NAV metrics (now that these measures are non-standard metrics) and the reintroduction of the large site discount (following the reported valuation deficits in a period of low transactional evidence). The Group's principal key performance indicators, both financial and non-financial, are discussed further on pages 20 and 21.

EPRA NTA adjusted, carbon footprint and enhanced biodiversity remain particularly important measures as these are used to assess not only the Group's growth in value and progress towards Net Zero but are also determining measures for significant proportions of Group-wide bonuses and Long Term Incentive Plan vesting.

A more detailed reconciliation between UK GAAP NAV and EPRA NTA is provided in note 23.

	Year ended 30 September 2023	Year ended 30 September 2022	Annual increase/(decrease)
EPRA NTA (EPRA net tangible assets)	**£743.4m**	£739.8m	0.5%
EPRA NTA per share	**331.1p**	364.0p	(9.0)%
EPRA NTA adjusted (a non-standard metric)[1]	**£683.1m**	£756.9m	(7.7)%
EPRA NTA adjusted per share[1]	**304.3p**	372.4p	(16.4)%
Gearing – EPRA NAV basis[2]	**9.5%**	16.3%	
Large site discount[3]	**£448m**	£204m	119.6%
Strategic Site plot completions[4,5]	**1,408 plots**	1,221 plots	15.3%
Cash flow generation from plot completions (U&C share)[6]	**£85.8m**	£76.1m	12.7%
Profit after tax	**£23.8m**	£20.1m	18.4%

1. The current year adjustments include deducting £77.3 million of capital introduced by Wellcome in the year and the adding back of £17.0 million of gift aid payments made to Wellcome. The movements in EPRA NTA adjusted metrics reflect the rate of return in the year having taken into account the amount and timings of shares issued and gift aid payments.
2. The covenant applicable to the Group's revolving credit facility with HSBC.
3. Large site discount represents the difference between the unserviced land values ascribed by CBRE Strategic Site valuations (which consider site scale and build out duration among other matters), and the current retail prices being achieved on smaller parcel sales.
4. Includes 792 actual plot completions (30 September 2022: 643) and land sales equivalent to 616 plots (30 September 2022: 578 plots), comprising: Alconbury: 86; Houlton: 12; Priors Hall: 342; Middlebeck: (35); Wintringham: 167; and Waterbeach: 44.
5. Actual plot completions include 105 plots at Alconbury (30 September 2022: 155); 169 at Houlton (30 September 2022: 198); 49 at Middlebeck (30 September 2022: 118); 165 at Priors Hall (30 September 2022: 64); 284 at Wintringham (30 September 2022: 86); and 20 at Waterbeach (30 September 2022: 22).
6. Represents Urban&Civic's share of cash generated by Strategic Site plot completions only.

Given the importance of the Group's EPRA metrics we continue to engage CBRE Limited to provide Red Book valuations for all our consented Strategic Sites (as well as certain other assets) and Strutt & Parker in respect of our farming assets. At 30 September 2023 around 93.6 per cent of the Group's property interests were subject to valuation by CBRE and Strutt & Parker.

Net asset value – UK GAAP and EPRA

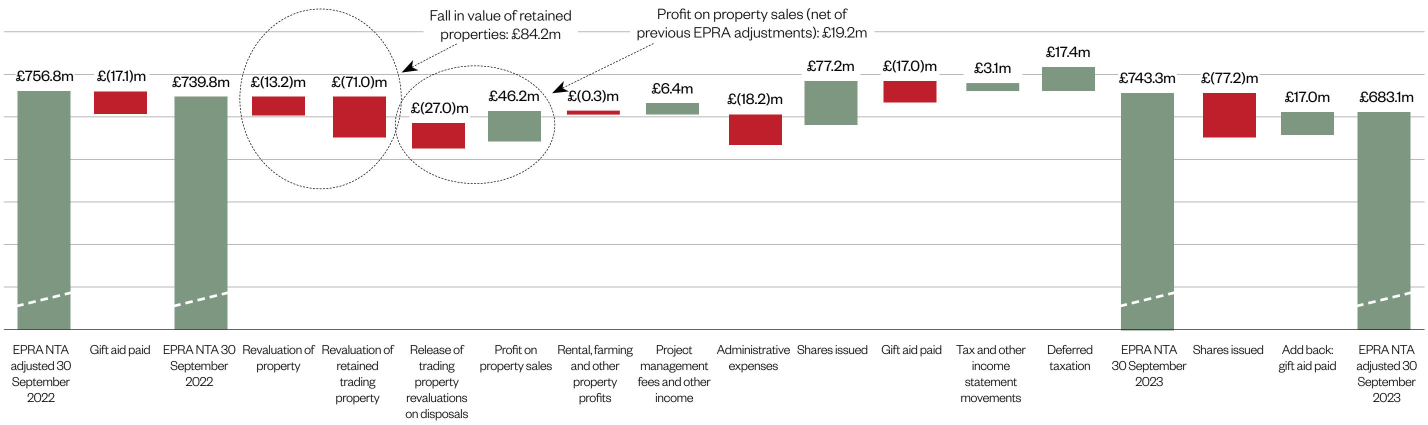
Presented below is a non-statutory table detailing the movements in UK GAAP NAV and EPRA metrics (over the last two years), together with a bridge graphic highlighting the main components driving the movement in EPRA NTA and EPRA NTA adjusted (over the last financial year).

From both the table and the graphic, you will note that of the £56.7 million (-7.7 per cent) decrease in EPRA NTA adjusted in the year, £84.2 million is attributable to net property revaluation deficits, £17.4 million relates to deferred taxation credits on these property revaluation deficits and £19.2 million relates to profits on property sales. Other downward movements of £9.1 million (including net administrative expenses of £18.2 million) account for the remainder.

	Year ended 30 September 2023				Year ended 30 September 2022	
	Group £m	Joint ventures £m	Total £m	Pence per share	Total £m	Pence per share
Profit on property sales[1,2]	**38.5**	**7.7**	**46.2**	**20.6**	30.7	15.1
Rental, farming, and other property profits/(losses)	**0.5**	**(0.8)**	**(0.3)**	**(0.1)**	1.0	0.4
Project management fees and other income	**6.4**	**—**	**6.4**	**2.9**	6.5	3.2
Revaluation of property[3,4]	**(13.2)**	**—**	**(13.2)**	**(5.9)**	2.8	1.4
Administrative expenses	**(18.1)**	**(0.1)**	**(18.2)**	**(8.1)**	(18.0)	(8.9)
Tax and other income statement movements	**3.8**	**(0.8)**	**3.0**	**1.3**	(2.9)	(1.3)
Total comprehensive income movement	**17.9**	**6.0**	**23.9**	**10.7**	20.1	9.9
Gift aid paid	**(17.0)**	**—**	**(17.0)**	**(7.5)**	(17.1)	(8.4)
Shares issued	**77.3**	**—**	**77.3**	**34.4**	194.4	95.7
UK GAAP movement	**78.2**	**6.0**	**84.2**	**37.6**	197.4	97.2
Revaluation of retained properties[4]	**(58.6)**	**(12.4)**	**(71.0)**	**(31.6)**	33.0	16.2
Release of trading property revaluations on disposals[2]	**(27.0)**	**—**	**(27.0)**	**(12.0)**	(7.0)	(3.4)
Deferred taxation	**17.4**	**—**	**17.4**	**7.7**	1.6	0.7
Effect of shares issued on opening EPRA NTA	**—**	**—**	**—**	**(34.6)**	—	(97.1)
EPRA NTA movement	**10.0**	**(6.4)**	**3.6**	**(32.9)**	225.0	13.6
Shares issued			**(77.3)**	**(34.4)**	—	—
Gift aid paid			**17.0**	**7.6**	17.1	7.6
EPRA NTA adjusted movement[6]			**(56.7)**	**(59.7)**	242.1	21.2
EPRA NTA at start of year[7]			**739.8**	**364.0**	514.8	350.4
EPRA NTA at end of year			**743.4**	**331.1**	739.8	364.0
EPRA NTA adjusted at end of year[5]			**683.1**	**304.3**	756.9	371.6
Memo: property revaluations (sum of superscript 4)			**(84.2)**	**(37.5)**	35.8	17.6

1. Comprises profit on trading property sales (£11.5 million: £7.4 million within subsidiaries and £4.1 million within joint ventures), profit on disposal of investment property and freehold land and buildings (£27.0 million), and unwinding of discount applied to long-term residential property sales receivables (£7.8 million: £4.2 million within subsidiaries and £3.6 million within joint ventures).
2. Total classified as profit on property sales for the purposes of the above EPRA NTA growth commentary and bridge graphic.
3. Comprises deficits on the revaluation of investment properties (£(9.8) million), impairment of freehold land and buildings (£(2.2) million) and trading property write downs (£(1.2) million).
4. Total classified as property revaluations for the purposes of the above EPRA NTA growth commentary and EPRA NTA bridge graphic. Property interests include trading properties held by the Group and the Group's share of joint ventures and farming assets classified as freehold property within property, plant and equipment.
5. EPRA NTA adjusted is calculated by adding the EPRA NTA adjusted movement (superscript 6) to the opening EPRA NTA balances (superscript 7).

EPRA NTA bridge



Consolidated statement of comprehensive income

Profit after tax rose £3.7 million in the year to £23.8 million, predominantly as a result of increased profits on property sales, increased tax credits and interest receivable outweighing greater property revaluation deficits and write downs.

Profits on property sales (the movement in superscript 1 in the table below) increased by £15.6 million, reflecting the sale of two farms (at Coldham and Goole, which contributed £27.0 million), offset by a £10.4 million fall in Catesby land promotion profits (total profits for the year: £1.8 million before overheads and £1.2 million of write downs).

Other increases included additional tax credits and interest receivable which generated further profits of £5.7 million this year.

Against these increases, additional property revaluation deficits and write downs amounting to £16.0 million have been recognised over last year (being the movement in superscript 3 in the table below).

Other decreases year on year amounted to £1.6 million.

The below table summarises the income statement, with joint ventures proportionately consolidated.

	Year ended 30 September 2023			Year ended 30 September 2022		
	Group £m	**Joint ventures £m**	**Total £m**	Group £m	Joint ventures £m	Total £m
Revenue	**104.2**	**22.5**	**126.7**	154.5	29.1	183.6
Profit on trading property sales[1]	**7.4**	**4.1**	**11.5**	21.3	3.6	24.9
Rental, farming, and other property profits/(losses)	**0.5**	**(0.8)**	**(0.3)**	2.4	(1.4)	1.0
Project management fees and other income[2]	**6.4**	**—**	**6.4**	6.5	—	6.5
Write down of trading properties[3]	**(1.2)**	**—**	**(1.2)**	(0.9)	—	(0.9)
Gross profit	**13.1**	**3.3**	**16.4**	29.3	2.2	31.5
Administrative expenses	**(18.1)**	**(0.1)**	**(18.2)**	(18.0)	—	(18.0)
Profit on disposal of investment property and freehold land and buildings[1]	**27.0**	**—**	**27.0**	0.5	—	0.5
(Deficit)/surplus on revaluation of investment properties[3]	**(9.8)**	**—**	**(9.8)**	4.3	—	4.3
Impairment of freehold land and buildings[3]	**(2.2)**	**—**	**(2.2)**	(0.6)	—	(0.6)
Share of post-tax profit from joint ventures and impairment of loans to joint ventures	**6.0**	**(6.0)**	**—**	3.8	(3.8)	—
Unwinding of discount applied to long-term residential property sales receivables[1]	**4.2**	**3.6**	**7.8**	2.5	2.8	5.3
Tax and other income statement movements	**3.6**	**(0.8)**	**2.8**	(1.7)	(1.2)	(2.9)
Profit after tax	**23.8**	**—**	**23.8**	20.1	—	20.1

1. Included within profit on property sales in the EPRA movement table above.
2. Recurring project management fees comprise £6.2 million of the total (30 September 2022: £3.4 million) and are earned through recharging administrative expenses to the Wellcome Trust (with regard to time spent on development manager duties on the expansion of the Wellcome Genome Campus, Hinxton) and joint venture partners (where Group employees are engaged in joint venture Strategic Site developments).
3. Included within revaluation of property in the EPRA movement table above.

Gift aid payments

The Group, through Wellcome's ownership, continues to enjoy the tax efficiencies associated with gift aid payments (where payments of profits to charities are not taxable). In the financial year, Urban&Civic paid £17.0 million of gift aid to Wellcome (30 September 2022: £17.1 million).

Consolidated balance sheet

The below tables reflects a summarised balance sheet, with joint ventures proportionately consolidated.

Overview

	At 30 September 2023			At 30 September 2022		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Investment properties	107.2	—	107.2	81.7	—	81.7
Trading properties	391.1	138.9	530.0	321.5	138.2	459.7
Properties within PPE	76.6	—	76.6	150.3	—	150.3
Properties[1]	574.9	138.9	713.8	553.5	138.2	691.7
Other PPE	0.6	—	0.6	1.0	—	1.0
Investment in joint ventures and associates	136.7	(136.7)	—	134.9	(134.9)	—
Inventory	1.5	—	1.5	8.9	—	8.9
Trade and other receivables						
Non-current property[1]	44.2	13.1	57.3	53.4	23.7	77.1
Current – property[1]	40.8	12.9	53.7	21.4	16.8	38.2
Current – other	26.5	3.8	30.3	44.8	6.0	50.8
	111.5	29.8	141.3	119.6	46.5	166.1
Cash	100.6	13.2	113.8	37.1	16.1	53.2
Borrowings	(173.3)	(21.9)	(195.2)	(164.7)	(38.0)	(202.7)
Deferred tax liability (net)	(7.2)	—	(7.2)	(9.0)	—	(9.0)
Trade and other payables – property[1]	(15.7)	—	(15.7)	(25.4)	—	(25.4)
Other net liabilities	(30.4)	(23.3)	(53.7)	(40.9)	(27.9)	(68.8)
UK GAAP NAV	699.2	—	699.2	615.0	—	615.0
EPRA NTA adjustments – property[1]	44.1	13.4	57.5	129.8	25.8	155.6
EPRA NTA adjustments – tax	(13.3)	—	(13.3)	(30.8)	—	(30.8)
EPRA NTA	730.0	13.4	743.4	714.0	25.8	739.8
Shares issued			(77.3)			—
Gift aid paid			17.0			17.1
EPRA NTA adjusted			683.1			756.9
UK GAAP NAV per share			311.5p			302.6p
EPRA NTA per share			331.1p			364.0p
EPRA NTA adjusted per share			304.3p			372.4p

1. Total property interests: £866.6 million (30 September 2022: £937.2 million).

Property interests

Property interests are the most significant balance sheet component, as noted in the simplification table below.

Urban&Civic's acquisition of the remaining 91 per cent interest in Waterbeach, together with development works at the Group's Strategic Sites, net of the disposal of two farms (Coldham and Goole), sales completion of six land parcels and current year property revaluation deficits, has been largely responsible for the £70.6 million reduction in property interests during the year.

As previously highlighted, CBRE (Strategic Sites and certain other assets) and Strutt & Parker (farming assets) have valued 93.6 per cent of the Group's property interests and, after taking into account additions and disposals, Executive Directors' valuations and these third party valuations, property values in respect of retained properties have decreased by c.8.8 per cent (or £84.2 million). This fall reflects, amongst other matters, limited market sales evidence, which has led to reduced current day serviced land values, higher discount rates and higher interest rates. Of the 8.8 per cent fall, 10.9 per cent is attributable to Strategic Sites, noting farming assets and Catesby promotion positions have increased in value by 1.8 per cent and 3.9 per cent respectively.

Simplification

	At 30 September 2023		
	UK GAAP NAV £m	EPRA adjustments £m	EPRA NTA £m
Property interests	**809.1**	**57.5**	**866.6**
Net debt	**(81.4)**	**—**	**(81.4)**
Other	**(28.5)**	**(13.3)**	**(41.8)**
Total	**699.2**	**44.2**	**743.4**

Movement in property interests in year

	UK GAAP £m	EPRA adjustments £m	EPRA £m
At 1 October 2022	781.6	155.6	937.2
Capital expenditure and additional receivables	199.0	—	199.0
Disposals, depreciation, write downs, receipts and other	(158.3)	(0.1)	(158.4)
Revaluation of property	(13.2)	(71.0)	(84.2)
Release of trading property revaluations on disposals	—	(27.0)	(27.0)
At 30 September 2023	**809.1**	**57.5**	**866.6**

Financial resources and capital management

Cash balances have increased by £60.6 million compared to last year on a look-through basis (£113.8 million at the year end compared to £53.2 million at 30 September 2022). This is predominantly the result of a £75 million capital injection by Wellcome in the financial year. These funds have or will be used to part finance the acquisition of the remaining interest at Waterbeach and the ongoing equity requirements at Middlebeck and Manydown Strategic Sites, amongst other matters. Details of these share issues and a further smaller issue (amounting to £2.3 million) can be found in note 21 of these accounts.

In addition to the £77.3 million of additional share capital subscribed in the year, cash generation from plot completions (£85.8 million on a look-through basis) and new loans (£7.3 million in subsidiaries and £nil in respect of Urban&Civic's share of new joint venture borrowings) have been used to fund £199.0 million of capital expenditure and overheads, make £17.0 million of gift aid payments to the Wellcome Trust and repay loans of £31.5 million (£9.1 million in respect of subsidiaries and £22.4 million for Urban&Civic's share of joint venture borrowings).

The Group continues to seek sufficient and supportive funding lines in order to maintain construction activities and provide funds for opportunistic investment at any point in time. At the year end, Urban&Civic benefited from £77.1 million of undrawn facilities and £119.4 million of forward contracted sales (at the Group's Strategic Sites). This capacity has been enhanced post-year end by a £40 million expansion of the Group's revolving credit facility (see post-balance sheet matters below).

The Group's net debt position at 30 September 2023 totalled £72.7 million (30 September 2022: £127.6 million), producing a net gearing ratio of 10.4 per cent (30 September 2022: 20.7 per cent) on a UK GAAP NAV basis and 9.5 per cent (30 September 2022: 16.3 per cent) on an EPRA NAV basis. Look-through gearing levels are higher due to the shorter-term borrowings used to fund development expenditure in respect of the Manchester New Square development and Homes England borrowings within the Houlton and Wintringham joint ventures. The improvement in gearing measures reflects the previously described £75 million capital injections by Wellcome.

Homes England continues to account for a significant proportion of Group borrowings (95.0 per cent of all borrowings on a look-through basis) with local authorities and other Government bodies accounting for a further 1.0 per cent. The weighted average loan maturity at 30 September 2023 was 6.4 years (30 September 2022: 6.8 years) and weighted average cost of borrowing on drawn debt was 7.8 per cent (30 September 2022: 4.5 per cent). All borrowings are at floating rates, mostly linked to the EC reference rate.

	At 30 September 2023				
	Group £m	Proportion of Group borrowings	Joint ventures[1] £m	Look-through £m	Proportion of look-through borrowings
Homes England	172.8	98.9%	14.3	187.1	95.0%
Corporate RCF	—	—	—	—	—
Manchester New Square	—	—	7.8	7.8	4.0%
Huntington District Council	2.0	1.1%	—	2.0	1.0%
Borrowings before loan arrangement costs	174.8	100.0%	22.1	196.9	100.0%
Loan arrangement costs	(1.5)		(0.2)	(1.7)	
Borrowings after loan arrangement costs	173.3		21.9	195.2	
Cash	(100.6)		(13.2)	(113.8)	
Net debt	72.7		8.7	81.4	
EPRA NAV (note 23)	767.2			767.2	
EPRA NAV gearing	9.5%			10.6%	

1. Joint venture borrowings do not include the amortising grant from the DfE, which is classified as an "other creditor" within the Houlton joint venture.

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

Other principal loan covenants (which are predominantly associated with Homes England loans) are based on loan to value ratios attaching to specific property assets. These ratios typically range between 40 per cent and 80 per cent.

The Group was covenant compliant in the 12 months to 30 September 2023 and is forecast to remain so throughout the going concern review period. Stress testing scenarios and mitigating actions have been identified and particular attention has been paid to the Group's assumptions around non-contractual receipts and non-committed expenditure. LTV covenant headroom has also been assessed.

The Group had one loan facility maturing over the next 12 months, namely the undrawn £40 million corporate revolving facility. This facility has subsequently been refinanced as noted below.

Post-balance sheet matters

On 20 December 2023, the Group refinanced its expiring £40 million revolving credit facility with the existing provider, HSBC. The new and expanded five-year, £80 million facility will provide the Group with additional flexibility in respect of opportunistic investments and infrastructure delivery programmes in the current climate. Covenants attaching to the new facility are not materially more onerous than the old facility, although adjustments have been made to reflect the increased scale of Urban&Civic.

David Wood
Group Finance Director
21 December 2023

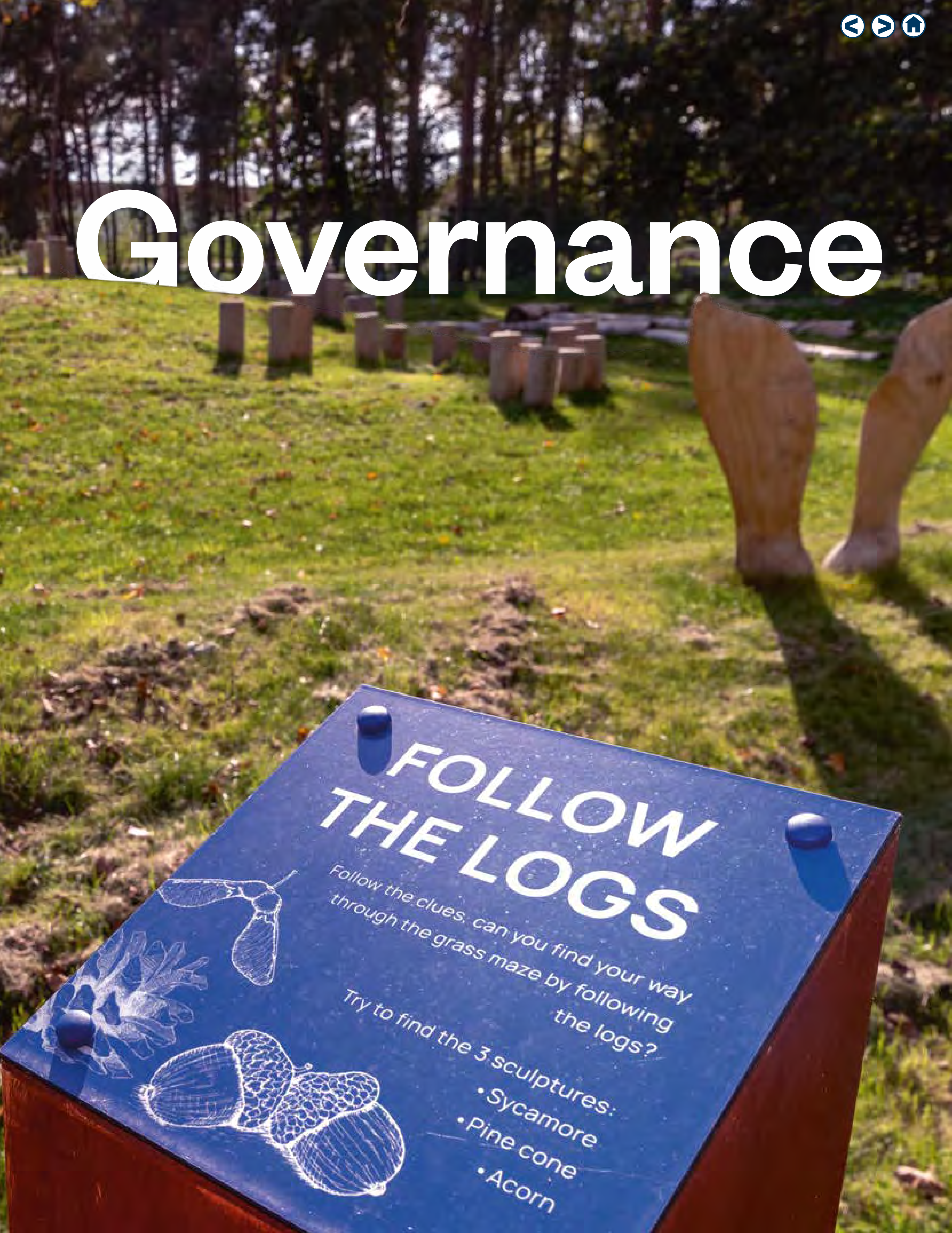
The strategic report contained on pages 4 to 65 was approved by the Board on 21 December 2023.

