

CORPORATE GOVERNANCE REVIEW

This corporate governance review sets out the Group's governance processes and the Board's activities in the year. The review demonstrates the commitment by the Company to upholding high standards of corporate governance and explains how it complies with the provisions of the UK Corporate Governance Code.

ALAN DICKINSON — CHAIRMAN



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LEADERSHIP

The Board provides leadership and is collectively responsible for the long-term success of the Group. The structure and responsibilities of the Board and its committees, and the division of responsibilities between individual directors are set out in the Corporate Governance report. The key activities of the Board during the year are set out in the Corporate Governance report and in the reports of the Nomination, Audit and Remuneration committees.

 Board of Directors
pages 76 to 78

 Corporate Governance report
pages 79 to 84

EFFECTIVENESS

The Corporate Governance report and Nomination Committee report set out the processes by which the Board ensures the effective operation of the Board and its committees. This includes a description of the Board's composition and independence, a review of the 2017 Board evaluation process, the procedure for the appointment of new Directors and the Board induction procedure.

 Corporate Governance report
page 85

 Nomination Committee report
pages 90 to 97

ACCOUNTABILITY

The Board and Audit Committee are responsible for ensuring that the financial reporting of the Group represents a fair, balanced and understandable assessment of the Company's position and prospects and for the maintenance of effective internal control systems and risk management. The Board's approach to risk appetite and risk management is set out in the risk review, and the Audit Committee report sets out the processes for ensuring the integrity of financial reporting.

 Risk review
pages 33 to 37

 Audit Committee report
pages 98 to 103

REMUNERATION

The Remuneration Committee's role is to ensure that the remuneration policy for Executive Directors is appropriately designed to promote the long-term success of the Company and is a fair reward structure to incentivise Executive Directors to deliver the Group's strategic objectives. The procedure for developing the executive remuneration policy and its implementation is set out in the Directors' remuneration report, which also includes the proposed changes to the remuneration policy to be presented to shareholders at the 2018 AGM and a report on the operation of the current policy during the year under review.

 Directors' remuneration report
pages 104 to 120

RELATIONS WITH SHAREHOLDERS

The Board is responsible for an open dialogue with shareholders. The Corporate Governance report includes a description of the events and activities with shareholders during the year and the Directors' remuneration report makes specific reference to the consultation with shareholders in relation to the proposed remuneration policy.

 Corporate Governance report
pages 88 and 89

 Directors' remuneration report
page 107

Alan Dickinson
Non-Executive Chairman

Appointed to the Board
22 May 2014

Appointed as Chairman
24 March 2016

Independent
Yes, on appointment as Chairman.

Committees
Chairman of the
Nomination Committee.

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



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

Robin Butler
Managing Director

Appointed to the Board
22 May 2014

Committees
Chairman of the Executive
Management Committee.

Key responsibilities¹
Robin has overall responsibility for the operational performance of the Group's business and for the overall management of the regional offices.

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.

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.

Nigel Hugill
Chief Executive

Appointed to the Board
22 May 2014

Committees
Member of the Executive
Management Committee.

Key responsibilities¹
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 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. He was presented with the Estates Gazette Lifetime Achievement Award in 2016.

External appointments
Nigel is chairman of the Royal Shakespeare Company and the respected urban think tank Centre for Cities. He chairs the Estates Strategy Committee and is a member of Council of the London School of Economics.

David Wood
Group Finance Director

Appointed to the Board
1 July 2016

Committees
Member of the Executive
Management Committee.

Key responsibilities¹
David is responsible for financial strategy, treasury, management and statutory reporting and tax.

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
None.

1. The roles and responsibilities of the Executive Directors are discussed in more detail in the Corporate Governance report on page 80.

Duncan Hunter
Senior Independent
Non-Executive Director

Appointed to the Board
22 May 2014

Independent
Yes

Committees
Member of the Audit, Remuneration and Nomination committees.



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, JPMorgan Cazenove, he led some of the firm's largest financial advisory mandates for M&A and equity offerings.

External appointments
Duncan is executive chairman of EQL Capital.

Ian Barlow
Non-Executive Director

Appointed to the Board
1 September 2016

Independent
Yes

Committees
Chairman of the Audit Committee. Member of the Nomination and Remuneration committees.



