

CORPORATE GOVERNANCE REVIEW



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We remain committed to upholding the highest standards of corporate governance and our governance structure reflects this commitment.

ALAN DICKINSON — CHAIRMAN

Dear Shareholder,

On behalf of the Board I am pleased to present our corporate governance review for the year ended 30 September 2018. This review explains the Group's governance arrangements and the Company's compliance with the UK Corporate Governance Code published in April 2016 (the 'Code').

This governance section of the Annual Report covers:

- the composition of the Board;
- Board processes and procedures;
- management structure;
- Board, committee and management responsibilities;
- key activities of the Board during the year;
- relations with stakeholders;
- reports from the Nomination, Audit and Remuneration committees, which seek to explain our compliance with the provisions of the Code relating to effectiveness, accountability and remuneration; and
- the Directors' report and Directors' responsibility statement.

Our compliance with the Code is set out in detail in the corporate governance report on pages 72 to 85. We were in full compliance with the requirements of the Code for the year under review and the report demonstrates our commitment to upholding the principles and provisions of the Code. Our good governance practices extend beyond the Board through the support of management and the culture of the Group.

The revised UK Corporate Governance Code, published in July 2018 (the '2018 Code') will take effect for financial periods commencing on or after 1 January 2019. The Company is therefore not required to report on its compliance with the 2018 Code until the financial year ending 30 September 2020. However, the Company intends to seek early adoption of the 2018 Code and to report on its compliance in the annual report for the year ending 30 September 2019. We have already identified areas for enhancement and will work towards full compliance over the next year.

I believe that the Board remains effective and continues to work well. We have assessed the skillsets of the Directors during the year and believe that the Board has the right balance of skills, knowledge and experience to operate effectively and in the best interest of the Company and its stakeholders. Succession planning remains an area of focus to ensure that the Group's strategy is supported by a strong Board, committee and management structure.

I and my fellow Directors look forward to meeting shareholders at the Annual General Meeting to be held on 13 February 2019 where we will be available to address any questions or concerns you may have.

Alan Dickinson
Non-Executive Chairman
28 November 2018



1	Alan Dickinson Non-Executive Chairman	N	2	Nigel Hugill Chief Executive	EMC
Appointed to the Board 22 May 2014		Independent Yes, on appointment as Chairman		Appointed to the Board 22 May 2014	
Appointed as Chairman 24 March 2016		Tenure¹ 4 years and 4 months		Tenure¹ 4 years and 4 months	
Experience Alan has spent more than 50 years in banking, originally joining the Royal Bank of Scotland in 1973, having started his career with Westminster Bank in 1968. A former chief executive of RBS UK, he is an experienced retail and corporate banker with a strong strategic focus and considerable experience of the corporate world and the impact of current and past economic cycles upon markets and market participants.		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 investors and other stakeholders.		Experience Nigel has held numerous senior positions within the property and regeneration industry over a career spanning 30 years, including serving as special policy adviser to Sir Bob Kerlake 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. He was presented with the Estates Gazette Lifetime Achievement Award in 2016.	
External appointments Alan is a non-executive director of Lloyds Banking Group and a director of the England and Wales Cricket Board.		External appointments Nigel is chairman of the Royal Shakespeare Company and the respected urban think tank Centre for Cities. He is co chair of the Finance and Estates Committee and is a member of Council of the London School of Economics.			
3	Robin Butler Managing Director	EMC	4	David Wood Group Finance Director	EMC
Appointed to the Board 22 May 2014		Tenure¹ 4 years and 4 months		Appointed to the Board 1 July 2016	
Key responsibilities Robin has overall responsibility for the operational performance of the Group's business and for the overall management of the regional offices.		Key responsibilities David is responsible for financial strategy, treasury, management and statutory reporting and tax.		Key responsibilities David is responsible for financial strategy, treasury, management and statutory reporting and tax.	
Experience 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.		Experience David joined Urban&Civic in April 2010, having previously held senior finance positions at Minerva plc, Multiplex Developments and Chelsfield plc. Having qualified as a chartered accountant with Deloitte & Touche, David has over 20 years of experience in the real estate sector.		Experience David joined Urban&Civic in April 2010, having previously held senior finance positions at Minerva plc, Multiplex Developments and Chelsfield plc. Having qualified as a chartered accountant with Deloitte & Touche, David has over 20 years of experience in the real estate sector.	
External appointments Robin is on the board of the Royal Academy of Music and is chairman of New Heritage, the regeneration body for Dudley MBC.		External appointments None.		External appointments None.	
5	Duncan Hunter Senior Independent Non-Executive Director	A/R/N	6	Ian Barlow Non-Executive Director	A/R/N
Appointed to the Board 22 May 2014		Tenure¹ 4 years and 4 months		Appointed to the Board 1 September 2016	
Independent Yes		Independent Yes		Tenure¹ 2 years and 1 month	
Experience On leaving Oxford with a DPhil, Duncan joined Cazenove & Co in 1974, becoming a partner in 1981. As a managing director in the successor business, JP Morgan Cazenove, he led some of the firm's largest financial advisory mandates for M&A and equity offerings.		Experience Ian was senior partner (London) at KPMG until his retirement in 2008. Other previous roles include chairman of WSP Group plc and Think London, the direct inward investment agency for London, and board member of the London Development Agency. Ian is a fellow of the Institute of Chartered Accountants in England and Wales and of the Chartered Institute of Taxation. He holds an MA in engineering science from the University of Cambridge.		Experience Ian was senior partner (London) at KPMG until his retirement in 2008. Other previous roles include chairman of WSP Group plc and Think London, the direct inward investment agency for London, and board member of the London Development Agency. Ian is a fellow of the Institute of Chartered Accountants in England and Wales and of the Chartered Institute of Taxation. He holds an MA in engineering science from the University of Cambridge.	
External appointments Duncan is chairman of EQL Capital.		External appointments Ian is a non-executive director of Smith & Nephew plc, The Brunner Investment Trust plc, Foxtons Group plc and Goodwood Estate Company Limited.		External appointments Ian is a non-executive director of Smith & Nephew plc, The Brunner Investment Trust plc, Foxtons Group plc and Goodwood Estate Company Limited.	