On behalf of the Board

Nigel Hugill
Chief Executive

Imaginative play area, Waterbeach

Governance


FOLLOW
THE LOGS
Follow the clues, can you find your way
through the grass maze by following
the logs?
Try to find the 3 sculptures:
• Sycamore
• Pine cone
• Acorn

“

Good governance effectively communicated is, and will continue to be, key to making sure our purpose, vision and values align with our stakeholders.

PETER PEREIRA GRAY —
CHAIRMAN

Corporate governance review

This section of the Annual Report contains the following reports:

Chairman’s introduction

Good governance effectively communicated is, and will continue to be, key to making sure our purpose, vision and values align with our stakeholders. The Board remains committed to delivering benefits to our shareholder, the Wellcome Trust, as well as our wider stakeholders.

Urban&Civic has continued to apply the Wates Corporate Principles (the ‘Principles’) for Large Private Companies, under The Companies (Miscellaneous Reporting) Regulations 2018, which are available on the FRC website:

www.frc.org.uk/directors/corporate-governance-and-stewardship/governance-of-large-private-companies/the-wates-principles-for-large-private-companies

The six Principles provide our stakeholders with a framework that can lead to greater understanding of how the Group operates and builds confidence and trust in Urban&Civic. The framework also helps to identify where the Group is falling short or where the bar can be raised higher.

Urban&Civic has benefited from a stable Board and senior executive team through the year, as well as an increasingly mature governance structure.

Sustainability remains a global challenge and an area where governance (from our perspective) is evolving the most. In response, the Board has made a decision to form a new committee, which will be known as the Sustainability and Health & Safety Committee, to oversee philosophy, strategy, policies, procedures and reporting in these key areas. The new committee will be effective for the next financial year and terms of reference have already been approved.

The Wates Principles signpost below sets out a brief overview of compliance for each Principle and also provides a cross-reference to where you will find further explanatory detail.

Peter Pereira Gray
Non-Executive Chairman
21 December 2023

Wates Principles signpost

Six Principle hierarchy

1

THE NORTH STAR

Purpose and leadership

Read more on page 70

2

CHARACTERISTICS OF GOVERNANCE

Board composition

Read more on page 70

3

CHARACTERISTICS OF GOVERNANCE

Director responsibilities

Read more on page 70

4

SPECIFIC MATTERS

Opportunity and risk

Read more on page 70

5

SPECIFIC MATTERS

Remuneration

Read more on page 70

6

SPECIFIC MATTERS

Stakeholder relationships and engagement

Read more on page 70

Signpost

Principle	Report section	Description	Page
1 Purpose and leadership	Purpose, vision and values	What Urban&Civic primarily achieves and aims to achieve by being in business.	Inside cover
	At a glance	Portfolio and segmental overview and details of key partners, customers and other stakeholders.	Pages 4 and 5
	Our business model	High level explanation of the Group's business model (approach, key resources utilised and key stakeholder outcomes).	Pages 6 and 7
	Our strategy	Details of the Group's five strategic objectives, including descriptions of progress in the financial year and objectives for 2023/24.	Pages 18 and 19
	Board's role in corporate governance	High level explanation of how the Board oversees operations so that high corporate governance is maintained.	Page 71
	Board operations and activities	Details of how the Board has applied governance in respect of strategic or operational decisions in 2022/23.	Pages 77 and 78
2 Board composition	Board composition	Board expertise and biographies.	Pages 71 to 73
	Board operations and activities	Details of Board operations.	Pages 77 and 78
	Nomination and Governance Committee	Balance and diversity of the Board, senior executives and other employees, and committee membership.	Page 79
	Audit and Remuneration Committees	Committee membership.	Pages 80 to 88
3 Director responsibilities	Corporate governance structure and division of committee responsibilities	Board committee structure, division of committee responsibilities and Chairman and Executive Director roles and responsibilities.	Pages 74 and 75
	Board operations and activities	Details of key activities.	Pages 77 and 78
	Nomination and Governance, Audit and Remuneration Committees	Details of meetings (including attendance), key activities in 2022/23 and key priorities for 2023/24.	Pages 79 to 88
4 Opportunity and risk	Our strategy	Details of trading opportunities in line with the Group's strategic objectives.	Pages 18 and 19
	Operational review	Consideration of actions taken during the year and the consideration of operational and strategic opportunities such as BtR.	Pages 22 to 25
	Our sustainability approach	Review of performance against our metrics and opportunities to further address our universal challenges of Climate Change, Biodiversity and Health and Wellbeing.	Pages 42 to 57
	Board operations and activities	Details of how opportunities are generated and appraised.	Pages 77 and 78
	Key risks	Details of risk environment, risk management framework, principal areas of focus in 2022/23, principal risks (including heatmap, impact of risk, key controls and mitigations, typical risk indicators and movement description).	Pages 33 to 41
5 Remuneration	Remuneration Committee	Remuneration at a glance discloses the CEO pay ratios when last reviewed in September 2023.	Pages 84 and 85
		Current approved remuneration policies for Executive Directors, other employees and Non-Executive Directors.	Pages 86 to 88
		Chief Executive's remuneration and reward scenarios.	Page 88
6 Stakeholder relationships and engagement	Our stakeholders	Explains how we have engaged with our stakeholders at all levels of the business and provides illustrations of how stakeholder considerations have influenced decisions and created opportunities.	Pages 26 to 32
	Case studies	Examples of specific activities and innovations providing illustrations of how we have delivered on our values, striven for our capitals and achieved our metrics.	Pages 28 to 32

Board's role in corporate governance

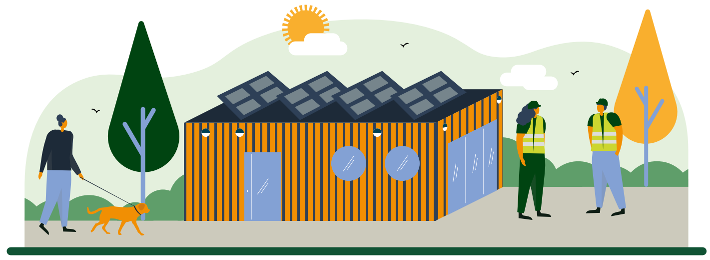
Introduction

The Board is responsible for setting and reviewing the Group's purpose, vision and values (see Inside cover for further details) which help underpin Urban&Civic's strategy, business model (see pages 6 and 7) and culture.

Purpose, vision and values, as well as culture, remain important areas for the Board both at the annual strategy day and throughout the year at the various Board and Board committee meetings. These key messages and corporate qualities are internally reinforced by management through induction programmes, annual away days, training courses, employee awards and employee surveys.

Generally, when Urban&Civic issues corporate documentation (such as bids or tenders), our purpose, vision and values have an upfront, context setting role.

The Board seeks to ensure that in pursuit of the Group's aims and objectives (pages 18 and 19), the structure and function of Urban&Civic facilitates compliance with all regulatory and governance requirements and guidelines in relation to its activities, including financial reporting and accounting matters, refreshment and diversity of the Board, succession planning, remuneration and sustainability.



Membership and meetings

The Board held four scheduled meetings during the year and also held four ad hoc Board meetings, one Board committee meeting, a strategy meeting and a further briefing meeting. The five unscheduled ad hoc Board and Board committee meetings were convened to approve a share issue (the first instalment of a further £75 million of capital injected by Wellcome), the entering into construction, sales and infrastructure loan agreements at Middlebeck, Newark, the 2022 Annual Report, gift aid payments and terms associated with the refinancing of the corporate revolving credit facility. In addition to these meetings, the Board members regularly undertake site visits.

Current Directors		Date of appointment	Date of resignation	Tenure as at 30 September 2023	Meeting attendance[2]
Peter Pereira Gray	Chairman	21 January 2021		2 years 8 months	**9/9**
Nigel Hugill	Chief Executive	22 May 2014		9 years 4 months	**9/9**
Robin Butler	Managing Director	22 May 2014		9 years 4 months	**9/9**
David Wood	Finance Director	1 July 2016		7 years 3 months	**9/9**
Rosemary Boot[1]	Independent Non-Executive Director	18 February 2021/ 10 May 2019	21 January 2021	4 years 4 months	**9/9**
Bill Holland[1]	Independent Non-Executive Director	18 February 2021/ 6 February 2020	21 January 2021	3 years 7 months	**9/9**
Lisha Patel	Non-Executive Director	21 January 2021		2 years 8 months	**9/9**

1. Rosemary Boot and Bill Holland resigned on the Wellcome Trust's takeover of Urban&Civic but were subsequently reappointed.
2. Scheduled Board, ad hoc Board and strategy meetings only (i.e. not Board committee or briefing meetings).

Board composition

Introduction

The Board comprises three Executive Directors and four Non-Executive Directors, two of whom have Wellcome Trust connections and two of whom are independent of both Urban&Civic and Wellcome. The Board reviews its composition and the membership of the Board committees annually and is of the opinion that the Board and committee structure continues to operate efficiently and effectively.

The Board reviews and assesses the knowledge, skills, experience and independence of Directors and we are satisfied that they carry out their duties and responsibilities effectively. A skills matrix is presented below.

The balance of the Board is taken into account when considering any new appointments and the appointment process.

Peter Pereira Gray
Non-Executive Chairman

N A R

Date of appointment 21 January 2021

Career Peter retired from his executive responsibilities at Wellcome in September 2022, becoming emeritus partner, where he continues to advise Wellcome. He remains chairman of Premier Marinas Limited and Wellcome's valuation committee and is a fellow of the Royal Institution of Chartered Surveyors, honorary vice president of Cambridge University Land Society, a life member and past chairman of the Investment Property Forum and a life fellow of the Royal Society of Arts.

External appointments Peter is a committee member of the Royal Institution of Chartered Surveyors, deputy chair of the Bank of England Residential Property Forum, director and chair of UK Commercial REIT, investment committee member of Trinity College Cambridge and chair of the advisory board to the London School of Economics Masters in Real Estate, Economics and Finance.

Robin Butler
Managing Director

E

Date of appointment 22 May 2014

Key responsibilities Robin has overall responsibility for the operational performance of the Group's business and for the overall management of the regional offices.

Career Robin 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. Robin was a founding director of Urban&Civic Limited, which was a precursor to Urban&Civic plc, with Nigel Hugill in 2009.

External appointments None.

Nigel Hugill
Chief Executive

E

Date of appointment 22 May 2014

Key responsibilities Nigel is responsible for the development and achievement of Group objectives and strategy, as approved by the Board. He ensures effective communication with stakeholders.

Career Nigel has held numerous senior positions within the property and regeneration industry over a career spanning over 35 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. Nigel was a founding director, along with Robin Butler, and executive chairman of Urban&Civic Limited, which was established in 2009 and was a precursor to Urban&Civic plc. He was presented with the Estates Gazette Lifetime Achievement Award in 2016 and was awarded an Honorary Fellowship by the London School of Economics in 2020.

External appointments Nigel is chairman of the respected urban think tank Centre for Cities.

David Wood
Group Finance Director and Company Secretary

E

Date of appointment 1 July 2016

Key responsibilities David is responsible for financial strategy, treasury, management and statutory reporting and tax.

Career David previously held senior finance positions at Minerva plc, Multiplex Developments and Chelsfield plc. David is a qualified chartered accountant and has over 25 years of experience in the real estate sector.

External appointments None.

Rosemary Boot
Independent Non-Executive Director

N A R

Date of appointment 18 February 2021 (reappointed post Wellcome Trust takeover having been initially appointed on 10 May 2019 and resigning on 21 January 2021)

Career Rosemary was the chief financial officer of Future Cities Catapult, one of a network of technology and innovation centres established by the UK Government. She also worked at Circle Housing Group and was involved in setting up the Government-owned Low Carbon Contracts Company and Electricity Settlements Company.

Rosemary's recent non-executive roles include Southern Water Services (water utility) and Green Alliance, the environment think tank. From 2001 to 2011 she was group finance director of the Carbon Trust, and prior to that, she worked for 16 years as an investment banker primarily advising large, listed UK companies on mergers and acquisitions.

External appointments Rosemary is a non-executive director of Impact Healthcare REIT plc and of Triple Point Energy Transition plc. She is also a co-founder and director of Chapter Zero, an organisation that seeks to raise awareness and understanding of climate change as a business issue with non-executive directors.

Bill Holland
Independent Non-Executive Director

N A R

Date of appointment 18 February 2021 (reappointed post Wellcome Trust takeover having been initially appointed on 6 February 2020 and resigning on 21 January 2021)

Career Bill specialised in the provision of audit and accounting services to property companies in KPMG's real estate practice for 25 years, as a senior partner for 19 years, until August 2019. He was responsible for the audit of a wide range of property companies and funds encompassing investors, developers, housebuilders and surveyors in the listed and private sectors. He also sat on the finance committees of the British Property Federation and INREV, and on a working committee of The Association of Real Estate Funds. Bill is a fellow of the Institute of Chartered Accountants in England and Wales.

External appointments Bill is non-executive director and chair of the audit committee of CLS Holdings plc and Ground Rents Income Fund plc. He is a governor at Winchester College, chairing the estate committee and sitting on the finance committee.

Lisha Patel
Non-Executive Director

N A R

Date of appointment 21 January 2021

Career Lisha is managing director, investments at Wellcome; she sits on Wellcome's investment committee, has worked across multiple asset classes since joining Wellcome in 2006 and leads direct private investing. Lisha was previously at Lazard in its corporate finance practice and read Economics and Management at the University of Oxford.

External appointments Lisha chairs the investment committee of Pembroke College, Oxford, and is a member of the investment committee of the Honourable Society of the Middle Temple and of the endowment board of Imperial College London.

Expertise	Property industry	Project management	Health and safety	Environment knowledge	Governance	Finance
Peter Pereira Gray	High skillset	Good skillset	High skillset	Limited skillset	High skillset	Good skillset
Rosemary Boot	Good skillset	Limited skillset	Good skillset	High skillset	High skillset	High skillset
Bill Holland	Good skillset	Good skillset	Limited skillset	Limited skillset	High skillset	High skillset
Lisha Patel	Good skillset	Limited skillset	High skillset	Good skillset	High skillset	High skillset
Nigel Hugill	High skillset	High skillset	Good skillset	Good skillset	High skillset	High skillset
Robin Butler	High skillset	High skillset	Good skillset	Good skillset	Good skillset	Good skillset
David Wood	High skillset	High skillset	Good skillset	Good skillset	High skillset	High skillset

High skillset · Good skillset · Limited skillset

Committee key
- A Audit Committee
- N Nomination and Governance Committee
- R Remuneration Committee
- E Executive Management Committee[1]
- Committee chair

1. Not a Board committee.

Corporate governance structure and division of committee responsibilities

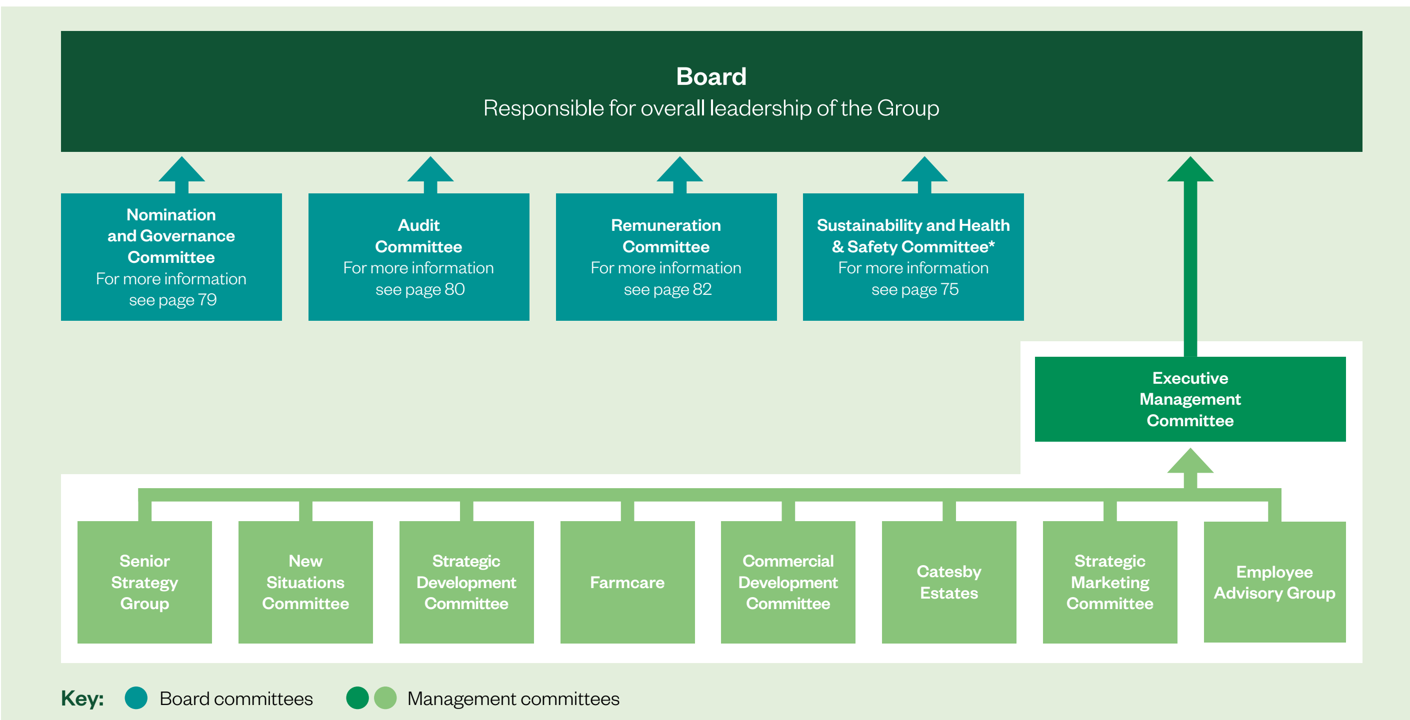
Board committee structure

The Board has established four Board committees, the Nomination and Governance, Audit and Remuneration Committees, and new for this year, the Sustainability and Health & Safety Committee. This new committee reflects the importance and growth in key areas of the business and although not effective until 2023/24, terms were approved during the year.

The Board has delegated specific areas of responsibility to its committees, with a clear division of responsibilities in place.

Each of the committees has the authority to make decisions in accordance with its terms of reference, which are reviewed on an annual basis to take into account any changes to regulations and/or best practice. Any amendments to a committee's terms of reference are subject to Board approval and the Board therefore ensures that appropriate levels of delegation take place, without it losing overall responsibility for key areas.

The Board also approved terms of reference of the Executive Management Committee (EMC), whose members represent the senior management of the Group (composition of the EMC can be found on page 75).



Division of committee responsibilities

Board of Directors

The key responsibilities of the Board are leadership and direction, setting the Company's purpose, vision and values as well as its aims, strategy, objectives and standards. The Board is responsible for the achievement of the long-term sustainable success of the Company and the generation of value for its shareholder, the Wellcome Trust, and its employees and other stakeholders.

A key role of the Board is to understand the views of stakeholders and to consider their interests and the matters set out in section 172 of the Companies Act 2006 in Board discussions and decision making. Further details can be found in the section 172 statement on pages 27 to 32.

The Board has overall responsibility for the financial performance of the Group, health and safety management and reporting, environmental and sustainability policies and reporting the maintenance of effective risk management and internal control systems, the approval of procedures for the detection of fraud and the prevention of bribery, and review of the Group's whistleblowing policy and related reporting. Any significant acquisitions and disposals are subject to the approval of the Board, as are the annual financial statements. The Board has delegated the oversight of the Group's governance framework to the Nomination and Governance Committee but retains overall responsibility for corporate governance and for the approval of all core Group policies.

The Board is responsible for the assessment and monitoring of culture and seeks to ensure that policies, practices and behaviour throughout the Group are consistent with the Company's culture and values and support its long-term sustainable success. This is carried out in conjunction with all Group committees, both Board and management, and by engagement with employees.

Board committees

Nomination and Governance Committee

The key responsibilities of the Nomination and Governance Committee (the 'Committee') are to review the structure, size and composition of the Board and its committees and to manage succession planning for the Board and senior management. The Committee oversees the recruitment and induction process for new Directors and oversees Board performance evaluation. The remit of the Committee includes the development and review of the Group's governance framework and overseeing and monitoring all matters relating to corporate governance. The encouragement of employee diversity and equal opportunities is also a key focus and responsibility for the Committee.

Audit Committee

The Audit Committee (the 'Committee') is responsible for the Group's financial and non-financial reporting and for the integrity of the financial statements.

The Committee oversees and monitors the risk management framework and oversees and monitors internal controls and the work of internal audit. It also supervises the relationship with the external auditor.

Remuneration Committee

The Remuneration Committee (the 'Committee') reviews and recommends to the Board the remuneration policy for Executive Directors and the structure of remuneration for senior management. It oversees employee remuneration and related policies, ensuring alignment with the Directors' remuneration policy. The Remuneration Committee is responsible for the review and assessment of the Executive Directors' objectives and achievements and the determination of the remuneration packages of the Executive Directors and senior management.

Sustainability and Health & Safety Committee

The Sustainability and Health & Safety Committee (the 'Committee') is responsible for recommending to the Board the philosophy, strategy and new policy with regard to the Group's approach to sustainability and health and safety and for overseeing delivery.

The Committee is also responsible for advising on sustainability and health and safety risk management and mitigation matters as well as monitoring compliance, measuring performance against targets and seeking to ensure that emerging standards, legislation and regulations are embedded into the Group's approach.

The Committee will seek to ensure the Group's approach is aligned to its shareholder and other stakeholders and reflects its purpose, vision and values.

Management committees

Executive Management Committee (EMC)

Although the Group's management committees are non-Board committees they are overseen by Executive Directors and report to the Board through the Executive Management Committee.

The key function of the EMC, which is chaired by the Managing Director, is to oversee the implementation of Board strategy and policies and to provide feedback and recommendations from the executive team and the workforce to the Board. The EMC's role is to support the Board in the performance of its duties within the authority set out in its terms of reference, which cover areas such as strategy, operational plans, policies (including HR and employee remuneration), procedures and budgets, health and safety reporting and the monitoring of operating and financial performance against targets, objectives and key performance indicators set by the Board. The EMC will examine all investments, realisations and major capital expenditure proposals prior to recommendation to the Board and is responsible for optimising the allocation and adequacy of the Group's resources. The EMC assesses and monitors risk and internal controls and reviews the risk register at each meeting.

EMC meeting

Other management committees

Management committees	Key role
Senior Strategy Group	Overview and implementation of Group strategy
New Situations Committee	Oversight of new and potential pipeline projects
Strategic Development Committee	Oversight and reporting on strategic land projects
Commercial Development Committee	Oversight and reporting on commercial projects
Catesby Estates	Oversight and reporting on the Group's land promotion business
Farmcare	Oversight and reporting on the Group's farming assets
Strategic Marketing Committee	Oversight of the Group's communications functions (internal, external and site wide) and marketing strategies
Employee Advisory Group	Interface between workforce and management. Employee body with Managing Director attendance by invite

Board leadership and Director roles and responsibilities

Board leadership

The Board is responsible for not only the design and operation of the committee structure noted previously, but also the appointment of the chair and members of Board committees and makes these decisions following recommendation by the Nomination and Governance Committee and in consultation with the relevant committee chair.

Following each committee meeting, a committee chair will provide a report to the Board setting out the activities and decisions of the committee and, where necessary, seeking further guidance from or making recommendations to the full Board. Minutes of all committee meetings and a summary of associated action points are also circulated to all Directors following each meeting.

Director roles and responsibilities

The Board has established a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business. Key responsibilities include:

Chairman – Peter Pereira Gray

Key responsibilities:
- Leadership of the Board.
- Ensure constructive communication between Executive and Non-Executive Directors.
- Ensure appropriate delegation of authority from Board to management.
- Promotion of high standards of corporate governance.
- Ensure that new Directors participate in an appropriate induction programme and that the ongoing development needs of the Directors are met.
- Ensure that the performance of the Board, committees and individual Directors is assessed at least annually.
- Representation of the Company to stakeholders (including the Wellcome Trust, Urban&Civic's shareholder).