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
Ian is a non-executive director of Smith & Nephew plc, The Brunner Investment Trust plc, Foxtons Group plc and Goodwood Estate Company Limited.

June Barnes
Non-Executive Director

Appointed to the Board
22 May 2014

Independent
Yes

Committees
Chair of the Remuneration Committee. Member of the Audit and Nomination committees.



Experience
June left the East Thames Group in 2014 after serving as group chief executive for over 16 years. She trained as a town planner and is also a member of the Chartered Institute of Housing. June has served on a number of boards and working groups over the years concerned with the built environment and poverty. 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 and a member of the Jersey Architecture Commission.

Jon Di-Stefano
Non-Executive Director

Appointed to the Board
1 September 2017

Independent
Yes

Committees
Member of the Audit Committee.



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.

Robert Dyson
Non-Executive Director

Appointed to the Board
5 March 2007²

Independent
Yes

Committees
Member of the Audit,
Remuneration and
Nomination committees.



Experience

Bob is a chartered surveyor and former chairman of the north west region of property advisers JLL, from where he retired at the end of 2013. He joined the property profession in 1970 and after periods in nationalised industry and the public sector entered private practice, from where he has dealt with all aspects of residential and commercial property. Over the past 25 years Bob specialised in investment, development and large-scale mixed-use regeneration schemes.

He has held a number of non-executive positions in finance and property organisations including Manchester Building Society.

External appointments

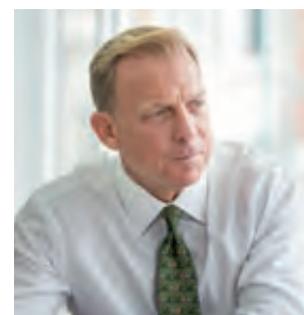
Bob is a consultant to CBRE and chairman of the north west board of Brainwave Charity.

Mark Tagliaferri
Non-Executive Director

Appointed to the Board
22 May 2014

Independent
No

Committees
Member of the Remuneration
and Nomination committees.



Experience

Mark heads the London office of GI Partners, a leading alternative investment management firm with \$12 billion in capital commitments from institutional investors around the world. Prior to joining GI, Mark spent six years with Nomura Principal Finance Group, which became Terra Firma Capital Partners, where he served as a senior partner. Previously, he was founder and chief executive of Dawnay Day Corporate Finance, a corporate finance advisory business that was ranked in the top five UK mergers and

acquisitions boutiques during his tenure. His early career was with Deloitte & Touche, where he finished as head of its London M&A Advisory Practice.

External appointments

Mark is managing partner of GI Partners and is the chairman of London Strategic Land.

Heather Williams
Company Secretary

Appointed
26 August 2015

Committees
Member of the Executive
Management Committee.

Attends all meetings of the Board and Audit, Remuneration and Nomination committees in her capacity as Company Secretary.



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.

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 Bar plc. Her experience also includes nearly nine years as an investment trust company secretary.

2. Robert Dyson was appointed to the Board of Terrace Hill Group plc on 5 March 2007 but his appointment to Urban&Civic plc is deemed to have commenced on 22 May 2014, being the date of admission of the Company to the standard listing segment of the Official List and to trading on the London Stock Exchange.



Leadership

The Board

The Directors, their independence and committee membership are shown below:

| | Audit Committee | Remuneration Committee | Nomination Committee |
|---|-----------------|------------------------|----------------------|
| Chairman | | | |
| Alan Dickinson ¹ | — | — | ○ |
| Executive Directors | | | |
| Nigel Hugill | — | — | — |
| Robin Butler | — | — | — |
| David Wood | — | — | — |
| Independent Non-Executive Directors | | | |
| Ian Barlow | ○ | ● | ● |
| June Barnes | ● | ○ | ● |
| Jon Di-Stefano | ● | — | — |
| Robert Dyson | ● | ● | ● |
| Duncan Hunter | ● | ● | ● |
| Non-independent Non-Executive Director | | | |
| Mark Tagliaferri | — | ● | ● |

○ Chair ● Member

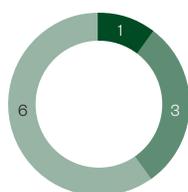
1. Independent on appointment, therefore complying with provision B.1.1 of the UK Corporate Governance Code.