7 June Barnes A/R/N
Non-Executive Director

Appointed to the Board 22 May 2014 **Tenure¹** 4 years and 4 months

Independent
Yes

Experience
June left the East Thames Group, a housing association, in 2014 after serving as group chief executive for over 16 years. She trained as a town planner and is also a member of the Chartered Institute of Housing. June has served on a number of boards and working groups over the years concerned with the built environment and poverty. She was chair of the London Sustainable Development Commission from 2005 to 2008 and, more recently, vice chair of the National Housing Federation, a board member of the Institute for Sustainability and a member of the London Mayor’s Design Advisory Group.

External appointments
June is a trustee of the Building Research Establishment, a board member of the Hornsey Housing Trust and a member of the Jersey Architecture Commission.

8 Jon Di-Stefano A
Non-Executive Director

Appointed to the Board 1 September 2017 **Tenure¹** 1 year and 1 month

Independent
Yes

Experience
Jon joined Telford Homes Plc as financial director in October 2002 where he built up a strong finance function and played a significant role in establishing relationships with the Group’s banking partners and institutional investors. Jon became chief executive on 1 July 2011 and is responsible for the Group’s strategic direction, the approach to risk management and all other long-term business planning. Prior to joining Telford Homes, he had one year with Mothercare following five years with Arthur Andersen.

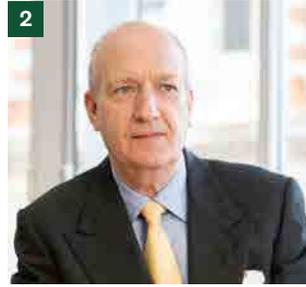
External appointments
Jon is chief executive of Telford Homes Plc.

9 Heather Williams EMC
Company Secretary

Appointed 26 August 2015 Attends all meetings of the Board and Audit, Remuneration and Nomination committees.

Key responsibilities
Heather is responsible for the Group’s corporate governance and compliance with listed company requirements and Group policies. She provides support and advice to the Chairman and to the Board and its committees and is responsible for the management of Board procedures. Heather is also responsible for the HR administration of the Group.

Experience
Heather is a Fellow of the Institute of Chartered Secretaries and Administrators with over 20 years’ experience of working in the company secretarial area. She was previously company secretary to Petropavlovsk plc and to Helical plc. Her experience also includes nearly nine years as an investment trust company secretary.

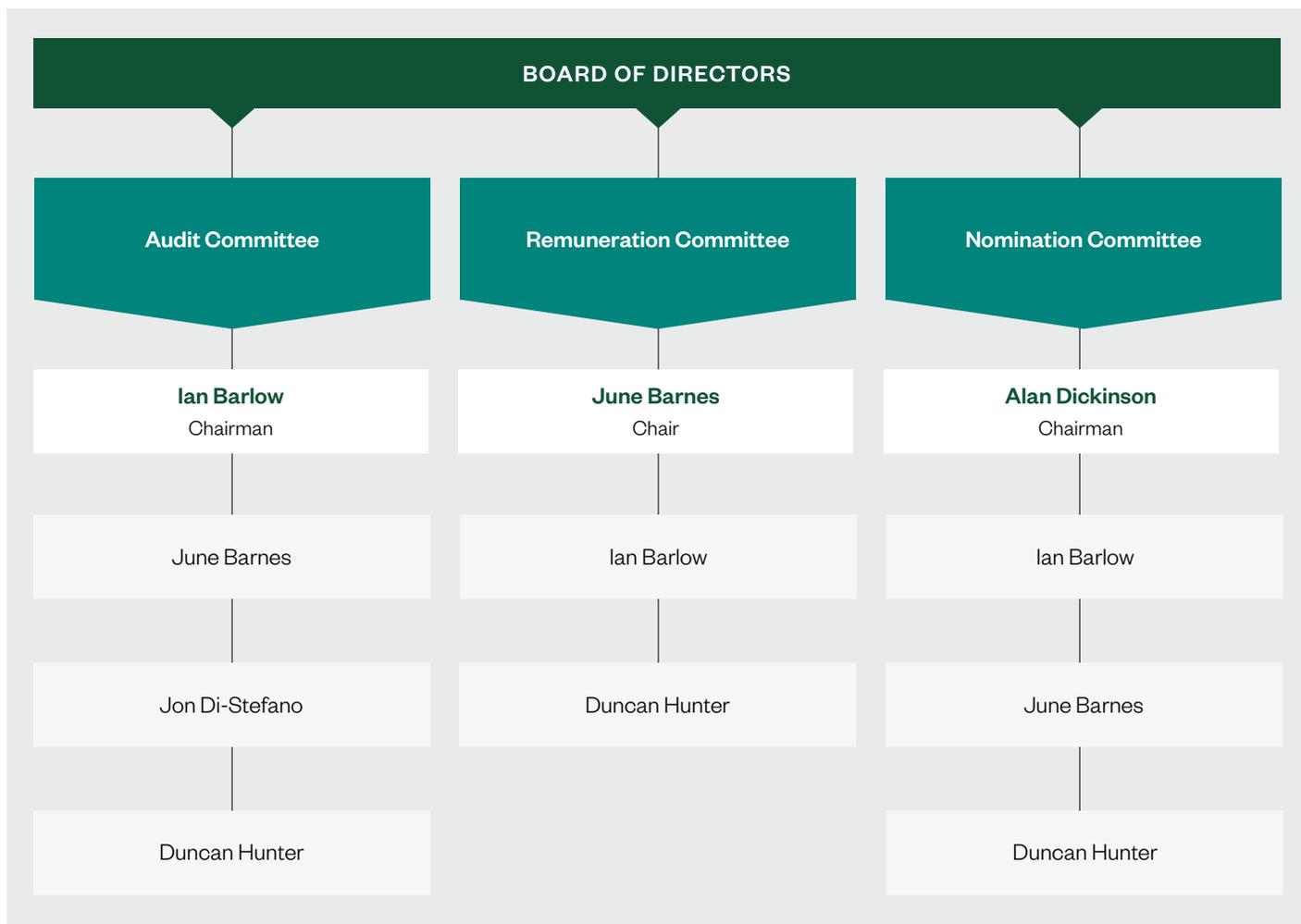


Committee key
A Audit Committee
N Nomination Committee
R Remuneration Committee
EMC Executive Management Committee
Bold Committee Chair