Chief Executive – Nigel Hugill

Key responsibilities:
- Positive engagement with all stakeholders.
- Ensure good operational governance is implemented.
- Maintain strong value generation.
- Provide strong leadership and management of employees.
- Implement Board approved business plan and Board decisions.
- Lead sustainability strategy and Group's response to changing political climate and property markets.
- Oversee Urban&Civic's execution of the Wellcome Genome Campus, Hinxton's Development Management Agreement.
- Identify acquisitions and disposals of major projects and new business opportunities.

Managing Director – Robin Butler

Key responsibilities:
- Implement Board approved business plan and Board decisions.
- Ensure good operational governance is implemented.
- Maintain strong value generation.
- Provide strong leadership and management of employees.
- Develop, manage and monitor the Group's succession plan and human resource plan.
- Implement and embed sustainability strategy.
- Review of the operational performance of the Group's business.
- Identification of acquisitions and disposals of major projects and new business opportunities.
- Day to day responsibility for risk management, internal controls and health and safety.
- Oversee Group valuations.
- Monitor capital allocation.

Group Finance Director and Company Secretary – David Wood

Key responsibilities:
- Implement Board approved business plan and Board decisions.
- Ensure good operational governance is implemented.
- Maintain strong value generation.
- Maintain strong relationships with finance and joint venture partners.
- Maintain high quality and informative reporting processes (externally and internally).
- Manage day to day information technology requirements.
- Implement and embed sustainability strategy.
- Oversee internal audits.
- Fulfil Company Secretary role to the Board and its committees.
- Oversee inductions for new Directors (with the assistance of the Head of HR).
- Oversee Group valuations.
- Manage capital allocation.

G

Board operations and activities

Operations of the Board

Directors receive detailed agendas and supporting papers in advance of all Board and committee meetings. The agendas for each scheduled Board meeting are based on a yearly programme (documented in the Board planner and reflecting the Board's standing responsibilities).

The Board papers contain market, property, financial, governance, health and safety, sustainability and risk updates together with other papers relating to specific agenda items, such as investment opportunities to be considered by the Board (discussed in more detail below). These papers are supplemented at meetings by presentations and verbal updates by the Executive Directors, members of senior management or external advisers where appropriate. In between the scheduled Board meetings, ad hoc and transactional papers are circulated to the Directors as required. Non-Executive Directors regularly discuss the content and detail of papers circulated to the Board and provide feedback and requests to the Executive Directors where they feel that the provision of information is insufficient for their needs.

There is a culture of open communication between Non-Executive and Executive Directors and the wider workforce with reports at each Board meeting by the Managing Director on meetings of the EMC and the Employee Advisory Group (EAG). Non-Executives all have the opportunity to attend an EMC meeting in any year.

Minutes of Board and committee meetings are circulated to all Directors after each meeting and are included in the following Board or committee pack for formal approval. This ensures the opportunity for review prior to Board approval, enabling the Directors to confirm that the minutes provide an accurate record of the discussions held and the decisions taken. Any unresolved concerns by Directors about the operation of the Board or the management of the Company will be recorded in Board minutes. During the year, no such concerns were raised.

A detailed action list is circulated following each meeting and the Group Finance Director co-ordinates the agendas and Board papers for the following meeting. This ensures good discipline in tracking action points and their follow up.

Opportunities considered by the Board

The Board seeks out opportunities, through Urban&Civic's dedicated new situations team, which are aligned to the Group's risk appetite and meet Board approved investment criteria.

This dedicated team reports to the Chief Executive, Managing Director and New Situations Committee, and has responsibility for bringing new opportunities to the EMC and ultimately the Board for review and approval if appropriate.

Additionally, the Non-Executive Directors and shareholder, on occasion, generate leads through day to day connections and operations.

The following table describes the Company's principal sources of opportunities, together with an outline of the engagement/bidding process, commonly recurring advantages and disadvantages of each process and frequency of deal flow.

Description	Engagement/bidding process/advantages/disadvantages	Frequency of flow
Government (for example, local authorities)	Often conducted through "value for money" bidding processes, which, although efficient and reassuring for the vendor, can be lengthy and costly for the bidder. The outcome of such processes is also difficult to predict ahead of meaningful financial commitment. That said, such sites are often in strong strategic locations and can lead to an enhanced reputation, future bidding success and strong returns.	Low/medium
Agent led	Highly competitive process, with a large number of bidders, meaning such investments can be lower yielding. Site locations offered are often variable in quality.	Medium
Landowner	Arrangements can be time consuming to put in place and sites can also be longer dated (given these locations may have a weaker immediate planning logic). Good returns can be earned with relatively low upfront entry costs.	Low
Distressed debt positions	Likely to include stalled schemes that have commenced development. Planning risk may be lower, given the sites may have already achieved a consent; however, scheme reputation may be hard to reverse, and the sites may be in less desirable locations.	Low
Portfolios (property and promotions)	Good way of achieving scale quickly, but vendors may have high price expectations and portfolios can contain legacy problems.	Low, but increasing

For our most significant business segment, strategic land, investment opportunities are financially assessed using hurdle internal rates of return (IRRs), cash on cash multiples and/or profit thresholds. These investment criteria, along with the Group's investment strategies and other non-financial metrics, are considered annually at the Board strategy day and on an ad hoc basis at Board meetings (as markets dictate). They are communicated internally, and each proposition is financially modelled and appraised in line with a set Board Investment Memorandum format, which details, amongst other matters, risks and opportunities pertaining to the proposed investment. Any investment is ultimately approved by the Chief Executive and Board (if required by the Group's delegation of authority).

This process ensures that our stakeholders receive financial or other benefits throughout the long-dated durations of our projects.

Key activities in 2022/23

The Board's key activities in the financial year to 30 September 2023 included:

Strategy/operations

- Monitored the impact of wars, pandemics and economic uncertainties on the Group's strategy.
- Agreed the sale and receipt of proceeds in respect of £100 million (net of sales costs) worth of farming assets.
- Agreed the acquisition of the MOD's remaining 91 per cent interest in Waterbeach (taking Urban&Civic's holding in the Strategic Site to 100 per cent).
- Reviewed the Group's purpose, vision and values.
- Oversaw the evolution of the Group's Sustainability Framework and introduction of short and longer term sustainability goals into business plans and remuneration targets (bonus and LTIP).
- Approved the terms of reference for a new Board committee to be known as the Sustainability and Health & Safety Committee (to be effective in 2023/24).
- Regularly reviewed all areas of the Group's business and updates on the progress of developments.
- Reviewed, at each Board meeting, projects in the pipeline process.
- Reviewed minutes of every EMC and EAG meeting and received regular updates from the Managing Director, Robin Butler.
- Annual strategy meeting held, focusing on Strategic Site tenure diversification and delivery acceleration, risk appetite and the future resilience of the Company's strategy.
- Confirmed at each Board meeting that health and safety standards were being maintained and received regular reports on health and safety statistics across the Group's operations and its offices.

Leadership and people

- Received reports from the chairs of the Nomination and Governance Committee, Audit Committee and Remuneration Committee following each committee meeting.

Legal and regulatory/governance

- Continued to focus on and evolve the risk management framework, assurance grid and internal controls (particularly around the documentation of processes and procedures).
- Reviewed and approved updated key policies.
- Reviewed the compliance processes in place in relation to modern slavery regulations and approval of the modern slavery statement (incorporating Farmcare and Catesby).
- Reviewed conflicts/potential conflicts of interest of the Directors.
- Assessed matters reserved for the Board, its own performance, as well as the terms of reference of other Board committees.

Culture

- Encouraged management to embed culture throughout the Group (through induction programmes and employee awards).
- Reviewed EAG minutes and employee survey takeaways to gauge how successful the Group had been in embedding culture throughout the Group.

Risk governance, internal controls and assurance

- Continued to focus on and evolve the risk management framework and internal controls (in response to the ongoing expansion of the number and scale of active projects).
- Reviewed reports covering the Group's risk processes for the identification, management and mitigation of risk and emerging risk.
- Reviewed top-down (key risks) and bottom-up (project and corporate risks) registers (and associated heatmaps) and considered alignment with risk appetite.
- Internally managed a review of Board and Board Committee performance.
- Received reports on the Group's GDPR compliance (by exception).
- Approved the transition of the internal audit service from Grant Thornton to the Wellcome internal audit department.
- Oversaw internal audit outcomes (by external adviser) on sustainability, purchase to pay, governance, Farmcare operations and Farmcare health and safety.

Financial planning and performance

- Oversaw financial and operational performance (and all related reporting) during the year.
- Approved 2023/24 business plan and reviewed one, two and five year forecasts.
- Received reports from the Chair of the Audit Committee following each committee meeting.
- Approved the Annual Report and Accounts (including valuations and going concern statement).
- Approved a £75 million capital injection from the Wellcome Trust.
- Approved a £26 million refinancing of the Manchester New Square joint venture's expiring mezzanine facility.
- Approved a new £25 million infrastructure facility at Middlebeck, Newark.
- Approved an £80 million refinancing of the Group's expiring corporate revolving credit facility (documentation completed after the year end).

Key 2023/24 priorities

- Embed and review the activities of the new Sustainability and Health & Safety Committee, with a view to achieving the Group's sustainability and health and safety targets.
- Consider delivering additional tenures at the Group's Strategic Sites, such as Build to Rent.
- Review Non-Executive Director appointments in line with contractual terms and the schedule of matters reserved for the Board. Other matters are expected to follow the usual annual programme.

Committee members

Peter Pereira Gray (Chair)

Rosemary Boot

Bill Holland

Lisha Patel

Nomination and Governance Committee

Roles and responsibilities

The Committee's principal responsibilities were detailed earlier in the governance report (page 75).

Membership and meetings

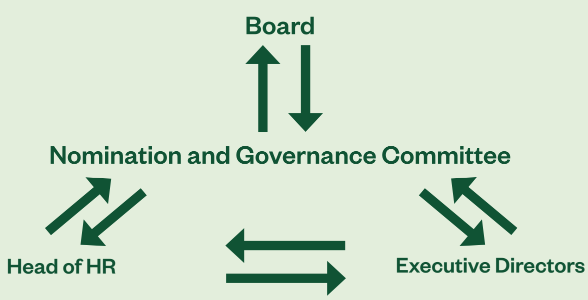
The have been no changes to the composition of the Committee during the year.

Members of the Committee attend all meetings, and their attendance at the two scheduled meetings held during the year ended 30 September 2023 is shown below.

Current members		Independent	Date of appointment to the Committee	Committee tenure as at 30 September 2023	Meeting attendance[1]
Peter Pereira Gray	Chair	No	21 January 2021	2 years 8 months	**2/2**
Rosemary Boot	Member	Yes	18 February 2021	2 years 7 months	**2/2**
Bill Holland	Member	Yes	18 February 2021	2 years 7 months	**2/2**
Lisha Patel	Member	No	21 January 2021	2 years 8 months	**2/2**

1. Scheduled meetings.

Key information flows



Operation of the Committee

- All members of the Committee attend the Committee meetings with Executive Directors, the Group's Head of HR and advisers attending by invitation.
- The Chair will not chair meetings when dealing with any matters relating to the role of Chair, including the appointment of a successor.
- Agenda items are linked to an annual calendar of regulatory and governance discussion items to ensure that the Committee carries out a thorough and effective review of all relevant areas.
- The Group's Head of HR provides comprehensive papers for agenda items where required and ensures that adequate consideration is given to key areas such as succession planning, diversity and equal opportunities monitoring. The committee reports to the Board.
- The Committee annually assesses its own performance and terms of reference.

Key activities in 2022/23

The Committee's key activities in the financial year to 30 September 2023 included:

- Reviewed and ratified Bill Holland and Rosemary Boot's continuing appointment as Non-Executive Directors (a contractual requirement).
- Reviewed and agreed composition of main Board committees and review composition of business segment committees (Catesby and Farmcare).
- Reviewed skills matrix pertaining to all Directors.
- Reviewed Director appointments with third parties.
- Assessed its own performance and terms of reference, before reporting to the Board for further consideration.
- Reviewed workforce diversity statistics and organogram.
- Reviewed succession plans for Executive Directors and senior management and oversaw additional workstreams around personal development of successors (including a gap analysis exercise) and identification of "flight" risks.

Key 2023/24 priorities

- Oversee succession planning with regard to identified personnel.
- Review Non-Executive Director appointments in line with contractual terms. Other matters are expected to follow the usual annual programme.

Committee members

Bill Holland (Chair)

Rosemary Boot

Lisha Patel

Peter Pereira Gray

Audit Committee

Roles and responsibilities

The Committee's principal responsibilities were detailed earlier in the governance report.

Membership and meetings

There have been no changes to the composition of the Committee during the year.

Members of the Committee attend all meetings, and their attendance at the three scheduled meetings held during the year ended 30 September 2023 is shown below.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2023	Meetings attended/ eligible to attend
Bill Holland[1]	Chair	Yes	18 February 2021/ 6 February 2020	21 January 2021	3 years 7 months	**3/3**
Rosemary Boot[1]	Member	Yes	18 February 2021/ 23 May 2019	21 January 2021	4 years 4 months	**3/3**
Lisha Patel	Member	No	21 January 2021		2 years 8 months	**3/3**
Peter Pereira Gray	Member	No	21 January 2021		2 years 8 months	**3/3**

1. Bill Holland and Rosemary Boot resigned on the Wellcome Trust's acquisition of Urban&Civic but were subsequently reappointed.

Key information flows

Operation of the Committee

- Following any Committee meetings, the Board receives a verbal update summarising the discussions and conclusions of the Committee. Should any areas require discussion by the full Board, adequate background information is provided.
- The Committee meets privately with the internal and external auditors at least once a year, allowing for open discussion of any items if required in the absence of executive management. This also enables the highlighting of issues of key importance and the identification of emerging areas requiring debate.
- The Executive Directors attend all meetings along with senior members of the finance team; the internal auditor and the external auditor attend by invitation only. This enables a comprehensive discussion of all agenda items with the experience, engagement and contribution of all participants welcomed.
- The open culture of the Group means that members of the Committee have the opportunity to spend time with senior management outside the scheduled Committee meetings and can therefore seek additional information and guidance on any issues as required.
- The Group Finance Director maintains a structured programme of agenda items, including both regular and one-off discussion items. This is regularly reviewed by the Chair of the Committee and is closely aligned to our financial reporting timetable. This process ensures that the Committee gives adequate time to the review and discussion of all items of its responsibility and authority, governed by its terms of reference. Standing agenda items always include financial reporting, risk management, internal controls, external audit and governance matters.
- The Committee annually assesses its own performance and terms of reference.

Key activities in 2022/23

The Committee's key activities in the financial year to 30 September 2023 included:

Year-end financial reporting

- Reviewed the format of the Annual Report and identified areas of improvement.
- Oversaw and reviewed the acquisition accounting entries in respect of the purchase of the remaining 91 per cent interest in Waterbeach from the MOD.
- Oversaw the accounting entries with regard to the £75 million capital injection from the Wellcome Trust.
- Reviewed and approved the external auditor's letters of engagement and audit and non-audit fees incurred by the external auditor.
- Reviewed the audit planning report prepared by the external auditor, confirming materiality thresholds and agreeing the key audit matters for consideration by the auditor as part of the audit.
- Reviewed the external valuers' (CBRE and Strutt & Parker) valuation report and Directors' valuation report. Non-Executive Directors met CBRE and Strutt & Parker to discuss key valuation judgements.
- Reviewed the application of the revenue and profit recognition policy.
- Discussed and assessed, with the external auditor, significant areas of judgement and estimation, including issues relating to classification of property assets, valuation of investment properties and trading properties, revenue recognition, taxation and allocation of costs to land parcel sales.
- Reviewed and made recommendations to the Board in respect of the going concern statements and supporting documents including the business plan and five-year forecast. This review included consideration of the ongoing effects of wars, the pandemic and economic uncertainties.

Risk management

- Reported to the Board on its assessment and review of the Group's risk management framework and review of the effectiveness of the risk management process.
- Reviewed risk mitigation measures in place and the effectiveness of risk controls.
- Reviewed risk commentaries within the year-end reporting.

Further details on the Group's key risks and our approach to risk management are found in the risk review on pages 33 to 41.

Internal controls and internal audit

- Reviewed the effectiveness of the internal audit function.
- Oversaw and approved the transition of internal audits from Grant Thornton to the Wellcome Trust internal audit department.
- Agreed the programme of internal audits for 2023/24.
- Reviewed updates on the progress of the ongoing internal audit programme and reviewed the findings of completed audits (relating to sustainability, purchase to pay, governance, Farmcare operations and Farmcare health and safety) including recommended action points and progress against the implementation of action points.
- Worked with management on improving the form of reporting from the Executive Directors to the Board giving assurance over the effectiveness of those internal controls that were not the subject of an internal audit in the year.
- Reviewed assurances that the Group's internal controls and risk management processes were working effectively.

External audit

- Reviewed the requirements (legislation and guidelines as well as shareholder requirements) for tender of the audit and the rotation of the audit partner and senior audit managers.
- Reviewed the independence and objectivity of the external auditor and valuer.
- Reviewed the effectiveness of the auditor and the audit process and considered the recommendation for the reappointment of the auditor.
- Approved the Group's policy for the provision of non-audit services.
- Oversaw interactions with the Wellcome Trust's external auditor, Deloitte.

Governance and compliance

- Reviewed the membership of the Committee.
- Reviewed Board reports on the Group's compliance with GDPR (by exception).
- Oversaw compliance with the Group's gifts and hospitality policy and charitable donations policy.
- Assessed its own performance and terms of reference.

Training and development

The Committee received briefing updates covering the following areas:

- the CBRE and Strutt & Parker valuation process;
- impact of new accounting standards; and
- specific accounting issues covering the acquisition of the remaining 91 per cent of Waterbeach from the MOD.

Key 2023/24 priorities

The Committee will continue to focus on the audit and production of the Group's financial statements and the integrity of its reporting processes over the next financial year. Additionally, now that ISA 315 (Revised) has become fully effective, the Committee will seek to understand where internal controls might be improved in order to benefit from a more streamlined external audit process under this new standard.

During the next financial year, the Committee will also review whether Urban&Civic's longest serving valuer, CBRE, should be rotated under new RICS guidelines (noting transitional arrangements could permit CBRE to continue for a period).

Following the transition of the internal audit function to the Wellcome internal audit department from Grant Thornton, the Committee will oversee and review the new function's performance over the next financial year.

Committee members

Peter Pereira Gray (Chair)

Rosemary Boot

Bill Holland

Lisha Patel

Remuneration Committee

Roles and responsibilities

The Committee's principal responsibilities were detailed earlier in the governance report.

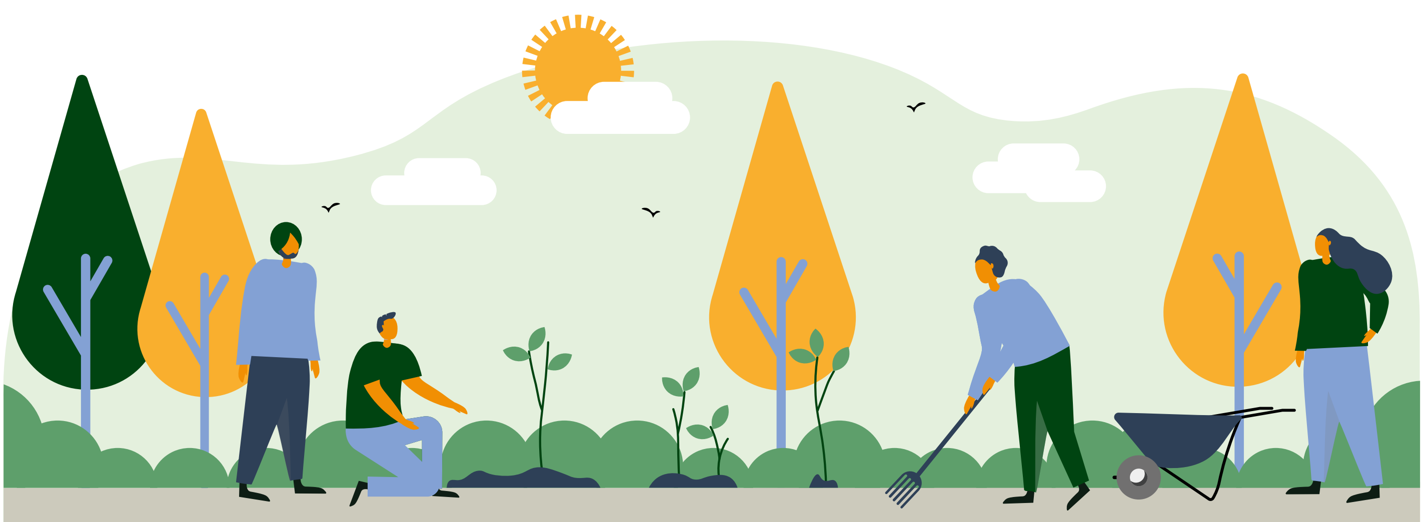
Membership and meetings

There have been no changes to the composition of the Committee during the year.

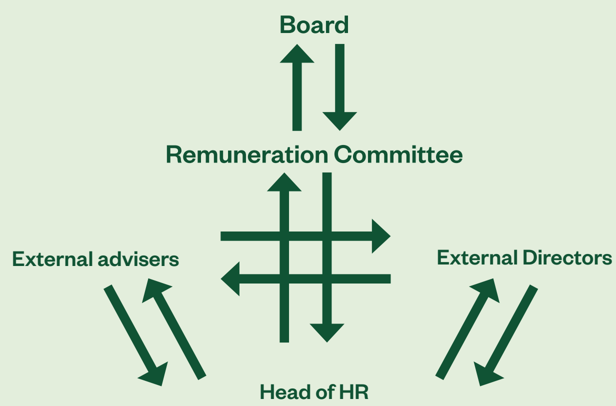
The Committee held four scheduled meetings during the year and three ad hoc Committee meetings. The unscheduled Committee meetings were convened to approve final remuneration objectives (Directors and other select employees) approve LTIP conditions attaching to the 2022 awards; and approve remuneration parameters used in the year end-review. Members of the Committee attend all meetings, and attendance by the members of the Committee at the seven scheduled and ad hoc meetings held during the year ended 30 September 2023 is shown below.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2023	Meetings attended/ eligible to attend
Peter Pereira Gray	Chair	No	21 January 2021		2 years 8 months	**7/7**
Rosemary Boot[1]	Member	Yes	18 February 2021/ 23 May 2019	21 January 2021	4 years 4 months	**7/7**
Bill Holland	Member	Yes	18 February 2021		2 years 7 months	**7/7**
Lisha Patel	Member	No	21 January 2021		2 years 8 months	**7/7**

1. Rosemary Boot resigned on the Wellcome Trust's acquisition of Urban&Civic but was subsequently reappointed.



Key information flows



Operation of the Committee

- Committee meetings are attended by all members of the Committee. Executive Directors, the Head of HR and advisers attend by invitation.
- During the year, Alvarez and Marsal acted as independent remuneration consultants to the Committee.
- No Director or employee is involved in discussions on their own pay.
- Agenda items are linked to a structured calendar of items for discussion and/or decision to ensure that the Committee carries out a thorough and effective review of key regulatory and governance areas. The Group Finance Director sets the agendas following discussion with the Chair of the Committee and having regard to the structured calendar.
- The Committee receives regular updates on governance, market and best practice developments.
- The Committee annually assesses its own performance and terms of reference.

Key activities in 2022/23

The Committee's key activities in the financial year to 30 September 2023 included:

Executive remuneration

- Approved remuneration for Executive Directors and senior executives.
- Assessed the achievement of the EPRA NTA, cash generation, personal and sustainability objectives relating to the Executive Directors' bonus awards for the year ended 30 September 2022.
- Approved the bonus objectives for Executive Directors for the year ended 30 September 2023.
- Agreed key changes to the Directors' remuneration policy (which is set out on pages 86 to 88).
- Non-Executive Directors' fees reviewed and increased.

Employee remuneration

- Reviewed the structure of employee remuneration, including an analysis of shifts in salary and bonus trends across the Group.
- Reviewed the operation of Group remuneration policies, including base salary levels, bonus, LTIP and benefits.
- Reviewed other HR policies.
- Oversaw employee bonus objectives to ensure alignment with those of the Executive Directors. During the financial year, and effective in the financial year, sustainability bonus objectives, consistent with those of the Executive Directors, were introduced for employees.
- Agreed key changes to the employees' remuneration policy (which is set out on pages 86 and 87).