The Group has six Non-Executive Directors in addition to the Chairman, of whom five are considered to be independent. Mark Tagliaferri represents GI Partners, the Group’s largest shareholder, and is therefore not considered to be independent. The membership of Board committees comprises a majority of independent Non-Executive Directors. 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 other Directors.

The Non-Executive Directors, led by the Senior Independent Director, meet at least annually without the Chairman or the Executive Directors present. The Chairman also holds regular meetings with the Non-Executive Directors. The Board meets informally on a regular basis to facilitate discussions on the Group’s business and the wider environment outside the more formal structure of a Board meeting.

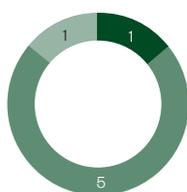
Balance of the Board

Composition



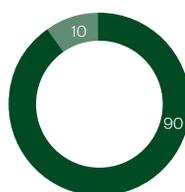
- Non-Executive Chairman
- Executive Directors
- Non-Executive Directors

Independence of Non-Executive Directors



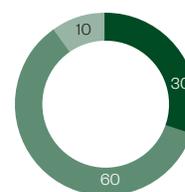
- Chairman – independent on appointment
- Independent
- Non-independent

Board gender diversity %



- Male
- Female

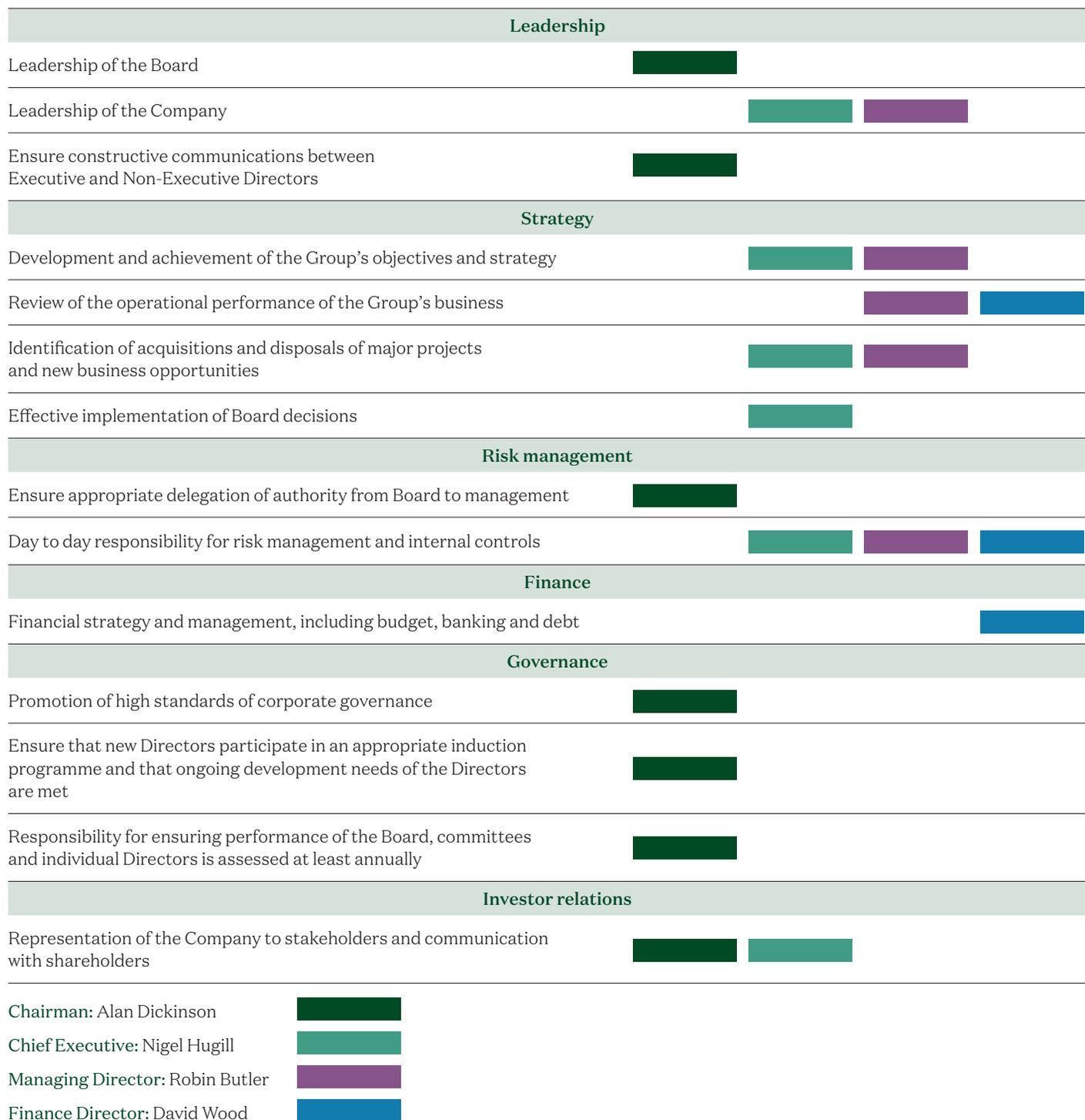
Board tenure %



- 0 – 3 years
- 3 – 6 years
- >6 years

Division of responsibilities

There is a division of responsibilities of the Chairman, Chief Executive, Managing Director and Finance Director, which has been clearly established and approved by the Board. Their roles and responsibilities are summarised in the chart below.