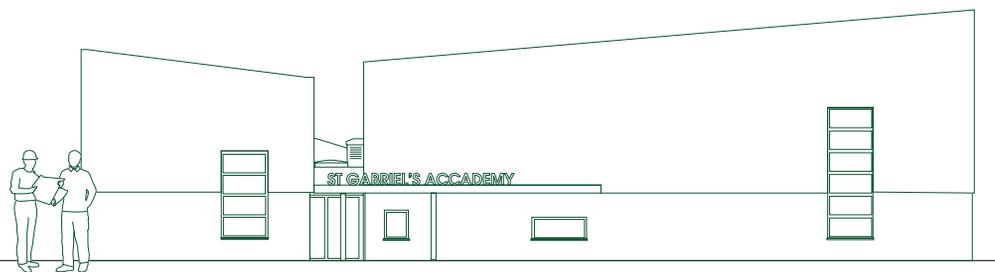
1. Tenure as at 30 September 2018.

The Board

The Directors and their committee membership are shown below:



The Group has four Non-Executive Directors in addition to the Chairman. The Chairman, Alan Dickinson, was independent on appointment, therefore complying with provision B.1.1 of the UK Corporate Governance Code. All other Non-Executive Directors are independent. Duncan Hunter has been appointed as Senior Independent Non-Executive Director and acts as a support to the Chairman on governance issues. He also provides an alternative channel of communication between the Chairman and the other Directors.



Board committees

The Board has established three committees with a membership of Non-Executive Directors: the Nomination, Audit and Remuneration committees. The chair and members of these committees are appointed by the Board, following recommendation by the Nomination Committee and, where relevant, in consultation with the committee chair.

The Board and committee reporting structure is set out on page 78.

Information on the committees and reports of their respective chairs are found on:

- **Nomination Committee** page 86
- **Audit Committee** page 92
- **Remuneration Committee** page 98

The committees each focus on their own areas of expertise, in accordance with established terms of reference which can be found on the website. This enables Board meetings to focus on governance, risk, strategy, performance, leadership and people.

Key areas of focus for the Board during the year are set out later in this report.

Each committee chair reports to the Board at the Board meeting immediately following a committee meeting. The Board also reviews the minutes of each committee meeting. This ensures good communication flows and also enables the Board to discuss any items meriting full Board discussion.

Board tour of Houlton, Rugby.



Division of responsibilities

There is a division of responsibilities of the Board and its committees and of the Chairman, Senior Independent Director and executive management. The key responsibilities, which have been clearly established and approved by the Board, are summarised in the adjacent table.

The Board is responsible to stakeholders for setting strategy, for the achievement of long-term sustainable success of the Company and for the good governance, objective risk assessment and effective leadership required to deliver the Group's objectives. The Board has adopted a formal schedule of matters reserved for its decision. A division in responsibilities between the Board and its committees is important but it is vital that the Board retains control of key decisions. The Board has delegated specific areas of responsibility to the Nomination, Audit, Remuneration and Executive Management committees. Each of these committees has the authority to make decisions in accordance with its terms of reference, which are reviewed on an annual basis and on any changes to regulations and/or best practice. The terms of reference of all committees and the schedule of matters reserved for the Board will be reviewed during the forthcoming financial year in light of the new UK Corporate Governance Code. Any amendments to a committee's terms of reference are subject to Board approval.

The Non-Executive Directors contribute to the strategy of the Group by reviewing and, if necessary, constructively challenging the performance of management in the execution of the strategy. They provide guidance and an independent perspective to management.

Board

Key responsibilities

- Long-term success of the Group.
- Setting long-term strategy and overseeing its implementation.
- Approval of significant acquisitions and disposals.
- Leadership and direction.
- Internal controls and risk management.
- Overall financial performance of the Group.
- Approval of interim and annual financial statements.
- Dividend policy.
- Corporate governance.
- Approval of Group policies.



Alan Dickinson, Chairman,
with Nigel Hugill, Chief Executive.

Chairman – Alan Dickinson



- Key responsibilities**
- Leadership of the Board.
 - Ensures constructive communications between Executive and Non-Executive Directors.
 - Ensures appropriate delegation of authority from Board to management.
 - Promotion of high standards of corporate governance.
 - Ensures that new Directors participate in an appropriate induction programme and that the ongoing development needs of the Directors are met.
 - Responsibility for ensuring that the performance of the Board, committees and individual Directors is assessed at least annually.
 - Representation of the Company to stakeholders and communication with shareholders.

Senior Independent Director – Duncan Hunter



- Key responsibilities**
- Alternative point of contact for investors.
 - Intermediary between other Directors and the Chairman.
 - Sounding board for the Chairman on Board matters.
 - Conducts the Chairman’s annual performance appraisal.

Chief Executive – Nigel Hugill



- Key responsibilities**
- Leadership of the Company.
 - Development and achievement of the Group’s objectives and strategy.
 - Identification of acquisitions and disposals of major projects and new business opportunities.
 - Effective implementation of Board decisions.
 - Representation of the Company to stakeholders and communication with shareholders.

Managing Director – Robin Butler



- Key responsibilities**
- Leadership of the Company.
 - Development and achievement of the Group’s objectives and 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 and internal controls.

Finance Director – David Wood



- Key responsibilities**
- Review of the operational performance of the Group’s business.
 - Day to day responsibility for risk management and internal controls.
 - Financial strategy and management, including budget, banking and finance.

Company Secretary – Heather Williams



- Key responsibilities**
- Secretary to the Board and its committees.
 - Advice on corporate governance matters.
 - Implementation of Group policies and procedures.
 - Management of Board procedures.
 - Inductions for new Directors.
 - Management of HR policies and administration.

Division of responsibilities continued

Nomination Committee

Alan Dickinson (Chair)

Ian Barlow
June Barnes
Duncan Hunter

Key responsibilities

- Review of the structure, size and composition of the Board and its committees.
- Oversees succession planning for the Board and senior management.
- Recruitment and appointment process for new Directors.
- Oversees the annual Board evaluation.