LTIPs

- Reviewed and approved conditions applicable to the 2022 awards (and future awards, subject to annual confirmations).
- Issued one set of awards (the 2022 awards).
- Monitored progress of performance conditions pertaining to all awards.
- Confirmed performance condition achievement for the first set of awards, whose performance period ended 30 September 2023. Achievement was assessed (following the year end) at 7.6 per cent of outstanding first set of awards, which translates into an initial cost of £0.5 million (although there is an ability to hold vested awards beyond the first vesting date as described below, which could alter the overall cost for the Company).
- Commenced consideration as to how Committee discretion might be used to capture any value associated with corporate transactions (which are not explicitly provided for in the LTIP rules).

Engagement

- Consulted with the Wellcome Trust (where required) on remuneration matters.
- Engaged with employees on remuneration matters through the EAG, whose minutes are presented to the Board at each scheduled meeting.

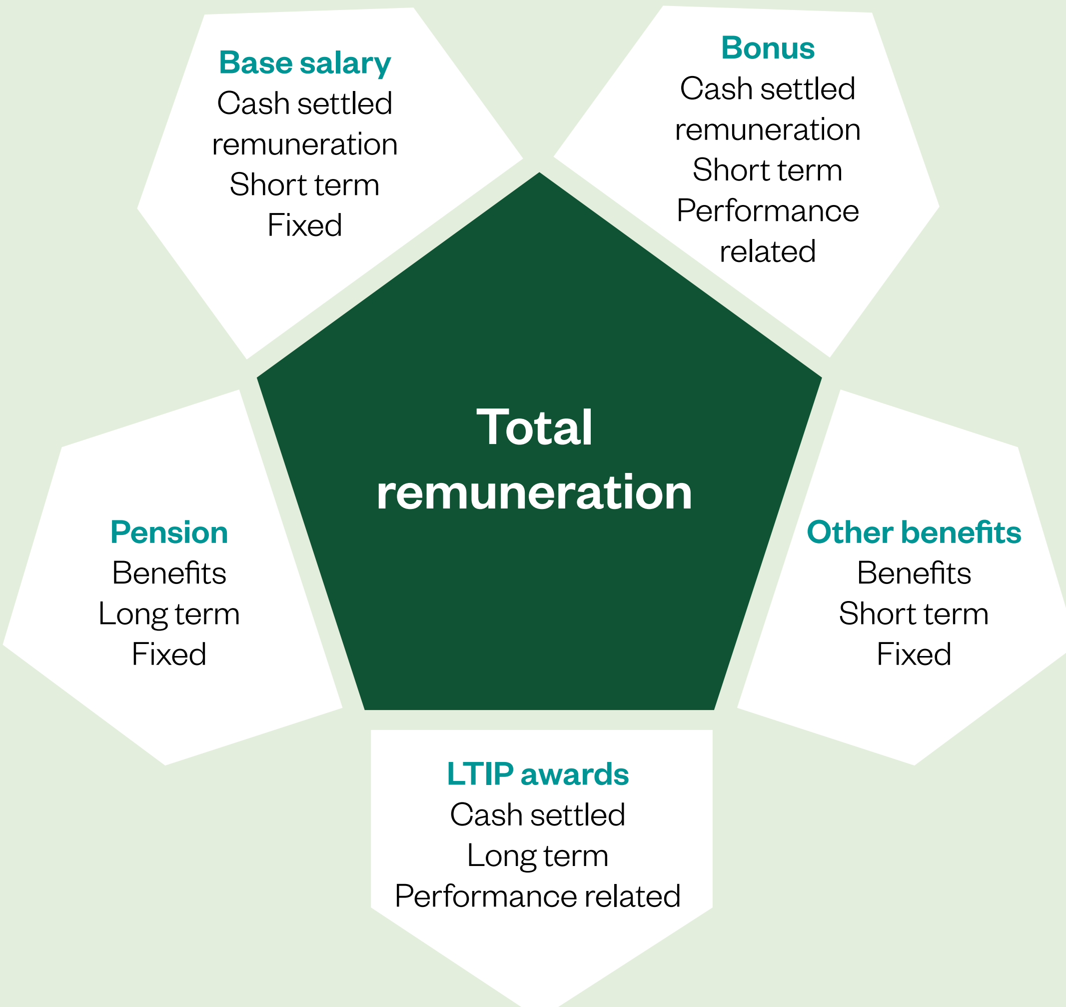
Governance and compliance

- Supported the Board's decision to test HR controls (around recruitment, retention and payroll) in the next financial year, through an internal audit review.
- Reviewed the appointments of employees with third parties, outside of their Urban&Civic role.
- Reviewed EAG takeaways as directed by the Board.
- Reviewed a schedule of joiners and leavers to ensure any matters relating to remuneration are addressed appropriately.
- Reviewed, and reported to the Board, the Committee's terms of reference and its own performance.
- Reviewed the continuing evolution of governance standards and best practice.
- Approved any Group disclosures relating to remuneration.

Key 2023/24 priorities

The Committee will continue to focus on the implementation of approved remuneration policies over the next financial year; however, non-recurring workstreams arising will include the internal audit review of HR controls and the formal benchmarking of remuneration across the Group, which in line with Group policy is formally reviewed every three years using external advisers and/or external data.

Remuneration at a glance



Group performance in 2023

EPRA NTA adjusted	Profit after tax	Cash flow generation from U&C's share of plot completions
£683.1m -7.7%	**£23.8m +18.4%**	**£85.8m +12.7%**

Remuneration across the Group

Total spend on pay	Salary increase for Chief Executive[2]	Average salary increase for employees[1,2]
£15.1m nil%	**3.0% (2022: 2.0%)**	**5.5% (2022: 6.3%)**
94%	**85%**	**82%**
of employees received an annual increase in total remuneration[1] (2022: 96 per cent)	of employees received a bonus[1] (2022: 100 per cent)	of employees were granted LTIP awards[1] (2022: 82 per cent)

1. Employees other than Executive Directors.
2. Salary increases represent pay rises that were approved post year end for the upcoming financial year. In respect of the Chief Executive's salary increase over 2022, the actual uplift was 6.1 per cent (and not 2.0 per cent), reflecting the decision to switch an £18,000 car allowance to base salary during that financial year.

Chief Executive remuneration

Salary	Annual bonus	Total remuneration
£469k	**£119k**	**£726k**
(2022: £442k)	**(2022: £265k)**	**(2022: £808k) -10.1%**

Chief Executive Officer's pay ratio (total remuneration)[3]

25th percentile	50th percentile	75th percentile
9.3:1 (2022: 9.6:1)	**6.2:1 (2022: 6.5:1)**	**4.1:1 (2022: 4.0:1)**

3. Reviewed by the Remuneration Committee in September 2023.

Remuneration policies

The remuneration policy table below sets out the current approved position for the Executive Directors, other employees and Non-Executive Directors. Any departures from policy require further Committee approvals.

Element	How component supports corporate strategy and operation	Executive Directors[1]	Other employees	Non-Executive Directors	Change to policy
Base salary or fees	Base salary: Executive Directors and other employees: To provide a competitive salary level to attract and retain high calibre employees. Basic salaries are reviewed on an annual basis. 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. Fees: Non-Executive Directors: To provide fees reflecting time commitments and responsibilities of each role, in line with those provided by similarly sized companies.	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 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. Formal exercise to assess market undertaken every three years, using external data or external advisers. Current salary level for the Chief Executive is set out on page 88. There are no performance targets or recovery provisions.	There is no prescribed maximum base salary or annual salary increase. The Executive Directors use Committee approved criteria and parameters when reviewing salaries. Recent appointments, recruitment consultants, published surveys and data are used annually to benchmark. Formal exercise to assess market undertaken every three years, using external data or external advisers. Committee approval sought for salary increases outside of approved criteria and parameters. There are no performance targets or recovery provisions.	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. Cash fee normally paid on a monthly basis. Wellcome connected employees serving as Non-Executive Directors are not paid a fee. There are no performance targets or recovery provisions.	No change.
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.	10 per cent of salary. There are no performance targets or recovery provisions.	10 per cent of salary. There are no performance targets or recovery provisions.	Not applicable.	90 per cent of the employer's NI saving on employee pension contributions is passed back as an additional pension contribution.
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.	Provided at approved cost.	Reimbursement of expenses only.	Electric car scheme implemented and favourable changes to terms of select benefits.
Annual bonus[2]	To drive and reward annual performance of individuals, teams and the Group. Based on performance during the relevant financial year. The majority of the performance targets are based on financial targets with the remainder based on personal objectives (Executive Directors), project goals (other employees, excluding Catesby, which are more financially focused) and sustainability targets (excluding Catesby). Bonuses will be paid in cash.	Up to 100 per cent of base salary. Clawback and malus provisions operate in the case of corporate failure, material downturn in performance due to management failure, reputational damage and serious misconduct.	Up to maximum bonus opportunity.	Not applicable.	Specific sustainability goals (and weightings) have been established for other employees, excluding Catesby (aligned to the Executive Directors).

Element	How component supports corporate strategy and operation	Executive Directors[1]	Other employees	Non-Executive Directors	Change to policy
Long Term Incentive Plan (LTIP)[3, 4]	To drive and reward the long-term performance of the Group and to align the interests of employees with the shareholder. Awards granted under the LTIP have the following features: • conditional awards; • vesting dependent on the satisfaction of performance targets and continued service; • awards exercisable up to five years after vesting (subject to any applicable holding period), during which time vested awards will grow (or reduce) in value in line with EPRA NTA. Performance period: normally three years. Performance will be measured against EPRA NTA and/or relevant financial and/or environmental, social and governance measures. Current performance conditions weightings are 80:20 in favour of the EPRA NTA condition. With regard to the EPRA NTA condition, 0 per cent of an award vests below threshold, 25 per cent vests at the interim target and 100 per vests at maximum performance. Pro-rated vesting between thresholds and targets. All awards will be settled in cash.	Awards are subject to a two-year holding period. 300 per cent of salary for CEO and MD. 275 per cent of salary for other Executive Directors. Clawback and malus provisions operate in the case of corporate failure, material downturn in performance due to management failure, reputational damage and serious misconduct.	Awards are not subject to a two-year holding period. No formal limit of amount awarded but, maximum bonus opportunity typically used.	Not applicable.	Conditions varied in respect of thresholds, targets and weightings (as opposed to measures). Changes made in response to market conditions and increasing importance of sustainability. No change to the plan rules.

1. Executive Directors and senior executives typically have a greater emphasis on performance related pay.
2. The choice of the performance metrics applicable to the annual bonus scheme reflects 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 (including sustainability objectives).
3. The performance conditions applicable to the LTIP are selected by the Committee on the basis that they reward the delivery of long-term returns to the Group's shareholder and are consistent with the Company's objective of delivering superior levels of long-term value.
4. The Committee operates the LTIP in accordance with the plan rules and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plan.

Remuneration policies continued

Chief Executive's remuneration

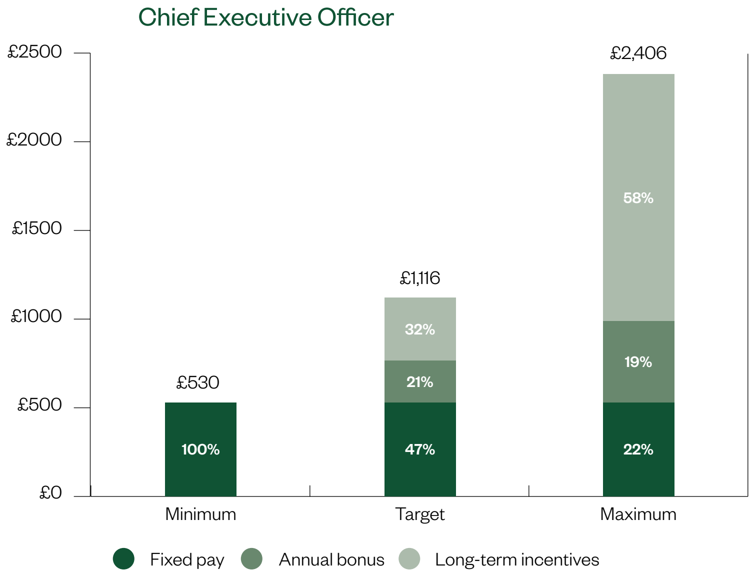
The table below presents the remuneration figures for the Chief Executive for the years ended 30 September 2023 and 30 September 2022.

	Basic salary		Benefits[1]		Bonus		Long-term incentives		Pension[2]		Total fixed		Total variable		Total	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Nigel Hugill	**469**	442	**14**	35	**119**	265	**77**	—	**47**	66	**530**	543	**196**	265	**726**	808

1. Includes private medical insurance.
2. Pension payments equivalent to 10 per cent of salary were made as a cash supplement to the Chief Executive during 2023 (2022: 15 per cent of salary).

Chief Executive reward scenarios

The chart below shows how the composition of the Chief Executive's remuneration package 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 above;
   - pension; and
   - approximated benefits.
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 LTIP vesting is assumed to be 25 per cent of the face value of the LTIP award. These values are included in addition to the components/values of minimum remuneration.
3. Maximum remuneration assumes full bonus pay-out (100 per cent of salary only) and the full face value of the LTIP (i.e. 300 per cent of salary for the CEO), in addition to fixed components of minimum remuneration.
4. LTIP award sizes are shown as 300 per cent of base salary for the CEO. This level is in line with the award size for the 2023 LTIP grant. This is within the policy maximum of 300 per cent for the CEO.

Non-Executive Directors

All Non-Executive Directors (excluding Wellcome connected employees) have a remuneration agreement that rolls every 12 months, 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.

During the year an increase in the non-executive base fee of 10 per cent was approved by the Board, as was an additional fee for committee chair responsibilities.

Non-Executive Directors who are connected employees of the Wellcome Trust receive no fees for their services, while the other Non-Executive Directors do receive fees but are not eligible to participate in benefits, bonuses, pension, LTIPs or other incentives.

Payments to past Directors or payments for loss of office

There were no payments to past Directors or payments for loss of office.

Additional disclosure

Additional information, which is incorporated into this Directors' report by cross-reference, including information required in accordance with the Companies Act 2006, can be located in the following sections of the Annual Report:

Introduction

The Directors present their report together with the audited accounts for the year ended 30 September 2023. The principal activities of the Group during the year continue to be property development and investment, both directly and through joint venture arrangements.

Company status and branches

Urban&Civic plc is incorporated in the UK and registered in Scotland. Its registered office is in Scotland and its head office is at 50 New Bond Street, London W1S 1BJ. It has no branches. Urban&Civic plc is a private company wholly owned by the Wellcome Trust (through its corporate trustee The Wellcome Trust Limited).

Basis of preparation of the Annual Report

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and under the historical cost convention as modified for the revaluation of investment properties and certain other items.

Results and dividends

The Group reported a profit for the year of £23.8 million (2022: profit of £20.1 million) as shown in the consolidated statement of comprehensive income on page 96. No dividends were paid during the year (2022: £Nil).

Directors

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

Current Directors	
Chairman	
Peter Pereira Gray	
Executive Directors	
Nigel Hugill	Chief Executive
Robin Butler	Managing Director
David Wood	Group Finance Director and Company Secretary
Independent Non-Executive Directors	
Rosemary Boot	
Bill Holland	
Other Non-Executive Directors	
Lisha Patel	

Biographical details of the Directors are contained on pages 72 and 73

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.

Charitable and political donations

Charitable donations during the year were £30,000 (2022: £40,000). In addition, together with its joint venture partners, the Group made further charitable donations of £25,000 (2022: £26,000). Given the Wellcome Trust is a charity in its own right, Urban&Civic's charitable donations are typically linked to the Group's development sites and their associated communities and organisations.

The Group made no political donations during the year (2022: £Nil).

The Group made £16,998,000 of gift aid payments to the Wellcome Trust during the year (2022: £17,057,000).

Group structure
Details of the Group's subsidiary undertakings and joint ventures are set out in note 8 to the Company's financial statements.

Share capital
Details of the Company's issued share capital is shown in note 21 to the consolidated financial statements. As at 30 September 2023, there were 224,502,483 ordinary shares of 20p each in issue, each carrying one vote and all fully paid. There is only one class of share in issue.

Auditor
BDO LLP is willing to be reappointed as the external auditor to the Company and Group, and its reappointment has been considered by the Audit Committee and recommended to the Board.

Going concern
In assessing going concern, the Directors have reviewed the Group's cash flow forecasts, cash reserves, loan maturities, undrawn facilities and loan covenants (including headroom). Additional sensitivities have also been considered, reflecting the Group's risk profile, as have facilities that are due to expire in the period to March 2025. For expiring facilities (including one loan amounting to £25.8 million at 30 September 2023 on a look-through basis), the Directors have considered the sales progress to date (given the loan amortises in line with sales completions) and/or the Group's ability to repay from Group resources. The Group's key risks are set out in the risk review on pages 33 to 41.

Having undertaken the assessment detailed above, the Directors have a reasonable expectation that the Company and the Group have sufficient resources to continue to operate for at least 12 months from the date of signing these accounts, and the Board considers it appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the 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
On 20 December 2023, Urban&Civic plc completed the refinancing of the HSBC revolving credit facility. The new facility has been extended for a further five years to 20 December 2028 and expanded to an increased limit of £80,000,000 from £40,000,000.

The Directors' report was approved by the Board on 21 December 2023 and signed on its behalf by:

David Wood
Group Finance Director
21 December 2023

Company number: SC149799

Statement of Directors' responsibilities in respect of the accounts

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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;
- to make judgements and accounting estimates that are reasonable and prudent;
- for the Group and Company financial statements, to 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 Group and/or Company financial statements; and
- to 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.

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. 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 ensuring that the Annual Report and financial statements are made available on the Group's website and for the maintenance and integrity of the corporate and financial information included on that website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each of the Directors confirms that, to the best of their 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; and
- 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.

The Directors' responsibility statement was approved by the Board.

On behalf of the Board

David Wood
Group Finance Director
21 December 2023

Financial statements

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Urban&Civic Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance and as required by auditing standards, out work include agreeing the financial statement disclosures to underlying supporting documentation, review of Board minutes, enquiries with management, enquiries of external advisers, review of correspondence with external legal advisers, and review of press releases.
- We communicated identified laws and regulations to our team and remained alert to any indications of non-compliance throughout the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override and the property valuations.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which we considered most susceptible to override, by agreeing to supporting documentation;
- assessing significant inputs to valuations by testing source documentation to verify their accuracy such as the sales data and cost allocations; and
- challenge of external valuer assumptions into their inputs within the valuation report.

We also communicated potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London UK
21 December 2023

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 2023

	Notes	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Revenue	4	**104,198**	154,535
Direct costs	4	**(91,087)**	(125,195)
Gross profit	4	**13,111**	29,340
Administrative expenses		**(18,108)**	(17,958)
(Deficit)/surplus on revaluation of investment properties	10	**(9,824)**	4,342
Surplus on revaluation of receivables		**—**	23
Share of post-tax profit from joint ventures	12	**5,978**	3,778
Impairment of loans to joint ventures	12	**—**	(114)
Loss on disposal of investment properties		**(34)**	(42)
Profit on disposal of property, plant and equipment		**26,958**	506
Impairment of property, plant and equipment	11	**(2,165)**	(557)
Profit before finance and taxation	5	**15,916**	19,318
Finance income	6	**7,374**	3,372
Finance costs	6	**(1,296)**	(819)
Profit before taxation		**21,994**	21,871
Taxation credit/(charge)	9	**1,841**	(1,800)
Total comprehensive income		**23,835**	20,071

The Group had no amounts of other comprehensive income for the current or prior years and the profit for the respective years is wholly attributable to equity shareholders. All results are derived from continuing operations.

The notes on pages 100 to 122 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 30 September 2023

	Notes	30 September 2023 £'000	30 September 2022 £'000
Non-current assets			
Investment properties	10	**107,244**	81,703
Property, plant and equipment	11	**77,099**	151,304
Investments in joint ventures	12	**136,708**	134,946
Deferred tax assets	13	**3,223**	2,206
Trade and other receivables	16	**44,031**	53,679
		368,305	423,838
Current assets			
Trading properties	14	**391,070**	321,526
Inventory	15	**1,534**	8,940
Trade and other receivables	16	**67,840**	69,428
Cash and cash equivalents	28	**100,574**	37,108
		561,018	437,002
Total assets		**929,323**	860,840
Non-current liabilities			
Borrowings	19	**(173,344)**	(164,723)
Provisions	18	**(590)**	(270)
Deferred tax liabilities	13	**(10,405)**	(11,229)
		(184,339)	(176,222)
Current liabilities			
Borrowings	19	**63**	—
Provisions	18	**(600)**	—
Trade and other payables	17	**(45,204)**	(69,604)
		(45,741)	(69,604)
Total liabilities		**(230,080)**	(245,826)
Net assets		**699,243**	615,014
Equity			
Share capital	21	**44,900**	40,647
Share premium account		**425,201**	352,062
Capital redemption reserve		**849**	849
Other reserve		**113,785**	113,785
Retained earnings		**114,508**	107,671
Total equity		**699,243**	615,014
NAV per share	23	**311.5p**	302.6p
EPRA NTA per share	23	**331.1p**	364.0p

The financial statements were approved by the Board and authorised for issue on 21 December 2023 and were signed on its behalf by:

Nigel Hugill
Director

David Wood
Director

The notes on pages 100 to 122 form part of these financial statements.

Registered in Scotland No. SC149799.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2021		29,378	168,938	849	113,785	104,657	417,607
Shares issued	21	11,269	183,124	—	—	—	194,393
Total comprehensive income for the year		—	—	—	—	20,071	20,071
Gift aid paid		—	—	—	—	(17,057)	(17,057)
Balance at 30 September 2022		**40,647**	**352,062**	**849**	**113,785**	**107,671**	**615,014**
Shares issued	21	**4,253**	**73,139**	**—**	**—**	**—**	**77,392**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**23,835**	**23,835**
Gift aid paid		**—**	**—**	**—**	**—**	**(16,998)**	**(16,998)**
Balance at 30 September 2023		**44,900**	**425,201**	**849**	**113,785**	**114,508**	**699,243**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2023

	Notes	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Cash flows from operating activities			
Profit before taxation		**21,994**	21,871
Adjustments for:			
Deficit/(surplus) on revaluation of investment properties	10	**9,824**	(4,342)
Surplus on revaluation of receivables		**—**	(23)
Share of post-tax profit from joint ventures	12	**(5,978)**	(3,778)
Impairment of loans to joint ventures	12	**—**	114
Finance income	6	**(7,374)**	(3,372)
Finance costs	6	**1,296**	819
Depreciation charge	11	**433**	710
Write down of trading properties	4	**1,235**	904
Profit on disposal of property, plant and equipment	5	**(26,958)**	(506)
Loss on disposal of investment properties		**34**	42
Impairment of property, plant and equipment	11	**2,165**	557
LTIP expense	18	**920**	270
Cash flows (absorbed by)/from operating activities before changes in working capital		**(2,409)**	13,266
Increase in trading properties		**(88,497)**	(18,841)
Decrease/(increase) in trade and other receivables		**51,713**	(29,048)
(Decrease)/increase in trade and other payables		**(22,009)**	27,586
Cash flows absorbed by operations		**(61,202)**	(7,037)
Finance income received		**2,340**	57
Finance costs paid		**(1,265)**	(676)
Tax refunded		**—**	663
Net cash flows absorbed by operating activities		**(60,127)**	(6,993)
Investing activities			
Cash acquired on acquisition of subsidiary	25	**—**	10,222
Additions to investment properties	10	**(39,952)**	(12,323)
Additions to property, plant and equipment	11	**(3,718)**	(635)
Loans advanced to joint ventures	12	**(5,826)**	(8,729)
Loans repaid by joint ventures	12	**7,542**	6,500
Profits distributed from joint ventures	12	**2,500**	3,412
Proceeds from disposal of property, plant and equipment		**102,283**	6,053
Proceeds from disposal of investment properties		**4,553**	9,700
Net cash flows from investing activities		**67,382**	14,200
Financing activities			
New loans		**7,331**	23,364
Repayment of loans		**(9,122)**	(10,503)
Issue of new equity		**75,000**	—
Gift aid paid in the year		**(16,998)**	(17,057)
Net cash flows from/(absorbed by) financing activities		**56,211**	(4,196)
Net increase in cash and cash equivalents	28	**63,466**	3,011
Cash and cash equivalents at 1 October		**37,108**	34,097
Cash and cash equivalents at 30 September		**100,574**	37,108

1. Basis of preparation

General information

Urban&Civic plc is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the inside back cover and the nature of the Group's operations and principal activities are set out in the strategic report. These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties, LTIP provisions and certain other receivables. The Company has prepared its individual financial statements, on pages 123 to 129, in accordance with FRS 102. No separate parent company profit and loss account has been presented as equivalent disclosures have been provided in respect of the Group as a whole. The Company has also taken advantage of the disclosure exemption available to it in respect of not disclosing a separate cash flow statement.