During the year the Board has sought to further strengthen the working relationship with the executive management team and to increase the effectiveness of all delegated authorities. In order to optimise the running of the business as a whole, a new Executive Management Committee (EMC) has been put in place to oversee the implementation of Board strategy and policies and to provide feedback from a wider executive team of views and comments on such matters to the Board. The EMC may also make recommendations on Group strategy and policies to the Board.

The EMC will meet six times a year with meetings scheduled to be co-ordinated ahead of Board meetings, thus providing relevant and current comment to the Board on any matters of significance. The EMC will be fully accountable to the Board and minutes of the meetings will be made available to the Board. Where matters of specific interest or relevance to a particular Non-Executive Director arise, that Non-Executive Director can attend the EMC meeting.

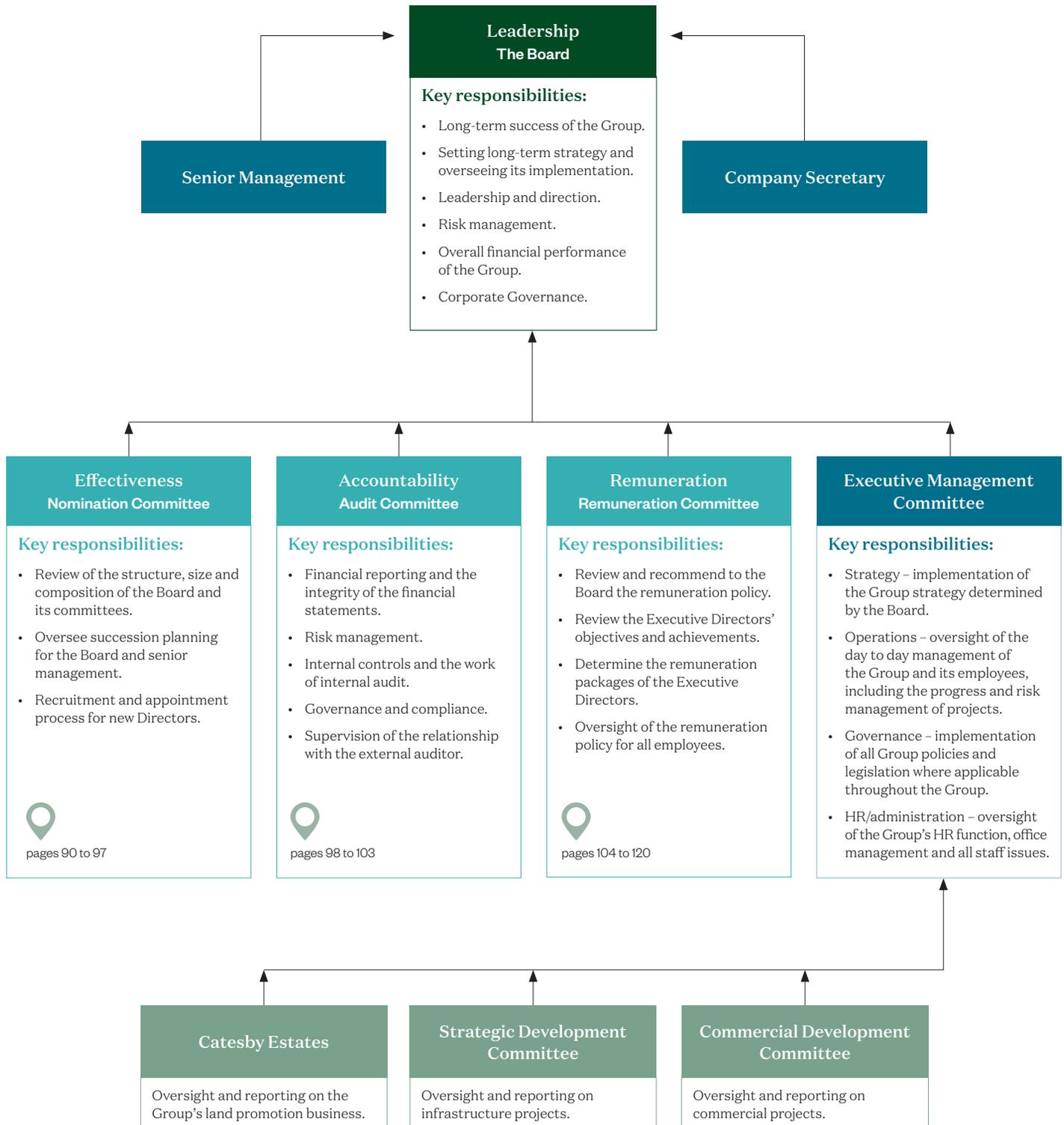
Three other committees will report into the EMC, one of which is existing and two of which are newly formed. The existing is the board of Catesby Estates, which meets on a quarterly basis and whose board papers will be made available to the EMC. The second two newly formed committees have been put in place to co-ordinate and standardise the delivery process across the commercial and strategic land portfolios. The Commercial Development Committee (CDC) will supervise the delivery of the commercial portfolio and the Strategic Development Committee (SDC) will carry out the same task for the strategic sites. Both committees will be responsible for preparing the annual business plan for each project and for monitoring its delivery. These two committees will meet on a quarterly basis and the minutes of the meetings will be made available to, and reviewed by, the EMC.