Remuneration Committee

June Barnes (Chair)

Ian Barlow
Duncan Hunter

Key responsibilities

- Reviews and recommends to the Board the remuneration policy.
- Reviews the Executive Directors' objectives and achievements.
- Determines the remuneration packages of the Executive Directors.
- Review of the remuneration policy for senior management.
- Oversight of the remuneration policy for all employees.



Audit Committee

Ian Barlow (Chair)

June Barnes
Jon Di-Stefano
Duncan Hunter

Key responsibilities

- Financial reporting and the integrity of the financial statements.
- Risk management.
- Internal controls and the work of internal audit.
- Governance and compliance.
- Supervision of the relationship with the external auditor.

Executive Management Committee

Robin Butler (Chair)

Key responsibilities

- Implementation of the Group strategy determined by the Board.
- Oversight of the day to day management of the Group and its employees, including the development, progress and risk management of projects.
- Implementation of all Group policies and legislation where applicable throughout the Group.
- Oversight of the Group's HR function, office management and staff issues.
- Overview of Group communications.

Strategic Development Committee

Key responsibilities

- Oversight and reporting on infrastructure projects.

Commercial Development Committee

Key responsibilities

- Oversight and reporting on commercial projects.

Catesby Estates

Key responsibilities

- Oversight and reporting on the Group's land promotion business.



The EMC in discussion at the iMet building during the Urban&Civic staff conference.

Membership:

- **Nigel Hugill** (Chief Executive)
- **Robin Butler** (Managing Director)
- **David Wood** (Finance Director)
- **Rebecca Britton** (Communities, Communications and Partnerships Manager)
- **Paul Brocklehurst** (Chief Executive – Catesby)
- **Richard Coppell** (Development Director – Strategic Land)
- **Richard Hepworth** (Director of Project Management)
- **Tim Leathes** (Development Director – Strategic Land)
- **Philip Leech** (Property Director – Commercial)
- **David Morris** (Planning Director – Catesby)
- **Myron Osborne** (Land and Development Director – Catesby)
- **James Scott** (Director of Planning and Communication)
- **Heather Williams** (Company Secretary/HR)

Role:

To assist the Board in the performance of its duties within the bounds of its authority, including:

- the development and implementation of strategy, operational plans, policies, procedures and budgets;
- examining all investments, realisations and major capital expenditure proposals, prior to recommendation to the Board;
- the monitoring of operating and financial performance against targets, objectives and key performance indicators set by the Board;
- the assessment, control and monitoring of risk and internal controls;
- optimising the allocation and adequacy of the Group's resources;
- the development of HR policies and procedures; and
- the development and review of the remuneration policy for Group staff (below Board level).

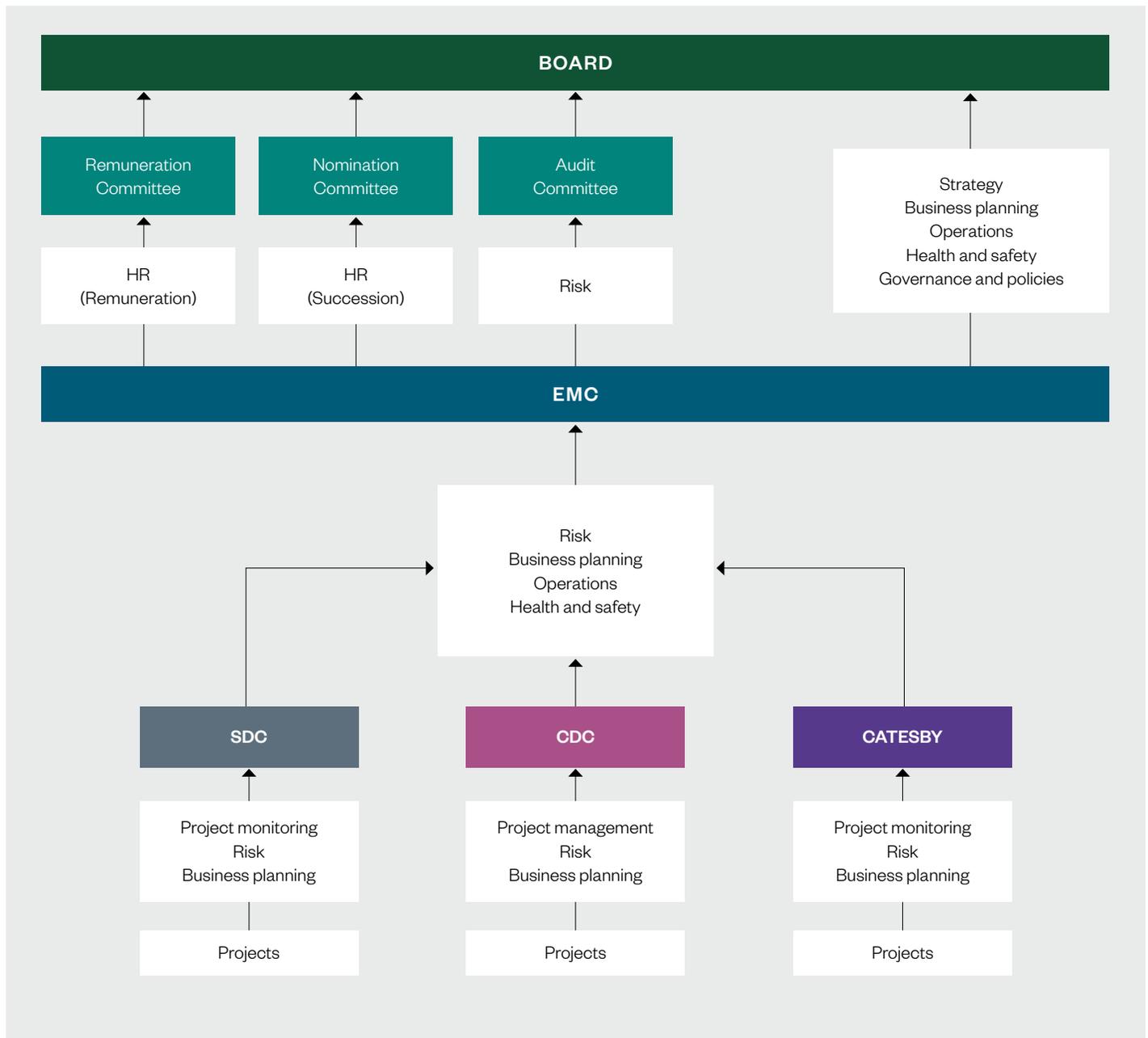
EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee (EMC) was established at the beginning of the financial year with the key aim of overseeing the implementation of Board strategy and policies and to provide feedback and recommendations from the executive team to the Board. The EMC met six times during the year with meetings scheduled shortly before Board meetings, providing a relevant and current comment to the Board on any matters of significance. The chairman of the EMC, Robin Butler, reports to the Board following each meeting and the Board reviews the minutes of all meetings. During the year, two Non-Executive Directors each attended an EMC meeting for the discussion of specific issues and it is intended that a rolling programme of attendance by Non-Executive Directors is put in place to ensure that the Board maintains a good understanding of management and staff views on issues of importance.