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

Functional and presentation currency

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

Basis of consolidation

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.

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 and deconsolidated from the date control ceases.

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.

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.

The Directors continue to assess going concern through reviewing Group business plans, which are presented periodically at Board meetings, focusing on the period to 31 March 2025.

Cash balances have more than doubled compared to last year on a look-through basis (£113.8 million at the year end compared to £53.2 million at 30 September 2022). Cash generation from plot completions (£85.8 million), additional cash received from the Wellcome Trust (£75.0 million was received to fund project acquisitions and expansions) and new loans (£7.3 million in subsidiaries and £Nil in respect of Urban&Civic's share of new joint venture borrowings) have been used to fund £199.0 million of capital expenditure (including the Waterbeach acquisition), £17.0 million of Gift aid payments to the Wellcome Trust and repay loans of £31.5 million (£9.1 million in respect of subsidiaries and £22.4 million for Urban&Civic's share of joint venture borrowings).

As cash generation builds, the Group seeks to maintain sufficient and supportive funding lines to maintain construction activities. At the year end, the Group now benefits from £77.1 million of undrawn facilities on a look-through basis. This is in addition to £119.4 million of forward contracted sales at the Group's Strategic Sites, of which £50.8 million (on a look through basis) is receivable by March 2025.

The Group's net debt position at 30 September 2023 totalled £72.7 million (30 September 2022: £127.6 million), producing a net gearing ratio of 10.4 per cent (30 September 2022: 20.7 per cent) on a UK GAAP NAV basis and 9.5 per cent (30 September 2022: 16.3 per cent) on an EPRA NAV basis. Look-through gearing levels are higher due to joint venture borrowings in respect of Manchester New Square and Homes England borrowings within Houlton, Rugby and Wintringham.

Homes England now accounts for 95 per cent of all borrowings on a look-through basis with local authorities and other Government bodies accounting for a further 1 per cent. The weighted average loan maturity at 30 September 2023 was 6.4 years (30 September 2022: 6.8 years) and weighted average cost of borrowing on drawn debt was 7.8 per cent (30 September 2022: 4.5 per cent).

The only Group gearing covenant, which attaches to the £40 million revolving credit facility with HSBC, has a limit of 40 per cent and is based on borrowings (on a non-look-through basis) and EPRA NAV. This will remain the case under the extension and expansion of the RCF referred to on the next page.

Other principal loan covenants (which are predominantly associated with Homes England loans) are based on loan to value ratios attaching to specific property assets. These ratios typically range between 40 per cent and 80 per cent.

The Group was covenant compliant in the 12 months to 30 September 2023 and is forecast to remain so throughout the going concern review period. LTV and EBIT covenant headroom has also been assessed. Stress testing scenarios and mitigating actions have been identified and particular attention has been paid to the Group's assumptions around non-contractual receipts and non-committed expenditure.

1. Basis of preparation continued

Going concern continued

The Group has two loan facilities maturing within the going concern period. The first, the RCF has been extended for a further 5 years and increased to an £80 million limit since the year end date. The second facility, a £25.8 million sales loan, matures in October 2024 and is expected to be fully repaid using sales proceeds from the Manchester development, together with existing cash balances if required.

Half of the expanded RCF is forecast to be drawn during the going concern review period.

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

2. Summary of significant accounting policies

Joint ventures

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.

The Group classifies its interests in joint arrangements as either joint ventures or joint operations. In assessing the classification of interests in joint arrangements, the Group considers:

- the structure of the joint arrangement;
- the legal form of joint arrangements structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement; and
- any other facts and circumstances (including any other contractual arrangements).

In the consolidated financial statements, interests in joint ventures are initially recognised in the consolidated balance sheet at cost and subsequently 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.

Joint operations are consolidated on a line by line basis with regard to the underlying contractual arrangements.

Where there is objective evidence that an 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.

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 properties are 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 such that the asset is to be developed or held with a view to sale.

Trading properties

Trading properties comprise both direct interests in property and indirect beneficial interests in property held through land promotion agreements or other contractual arrangements. They are classified as 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.

Properties reclassified from trading properties to investment properties are transferred at fair value when there is a change in use of the asset such that it is to be held for long-term rental income and/or for capital appreciation.

2. Summary of significant accounting policies continued

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership. Leases not transferring substantially all the risks and rewards of ownership are classified as operating leases. Rental income paid under or received from operating leases is recognised in the consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

Property, plant and equipment

Property, plant and equipment is stated at cost or fair value at the date of transfer 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 property, plant and equipment, with the exception of land, at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the reporting date, over its expected useful life as follows:

Freehold property	—	shorter of expected period to redevelopment and 2 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
Plant and machinery	—	5–33 per cent straight line

Inventory

Biological assets

Crops before the point of harvest are classified as biological assets. All biological assets are held at fair value less estimated selling costs. The estimate of net fair value of crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around growth patterns could cause the recorded net fair value of biological assets to differ. Where little biological transformation has occurred then cost equates to net fair value. A gain or loss arising on initial recognition of a biological asset at net fair value is included in profit or loss for the period in which it arises.

Other inventory

Crops in store are stated at the lower of deemed cost and net realisable value. The deemed cost of crops in store is measured at its fair value less estimated selling costs at the point of harvest.

Other inventories are stated at the lower of cost and net realisable value.

Net realisable value represents the estimated net selling price less all estimated costs of completion.

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 reliably measured. Revenue is recognised at the fair value of the consideration receivable, including the fair value of any residential properties received in part exchange, excluding VAT. The following revenue recognition policies have been applied in respect of each of the Group and joint ventures' principal revenue streams.

Trading property sales

Revenue on the sale of trading properties, including beneficial interests held indirectly through land promotion and other contractual agreements, is recognised when performance obligations are satisfied, which occurs when control of the Group's interest has passed to the buyer on completion of contracts. Any variable consideration is estimated, taking into account the timing and variability of consideration, and only recognised where there is sufficient evidence that the amount can be reliably measured. Any deferred consideration is discounted to present value with the discount being unwound to profit and loss as finance income. Costs, which prior to sale are included within trading properties on the balance sheet, are expensed to cost of sales at the point of sale.

Residential property sales

Revenue on the sale of residential properties, including land parcels sold to housebuilders for residential development, is recognised when the significant risks and rewards of ownership of the property have passed to the buyer on completion of contracts. Any variable consideration including overages is estimated at the point of sale taking into consideration the time to recover overage amounts as well as other factors which may give rise to variability. Any deferred consideration is discounted to present value with the discount being unwound to profit and loss as finance income. Costs, which prior to sale are included within trading properties on the balance sheet, are expensed to cost of sales at the point of sale.

Revenue on construction contracts

Revenue on construction contracts is recognised over time usually on the basis of percentage of work completed using the input method (reflecting the enhancement in value of the customer's asset). Associated costs are expensed as incurred.

Where contracts contain multiple distinct elements, revenue is allocated to each element in proportion to the assessed stand-alone selling price of the services being provided. For any such elements that are determined as being satisfied at a point in time, revenue is recognised at the point of satisfaction of the relevant performance obligations. Associated costs are initially recognised in trading properties and expensed as a cost of sale at the point of sale.

2. Summary of significant accounting policies continued

Revenue recognition continued

Rental and other property income

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

Project management fees and other income, including recoverable property expenses

Fees from development management service arrangements and other agreements are determined by reference to the relevant agreement and recognised over time as the services are provided, typically using the output method.

Farming income

Farming income comprises sale of goods, government grants, rental income and other operating income.

Revenue derived from the sale of goods relates to the sale of crops. All crops are sold under contract and the Group recognises revenue when it transfers control of the goods to a customer. Transfer of control is determined when the crops are received and accepted by the customer.

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.

Deferred tax

Deferred tax is provided 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. Deferred tax 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 recognised within 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.

Deferred tax balances are not discounted.

Gift aid

The distribution of gift aid donations is expected to be equal to the estimated taxable profits of the Company at the time of the approval of the financial statements and is recognised only at the time of payment.

LTIP

Employees and Directors of the Group can be awarded discretionary LTIP awards under the plan described in Principle 5 "Remuneration". A provision for the LTIP is calculated at each year end and held at fair value on the balance sheet if a reliable estimate of the Group's obligation at the point of vesting can be made. Movements in the provision are recognised in the statement of comprehensive income.

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 are included within deferred income in the statement of financial position and recognised within the income statement in the same period as the related expenditure.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when the dividends are paid, following approval by the Directors. In the case of final dividends, this is when the dividends are approved.

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

Impairment tests on the Group's property, plant and equipment and interests in joint ventures 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.

2. Summary of significant accounting policies continued

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 consist 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 comprise cash in hand and deposits with banks net of bank overdrafts.

Trade and other receivables

Trade and other receivables arising in the normal course of business are initially recognised at fair value and subsequently at amortised cost or recoverable amount.

For significant receivables, particularly in respect of amounts due from housebuilders, the Group monitors the recoverability by undertaking at least six-monthly credit checks and the continual monitoring of payment track records and housing sales. Additionally, annual comparisons are performed monitoring third party valuations in respect of particular land parcels upon which the receivables are secured compared to those receivables recognised in the balance sheet in respect of such land parcels. As part of this consideration, the Group considers the recoverability of the receivable in the event of a downturn in the market.

Deferred consideration receivable in respect of the sale of land parcels is discounted to present value with the discount being unwound to profit and loss as finance income.

Receivables acquired by the Group that include a variable right to receive cash are recognised initially at fair value and are subsequently remeasured to fair value at each reporting date with fair value movements recognised within the consolidated statement of comprehensive income.

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.

3. Significant areas of judgement and estimation uncertainty

The preparation of financial statements in accordance with FRS 102 requires the use of certain judgements and estimation uncertainty. 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 judgement that may impact on the Group's earnings and financial position include:

Accounting estimates

Valuation of investment and trading properties

For the purposes of calculating the fair value of its investment property portfolio and the net realisable value (and, for EPRA reporting purposes, the fair value) of its trading property portfolio, the Group uses valuations carried out by either independent valuers or the 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 and rates, estimates of typical profit margins and finance costs, anticipated maintenance costs, development costs, inflation forecasts and appropriate discount rates. Assumptions used in the valuations of the Group's significant investment property interests carried at valuation and trading properties valued for EPRA reporting purposes at 30 September 2023 are disclosed later in note 3. Details of the Group's trading properties that are measured at net realisable value are disclosed in note 14. The valuers and Directors also make reference to market evidence for comparable property transactions and principal inputs and assumptions.

Due to the nature of development timescales, it is routinely necessary to estimate costs to complete and future revenues and to allocate non-unit-specific development costs between units legally completing in the current financial year and in future periods.

3. Significant areas of judgement and estimation uncertainty continued

Accounting estimates continued

Revenue

Estimates are involved when determining how much revenue to recognise at the point in time of residential property sales where there is deferred consideration and/or variable consideration which is only determined at the point of the future onward sale of constructed homes by the Group's housebuilder customers.

In determining the amount of revenue recognised, the Directors consider the following factors:

Absorption rates – licence sale contracts contain minimum sales rates as well as minimum prices. The Directors consider as a base case assumption that houses will be sold by housebuilding customers in line with the contracted minimum sales rates. Deferred revenue is therefore discounted by reference to these rates.

Discount rates – the onward sale of constructed homes by housebuilder customers will occur over a number of years. Consequently, the time value of money and the credit risk of the housebuilder must be taken into account when measuring the present value of the consideration receivable. The Directors consider the third party cost of borrowing to be an appropriate rate at which to discount deferred consideration for the sale of the land. These discount rates are kept under review in the event of indications of a significant change in circumstance of the housebuilding customer.

Affordable revenue – licence sale contracts in respect of land parcels can mandate the purchaser to provide an element of affordable housing within overall delivery. Revenue in relation to affordable housing is recognised when the Directors consider that a reliable estimate can be made of the amount receivable. The Directors assess, on a case by case basis, whether such a reliable estimate can be made, taking into account, for example, whether contracts are exchanged, whether there are a number of advanced offers in place, or whether contracts are well advanced.

Inflation rates – some contractual minimum prices are subject to an annual inflation review. The Directors consider publicly available inflation forecasts when calculating minimum amounts receivable over the licence contracts.

Cost of trading property sales

The sale of parcels or units of strategic land requires an allocation of costs (where applicable including site wide infrastructure, any construction costs directly attributable to individual land parcels, capitalised interest and capitalised administrative expenses) in order to account for cost of sales associated with the disposal. The costs being allocated, based on net developable acres as a proportion of total project net developable acres, include those incurred to date together with an allocation of costs remaining, estimated with reference to the latest project forecasts.

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. In order to assess whether the Group should recognise a deferred tax asset or liability and the tax rate at which that asset or liability should be measured, the Directors estimate the timing and likelihood of expected future profits along with how these expected future profits match up with the existing tax losses within specific Group entities. The proportion of the Group's estimated available tax losses for deferred tax has been disclosed in note 13.

LTIP

The LTIP is a cash settled bonus scheme, the structure of which is set out in Principle 5 "Remuneration". The provision held for the Group's LTIP is calculated at each year end using a set of assumptions in respect of the Group's forecast performance.

Judgements

Distinction between investment properties and trading properties

Where there is a strategic decision taken to develop any element of an investment property for sale rather than hold for investment purposes, then that element is remeasured to fair value at the decision date and transferred to trading properties. Where there is a strategic decision taken to hold any element of a trading property for long-term capital growth or income, then that element is transferred to investment properties at cost and subsequently held at fair value.

3. Significant areas of judgement and estimation uncertainty continued

Property value assumptions

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

	30 September 2023	30 September 2022
House price – private (£psf)	**260–445**	260–400
House price – affordable (£psf)	**145–270**	160–275
House price inflation (per cent)	**Nil**	Nil
Cost price inflation (per cent)	**2.5**	2.5
Residential land prices (£'000 per NDA)	**1,075–2,100**	980–1,745
Commercial land value (£'000 per acre)	**200–1,000**	200–850
Risk-adjusted discount rate (per cent)	**6.5–13.0**	5.8–12.0
Agricultural land value (£'000 per acre)	**7.5–11.0**	7.0–10.5

Inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value would increase/(decrease) if:

- expected house price inflation were higher/(lower);
- expected annual cost price inflation were lower/(higher);
- commercial land prices were higher/(lower); and
- risk-adjusted discount rate were lower/(higher).

The significant valuation inputs to the Group's strategic land interest are too interdependent to meaningfully present the impact of varying these inputs.

Joint operations

The Group was party to a joint operation in respect of Waterbeach until the entire site was acquired in the current year and the Development Management Agreement ceased. In the prior year, two licence sale contracts were entered into. Under the terms of the joint operation contract, the Group was entitled to retain the cash receipts (£2.3 million) and recognised minimum debtors, the present value of which was £21.1 million at 30 September 2022. This impacted deferred income and did not all get recognised in the statement of comprehensive income.

Proceeds of asset sales were split between the Group and the DIO based on a waterfall agreement as set out in the contract. This resulted in the Group retaining a high proportion of sales proceeds on early sales and a smaller proportion on later sales.

Judgement was involved in the prior year in determining how much of the sales proceeds retained should be recognised as revenue. Management considered that the assets sold in the year included both an asset of the DIO and an asset of the Group. For this reason management concluded that, despite the Group's entitlement to retain all proceeds, it was appropriate to recognise only a proportion of the proceeds as revenue. This resulted in the recognition of £10.3 million of revenue in the prior year, being equal to the cost of the Group's share of output plus estimated profit margin on the contract. The remaining proportion of proceeds was recognised on the balance sheet as deferred income. Deferred income in relation to licence sale contracts at Waterbeach in the prior year was £13.1 million.

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4. Revenue and gross profit

for the year ended 30 September 2023

	Strategic Sites £'000	Land promotion £'000	Commercial £'000	Total £'000
Trading property sales	**77,508**	**2,632**	**—**	**80,140**
Revenue on construction contracts	**4,500**	**187**	**—**	**4,687**
Rental and other property income	**1,893**	**—**	**1,451**	**3,344**
Farming income	**—**	**—**	**9,606**	**9,606**
Project management fees and other income	**6,421**	**—**	**—**	**6,421**
Revenue	**90,322**	**2,819**	**11,057**	**104,198**
Cost of trading property sales	**(71,919)**	**(836)**	**—**	**(72,755)**
Costs of construction contracts	**(4,500)**	**(187)**	**—**	**(4,687)**
Direct property expenses	**(3,287)**	**—**	**(968)**	**(4,255)**
Farming expenses	**—**	**—**	**(8,155)**	**(8,155)**
Write down of trading properties	**—**	**(1,215)**	**(20)**	**(1,235)**
Direct costs	**(79,706)**	**(2,238)**	**(9,143)**	**(91,087)**
Profit on trading property sales	**5,589**	**1,796**	**—**	**7,385**
Profit on construction contracts	**—**	**—**	**—**	**—**
Rental and other property losses	**(1,394)**	**—**	**483**	**(911)**
Farming profits	**—**	**—**	**1,451**	**1,451**
Project management fees and other income	**6,421**	**—**	**—**	**6,421**
Write down of trading properties	**—**	**(1,215)**	**(20)**	**(1,235)**
Gross profit	**10,616**	**581**	**1,914**	**13,111**

for the year ended 30 September 2022

	Strategic Sites £'000	Land promotion £'000	Commercial £'000	Total £'000
Trading property sales	96,615	35,379	—	131,994
Revenue on construction contracts	—	892	—	892
Rental and other property income	3,089	—	1,185	4,274
Farming income	—	—	10,872	10,872
Project management fees and other income	6,412	—	91	6,503
Revenue	106,116	36,271	12,148	154,535
Cost of trading property sales	(87,495)	(23,163)	—	(110,658)
Costs of construction contracts	—	(870)	—	(870)
Direct property expenses	(5,474)	—	(999)	(6,473)
Farming expenses	—	—	(6,290)	(6,290)
Write down of trading properties	—	(411)	(493)	(904)
Direct costs	(92,969)	(24,444)	(7,782)	(125,195)
Profit on trading property sales	9,120	12,216	—	21,336
Profit on construction contracts	—	22	—	22
Rental and other property losses	(2,385)	—	186	(2,199)
Farming profits	—	—	4,582	4,582
Project management fees and other income	6,412	—	91	6,503
Write down of trading properties	—	(411)	(493)	(904)
Gross profit	13,147	11,827	4,366	29,340

	Year ended 30 September 2023	Year ended 30 September 2022
Number of construction contracts	**2**	1

5. Profit before finance and taxation

Is arrived at after charging/(crediting):	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Depreciation of property, plant and equipment	**433**	710
Profit on disposal of property, plant and equipment	**(26,958)**	(506)
Impairment of trade receivables	**16**	148
Operating lease charges – rent of properties	**597**	671
LTIP expense	**920**	270
Capitalisation of administrative expenses to investment properties	**(371)**	(264)
Capitalisation of administrative expenses to trading properties	**(3,952)**	(3,706)
Fees paid to BDO LLP[1] in respect of:		
– audit of the Company	**398**	369
Other services:		
– audit of subsidiaries and associates	**100**	113

1. Total fees for 2023 payable to the Company's auditor are £498,000 (2022: £482,000).

6. Finance income and finance costs

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Interest receivable from cash deposits	**2,097**	6
Unwinding of discount applied to long-term receivables	**4,254**	2,676
Other interest receivable	**1,023**	690
Finance income	**7,374**	3,372
Interest payable on borrowings	**(10,835)**	(5,595)
Amortisation of loan arrangement costs	**(779)**	(863)
Finance costs pre-capitalisation	**(11,614)**	(6,458)
Finance costs capitalised to trading properties	**10,318**	5,639
Finance costs	**(1,296)**	(819)
Net finance income	**6,078**	2,553

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

7. Employee benefit expenses

Employee benefit expenses (including Directors) are as follows:	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Wages and salaries (including discretionary bonus)	**12,312**	12,426
Employer's National Insurance contributions and similar taxes	**1,659**	1,726
Defined contribution pension cost	**1,113**	956
LTIP expense	**920**	270
Total staff costs (including Directors)	**16,004**	15,378
Amount capitalised to investment and trading properties	**(2,655)**	(2,825)
Amount included within operating profit	**13,349**	12,553

	Year ended 30 September 2023 Number	Year ended 30 September 2022 Number
Average number of employees during the year (including Directors)	**113**	102

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8. Directors' remuneration

Directors' remuneration	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Directors' emoluments	**1,611**	1,986
Amounts receivable under LTIP	**202**	—
Company pension contributions	**126**	178
Total	**1,939**	2,164

Highest paid Director	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Directors' emoluments	**602**	742
Amounts receivable under LTIP	**77**	—
Company pension contributions	**47**	66
Total	**726**	808

9. Tax on profit on ordinary activities

(a) Analysis of (credit)/charge for the year

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Current tax:		
UK corporation tax on profits for the year	**—**	—
Adjustments in respect of previous periods	**—**	—
Total current tax	**—**	—
Deferred tax:		
Origination and reversal of timing differences	**2,430**	1,785
Adjustments in respect of previous periods	**(589)**	15
Total deferred tax	**(1,841)**	1,800
Total tax (credit)/charge	**(1,841)**	1,800

(b) Factors affecting the tax (credit)/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 2023 £'000	Year ended 30 September 2022 £'000
Profit attributable to the Group before tax	**21,994**	21,871
Profit multiplied by the average rate of UK corporation tax of 22 per cent (2022: 19 per cent)	**4,839**	4,155
Expenses not deductible for tax purposes	**184**	234
Differences arising from taxation of chargeable (gains)/losses and property revaluations	**(5,894)**	223
Gift aid	**(1,508)**	(3,215)
Adjustments in respect of previous periods	**589**	—
Tax (gains)/losses and other items	**(51)**	403
Total tax (credit)/charge	**(1,841)**	1,800

The tax (credit)/charge arising in the year is considered unlikely to crystallise because of the Group's intention to gift aid to the Wellcome Trust the profits that give rise to the charge.

During the year the Group made gift aid payments of £16,998,000 (30 September 2022: £17,057,000) to the Wellcome Trust.

(c) Joint ventures

The Group's share of tax on the joint ventures is £Nil (2022: £Nil).

10. Investment properties

(i) Carrying amount reconciliation

	£'000
Valuation	
At 1 October 2021	58,060
Additions at cost	12,643
Disposals	(9,658)
On acquisition of subsidiary	16,316
Surplus on revaluation	4,342
At 1 October 2022	81,703
Additions at cost	39,952
Disposals	(4,587)
Deficit on revaluation	(9,824)
Carrying value and portfolio valuation at 30 September 2023	**107,244**

Investment properties on the acquisition of Farmcare in the prior year totalled £16,316,000 (see note 25).

(ii) Operating lease arrangements

Refer to note 26 for details of the operating lease commitments related to investment properties.

(iii) Items of income and expense

During the year ended 30 September 2023, £1,819,000 (2022: £2,891,000) 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 properties that generated rental income amounted to £895,000 (2022: £2,612,000).

(iv) Restrictions and obligations

At 30 September 2023 and 2022 there were no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

There are no obligations, except those already contracted, to construct or develop the Group's investment properties.

(v) Historical cost and capitalisation

The historical cost of investment properties as at 30 September 2023 was £93,177,000 (2022: £57,812,000). There was no interest capitalised during the current or prior year. During the year staff and administrative costs of £371,000 (2022: £264,000) have been capitalised and are included within additions.

(vi) Fair value measurement

The Group's investment properties are valued on an annual basis at fair value by CBRE Limited (CBRE) and Strutt & Parker, independent chartered surveyors. Where property assets are bifurcated between investment and trading properties, the Directors have allocated the third party valuations with reference to the nature of the properties in each classification. The valuation at each period end is carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. Fair value represents the estimated amount that should be received for selling an investment property in an orderly transaction between market participants at the valuation date.