The committee structure, which is summarised on page 82, is in its early stages and a more detailed report on its activities will be provided in next year's corporate governance report.

Executive Management Committee

| Membership: | Role: |
|---|---|
| <ul style="list-style-type: none"> • 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 Management) • Heather Williams (Company Secretary/HR) | <p>To assist the Board in the performance of its duties within the bounds of its authority, including:</p> <ul style="list-style-type: none"> • 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 of the remuneration policy for Group staff (below Board level). |

Leadership structure



Key activities of the Board during the year

| | November 2016 | December 2016 | January 2017 | February 2017 | March 2017 | May 2017 | June 2017 | July 2017 | September 2017 |
|---|---------------|---------------|--------------|---------------|------------|----------|-----------|-----------|----------------|
| Leadership and people | | | | | | | | | |
| Review of succession planning for Directors and senior management | ■ | | | | | ■ | | ■ | |
| June Barnes appointed as Chair of the Remuneration Committee | | | | | | | ■ | | |
| Jon Di-Stefano appointed to the Board as a Director and member of the Audit Committee | | | | | | | | | ■ |
| Review of the Executive Management Committee structure | | | | | | | | | ■ |
| Approved the renewal of the terms of appointment for the Chairman and the Non-Executive Directors who were appointed on 22 May 2014 | | | ■ | | | | | | |
| Reviewed the effectiveness of the Group's HR function, taking into account the size and culture of the Group | | | | | | | | | ■ |
| Strategy, property and operations | | | | | | | | | |
| Strategy days – reviewed strategy and business objectives | | | | ■ | | | | ■ | |
| Operational review by the assessment of property reports, updating the Board on progress at each of the Group's operations | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Regular review of health and safety reporting, including (if any) incident reports at each of the Group's strategic and commercial sites, and the Group offices | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Site visits by Non-Executive Directors | ■ | | ■ | ■ | | | | ■ | |
| Internal control and risk management | | | | | | | | | |
| Regular review of risk appetite and risk management | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Reviewed reports by the Group's internal audit function, reporting on the progress and recommendations of the internal controls review | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Finance | | | | | | | | | |
| Approved the Report and Accounts and announcement of results for the year ended 30 September 2016 | | ■ | | | | | | | |
| Regular review of financial reports including cash flows, budgets, loan summaries and covenant compliance | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Approved the interim results for the six months to 31 March 2017 | | | | | | ■ | | | |
| Governance | | | | | | | | | |
| Directors' conflicts are recorded at each Board meeting | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Approved the Group's diversity policy | ■ | | | | | | | | |
| Approved the Group Modern Slavery and Human Trafficking Statement: www.urbandcivic.com | | | | | ■ | | | | |
| Reviewed the Company's compliance with the UK Corporate Governance Code | | | | | | | | ■ | |
| Board evaluation: one-to-one interviews and review of Board papers | | ■ | ■ | | | | | | |
| Consideration of the Board evaluation results | | | | | ■ | | | | |
| Suggestions arising from the Board evaluation and progress against recommendations are reviewed at each Board meeting | | | | | | ■ | | ■ | ■ |
| Updated the Group's share dealing code | | | | | ■ | | | | |
| Investor relations | | | | | | | | | |
| Approved/recommended the payment of a dividend | | ■ | | | | ■ | | | |
| Shareholder analysis reports are reviewed regularly | ■ | | ■ | | ■ | ■ | | ■ | ■ |
| Presentation of results to investors and analysts | | ■ | ■ | | | ■ | ■ | | |
| 2017 Annual General Meeting | | | ■ | | | | | | |
| Review of feedback from investor meetings, following the announcement of results | | | ■ | | | | | ■ | |