The management committee structure has strengthened the working relationship between the Board and the executive management team and has provided senior management with a structured forum to address issues ranging from strategic planning, setting business plans, risk management, the establishment of Group policies and HR management, through to the design of the head office space.

Three other committees report in to the EMC: the Strategic Development Committee (SDC), the Commercial Development Committee (CDC) and Catesby Estates. Work has taken place throughout the year to streamline the reporting process and to standardise Board reports to ensure clarity and sufficient detail for the Board to assess key information on the strategic sites (SDC) and the commercial portfolio (CDC). A table setting out the governance structure of the Group is on the following page and this sets out the reporting areas assessed by each committee and reported upwards.

Governance and reporting framework



Board meetings and main activities

The Board held six scheduled meetings during the year. In addition to these meetings, a number of unscheduled Board and committee meetings were held to discuss ad hoc issues, routine or administrative matters or matters of a time sensitive nature. Ad hoc meetings do not necessarily require full Board attendance but all Directors are given the opportunity to attend and to comment on the proposals. The attendance record of the Directors at the scheduled Board meetings is shown below. Attendance at committee meetings is shown in the individual reports of the Audit, Nomination and Remuneration committees. Non-committee members attend committee meetings by invitation. All Directors in office at the time attended the AGM in February 2018 and the Board strategy meeting held in July 2018. If Directors are unable to attend meetings they have the opportunity beforehand to discuss any agenda items with the Chairman or with management, and their comments are reflected to the Board or committee at the meeting.

Board meetings eligible to attend	
Chairman	
Alan Dickinson	
Executive Directors	
Nigel Hugill	
Robin Butler	
David Wood	
Non-Executive Directors	
Ian Barlow	
June Barnes	
Jon Di-Stefano	
Duncan Hunter	
Meetings attended	Meetings absent

Jon Di-Stefano was unable to attend the Board meeting in January 2018 but read the papers and provided comments in advance, enabling his views to be included in discussions at the meeting.

Where appropriate, members of the senior management team are invited to give a presentation at Board meetings.

The Company Secretary maintains a rolling agenda plan for the Board and its committees. In consultation with the Chairman, she ensures that the timetable of Board agenda items and the papers discussed at each meeting provide sufficient information and discussion throughout the year on the items included in the schedule of matters adopted by the Board. The rolling timetable of agenda items ensures compliance with the UK Corporate Governance Code (the 'Code') and with any other regulatory requirements, and enables key issues and matters reserved for the Board to be discussed at the appropriate time. The Chairman and the Company Secretary, in conjunction with the Executive Directors, identify any requirement for additional meetings.

The Company Secretary maintains a schedule of matters arising and action points from all meetings and the progress of these actions is reviewed at each Board meeting.

A comprehensive pack of Board papers is circulated electronically to all Directors in advance of each meeting to enable them to fully consider the issues to be discussed. Meetings are led by the Chairman, who encourages open discussions and constructive debate. Where appropriate, Non-Executive Directors challenge and question the Executive Directors on the progress and strategy of the Group and provide support and experience to senior management. Selected members of the EMC attended Board meetings during the year presenting on topics of relevance, thus increasing the range of views and input available to the Non-Executive Directors.

The annual Strategy Day was held in July 2018 and provided the Board with an in-depth review of the Group strategy. It provided the opportunity for Non-Executive Directors to share their expertise and experience and to provide independent oversight to the direction of the business. Presentations to the Board and items discussed included:

- Business model
- Financial plan
- Capital allocation
- Risk review
- Market overview
- Shareholder base
- Dividend policy
- Management structure
- Culture
- Succession planning
- Staff development
- Communities

The Board considers the Company's stakeholders in its discussions and takes account of the views of, and feedback from, shareholders, employees and other stakeholders. The Non-Executive Directors are encouraged to spend time with executive management below Board level and, in visiting the sites and regional offices, receive views of employees on a range of topics on a less formal basis than in a Board meeting. The Company Secretary is responsible for the HR administration of the Group and she and the Managing Director report to the Board on HR issues, including employee feedback on employment policies, practices and conditions. The Company Secretary carries out exit interviews with all leavers and will report to the Board on any significant issues or trends.

All staff attend an annual Away-Day in September and the Managing Director reports back to the Board with feedback on the discussions at this event, which takes the form of presentations and group discussion forums.

During the year, the Chairman held meetings with the Non-Executive Directors without the Executive Directors present and the Senior Independent Director maintained regular contact with the Non-Executive Directors. The Board also meets regularly on an informal basis to facilitate discussions on the Group's business and the wider environment outside the more formal structure of a Board meeting.



Key activities of the Board during the year

The Board is responsible for overseeing the Group’s strategy and its implementation, for leadership of the Group and for creating value and growth for stakeholders. A summary of the Board’s activities during the year is below.

Operations

- Reports from Executive Directors at every Board meeting covering the progress of each of the Group’s developments.
- Periodic recommendations and risk assessment by management for site acquisitions requiring Board approval.
- Review of health and safety reports covering the Group’s strategic and commercial sites and the Group’s offices.
- Site visits by Non-Executive Directors.