The following summarises the valuation technique used in measuring the fair value of the Group's investment properties.

Valuation technique

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

For the Farmcare assets, the best evidence of fair value is normally given by current prices or an active market for similar property in the same location and condition subject to a similar lease and other contracts. Comparable transactions are analysed to determine the value of agricultural and residential elements of the property and the discount rate at which commercial income and renewable energy lettings are capitalised.

The significant unobservable inputs applied in the valuation of the Group's investment properties are listed in note 3.

11. Property, plant and equipment

	Freehold property £'000	Plant and machinery £'000	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost					
At 1 October 2021	4,312	—	757	1,839	6,908
On acquisition of subsidiary	152,529	824	—	—	153,353
Additions	345	34	—	256	635
Disposals	(5,537)	(10)	—	(219)	(5,766)
At 1 October 2022	151,649	848	757	1,876	155,130
Additions	48	3,456	93	121	3,718
Disposals	(71,274)	(3,951)	(72)	(807)	(76,104)
At 30 September 2023	**80,423**	**353**	**778**	**1,190**	**82,744**
Accumulated depreciation and impairment					
At 1 October 2021	433	—	753	1,592	2,778
Charge for the year	385	193	—	132	710
Impairment	557	—	—	—	557
Released on disposal	—	—	—	(219)	(219)
At 1 October 2022	1,375	193	753	1,505	3,826
Charge for the year	262	37	13	121	433
Impairment	2,165	—	—	—	2,165
Released on disposal	—	—	(72)	(707)	(779)
At 30 September 2023	**3,802**	**230**	**694**	**919**	**5,645**
Net book value					
At 30 September 2023	**76,621**	**123**	**84**	**271**	**77,099**
At 30 September 2022	150,274	655	4	371	151,304

Property, plant and equipment on the acquisition of Farmcare in the prior year totalled £153,353,000 (see note 25).

12. Investments

Investments in joint ventures

	Total £'000
Cost or valuation	
At 1 October 2021	132,465
Share of post-tax profit from joint ventures	3,778
Impairment of loans to joint ventures	(114)
Profits distributed	(3,412)
Loans advanced	8,729
Loans repaid	(6,500)
At 1 October 2022	134,946
Share of post-tax profit from joint ventures	5,978
Profits distributed	(2,500)
Loans advanced	5,826
Loans repaid	(7,542)
At 30 September 2023	**136,708**

12. Investments continued

Investments in joint ventures continued

At 30 September 2023 the Group's interests in its joint arrangements were as follows:

Joint ventures		
SUE Developments LP	50%	Property development
Wintringham Partners LLP	33%	Property development
Manydown Development Vehicle LLP	50%	Property development
Achadonn Limited	50%	Property development
Altira Park JV LLP	50%	Property development
Manchester New Square LP	50%	Property development
Foxchurch LLP	40%	Property development

Joint operations	
Baldock	Property development

In the prior year Waterbeach was a joint arrangement with a landowner that was structured through a contractual arrangement, rather than a separate entity. Decisions about relevant activities in relation to the Waterbeach development required unanimous consent by the Group and the landowner. On 3 July 2023, the Group acquired the Waterbeach site in its entirety. Following the acquisition the site has been accounted for on the same basis as all other wholly owned sites. Baldock remains a joint arrangement with a landowner that is structured through a contractual arrangement. Decision making is shared 50:50 and the Group will have a right to sales proceeds under a waterfall agreement.

All of the Group's interests in joint arrangements have their principal place of business in the UK. The registered offices and country of incorporation of the joint ventures (and subsidiaries) are disclosed in note 8 of the notes to the Company financial statements on pages 127 to 129. Refer to note 3 for further details on the judgements used when recognising revenue for the joint ventures.

Summarised information on joint ventures 2023

100%	SUE Developments LP £'000	Wintringham Partners LLP £'000	Manydown Development Vehicle LLP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Foxchurch LLP £'000	Manchester New Square LP £'000	Total 2023 £'000
Revenue	25,019	1,318	—	—	—	—	19,181	
Finance income	3,816	5,015	4	—	1	—	—	
Finance expense	—	—	—	—	—	—	(1,574)	
Profit/(loss) after tax	8,907	5,918	(1)	—	—	—	(896)	
Cash and cash equivalents	11,974	15,609	273	—	62	—	3,781	
Other current assets	207,391	60,691	15,092	—	1,980	891	37,864	
Non-current assets	17,917	12,694	—	—	—	—	—	
Other current liabilities	(4,136)	(4,303)	(1,258)	—	(60)	(191)	(1,986)	
Non-current financial liabilities	(101,192)	(78,761)	(14,171)	—	(1,986)	—	(43,399)	
Other non-current liabilities	(35,558)	—	—	—	—	(700)	—	
Net assets/(liabilities)	**96,396**	**5,930**	**(64)**	**—**	**(4)**	**—**	**(3,740)**	
The Group's carrying value consists of:								
Group's share of net assets/(liabilities)	48,198	1,976	(32)	—	(2)	—	(1,870)	48,270
Loans	43,787	19,993	6,616	—	1,986	891	15,165	88,438
Total investment in joint ventures	**91,985**	**21,969**	**6,584**	**—**	**1,984**	**891**	**13,295**	**136,708**

SUE Developments LP holds the Houlton, Rugby site.

12. Investments continued

Investments in joint ventures continued

Summarised information on joint ventures 2022

100%	SUE Developments LP £'000	Wintringham Partners LLP £'000	Manydown Development Vehicle LLP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Foxchurch LLP £'000	Manchester New Square LP £'000	Total 2022 £'000
Revenue	33,571	14,333	—	—	—	—	15,129	
Finance income	3,111	3,645	—	—	—	—	—	
Finance expense	(879)	(1,989)	(845)	—	—	—	(2,246)	
Profit/(loss) after tax	5,112	7,499	(63)	—	—	—	(2,450)	
Cash and cash equivalents	17,446	19,682	748	—	111	—	605	
Other current assets	200,639	63,354	10,853	—	281	382	53,712	
Non-current assets	28,389	28,632	—	—	—	—	—	
Current financial liabilities	—	—	—	—	—	—	(26,757)	
Other current liabilities	(101,992)	(8,997)	(642)	—	(12)	(44)	(2,404)	
Non-current financial liabilities	(26,188)	(95,160)	(11,073)	—	(376)	—	(28,000)	
Other non-current liabilities	(35,858)	—	—	—	—	(1,014)	—	
Net assets/(liabilities)	82,436	7,511	(114)	—	4	(676)	(2,844)	
The Group's carrying value consists of:								
Group's share of net assets	41,218	2,504	(57)	—	2	—	(1,422)	42,245
Loans	48,544	21,300	5,268	1,278	374	772	15,165	92,701
Total investment in joint ventures	89,762	23,804	5,211	1,278	376	772	13,743	134,946

The significant unobservable inputs applied in the valuation of the Group's trading properties held in joint venture vehicles for EPRA purposes are listed in note 3.

13. Deferred tax

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

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
At 1 October	**(9,023)**	(7,223)
Movement in the year (see note 9)	**1,841**	(1,800)
At 30 September	**(7,182)**	(9,023)

The deferred tax balances are made up as follows:

	At 30 September 2023 £'000	At 30 September 2022 £'000
Deferred tax assets		
Tax losses	**3,223**	2,206
	3,223	2,206
Deferred tax liabilities		
Revaluation surpluses	**(10,405)**	(11,229)
	(10,405)	(11,229)

13. Deferred tax continued

At 30 September 2023, the Group had unused tax losses of £18,991,000 (2022: £16,250,000), of which £12,893,000 (2022: £8,824,000) has been recognised as a deferred tax asset. £5,961,000 (2022: £7,289,000) has been applied to reduce the Group's deferred tax liability recognised at the balance sheet date in respect of tax potentially payable on the realisation of investment properties at fair value at the balance sheet date. No deferred tax asset is recognised in respect of realised or unrealised capital losses if there is uncertainty over future recoverability. Deferred tax assets are only recognised where there is a reasonable assumption of future profits.

Tax losses of £136,000 (2022: £137,000) have not been recognised as it is not considered sufficiently certain that there will be appropriate taxable profits available in the foreseeable future against which these losses can be utilised.

The UK corporation tax rate increased to 25 per cent from 1 April 2023, which was substantively enacted on 24 May 2021. The Group's deferred tax balances have been measured at 25 per cent (2022: 25 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.

14. Trading properties

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
At 1 October	**321,526**	333,421
Additions at cost	**144,354**	87,065
Write down	**(1,235)**	(904)
Disposals	**(73,575)**	(98,056)
Carrying value at 30 September	**391,070**	321,526

Trading properties by class of property	**At 30 September 2023 £'000**	At 30 September 2022 £'000
Direct interests in completed and development properties	**373,520**	272,870
Indirect interests held through land promotion, option or other contractual agreements	**17,550**	48,656
	391,070	321,526

During the year staff and administrative costs of £3,952,000 (2022: £3,706,000) have been capitalised and are included within additions.

Capitalised interest of £22,410,000 is included within the carrying value of trading properties as at 30 September 2023 (2022: £17,997,000), of which £10,318,000 (2022: £5,639,000) was capitalised during the year. Included within disposals is £5,905,000 (2022: £1,262,000) of interest previously capitalised and written off on disposal.

The carrying value of trading properties at 30 September 2023 includes £3,162,000 (2022: £3,832,000) measured at net realisable value. The remaining assets have been measured at cost. In arriving at their net realisable value assessments, the Directors have had regard to the current valuations of the properties (where relevant) and the future expected profitability of the asset.

The significant unobservable inputs applied in the valuation of the Group's trading properties for EPRA purposes are listed in note 3.

15. Inventory

	At 30 September 2023 £'000	At 30 September 2022 £'000
Biological assets	**248**	805
Raw materials and consumables	**210**	1,197
Crops in store	**1,076**	6,938
	1,534	8,940

Inventory on the acquisition of Farmcare in the prior year totalled £6,553,000 (see note 25). As at 30 September 2023 and 30 September 2022, inventory balances relate entirely to Farmcare.

16. Trade and other receivables

Non-current	At 30 September 2023 £'000	At 30 September 2022 £'000
Trade receivables	**44,031**	53,679
	44,031	53,679

Current	At 30 September 2023 £'000	At 30 September 2022 £'000
Trade receivables	**59,242**	44,955
Less: provision for impairment of trade receivables	**(212)**	(196)
Trade receivables (net)	**59,030**	44,759
Amounts due from related parties	**—**	80
Other receivables	**5,056**	20,948
Prepayments and accrued income	**3,754**	3,641
	67,840	69,428

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

Other receivables include £2,200,000 (2022: £13,600,000) held in a client account which relates to a land sale that completed just before the year end.

Trade and other receivables on the acquisition of Farmcare in the prior year totalled £2,643,000 (see note 25).

17. Trade and other payables

Current	At 30 September 2023 £'000	At 30 September 2022 £'000
Trade payables	**11,291**	18,431
Taxes and social security costs	**420**	3,771
Other payables	**1,645**	3,313
Accruals	**14,350**	18,609
Deferred income	**17,498**	25,480
	45,204	69,604

Trade and other payables on the acquisition of Farmcare in the prior year totalled £3,235,000 (see note 25).

Deferred income includes £15,683,000 (2022: £Nil) which relates to grant funding in respect of the Newark project and £1,008,000 (2022: £23,947,000) in relation to the sale of land and buildings.

18. Provisions

	At 30 September 2023 £'000	At 30 September 2022 £'000
Current	600	—
Non-current	590	270
Total	**1,190**	**270**

The provision relates to awards in respect of the Group's Long-Term Incentive Plan (LTIP), which is awarded to certain Directors and employees. The structure of the LTIP is described in the Remuneration Committee section under Governance.

19. Borrowings

	At 30 September 2023 £'000	At 30 September 2022 £'000
Bank loans and overdrafts	**(63)**	(192)
Other loans	**173,344**	164,915
	173,281	164,723

Maturity profile	At 30 September 2023 £'000	At 30 September 2022 £'000
Less than one year	**(63)**	—
Between one and five years	**30,697**	8,813
More than five years	**142,647**	155,910
	173,281	164,723

Other loans comprise borrowings from Homes England and Huntingdon District Council. Interest on borrowings from Homes England is charged at between 2.5 and 4.0 per cent (2022: between 2.2 and 4.0 per cent) above the EC Reference Rate and the facilities are secured against specific land holdings.

The revolving credit facility is secured against specific property holdings. The balance on this facility is £Nil at 30 September 2023 (2022: £Nil). The credit facility was refinanced on 20 December 2023. The new facility has been extended for a further 5 years and expanded to an increased limit of £80,000,000 from £40,000,000. There are £63,000 (30 September 2022: £192,000) of unamortised loan arrangement costs, reflected in a negative balance presented under bank loans and overdrafts.

The Group's undrawn loan facilities at 30 September 2023 were:

	At 30 September 2023 £'000	At 30 September 2022 £'000
Expiring in less than one year	**40,000**	—
Expiring between one and five years	**—**	40,000
Expiring in greater than five years	**37,118**	21,811
	77,118	61,811

20. Financial instruments

Details of the Group's significant accounting policies, including the basis on which income and expenses are recognised through the statement of comprehensive income and the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2.

Financial assets measured at amortised cost	At 30 September 2023 £'000	At 30 September 2022 £'000
Cash and cash equivalents	**100,574**	37,108
Trade and other receivables	**110,783**	121,933
Loans advanced to joint ventures	**88,438**	92,701
	299,795	251,742

20. Financial instruments continued

Financial liabilities measured at amortised cost	At 30 September 2023 £'000	At 30 September 2022 £'000
Trade payables	**11,291**	18,431
Taxes and social security costs	**420**	3,771
Other payables and deferred income	**17,328**	3,313
Accruals	**14,350**	18,609
Loans gross of unamortised loan arrangement costs	**174,812**	166,896
	218,201	211,020

Financial liabilities measured at fair value	At 30 September 2023 £'000	At 30 September 2022 £'000
Provisions	**1,190**	270
	1,190	270

21. Share capital

Urban&Civic plc	At 30 September 2023 £'000	At 30 September 2022 £'000
Issued and fully paid		
224,502,483 (2022: 203,235,177) shares of 20p each (2022: 20p each)	**44,900**	40,647

Movements in share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2021	29,378	146,889,368
Shares issued	11,269	56,345,809
At 1 October 2022	40,647	203,235,177
Shares issued	4,253	21,267,306
At 30 September 2023	**44,900**	**224,502,483**

Shares issued in the year relate to settling the liability with Gower Place Investments Limited in relation to the Manydown investment, funding of the full acquisition of the Waterbeach site and funding new development commitments and obligations relating to specific strategic sites.

Shares issued in the prior year relate to the acquisition of 100 per cent of Farmcare Trading Limited and the freehold title of land and property known as the Kings Langley Estate in exchange for shares in the Company. Details of these transactions are provided in notes 25 and 27 of the Group financial statements.

22. Reserves

The movement on reserves in the year is set out in the consolidated statement of changes in equity on page 98.

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;
- other reserve: represents a non-distributable capital reserve arising on the acquisition of subsidiary undertakings; and
- retained earnings: represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income less dividends paid, gift aid paid and reserve movements in relation to share-based payments.

23. Net asset value, EPRA net asset value (a non-standard metric) and EPRA NTA per share

Net asset value, EPRA net asset value (a non-standard metric) and EPRA NTA per share are calculated as the net assets or EPRA net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue at that date.

	At 30 September 2023	At 30 September 2022
Number of ordinary shares in issue	**224,502,483**	203,235,177
NAV per share	**311.5p**	302.6p
Net asset value (£'000)	**699,243**	615,014
Revaluation of property interests[1] (£'000)		
– Alconbury Weald	**33,268**	54,068
– Houlton, Rugby	**3,880**	11,388
– Priors Hall	**(7,098)**	9,807
– Waterbeach	**7,271**	23,884
– Wintringham St Neots	**10,474**	14,487
– Newark	**(6,053)**	2,131
– Farmcare	**8,916**	33,030
– Kings Langley	**522**	640
– Land promotion sites	**7,307**	6,158
– Manchester New Square	**(950)**	(53)
	57,537	155,540
Deferred tax liability (£'000)	**10,405**	11,229
EPRA NAV (a non-standard metric) (£'000)	**767,185**	781,783
EPRA NAV per share	**341.7p**	384.7p
Deferred tax (£'000)	**(23,824)**	(42,029)
EPRA NTA (£'000)	**743,361**	739,754
EPRA NTA per share	**331.1p**	364.0p

1. Property interests include trading properties held by the Group and the Group's share of joint ventures and farming assets classified as freehold property within property, plant and equipment.

24. Contingent liabilities, capital commitments and guarantees

The parent company has given guarantees totalling £94,381,000 (2022: £100,131,000) as part of the Group's development obligations.

Capital commitments relating to the Group's development sites, including the Group's share of joint ventures, are as follows:

	At 30 September 2023 £'000	At 30 September 2022 £'000
Contracted but not provided for	**67,704**	38,093

In the prior year, there was a claim in respect of one of our Strategic Sites. The matter was settled in the year and there is no provision at 30 September 2023. In the prior year there was an accrual for £0.9 million in respect of this matter.

25. Business combinations – acquisition of subsidiary

On 1 October 2021, the Group acquired 100 per cent of the ordinary share capital of Farmcare Trading Limited, a UK company which holds a land portfolio which is used for agricultural and farming uses. Consideration consisted of 53,870,124 ordinary shares in Urban&Civic plc, valued at £3.45 per share, giving a total consideration value of £185,852,000.

Having assessed the fair value of Farmcare Trading Limited's net assets on acquisition, no goodwill arose.

	Fair value £'000
Non-current assets	
Freehold property	152,529
Plant and machinery	824
Investment properties	16,316
	169,669
Current assets	
Inventory	6,553
Trade and other receivables	2,643
Cash and cash equivalents	10,222
	19,418
Total assets	**189,087**
Current liabilities	
Trade and other payables	(3,235)
	(3,235)
Net assets	**185,852**
Goodwill	—
Purchase consideration	**185,852**

In the year to 30 September 2023, Farmcare Trading Limited has contributed £9,606,000 (30 September 2022: £10,872,000) to Group revenue and £27,338,000 (30 September 2022: £5,278,000) to Group profit after tax (comprising gross farming profits of £1,451,000 (30 September 2022: £4,582,000), revaluation of investment properties of £368,450 (30 September 2022: £2,386,000) and profit on sale of properties of £26,958,000 (30 September 2022: £771,000), net off with administrative expenses and interest of £1,041,000 (30 September 2022: £1,282,000) and gift aid paid in the year of £3,038,000 (30 September 2022: £1,179,000). Farmcare has contributed a further EPRA NAV uplift of £8,916,000 (30 September 2022: £33,030,000).

26. Lease commitments

Maturity analysis – contractual undiscounted cash flows

All lessee arrangements have been determined as constituting operating leases.

Where the Group is the lessee, the future aggregate minimum rentals payable under non-cancellable operating leases are as follows:

	At 30 September 2023 £'000	At 30 September 2022 £'000
In one year or less	**751**	739
Between one and five years	**3,441**	2,819
In five years or more	**1,426**	2,105
	5,618	5,663

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 2023 £'000	At 30 September 2022 £'000
In one year or less	**2,327**	2,730
Between one and five years	**6,071**	5,780
In five years or more	**4,882**	3,136
	13,280	11,646

27. Related party transactions

Key management personnel

The Directors of the Company who served during the year are considered to be key management personnel. The combined emoluments for the key management personnel (relating to the period they were a Director), based upon amounts included in the Group financial statements, are set out in note 8 on page 109.

The total compensation of key management personnel was £1,939,000 (2022: £2,164,000), which comprised short-term benefits and LTIPs of £1,813,000 (2022: £1,986,000) and post-employment benefits of £126,000 (2022: £178,000).

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 entity.

	At 30 September 2023 £'000	At 30 September 2022 £'000
SUE Developments LP	**43,787**	48,544
Manchester New Square LP	**15,165**	15,165
Manydown Development Vehicle LLP	**6,616**	5,268
Wintringham Partners LLP	**19,993**	21,300
Achadonn Limited	**—**	3,353
Altira Park JV LLP	**1,986**	374
Foxchurch LLP	**891**	772
	88,438	94,776

The total provision at 30 September 2023 against amounts due from Achadonn Limited was £Nil (2022: £2,075,000).

Fees charged by the Group to SUE Developments LP during the year were £1,594,000 (2022: £1,623,000). Included in trade debtors at 30 September 2023 was £501,000 (2022: £499,000) in respect of these fees.

Fees charged to Wintringham Partners LLP during the year were £931,000 (2022: £732,000). Included in prepayments and accrued income at 30 September 2023 was £233,000 (30 September 2022: £189,000) and included in trade debtors at 30 September 2023 was £18,000 (2022: £242,000).

Fees charged to Manydown Development Vehicle LLP during the year were £974,000 (2022: £900,000). Included in prepayments and accrued income at 30 September 2023 was £1,024,000 (30 September 2022: £77,000) and £Nil was included in trade debtors at 30 September 2023 (2022: £81,000).

27. Related party transactions continued

Fees, other income and amounts due from joint ventures and associates continued

Loans advanced are interest free with the exceptions of:

- Manydown Development Vehicle LLP where interest is earned at SONIA plus 9.5 per cent; and
- Wintringham LLP where interest is earned at 12.5 per cent on £1,463,447 (2022: £2,488,000) and 8.0 per cent on the remaining balance of £4,897,064 (2022: £Nil).

Other related party transactions

In the prior year, Farmcare Trading Limited ('Farmcare') had an amount owed from a related party, Stemgold Limited, a co-operative of which Farmcare is a member. This related to an interest free unsecured loan repayable on termination of Farmcare's membership and was repaid during the year. The outstanding balance at 30 September 2023 is £Nil (2022: £80,000). There were no new transactions with Stemgold Limited in the year.

Transactions with immediate and ultimate parent undertaking

On 1 October 2021, the Group acquired 100 per cent of the ordinary share capital of Farmcare Trading Limited, a UK company which holds a land portfolio which is used for agricultural and farming uses, from Gower Place Investments Limited, a wholly owned subsidiary of the ultimate parent undertaking, the Wellcome Trust Limited. Consideration consisted of 53,870,124 ordinary shares in Urban&Civic plc, valued at £3.45 per share, giving a total consideration value of £185,852,000. In the prior year Farmcare rented land owned by the Wellcome Trust for farming activity and also paid for administration services provided by the Wellcome Trust. Farmcare incurred expenses of £11,000 during 2022 and had a balance with the Wellcome Trust at 30 September 2022 of £Nil. No further expenses were incurred during the year.

On 6 May 2022, the Group acquired the freehold title of land and property known as the Kings Langley Estate, from Gower Place Investments Limited, a wholly owned subsidiary of the ultimate parent undertaking, the Wellcome Trust Limited. Consideration consisted of 2,475,685 ordinary shares in Urban&Civic plc, valued at £3.45 per share, giving a total consideration value of £8,541,000.

On 26 August 2022, Urban&Civic Manydown Limited, a subsidiary of the Group, acquired an additional 25 per cent of Manydown Development Vehicle LLP from Manydown Investco LLP, increasing the Group's investment to 50 per cent (30 September 2022: 50 per cent). At 30 September 2022, the Group had a liability to Gower Place Investments Limited of £2,275,000. This liability was satisfied through a share issue on 17 March 2023 of 657,249 ordinary shares in Urban&Civic plc, valued at £3.64 per share, giving a total consideration of £2,392,000.

On 30 June 2023, ahead of the full acquisition of the Waterbeach site, Urban&Civic plc issued 5,496,016 ordinary shares to Gower Place Investments Limited, valued at £3.64 per share, giving a total consideration value of £20,000,000.

On 25 September 2023, to fund the full acquisition of the Waterbeach site as well as contributing to funding specific development commitments and obligations of specific Strategic Sites, Urban&Civic plc issued 15,114,041 ordinary shares to Gower Place Investments Limited, valued at £3.64 per share, giving a total consideration value of £55,000,000.

On 30 September 2022, the Group entered into a Development Management Agreement with the Wellcome Trust to provide master developer services for the Wellcome Genome Campus in Hinxton. During the year, the Group charged development management fees to the Wellcome Trust of £2,103,000 (2022: £Nil) and had trade debtors and other receivables balances of £3,895,000 (2022: £Nil) and £1,120,000 (2022: £5,508,000) respectively.

28. Cash flow information

Net debt reconciliation

	2022 £'000	Cash flows £'000	Rolled up interest £'000	Amortisation of issue and arrangement costs £'000	2023 £'000
Non-current loans and borrowings	164,723	(1,791)	10,087	262	173,281
Current loans and borrowings	—	—	—	—	—
Total borrowings	164,723	(1,791)	10,087	262	173,281
Cash and cash equivalents	(37,108)	(63,466)	—	—	(100,574)
Net debt	**127,615**	**(65,257)**	**10,087**	**262**	**72,707**

	2021 £'000	Cash flows £'000	Rolled up interest £'000	Amortisation of issue and arrangement costs £'000	2022 £'000
Non-current loans and borrowings	146,080	12,861	5,392	390	164,723
Current loans and borrowings	—	—	—	—	—
Total borrowings	146,080	12,861	5,392	390	164,723
Cash and cash equivalents	(34,097)	(3,011)	—	—	(37,108)
Net debt	111,983	9,850	5,392	390	127,615

29. Post-balance sheet events

On 20 December 2023, Urban&Civic plc completed the refinancing of the HSBC revolving credit facility. The new facility has been extended for a further five years to 20 December 2028 and expanded to an increased limit of £80,000,000 from £40,000,000.

30. Ultimate parent undertaking and controlling party

The Company is a company limited by shares. The immediate parent company is Gower Place Investments Limited, a company incorporated in England and Wales. The ultimate parent undertaking of the Company is the Wellcome Trust, exercising control through its corporate trustee, The Wellcome Trust Limited.

The largest accounts which consolidate the results of the Company are those of Urban&Civic plc. These financial statements are not consolidated at a higher level, as they are measured at fair value through profit or loss in the financial statements of the ultimate parent undertaking.

Copies of the Wellcome Trust annual report and financial statements are available from the Wellcome Trust's website (www.wellcome.org/news-and-reports/reports) or from the Company Secretary.

COMPANY BALANCE SHEET

as at 30 September 2023

	Notes	30 September 2023 £'000	30 September 2022 £'000
Fixed assets			
Investments	3	**567,829**	662,597
		567,829	662,597
Current assets			
Debtors due within one year	4	**206,379**	44,305
Cash at bank and in hand		**38**	93
		206,417	44,398
Creditors: amounts falling due within one year	5	**(82,903)**	(172,367)
Net current assets/(liabilities)		**123,514**	(127,969)
Total assets less current liabilities		**691,343**	534,628
Capital and reserves			
Share capital	6	**44,900**	40,647
Share premium account		**425,201**	352,062
Capital redemption reserve		**849**	849
Merger reserve		**97,025**	97,025
Retained earnings		**123,368**	44,045
Shareholders' funds		**691,343**	534,628

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 £79,323,000 (2022: loss after tax of £351,000) attributable to the Company. At 30 September 2023, the balance of £21,335,000 (2022: £16,648,000) in retained earnings represents distributable reserves.

The financial statements were approved by the Board and authorised for issue on 21 December 2023 and were signed on its behalf by:

Nigel Hugill
Director

David Wood
Director

The notes on pages 125 to 129 form part of these parent company financial statements.

Registered in Scotland No. SC149799

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2023

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2021	29,378	168,938	849	97,025	44,396	340,586
Shares issued	11,269	183,124	—	—	—	194,393
Total comprehensive loss for the year	—	—	—	—	(351)	(351)
Balance at 30 September 2022	40,647	352,062	849	97,025	44,045	534,628
Shares issued	**4,253**	**73,139**	**—**	**—**	**—**	**77,392**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**79,323**	**79,323**
Balance at 30 September 2023	**44,900**	**425,201**	**849**	**97,025**	**123,368**	**691,343**

1. Accounting policies

Accounting convention

The financial statements of the Company have been prepared under FRS 102 and the historical cost convention and in accordance with the Companies Act 2006.

The Company has taken the following exemptions as permitted by FRS 102:

- no cash flow statement is presented. A consolidated cash flow statement is presented on page 99 of the Group financial statements;
- certain financial instruments disclosures are omitted as equivalent disclosures have been provided in respect of the Group as a whole; and
- related party transaction disclosures with wholly owned members of the Group.

Investments

The investments in subsidiaries 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.

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 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 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.

Trade and other payables

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.

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.

2. Directors' and auditor's remuneration

Directors' remuneration is disclosed in the Remuneration Committee section under Governance. Details of the remuneration paid to the Company's auditor, BDO LLP, for audit and non-audit services provided are given in note 5 to the Group financial statements on page 108.

There are no employees other than the Directors who are remunerated by a fellow Group company. The Directors are considered to be the Company's key management personnel.

3. Investments

	£'000
Cost	
At 1 October 2022	688,735
Additions	2,392
At 30 September 2023	**691,127**
Amounts written off	
At 1 October 2022	26,138
Provisions for impairment	97,160
At 30 September 2023	**123,298**
Net book value	
At 30 September 2023	**567,829**
At 30 September 2022	662,597

A complete list of the Company's subsidiaries is included in note 8 of these Company financial statements.

Additions in the year relate to the share issue in respect of the Manydown investment. Details of this transaction is provided in note 27 of the Group financial statements.

4. Debtors

	At 30 September 2023 £'000	At 30 September 2022 £'000
Amounts due within one year:		
Amounts due from subsidiaries	**206,292**	43,032
Other debtors	**49**	1,273
Prepayments and accrued income	**38**	—
	206,379	44,305

5. Creditors

	At 30 September 2023 £'000	At 30 September 2022 £'000
Amounts due within one year:		
Bank loans and overdrafts	**(63)**	(192)
Trade creditors	**4**	113
Amounts due to subsidiaries	**82,148**	171,744
Other creditors	**174**	100
Accruals and deferred income	**640**	602
	82,903	172,367

The revolving credit facility is secured against specific property holdings. The balance on this facility is £Nil at 30 September 2023 and 30 September 2022. There are £63,000 (30 September 2022: £192,000) of unamortised loan arrangement costs, reflected in a negative balance presented under bank loans and overdrafts.

6. Share capital

	At 30 September 2023 £'000	At 30 September 2022 £'000
Issued and fully paid		
224,502,483 (2022: 203,235,177) shares of 20p each (2022: 20p each)	**44,900**	40,647

Movements in ordinary share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2022	40,647	203,235,177
Shares issued	4,253	21,267,306
At 30 September 2023	**44,900**	**224,502,483**

Shares issued in the year relate to settling the liability with Gower Place Investments Limited in relation to the Manydown investment, the full acquisition of the Waterbeach site and funding new development commitments and obligations relating to specific strategic sites.

A description of the nature and purpose of the Company's other reserves is provided in note 22 to the Group financial statements.

The Company's merger reserve represents the excess over nominal value of shares issued to acquire shares in a subsidiary undertaking when the conditions to qualify for merger relief have not been met.

At 30 September 2023, £21,335,000 (2022: £16,648,000) of the Company's retained earnings represents distributable reserves.

7. Contingent liabilities and guarantees

The parent company has given guarantees totalling £94,381,000 (2022: £100,131,000) as part of the Group's development obligations.

8. Subsidiary undertakings

At 30 September 2023 the subsidiaries and joint ventures 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
Achadonn Properties Limited[5]	50%	Property development
Alconbury Weald Estate Management Company Limited[1,7]	100%	Property management
Altira Park JV LLP[1]	50%	Property development
AW Management Company (KP1C) Limited[1,7]	100%	Property management
AW Management Company (KP1R) Limited[1,7]	100%	Property management
Catesby Development Land Limited[2]	100%	Property development
Catesby Estates (Developments) Limited[2]	100%	Property development
Catesby Estates (Developments II) Limited[2]	100%	Property development
Catesby Estates (Grange Road) Limited[1]	100%	Property development
Catesby Estates (Hawton) Limited[1]	100%	Property development
Catesby Estates (Newark) Limited[1]	100%	Property development
Catesby Estates plc[3]	100%	Property development
Catesby Estates Promotions Limited[2]	100%	Property development
Catesby Land and Planning Limited[2]	100%	Property development
Catesby Land Limited[3]	100%	Property development
Catesby Land Promotions Limited[2]	100%	Property development
Catesby Promotions Limited[2]	100%	Property development
Catesby Strategic Land Limited[3]	100%	Property development
Farmcare Trading Limited[1]	100%	Farming and agriculture

8. Subsidiary undertakings continued

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Foxchurch LLP[3]	40%	Property development
Greyhound Inn Developments Limited[3]	100%	Property development
Houlton Commercial Management Company Limited[4]	50%	Property management
Houlton Community Management Company Limited[4]	50%	Property management
III Acre Site Management Company Limited[1]	100%	Property management
Manchester New Square (General Partner) Limited[1]	50%	Property development
Manchester New Square Limited Partnership[1]	50%	Property development
Manchester New Square Nominee Limited[1]	50%	Holding company
Manhattan Gate Management Company Limited[1]	100%	Property management
Manydown Development Vehicle LLP[1]	50%	Property development
Manydown Investco LLP[1,7]	100%	Holding company
Newark Commercial Limited[3]	100%	Property development
Priors Hall Park Management Company[1,7]	100%	Property management
SUE Developments LP[4]	50%	Property development
SUE GP LLP[4]	50%	Property development
SUE GP Nominee Limited[4,7]	50%	Holding company
T.H (Development Partnership) General Partner Limited[1]	100%	Holding company
Terrace Hill (Awdry) Holdings Limited[1,7]	100%	Holding company
Terrace Hill (Herne Bay) Limited[1]	100%	Property development
Terrace Hill Deansgate Operations Company Limited[1,7]	100%	Property management
Urban&Civic (Bradford) Limited[1,7]	100%	Property development
Urban&Civic (Management) Limited[2]	100%	Management and administration
Urban&Civic (Manchester New Square) Limited[1]	100%	Property development
Urban&Civic (Secretaries) Limited[2]	100%	Administration
Urban&Civic Alconbury Limited[1]	100%	Property investment and development
Urban&Civic Armadale No. 1 Limited[2,7]	100%	Property development
Urban&Civic Baldock North Limited[1]	100%	Property development
Urban&Civic Bishop Auckland Limited[1,7]	100%	Property development
Urban&Civic Buckingham Limited[1]	100%	Property development
Urban&Civic Central Funding Limited[1]	100%	Holding company
Urban&Civic Central Scotland Limited[2,7]	100%	Property development
Urban&Civic Corby Limited[1]	100%	Property development
Urban&Civic Deansgate Limited[1,7]	100%	Property development
Urban&Civic Developments Limited[1]	100%	Property development
Urban&Civic Feethams Limited[1,7]	100%	Property investment and development
Urban&Civic Foodstores Company Limited[1,7]	100%	Holding company
Urban&Civic Galashiels No. 2 Limited[1,7]	100%	Property development
Urban&Civic Group Limited[1]	100%	Holding company
Urban&Civic Hinxton Limited[1]	100%	Property development
Urban&Civic Holdings Limited[1]	100%	Holding company
Urban&Civic Howick Place Investments Limited[1,7]	100%	Holding company
Urban&Civic Investments Limited[1,7]	100%	Holding company
Urban&Civic Jobs and Skills Limited[1,7]	100%	Property development
Urban&Civic K L Limited[1]	100%	Property development
Urban&Civic Manydown Limited[1]	100%	Property development
Urban&Civic Middlebeck Limited[1,6]	100%	Property development
Urban&Civic Middlehaven Limited[1,7]	100%	Holding company and property development
Urban&Civic Middlehaven Properties Limited[1]	100%	Property development
Urban&Civic Miscellaneous Properties Limited[1,7]	100%	Property development
Urban&Civic North East Limited[1,7]	100%	Holding company and property development

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8. Subsidiary undertakings continued

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Urban&Civic Northam Limited[1,7]	100%	Property development
Urban&Civic Princess Street Limited[1]	100%	Property development
Urban&Civic Projects Limited[1]	100%	Project co-ordination and management services
Urban&Civic Property Developments Limited[1,7]	100%	Property development
Urban&Civic Property Developments No. 1 Limited[1,7]	100%	Property development
Urban&Civic Property Investments No. 4 Limited[1,7]	100%	Holding company
Urban&Civic Resolution Limited[1]	100%	Property development
Urban&Civic Rugby (Member) Limited[1]	100%	Property development
Urban&Civic Rugby Limited[1]	100%	Property development
Urban&Civic Sandy Limited[1]	100%	Property development
Urban&Civic St Neots Limited[1]	100%	Property development
Urban&Civic Stokesley Limited[1]	100%	Property development
Urban&Civic Tyttenhanger Limited[1]	100%	Property development
Urban&Civic UK Limited[1,7]	100%	Management and administration
Urban&Civic Victoria Street Limited[1,7]	100%	Property development
Urban&Civic Waterbeach Limited[1]	100%	Property investment and development
Urban&Civic Westview Investments Limited[1]	100%	Holding company and property development
Waterbeach Estate Management Company Limited[1]	100%	Property management
Wintringham Management Company (KP1R) Limited[1]	33%	Property management
Wintringham Management Company Limited[1]	33%	Property management
Wintringham Partners LLP[1]	33%	Property development

1. Registered address: 50 New Bond Street, London W1S 1BJ.
2. Registered address: 115 George Street, Edinburgh EH2 4JN.
3. Registered address: Orchard House, Papple Close, Houlton, Rugby CV23 1EW.
4. Registered address: St Helen's, 1 Undershaft, London EC3P 3DQ.
5. Registered address: Netherton, Langbank, Port Glasgow, Renfrewshire PA14 6YG.
6. Changed name from Catesby Estates (Residential) Limited during the year.
7. These companies are claiming an exemption from audit under sections 479A–479C of the Companies Act 2006.

Greenhouse Gas Emission declaration

We measure and report our greenhouse gas (GHG) emissions across our entire portfolio. This annual declaration is made in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is summarised below for the financial year 2022/23 and in comparison to the previous year's declarations.

	Urban&Civic Plc				Farmcare Trading Limited	
	Reporting year end 30/09/23 CO_2e tonnes	Reporting year end 30/09/22 CO_2e tonnes	Reporting year end 30/09/21 CO_2e tonnes	Reporting year end 30/09/20 CO_2e tonnes	Reporting year end 30/09/23 CO_2e tonnes	Reporting year end 30/09/22 CO_2e tonnes
Emission source						
Combustion of fuel and operation of facilities (Scope 1)	**297**	264	468	896	43	49
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**997**	976	1,079	1,390	50	251
Grey fleet fuel consumption (Scope 3)	**38**	29	24	N/A	—	—
Total CO_2e tonnes	**1,332**	1,269	1,571	2,286	93	300
Financial turnover £k	**£94,592k**	£143,663k	£76,579k	£58,340k	£9,606k	£10,872k
Intensity ratio: CO_2e tonnes/turnover £k	**0.0141**	0.0088	0.0205	0.0392	0.0097	0.0276
Intensity ratio: CO_2e kg/turnover £k	**14.08**	8.83	20.51	39.18	9.68	27.60
Intensity ratio: CO_2e kg/turnover yearly % change	**+59.5%**	(56.9)%	(47.7)%	+39.5%	(70.0)%	N/A

Urban&Civic ceased to be a publicly listed company on 21 January 2021, following acquisition by The Wellcome Trust. Urban&Civic is therefore reporting as an unquoted company. Farmcare was acquired on 1 October 2021 and is reporting as an unquoted company under the Farmcare Trading Limited entity.

All the reported CO_2e emissions for unquoted companies have come from the sources identified in the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within the Urban&Civic consolidated financial statements. The emissions reported are those for which Urban&Civic are operationally responsible for. Therefore, carbon emissions produced from assets that are not owned by Urban&Civic and where they are acting under a development management agreement for the asset's development, are deemed the responsibility of others and have been excluded from this assessment. The assets will be included when the land is drawn down under that agreement in future periods thereby giving Urban&Civic operational control.

The following methodologies have been used to calculate the above CO_2e emissions:

- the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition); and
- HM Government Environmental Reporting Guidelines (2019).

The carbon emissions for Urban&Civic (excluding Farmcare) were calculated to be 1,332 CO_2e tonnes for the financial year 2022/23, an increase of 5.0 per cent on the previous year. Although electricity consumption had reduced across the portfolio by 4.7 per cent compared to 2021/22, the UK's 2023 grid electricity carbon emissions factor had increased by a significant 7.1 per cent. In addition, reported gas consumption at U&C's Middlehaven asset, fuel purchases and grey fleet consumption all increased. The carbon/turnover intensity ratio metric showed a significant increase of 59.5 per cent when compared with last year's results partly due to a 34.2 per cent decrease in reported revenue.

Farmcare came under Urban&Civic's control as of 1st October 2021 so 2023 is the first year where a comparison of carbon emissions with previous reporting periods is possible.

The carbon emissions for Farmcare were calculated to be 93 CO_2e tonnes for the financial year 2022/23, a decrease of 69 per cent on the previous year. This was primarily due to the sale of the Coldham and Goole farms at the beginning of the financial period. However, although these farms were sold, Farmcare remained responsible for a reduced level of energy consumption at these sites relating to the storage of crop prior to sale. The Down Ampney farm now remains as the only farm with significant assets under Farmcare Trading Limited's operational control.

Urban&Civic undertook its ESOS Phase 3 audits early in the financial period in order to identify energy saving opportunities across its sites. The opportunities found are currently under review and are being prioritised ready for implementation where viable. The audit scope was expanded to include many of the smaller Urban&Civic offices in support of its Net Zero goals.

Urban&Civic continues to modernise its existing building stock and construct new, energy efficient buildings across its sites. An example includes the refurbishment of the Waterbeach Control Tower, which included lighting and HVAC system upgrades to reduce energy demand. Urban&Civic also continues to investigate and install solar PV across their sites, where practicable.

Urban&Civic has recently purchased two new less carbon intensive company vehicles for its strategic sites. These new models produce significantly less carbon emissions than their predecessors (35 g km vs 201 g/km). The start of this transition to more environmentally friendly company vehicles will continue to improve Urban&Civic's carbon footprint.

As a lowland farming organisation that works with farming contractors on land under their stewardship, Farmcare's scope for energy efficiency action is limited. However, Farmcare works closely with its chosen contractors to ensure efficient operation of the farms and that energy performance improvements form part of their management practices. An ESOS Phase 3 energy audit was undertaken at the Down Ampney farm during the financial period. Opportunities highlighted from this audit are currently under review for implementation where viable.

F

Urban&Civic Task Force On Climate-Related Financial Disclosures (TCFD) Report

Introduction

Urban&Civic (U&C) recognises the significant impact that potential risks and opportunities arising from climate change and the transition to a low carbon economy could have on its business.

Below is the approach to identifying and managing the key climate-related risks and opportunities identified across the business within the four categories proposed by the TCFD: governance, strategy, risk management, and targets and metrics.

RECOMMENDED DISCLOSURE	COMPLIANCE
GOVERNANCE: Disclose the organisation's governance around climate-related risks and opportunities	

a) Board oversight
• The Board and Executive Management Committee provide the strategic vision within which the Sustainability Framework (incorporating climate action) has been developed for implementation by colleagues and value chain suppliers.
• The Board and Executive Management Committee approve the corporate strategic approach to sustainability as set out in the Sustainability Framework.
• Climate-related issues are assessed through U&C's overarching Sustainability Policy and Sustainability Framework.
• The Board has oversight of and accountability for the Sustainability Framework, including the five defined capitals each with key objectives, and defined action areas, metrics and targets. Responsibility for implementing the Framework then flows down through the business, through the Executive Management Committee.
• The Board has set ambitious goals on a five-year time horizon from 2020 to 2025 with a longer term objective to be Net Zero for Scope 1 and 2 reductions by 2030 and an outline ambition to be Net Zero for Scope 3 by 2040.
• For climate change and carbon reduction over the period to 2025, the initiatives include:
  • promoting carbon reduction culture through the Company via the Sustainability Champions Group, seeking to ensure that carbon reduction principles are integrated into design, construction and procurement systems;
  • developing a costed Net Zero plan to deliver the commitments and ambitions;
  • undertaking preparatory work to investigate signing up to the Science Based Targets initiative; and
  • embedding carbon reduction metrics within corporate KPIs and executive remuneration.
• The Board and Leadership place carbon centrally on; the agenda of Board meetings, company days, annual reporting and other company wide communication.
• Quarterly sustainability reports presented to the Board provide updates, and receive approval on various climate targets, metrics and strategies.
• The executive and employee annual bonus and long-term incentive plan is based on performance targets which include climate-based KPIs for carbon and biodiversity.
• The Board recently set up a new Sustainability and Health & Safety Committee to review and monitor the delivery of sustainability and health & safety strategies, plans and targets, alongside other responsibilities.
	Partial compliance

b) Management's role
• The Chief Executive Officer (CEO) has overall responsibility for effective sustainability management. The CEO delegates day to day responsibility for undertaking aspects of these duties through the Managing Director, Group Director responsible for Sustainability, the Executive Management Committee, to the delivery teams with the support of the Head of Sustainability. These individuals are responsible for the management of sustainability in the following ways:
  • implementing any line management responsibilities for those teams and areas that they directly line manage including allocating sufficient resources;
  • implementing and promoting the principles and behaviours embedded in policies and procedures which contribute to achieving U&C's sustainability commitmenks;
	Partial compliance

Compliance key

Full compliance Partial compliance No compliance

RECOMMENDED DISCLOSURE	COMPLIANCE

GOVERNANCE: Disclose the organisation's governance around climate-related risks and opportunities continued

b) Management's role continued

- leading by example and advocating sustainability as a business-critical objective;
- ensuring that significant risks to achieving sustainability objectives are assessed and implementing actions plans to address if deemed necessary; and
- instilling a culture of sustainability within the business and supporting ongoing learning and capacity building to bring about behavioural change and to develop new initiatives.

- The business launched the Sustainability Champions Group to encourage collaboration across the business and continue engagement with the Company supply chain as referenced in the sustainability section of the Annual Report.
- U&C has defined roles and responsibilities for each level of governance within defined action areas. Actions and responsibilities are defined within the Carbon Management Framework. In addition, key management responsibilities up to 2025 can be found in the Climate Action Toolkit.
- The Company's reporting structure is set out in the sustainability governance section of the U&C website as follows:
  - Board: Accountable for the Sustainability Framework.
  - Executive Management Committee: Responsible for assisting Board to develop policy and direction, leading implementation at operational level and driving metrics and gathering data.
  - Strategic Development Committee: Responsible for sharing updates on actions, achievements and queries from project level.
  - Site-based Sustainability Working Groups: Responsible for implementing change at operational level.

CLIMATE AWARENESS AND ENGAGEMENT

- All employees are made aware of the Sustainability Policy, Sustainability Framework and targets. Other resources are made available to them including the 'Tips for Reducing Carbon Emissions' guide and business wide sustainability presentations.
- The Sustainability Policy is published on the Company intranet (Twine) and is highlighted to new joiners to the Company as part of the induction process. All employees are made aware of their own responsibilities in implementing the requirements of this Policy.
- Sustainability updates are communicated to employees via the U&C intranet at least half yearly or more frequently as required. Updates include latest U&C initiatives, training, events, feedback from the Sustainability Champions Group, changes to the Sustainability Policy, Sustainability Framework objectives and targets, toolkits and other relevant documents.
- Stakeholder engagement is a core priority of U&C in the design of any new policies and frameworks.
- Updates are provided to the shareholder, The Wellcome Trust.
- Engagement takes place with partners, housebuilders and individual and corporate occupants of properties on the sites.
- U&C have adopted an engagement approach with local authorities to provide them with support and guidance when considering how to deliver their commitments, on climate action.
- U&C recognise that collaborating and partnering with the Company's value chain can unlock a range of solutions to drive down carbon emissions to help achieve its Net Zero ambitions . Several examples of recent collaborations are given in the sustainability section of the Annual Report.

STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

a) Risks and opportunities

CLIMATE ASSESSMENT

- U&C's assessment of its material climate risks and opportunities was undertaken by way of the development of a climate resilience strategy prepared for the Company in 2023 by a third party consultant, Longevity Partners. This reviewed the current and long-term exposure of U&C to climate change at three key levels:

  1. Climate scenario analysis was applied on a corporate level to understand the plausible projections of future operating environments and the pace at which climate transitions may occur, and to implement strategies to manage risk under each scenario.