Governance

- Regular review of Directors’ conflicts of interest.
- Review of the progress towards GDPR compliance and monitoring of action taken by management.
- Review of the outcomes and resulting actions arising from the 2017 Board performance evaluation.
- Approval of the mechanism for the 2018 Board evaluation.
- Review of the outcome of the 2018 evaluation process and established and reviewed the action points arising from the review.
- Review of compliance with the 2016 UK Corporate Governance Code.
- Received regular updates on the 2018 UK Corporate Governance Code and established a list of actions required for compliance.
- Review of Non-Executive Directors’ fees.



Policy and procedures

- Annual approval of the Group modern slavery and human trafficking statement.
- Approval of revised anti-corruption and bribery policy.
- Annual approval of the Group’s diversity policy.
- Annual approval of the Group’s charitable donations policy.

Calendar of governance meetings during the year

Meetings:	2017			2018								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Scheduled Board		●		●		●		●		●		●
Unscheduled Board/Committee	●	●		●	●	●		●		●		
Strategy Day										●		
AGM					●							
Nomination Committee		●						●		●		
Audit Committee		●				●		●		●		●
Remuneration Committee		●	●		●					●		●
EMC	●			●		●		●	●			●

<p>Risk</p> <ul style="list-style-type: none"> • Review at every Board meeting of: <ul style="list-style-type: none"> – risk appetite; – principal risks and mitigation; – risk heat map; – risk management; – project risks for each of the Group’s developments; and – internal controls report. 	<p>Strategy</p> <ul style="list-style-type: none"> • Annual strategy meeting in July 2018 at which the following were reviewed: <ul style="list-style-type: none"> – strategy and business plan; – business structure and objectives; – funding strategy; – capital and operational constraints to the business; – risk review; – dividend policy; and – marketing. 	<p>Financial</p> <ul style="list-style-type: none"> • Approval of the Report and Accounts and announcement of results for the year ended 30 September 2017. • Approval of interim results for the six months to 31 March 2018. • Review at every Board meeting of: <ul style="list-style-type: none"> – budget/cash flow; – the Group’s borrowing facilities in relation to current strategic forecasts and approval of loan facilities as required; and – loan covenant compliance.
<p>Leadership and people</p> <ul style="list-style-type: none"> • Regular reports from the Nomination, Audit, Remuneration and Executive Management committees. • Review of minutes of all committee meetings. • Presentations by senior management. • Approval of the terms of reference of the EMC. • Review of the effectiveness of the management committee reporting structure. • Review of the effectiveness of the HR function. • Review of resources for projects. • Succession planning and development of staff. • Training and development of Directors on relevant areas. 	<p>Shareholders</p> <ul style="list-style-type: none"> • A major shareholder analysis report is reviewed at every Board meeting. • Review of feedback from investor meetings following the announcement of results. • Consideration (through the Remuneration Committee reporting to the Board) of shareholder feedback on the 2018 remuneration policy. Approved the policy and recommended adoption by shareholders at the 2018 AGM. • Approval of final and interim dividend proposals. The Company operates a dividend reinvestment scheme allowing cash dividends to be automatically reinvested as shares. • Consideration of the commitment to and effectiveness in the role of Directors and recommendation for re-election at the 2018 AGM. • Annual General Meeting held in February. 	

Planning ahead

Looking forward to the 2019 financial year, the Board and its committees will focus on:

- **Leadership** – implementation of strategic priorities.
- **Effectiveness** – developing succession plans of the Board and of management below Board level.
- **Accountability** – continued focus on risk management and internal audit review.
- **Remuneration** – continued review of the Group’s remuneration policy and processes.
- **Governance** – ongoing development of the governance structure and work towards compliance with the 2018 UK Corporate Governance Code.
- **Relations with stakeholders** – continued programme of communication and interaction with stakeholders.

Effectiveness, time commitment and skills

The Code requires that the Board, its committees and individual directors should demonstrate sufficient knowledge, skills, experience and independence to carry out their respective duties and responsibilities effectively. Appointments to the Board are led by the Nomination Committee, which has due regard to the Board's balance of skills, experience, knowledge, diversity and independence. However, appointments are made on merit, assessed against objective criteria. The current Non-Executive Directors have a range of backgrounds and experience, and appointments are made to maintain an appropriate balance of skills on the Board. During the year, a review and assessment of the skillset of the Board was carried out which not only provides an overview of the balance of knowledge and experience of the current Board, but also provides a useful tool for the Nomination Committee when reviewing succession planning.

The Board has reviewed the composition of the Board during the year and is of the opinion that the current Board and committee structure works effectively and to the benefit of shareholders and the Group as a whole. Given the nature and size of the business, it believes that the balance of Executive and Non-Executive Directors is appropriate and works efficiently. The Nomination Committee reviews the structure of the Board and succession plans on an ongoing basis and seeks to refresh the Board accordingly. Following the external evaluation of the Board in 2017, a follow-up evaluation took place this year by means of a questionnaire-based process, led by the Company Secretary. Further details are contained in the Nomination Committee report.

The assessment of the Directors' skillsets also included a review of the time commitments of Directors, who were asked to disclose the number of other significant commitments they have and an indication of the time involved on those commitments. Non-Executive Directors' letters of appointment specify the expected time commitment and any changes to outside commitments are reported to the Board, following approval by the Chairman. Outside directorships of the

Executive Directors are permitted (subject to Board approval) but they are required to devote substantially all of their working time to their role.

Directors are expected to attend all scheduled Board meetings, the annual Strategy Day, the Annual General Meeting and all meetings of committees of which they are a member.

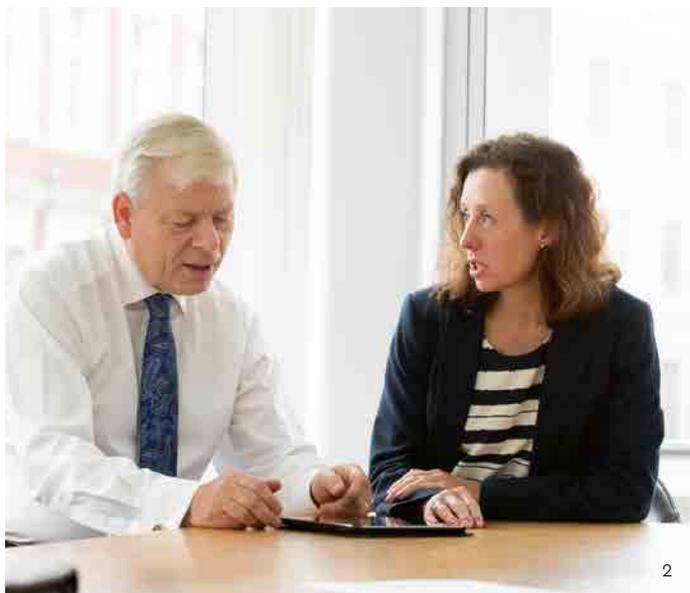
Professional development

Each Director is provided with a bespoke induction on joining the Board. This includes comprehensive information on the Group and its operations, guidance on specific areas of the Group's business, one-to-one meetings with fellow Directors, senior management and key advisers, a briefing by the Company Secretary on governance, Board procedures and the legal and regulatory framework in which the Board operates, and visits to our key sites.

Directors are expected to develop their understanding of the Group's operations and to update and enhance their skills and knowledge. Directors are offered training and guidance (both in house and by third parties) to enable them to fulfil their duties effectively and are encouraged to attend relevant seminars and briefings, at the Company's expense. During the year, specific training has been provided through presentations at Board meetings by senior management and external advisers. Personalised one-to-one training sessions with executive management have also been provided to the Non-Executive Directors throughout the year. The Finance Director provides individual training sessions with Non-Executive Directors covering areas such as financial reporting, management reporting, the valuation process and risk management. The Company Secretary regularly provides briefings on legal, regulatory and corporate governance matters by the provision of Board papers and presentations at Board meetings, or between meetings as required. A programme of attendance by senior management at Board meetings has been introduced which has assisted the Directors in their understanding of the Group's business and operations. During the year, senior management



1. Tim Leathes leading a Urban&Civic team site tour around Alconbury Weald.
2. Alan Dickinson, Chairman, with Heather Williams, Company Secretary.



presented on topics including challenges and opportunities for the business, the process of allocation of land parcels, challenges faced by strategic sites in operation and the evolving role of our Communities, Communications and Partnership Manager. Non-Executive Directors are encouraged to visit our operational sites allowing them to spend time with project management and staff and to enhance their knowledge of the Company's operations. The Non-Executive Directors visit the key sites at least annually, enabling them to see and monitor the progress first hand. Open communication between the Non-Executive Directors and management between Board meetings is encouraged.

During the year, the Board received training on a range of topics, including GDPR, the UK Corporate Governance Code, Market Abuse Regulation and anti-bribery legislation. This training was provided in the form of presentations by management and by attendance at committee and Board meetings by the Company's advisers.

Information and support

Directors have access to the advice and services of a professionally qualified and experienced Company Secretary, who supports the Chairman in ensuring that appropriate information is made available to the Board and its committees. The Company Secretary is responsible for planning the agendas for the annual cycle of Board and Committee meetings.

Prior to all Board and committee meetings, Directors receive agendas and supporting papers, which contain market, property, financial, governance and risk updates together with any other papers relating to specific agenda items as required. Presentations and verbal updates are also given at each Board meeting and open discussions take place on all agenda topics. In between scheduled Board meetings, ad hoc and transactional papers are circulated to Directors to allow appropriate review and consideration.

The open communication between Non-Executive and Executive Directors means that objective and constructive challenge by the Non-Executive Directors is welcomed and Directors are able to make enquiries or requests for further information from management. The Company Secretary facilitates professional development and ensures compliance with Board, regulatory and corporate governance procedures.

Minutes of Board and committee meetings, including ad hoc meetings, are circulated to all Directors shortly after each meeting. The minutes of each meeting are also included in the following Board pack, providing the opportunity for review and for the Board to confirm that they accurately reflect the discussions held and the decisions taken, prior to signature by the chair of that meeting. Committee chairs also provide a verbal update to the Board on matters discussed at every committee meeting. A detailed action list is circulated immediately following each meeting and the Company Secretary co-ordinates the agendas and Board papers for the following meeting to ensure that management has dealt with all outstanding action points.

If requested, Directors are able to seek any further information or take independent professional advice that they may require in the performance of their duties, at the expense of the Company. During the year, no Director sought such advice.

Accountability

Ian Barlow (Chairman of the Audit Committee) and Duncan Hunter and Jon Di-Stefano (members of the Audit Committee) are all considered to have recent and relevant financial experience and the Board considers that the Audit Committee as a whole has competence relevant to the sector in which the Company operates. Further details are set out in the report of the Audit Committee.

Risk management and internal control

The Board has ultimate responsibility for the Group's risk management and internal controls and carries out a review of the Group's risks at every Board meeting. The EMC also discusses risk at every meeting and reports upwards to the Board. At an operational level, the SDC, CDC and Catesby committees assess the risks of each individual project.

The Board has previously agreed that, due to the size and structure of the Group, it does not recommend the appointment of a separate risk committee and has instead delegated responsibility to the Audit Committee. This committee ensures that the framework and processes by which risks are identified and mitigated are effective and that residual risks after mitigation are within the Group's risk appetite. Further details of how this is achieved are contained in the risk review on pages 36 to 43.

The Board recognises the importance and value of the involvement of executive management in the internal controls and risk management of the Group and the EMC is fully engaged in this process. For additional support, the Board has appointed Grant Thornton to fulfil the internal audit function. Details of the scope of their work and the role and input of the Audit Committee in risk management are described in the report of the Audit Committee.

Remuneration

This information is contained in the Directors’ remuneration report.