RECOMMENDED DISCLOSURE	COMPLIANCE

STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material continued

a) Risks and opportunities continued

Compliance: Partial compliance

CLIMATE ASSESSMENT continued

2. Material climate risks across eight key assets within the U&C portfolio in the present day, and across an emissions peak in 2040 and a business-as-usual scenario up to 2100 were determined. Impacts from material risks were explored through categories of structural stability, impact on building contents, micro-economic risk, macro-economic risk, and migration.
3. An asset-level deep-dive climate risk assessment was conducted for one site by way of case study exploring elements of physical, transition and social risk exposure and vulnerabilities. The opportunities and recommendations identified were then applied to other sites.

PHYSICAL RISKS AND OPPORTUNITIES

- A physical risk assessment was conducted using climate risk exposure software (Cervest EarthScan), to determine the likelihood of occurrence and severity, of seven climate-related hazards at each site's given location. The data is available under different representative concentration pathway (RCP) and socioeconomic pathway (SSP) scenarios, across several timescales (present, 2030, 2050 or 2100). The scenarios assessed were:
  - Paris aligned scenario: RCP2.6/SSP5-8.5 (0.9-2.3°C range of projected increase);
  - Emissions Peak by 2040: RCP4.5/SSP2-4.5 (1.7-3.2°C range of projected increase); and
  - Business as Usual: RCP8.5/SSP5-8.5 (3.2-5.4°C range of projected increase).
- Risks were assessed based on severity on a 1 to 5 scale (very low to very high). Once hazard metrics exceed defined thresholds, the risk is considered material (corresponding to a risk rating of 3).
- This physical exposure was assessed across eight sites. Further analysis into the vulnerability of one site, Waterbeach Barracks, was conducted as a case study through a detailed site visit and documentation review of the site's features and planned developments, to assess the overall resilience of the site. Precise action plans to be developed and integrated into the design strategy.
- The scenario analysis was shared with and agreed by the Executive Management Committee and also the Board.

TRANSITION RISKS AND OPPORTUNITIES

- Climate-related transition risks include the transition towards a low carbon economy; across four key categories of policy and legislation, market, technology, and reputation.
- **Policy and legislation:** U&C will evolve its business model and operations to accommodate emerging relevant legislation and regulations. The United Nations Principles for Responsible investment (UN PRI) Inevitable Policy Response (IPR) policy forecasts have been considered.
- **Market**: Risks associated as the market transitions to a low carbon economy, particularly in terms of energy prices, carbon costs and the risks of inefficiency. Carbon risk, grid decarbonisation, carbon pricing and Energy Performance Certificate requirements are considered. Additionally, energy use and whole life greenhouse gas emission targets up to 2050 aligned to a 1.5°C decarbonisation trajectory based on Science Based Targets initiative guidance are being integrated into the design strategy across all asset types.
- **Technology:** Emerging technologies that might reduce operational costs and increase the attractiveness of the sites to tenants, users and investors are explored.
- **Reputation:** Assets that fail to comply with the expectations that a lower carbon economy bring could be at risk of scrutiny. A peer review, and asset-type trends have been assessed to determine expectations from key stakeholders.

CARBON RISK

- The U&C Map to Net Zero was updated in 2023 and sets out expected baseline emissions, Net Zero target/ambition years, near-term carbon budgets and the actions required to stay within the corporate and site carbon budgets. This will be incorporated, together with the climate resilience plan, into a costed Net Zero Transition Plan during 2024 with the intention of embedding in the long term business strategy.

Compliance key

Full compliance — Partial compliance — No compliance

RECOMMENDED DISCLOSURE	COMPLIANCE

STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material continued

a) Risks and opportunities continued

IDENTIFIED RISKS AND OPPORTUNITIES

- The identified material climate-related transition risks and opportunities have been managed into short-term (0-5 years), medium-term (5-20 years) and long-term (20+plans) for each site's development and operation.

	Risks	Opportunities	Timeframe
Physical Risk	Heat stress risk in the short term	• Raise awareness of risks and mitigation and adaptation opportunities with site teams and incorporate into next generation developments • Prepare a site-wide emergency plan for extreme heat stress and prioritise passive solutions over mechanical energy intensive solutions • Prioritise residents and site users' comfort through designing to updated temperature comfort parameters	Short term
Physical Risk	Precipitation stress and drought risk in the long term	• Continue engagement with water companies to address impact of drought risk on water supply • Explore site-wide rainwater/greywater infrastructure delivered by Master Developer	Long term
Physical Risk	Risk of supply chain disruptions from physical climate events.	• Prioritise short and diversified supply chains which will also help to reduce scope emissions	Medium term
Physical Risk	Flood risk	• Design in accordance with Environment Agency standards plus an additional 'climate change allowance' for increased future risk	Medium-long term
Transition Risks	Evolving regulatory requirements throughout design and construction of sites	• Align with industry best practice and horizon scanning to stay ahead of forthcoming national and local regulations (i.e., Future Homes/Buildings Standard)	Short term
Transition Risks	Strict policy interventions to achieve national decarbonisation goals	• Implement efficient data collection, tracking and annual reporting systems. Conduct a bi-annual review of climate-related policies that might impact U&C	Short term
Transition Risks	Carbon pricing	• Prepare to implement internal carbon pricing on all sites to incentivise carbon reduction and to prepare the business for potential future mandatory taxes on carbon emissions (or equivalent measures)	Short-medium term
Transition Risks	Strict carbon targets: assets which do not align to targets risk reduced market confidence, increased operating costs, and reputational damage	• Continue to pursue U&C Net Zero objectives by implementing the site carbon budgets and the Carbon Management Framework in line with industry best practice for new buildings • Prepare to make a commitment to the Science Based Targets initiative • Review performance of existing buildings against 'CRREM' (Carbon Risk Real Estate Monitor) targets and compliance with proposed Energy Performance Certificate B requirements by 2030	Short-medium term
Transition Risks	Shift in consumer preferences and loss of income if these carbon targets are not met	• Prepare and publish Net Zero Transition Plan • Report embodied carbon emissions as well as a year-by-year break down of energy consumption, water consumption and waste generated • Consumer preferences for self-sufficiency and sustainability is met through U&Cs design for active travel • High public and private investment in low carbon technologies will create opportunities for U&C to both implement such technologies (photovoltaics, electric vehicles, smart building technologies) within its development, but also to attract low carbon companies to occupy the sites	Short-medium term
Transition Risks	Lack of engagement from housebuilders and local authorities limiting climate resilience action	• Engage housebuilders and local authorities on climate risk and adaptation	Short term

RECOMMENDED DISCLOSURE	COMPLIANCE
STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material continued	

b) Impact on organisation

Compliance: Partial compliance

- U&C takes the position that climate risk will not deter site acquisition, and instead focus on developing resilience strategies to reduce the climate risk, and leverage climate opportunities.
- Climate change, regulatory controls aimed at preventing climate change, and societal attitudes create a range of possible impacts for the delivery of large-scale sites including impacts on design, delivery timings, costs, values and sales rates (amongst other matters).
- The key sensitivities for development, construction and investment within U&C's operating environment have been explored in order to implement resilience strategies.
- Impacts on U&C's business and strategy were identified in the climate scenario assessment conducted under 1.5°C, 2°C and 4°C scenarios. Actions were devised in response to each of the implications identified, to ensure U&C can be resilient under each scenario.
- Initial work has been conducted on costed plans for delivering U&C's Net Zero ambitions over the period to 2030 and these are being expanded on in 2024 in a Net Zero Transition Plan covering Scopes 1, 2 & 3 (which will also incorporate climate resilience).

c) Resilience of strategy considering climate scenario analysis

Compliance: Full compliance

- With increasing risks being realised from climate and nature related challenges, both mitigation and adaptation approaches are key when considering forward-looking investment. The pathway to enhance climate resilience comprises the following:
  - future-proofing sites to withstand the weather and social risks associated with climate change, by integrating appropriate strategies within landscaping and development masterplans;
  - optimising the health and wellbeing of people who use community buildings by carefully considering relevant environmental factors to ensure a provision of comfortable indoor environment even as outdoor conditions are subject to fluctuation;
  - maximising asset resilience through effective management of all sources of flood risk within site boundaries and application of an additional climate change allowance to flood risk design; and
  - integrating the co-benefits from carbon emissions reduction (mitigation) and measures to reduce vulnerability to climate change (adaptation). Co-benefits might include cleaner air, enhanced transit, improved healthcare outcomes, better insulated and more efficient housing, and better climate literacy rates.

ASSESSMENT OF RESILIENCE UNDER CLIMATE SCENARIOS

- In addition to the asset-level physical risk scenario analysis , U&C was assessed against three recognised climate change scenarios reflecting different temperature increases to 2100, based on IPCC recommendations, as follows:
  - 1.5°C scenario aligned to the Paris Agreement Goals;
  - 2°C scenario which is more likely based on current trends and delays in introducing policies; and
  - a 4°C scenario as the expected worst-case associated with an increased level of emissions.
- This scenario analysis was applied on a corporate level to identify expected general trends and outcomes.

Compliance key

Full compliance   Partial compliance   No compliance

RECOMMENDED DISCLOSURE	COMPLIANCE
STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material continued	

c) Resilience of strategy considering climate scenario analysis continued

Compliance: ✓

ACTION PLANS TO IMPROVE RESILIENCE

Climate

- Key initiatives to improve resilience against physical, policy, market, technology and reputational climate-related risks were assessed against what is already in place or planned at one site, Waterbeach Barracks. Action plans were created to improve resilience at the site, which will be extrapolated to all other sites.

Carbon

- A whole life carbon assessment of eight U&C strategic sites was completed in September 2022.
- Carbon dashboards were developed for each site from the results of the assessment which report on the sites' baseline whole life carbon performance compared against the allocated carbon budget, identified carbon hotspots across asset types, elements and materials carbon intensity, and key design metrics. They outline key actions and target outcomes for each site for delivery teams to start applying, inclusive of carbon intensity targets for each infrastructure type.
- The annual carbon expended at each site will be measured and compared to their respective carbon budgets, which in aggregate will determine if U&C are on track to sufficiently reduce emissions to achieve its Net Zero ambitions.

Engagement

- U&C sets a design codes and sustainability checklist for housebuilders and engages with them to support carbon reduction in the new homes built at each site.
- Post-occupancy evaluations of buildings will be undertaken for key buildings to get insights of actual versus predicted performance and incorporate feedback of occupant experience.

Water

- Focusing on the role of the water cycle in developments and have been working with statutory water companies, consultants and housebuilder partners to confirm the direction of travel towards minimisation of water consumption and maximising the efficiency of our whole water cycles, including water retention, attenuation, recharge and recycling, and incorporating surface water swales and ponds within green infrastructure delivery.

RISK MANAGEMENT: Disclose how the organisation identifies, assesses and manages climate-related risks

a) Risk identification and assessment process

Compliance: ✓

- The tools and resources used throughout the carbon management process can be subdivided into strategic tools which provide carbon targets and guidance, data collection and reporting resources, and knowledge and sharing guidance to establish feedback and increase carbon literacy within U&C and the wider value chain partners.
- These resources and the responsibilities for each and how these are related to each other, and the project stages are explored in detail in the Carbon Management Framework.

b) Risk management process

Compliance: ◑

- Climate related risks, such as flooding, heat stress and precipitation, are assessed and managed at every stage of the development, from pre-development through to completion.
- During masterplanning, due diligence assessments will consider a physical climate risk screening across climate scenarios and long-term time horizons, an assessment of local authorities' climate regulations, and a climate opportunity assessment including assessment of renewable energy feasibility, carbon sequestration potential, and public transport accessibility. These initial assessments will form initial strategies, including the design carbon budget.
- Internal carbon modelling provides a high-level estimate of the baseline carbon footprint of the potential development site. To determine if the estimated carbon emissions of a potential site are high, they will be reviewed against the available carbon budget in the Map to Net Zero.
- Prior to submission of the Outline Planning Application, more detailed risk assessments can be conducted that look into supply chain, macro environment, and site exposure, sensitivity and adaptive capacity, as well as the detailed physical and transition assessments.
- Throughout the development process, there are six key stages where climate risk reduction and resilience strategies are implemented into the business strategy: strategy, brief, concept design, detailed design and procurement, construction, and operation and maintenance.

RECOMMENDED DISCLOSURE	COMPLIANCE
RISK MANAGEMENT: Disclose how the organisation identifies, assesses and manages climate-related risks continued	
b) Risk management process continued CLIMATE RESILIENCE • Across the organisation, U&C have recently adopted a five-stage approach to address climate-related risk management. This integrates 1) climate governance across the organisation, 2) engagement to identify climate impacts and needs for all stakeholders, 3) identification of risks using scenario analysis, climate adaptation and mitigation strategies, 4) monitoring and sharing knowledge of risk and opportunities over time through remaining up to date on emerging policies and procedures, and 5) transparent measuring and reporting of progress over time. CARBON REDUCTION • A strong emphasis is put on effectively managing the carbon footprint of each strategic site through the minimisation of operational and embodied carbon in commercial and community buildings. • U&C aim to align to the carbon hierarchy, to build less and reduce our carbon emissions as much as possible in line with industry targets, utilise renewable energy where possible and enhance the carbon sequestration potential across all sites. To encapsulate this, actions in respect of carbon reduction may be summarised into four areas: carbon literacy, optimisation, energy and utilities strategies and landscaping strategy. • The climate change section of this report highlights the primary efforts made towards carbon management and reduction. • The carbon sequestration potential of each site is assessed and practices are identified to maintain carbon absorption through safeguarding habitats, promoting biodiversity, and managing soil during construction. A study by Treeconomics assessed the potential for each site to 'break-even' depending on the rate of carbon removal from land disruption during construction, and the rate of sequestration over a period of 60 years.	◐

c) Integration into overall risk management
• U&C delivers its strategic objectives (on behalf of its stakeholders) through operating a Board led risk management framework that:
  • defines the nature and scale of risk that the Group is prepared to take (risk appetite);
  • identifies and assesses risks applicable to the Group's strategy and operations (both existing and emerging);
  • controls risk through the design and implementation of mitigating actions, controls and procedures;
  • tests to seek assurance over the effectiveness of those mitigating actions, controls and procedures; and
  • reviews and refines the Group's risks on an ongoing basis against risk appetite, acknowledging that risk cannot be fully eliminated.
• Climate is one of the eleven identified risk areas for the business and therefore is integrated into our overall risk management processes as addressed above. Climate risk is currently assessed as a Medium risk, which is above risk appetite, due to the increasing legislation and growing stakeholder sentiment.
	✔

METRICS AND TARGETS: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Climate-related metrics • Addressing the global sustainability challenges of climate in crisis, biodiversity in decline and health and wellbeing culture, U&C has mapped the business against the United Nations Sustainable Development Goals, as highlighted in the sustainability section of the Annual Report. • U&C will review the benefits and application of an internal carbon price to identify inefficiencies and providing incentives for transitioning towards low carbon innovations and to de-risk the business against future carbon pricing legislation. • Continued monitoring and complying with the relevant requirements of the Energy Savings Opportunities Scheme and Streamlined Energy and Carbon Reporting.	◐

Compliance key

✔ Full compliance ◐ Partial compliance ✗ No compliance

RECOMMENDED DISCLOSURE	COMPLIANCE
METRICS AND TARGETS: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material continued	

b) Scope 1, 2, 3 GHG emissions
• The U&C Sustainability Framework sets two carbon targets to achieve by 2025:
  • 28 per cent absolute reduction in Scope 1 and 2 emissions against a 2020/21 baseline; and
  • 19 per cent reduction in Scope 3 emissions intensity compared to business as usual from 2023–2025.
• The U&C carbon footprint represents the areas over which the business has absolute control and full responsibility.
• The Map to Net Zero report, which was updated in 2023, set an objective to achieve Net Zero for Scope 1 & 2 emissions by 2030.
• An ambitious trajectory has been set for coming years, estimating an absolute reduction in Scope 3 emissions of 31 per cent by 2035 against business as usual (upfront embodied carbon (A1-A5) and in-use energy (B6) from leased and sold assets).
• The Greenhouse Gas Protocol (GHGP) has been used to assess GHG emissions across all three scopes.
• We are undertaking preparatory work with the objective of be able to commit to the Science Based Targets initiative's "Net Zero Standard" for corporations.
• The sustainability section of the Annual Report provides a summary of what U&C has done over the past 12 months in relation to what the ambition was to do last year.
• Work undertaken in 2021 has identified that 96 per cent of U&C's business-as-usual carbon footprint between the years 2021–2035 will be Scope 3 emissions resulting indirectly from infrastructure and buildings commissioned by U&C, with the remaining 4 per cent being Scope 1 and 2 emissions (covered by the Streamlined Energy and Carbon Reporting).
• Indicative Scope 3 footprint measured for 2022/23 indicating that the vast majority of emissions are associated with the capital carbon (embodied carbon) which therefore becomes the focus of the carbon reduction target.
	Partial compliance

c) Climate-related targets
• The targets set for the three action areas of U&C's Net Zero Carbon objective (Physical Capital), and the other four Capitals of Social, Economic, Natural, Human are highlighted in the sustainability section of the Annual Report.
• The short and medium targets for the reduction of the upfront carbon emissions of the different infrastructure packages, emissions from construction activities, and capital carbon and operational energy emissions of community buildings commissioned by U&C is detailed in the Climate Action Toolkit.
• U&C has set the following for housebuilders to target where possible in design codes and sustainability checklists issued to them at bid stage which have been adapted from the RIBA Climate Challenge:
  • From 2026, embodied carbon emissions of all new homes to be less than 800 $kgCO_2e/m^2$ (modules A1-5, B1-5, C1-4).
  • Between 2025-2030 new homes to achieve an Energy Use Intensity (including unregulated emissions) of 60 kWh/m^2.
  • From 2030 new homes to achieve an Energy Use Intensity (including unregulated emissions of (35 kWh/m^2).
	Full compliance

Compliance key

Full compliance | Partial compliance | No compliance

Absolute carbon footprint	Absolute greenhouse gas emissions comprising Scope 1 (direct emissions from fuel consumption by U&C owned or controlled sources), Scope 2 (indirect emissions from the generation of electricity purchased by U&C) and Scope 3 (indirect emissions that occur in the U&C value chain from sources not owned or controlled by the Company) as defined by the Greenhouse Gas Protocol
BNG	Biodiversity Net Gain
Build to Rent (BtR)	A distinct asset class within the private rented sector, designed specifically for renting rather than for sale
Business segment	A component of a business that generates its own revenues and is reviewed separately from other parts of the business by the Board
Catesby/Catesby Estates plc	Catesby Estates plc and subsidiaries and joint ventures
CCS	Considerate Constructors Scheme
Commercial Development Committee (CDC)	A Management Committee that oversees the delivery of commercial projects
Commercial	One of the Group's business segments that comprises farming operations and a small number of bespoke city centre developments targeting de-risked shorter-term returns
Company	Urban&Civic plc
Defence Infrastructure Organisation (DIO)	The estate expert for the Ministry of Defence, supporting the armed forces to enable military capability by planning, building, maintaining and servicing infrastructure
Development Management Agreement (DMA)	A contract to bring together the expertise of development managers with the financial resources of others who wish to bring forward the development of a site
DLUHC	Department for Levelling Up, Housing and Communities
EC Reference Rate	European Commission Reference Rate
Employee Advisory Group (EAG)	A representative body made up of non-Board or non-EMC employees, which gathers employee opinion, discusses significant workforce matters and reports to the EMC and the Board on such matters
Environmental, Social and corporate Governance (ESG)	The three central factors in measuring the sustainability and societal impact of investment
EPRA	European Public Real Estate Association
EPRA NAV gearing	Borrowings less cash and cash equivalents as a proportion of EPRA net asset value (a non-standard metric)
EPRA net asset value (EPRA NAV)	Net assets attributable to equity shareholders of the Company, adjusted for the revaluation surpluses on trading properties and freehold land and buildings, and adding back any associated deferred taxation liability revaluation surpluses. This is now a non-standard metric (i.e. it is no longer recognised by EPRA)
EPRA net tangible assets (EPRA NTA)	EPRA net asset value adjusted to include deferred tax on property valuations and capital allowances
EPRA NTA adjusted	EPRA NTA adjusted for share capital subscribed by, and gift aid paid to, the Wellcome Trust
Estimated rental value (ERV)	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
Executive Management Committee (EMC)	A Management Committee that oversees the implementation of Board strategy and policies
Fair value	The price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurable date (i.e. an exit price)
Farmcare	A large lowland farming organisation in the United Kingdom, transferred into the Group by the Wellcome Trust, with around 8,000 acres under our stewardship. Farmcare is run by a Management Committee that oversees farming operations
FRC	Financial Reporting Council
FRS 102	Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
Gearing	Borrowings, gross or net of cash and cash equivalents, as a proportion of net asset value
Group	Urban&Civic plc and its subsidiaries and joint ventures
Gross development value (GDV)	Sales value once construction is complete
Homes England	Government's housing and regeneration, formerly known as the Homes and Communities Agency (HCA)
IFRS	International Financial Reporting Standards
Initial yield	Annualised net rent as a proportion of property value
ISA	International Standards on Auditing

Joint venture boards	The boards of the managers of the joint ventures
Key performance indicators (KPIs)	Significant areas of Group operations that have been identified by the Board as capable of measurement and are used to evaluate Group performance
Large site discount/wholesale discount/ immaturity discount	Represents the difference between the unserviced land values ascribed by CBRE Strategic Site valuations (which take into account site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales. It is effectively a store of future value to be realised
Local Enterprise Partnership (LEP)	Partnerships between local authorities and businesses
Licences	Agreements entered into with housebuilders, which typically comprise a fixed element (the minimums) due to the Group upon reaching unconditional exchange and a variable element (the overage) which is dependent on the final selling price of the house
Loan to value (LTV)	Loan as a proportion of value of the underlying loan security
Long Term Incentive Plan (LTIP)	The Group's LTIP is awarded to certain Directors and employees. The structure of the LTIP is described in the Remuneration Committee section under Governance
Look-through basis	Group and U&C share of joint venture balances
Look-through gearing	Group and U&C share of joint venture borrowings, gross or net of cash and cash equivalents, as a proportion of net asset value
Minimums	Contractual right to receive a minimum plot value in respect of a minimum number of plots each year. These minimums are payable on a look-back basis if minimum sales are not achieved
MOD	Ministry of Defence
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Net gearing	Borrowings less cash and cash equivalents, as a proportion of net asset value
Net Zero	When the amount of greenhouse gas released into the atmosphere is no more than the amount removed
New Situations Committee (NSC)	A Management Committee that oversees the Group's new or pipeline Strategic Sites
Office for National Statistics (ONS)	The UK's largest independent producer of official statistics
Overage	Variable consideration which applies an agreed percentage to the house sales price and then nets off any minimum already paid. No overage is payable where minimums are not achieved
Planning performance agreement (PPA)	A project management tool which the Local Planning Authorities and applicants can use to agree timescales, actions and resources for handling particular applications
Private rented sector (PRS)	A sector of the real estate market where residential accommodation is privately owned and rented out as housing, usually by an individual landlord, but potentially by housing organisations
Resolution to grant (planning consent)	Where a Local Authority Planning Committee resolves to grant planning permission subject to the completion of a planning agreement (such as a section 106 agreement)
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences
ROCE	Return On Capital Employed
SBTi	Science Based Targets initiative
Section 106 agreement	Planning obligations under section 106 of the Town and Country Planning Act. These obligations focus on mitigating site specific impacts of development and include, by way of example, developer contributions to schools and/or highways
SME	Small and medium-sized enterprises (in this instance referencing small scale and regional housebuilders)
Strategic Development Committee (SDC)	A Management Committee that oversees the Group's Strategic Sites
Strategic Marketing Committee (SMC) or Management Committee	A Management Committee that oversees the Group communications (internal, external and site wide)
Senior Strategy Group (SSG)	A Management Committee that oversees Group strategy
Subcommittees or Management Committee	Catesby, CDC, NSC, SDC, SHASC, SMC and SSG
U&C share	Balances comprising 100 per cent of the Group and the Group's percentage share of joint ventures
Urban&Civic plc	Parent company of the Group
Sustainability and Health & Safety Committee (SHASC)	A Board Committee that oversees the philosophy, strategy, policy and delivery roadmap in regard to sustainability and health & safety

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