Relations with stakeholders

Shareholders

Communication with existing and potential shareholders is given a high priority by the Board, which believes that understanding the views of shareholders is key to the success of the Company. The Chairman, the Chief Executive and the Finance Director are the Group’s principal representatives and hold meetings with investors, analysts and other interested parties throughout the year to communicate the Company’s strategy and performance. Duncan Hunter, as Senior Independent Non-Executive Director, is available to meet with shareholders at their request to discuss any issues or concerns they have or, if other communication channels fail, to resolve queries raised. He is willing to hold meetings with shareholders whenever requested. No such requests were received from shareholders during the year. At the beginning of the financial year, and in advance of the 2018 AGM, the Chair of the Remuneration Committee wrote to major shareholders setting out the proposed changes to the Directors’ remuneration policy and offering discussion with them. The Remuneration Committee ensured that the views of shareholders were considered when formulating the revised Directors’ remuneration policy, which was subsequently approved at the 2018 AGM.

A report on the Company’s major shareholders and feedback from any meetings with investors and analysts is reviewed at each Board meeting, enabling Directors to develop a good understanding of the views of the Company’s major investors. Shareholder engagement and communication occur throughout the financial year, including presentations, one-to-one meetings, conferences and site visits.

The Group’s website is an important source of information, enabling shareholders to keep up to date with the Company’s activities. Regulatory announcements made by the Company are maintained on the website which also contains all other material information including Annual Reports and share price information. A live webcast of the presentation of the Group’s half and full year results is broadcast, enabling shareholders to raise questions directly with the Chairman and Executive Directors.

Key investor activities



Presentation of the annual results for the year ended 30 September 2017 and the interim results for the six months ended 31 March 2018.



Programme of meetings between the Chairman, Chief Executive and Finance Director and the Group’s largest shareholders and analysts.



Presentations to potential investors.



Annual General Meeting held in February 2018.



Property tours at our strategic sites for investors and analysts, attended by Directors and senior managers. A programme of tours was arranged throughout the year.



Consultation with major shareholders on the proposed changes to the Directors’ remuneration policy.

INVESTOR TOUR – STRATEGIC SITES

We hold a series of investor, partner and stakeholder tours of our sites throughout the year. For example in March, organised by JPMC, we held a Cambridgeshire-focused investor tour of Waterbeach, Wintringham and Alconbury. Hosted by Nigel Hugill, David Wood, James Scott and Tim Leathes, we took representatives of EdenTree IM, CBRE Clarion, Thames River, Northwood Securities, Degroof Petercam and Premier AM around the three sites. With each site at a different stage of development we were able to highlight the activities that were being undertaken on each, from promotion to infrastructure delivery and from planning to house sales, as well as demonstrating the scale of the land holdings and their strategic locations.

“The site visits with Urban&Civic are a great way to meet with senior management and get a deeper understanding of the scope of the opportunity and potential for future value creation for shareholders and stakeholders alike.”

Yvo Timmermans
Northwood Securities



CASE STUDY



LISTENING TO STAKEHOLDERS – ENGAGEMENT IN ACTION

At Alconbury Weald we work hard to engage with a wide range of local stakeholders, including businesses, schools and education, health teams, local authorities, residents and local community groups. Throughout the year, our activities have ranged from holding careers fairs, connecting businesses and schools, site tours and regular updates for the local authorities (allowing for a joined up approach), an open air cinema screening which involved local artists, and seasonal community events, delivered in partnership with local sports projects, youth clubs and social enterprise groups. We have also engaged with cultural and religious groups and have arranged a Remembrance Service and carols around the Christmas tree. We encourage our residents to openly engage with us to ensure they have a say in the future plans for their community spaces. For example, we held a consultation event, where children were asked to draw pictures of what they would want to see in our next community building and how they would use the space. We welcome and enjoy this engagement, with residents of both Alconbury Weald and the wider community.

Steph Burton
Community Development

&
CASE STUDY



Employee engagement

The Board engages with the workforce on a regular basis. Non-Executive Directors are encouraged to spend time with staff in the absence of the Executive Directors, which has strengthened the relationship with senior management and contributed to a greater understanding of Group culture and of issues affecting staff. Employees are actively encouraged to develop in their role and to use their talents and skills across the organisation. Several of our staff volunteer in roles outside the organisation enabling them to utilise their knowledge and gain experience elsewhere. This is viewed as a useful and incentivising tool for development. A register of all such roles is maintained by the Company Secretary to ensure that no conflicts of interest or undue time demands are placed on employees. The Group holds an annual offsite meeting for all staff consisting of presentations and discussion groups. Management view this as an important mechanism to understand the needs and feedback of their employees on a range of issues. The interactive nature of the session is welcomed by staff as a valuable means of putting their views across to management. The action points from each session are progressed throughout the year and staff feedback is communicated to the Board through the EMC.

Annual General Meeting

The Company's Annual General Meeting provides an opportunity for shareholders to raise any questions or points of concern with Directors and to vote on the resolutions proposed. At the 2019 AGM, to be held on 13 February 2019 at 10.00 a.m. at The Savile Club, 69 Brook Street, London W1K 4ER, it is intended that all resolutions will be voted on by poll. This will allow more time for shareholders attending to raise any concerns and to ask questions. Details of the number of proxy votes for, against and withheld on each resolution will be disclosed at the meeting and will be posted on the website after the meeting.

In accordance with the Code, the Board has adopted the policy that all Directors will be subject to annual election by shareholders. Biographies of Directors are on pages 70 and 71 and separate resolutions relating to their re-election are contained in the notice of meeting for the 2019 AGM, circulated with this Annual Report. Following a review, the Board is satisfied that each of the Directors standing for re-election continues to be effective and demonstrates commitment to the role, and that their continued appointment is in the best interest of the Company. All Non-Executive Directors seeking re-election are independent.

Duncan Hunter has announced that he will not be seeking re-election at the 2019 AGM.

The Company will give shareholders at least 20 working days' notice of Annual General Meetings. Details of the resolutions to be proposed at the 2019 AGM can be found in the notice of meeting.

All Directors will attend the 2019 AGM and welcome the opportunity to meet shareholders.

Annual Report and Accounts

The Board has considered the Group's Annual Report and Accounts for the year ended 30 September 2018 and, taking account of the recommendations of the Audit Committee, is satisfied that taken as a whole it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's performance, business model and strategy.

Heather Williams
Company Secretary
28 November 2018