The Board is ultimately responsible to shareholders for 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 and agreed that, although a division in responsibilities between the Board and the management committees is important, it is vital to ensure that the Board retains control of key decisions. The Board has delegated specific areas of responsibility to the Nomination, Audit and Remuneration committees, which each have the authority to make decisions in accordance with their terms of reference. Each committee reviews its own terms of reference on an annual basis and any amendments to a committee's terms of reference are subject to Board approval.



Terms of reference can be found on www.urbandcivic.com/corporate-governance

Items on the schedule of matters reserved for the Board include:

- strategy;
- approval of significant acquisitions and disposals;
- internal controls and risk management;
- approval of operating and capital expenditure budgets;
- review of financial performance against a five-year plan;
- approval of interim and annual financial statements;
- dividend policy;
- corporate governance; and
- approval of Group policies.

The Company Secretary, in consultation with the Chairman, ensures that the annual 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. A rolling timetable of agenda items also ensures compliance with the UK Corporate Governance Code (the 'Code') and with any other regulatory requirements.

Board focus in the year ahead:

Leadership – Implementation of Group strategy.

Effectiveness – Ongoing succession planning and Board refreshment.

Accountability – Continued focus on risk management and internal audit review.

Remuneration – Implementation of the new remuneration policy.

Relations with shareholders – Continued programme of communication with shareholders.

Effectiveness

The Code requires that the Board, its committees and individual Directors should have the appropriate balance of skills, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively. The Board is of the view that the current Board and committee structure works efficiently and is in the best interests of shareholders and the Group as a whole. It believes it has an appropriate balance of Executive and Non-Executive Directors, taking into account the nature and size of the business. An externally facilitated evaluation of the Board and committees was undertaken by Independent Audit at the beginning of 2017. The review incorporated one-to-one interviews with all Directors and the Company Secretary and a comprehensive report was presented to the Board by Independent Audit. The report summarised the evaluation of performance and effectiveness and included recommendations for strengthening the Board further. Action points are now in progress but the overall conclusion was that the Board benefits from strong leadership by the Chairman, a group of Non-Executive Directors who bring useful and relevant knowledge and experience, and good support from, and communication with, management. A more detailed description of the evaluation process is included in the Nomination Committee report on page 96.

Board and committee attendance

The Board holds six scheduled meetings each year. In addition, a number of unscheduled Board and committee meetings are held to discuss ad hoc issues, urgent transactional matters or matters of a routine/administrative nature. Ad hoc meetings do not necessarily require full Board attendance but all Directors are given the opportunity to attend and/or comment on the proposals. The attendance record of the Directors at the scheduled Board meetings is shown in the adjacent table. Attendance at committee meetings is shown in the reports of the Audit, Nomination and Remuneration committees. Non-committee members of the Board attend committee meetings by invitation. All Directors in office at the time attended Board strategy meetings held in February and July 2017. Where Directors are unable to attend meetings, their comments are provided to the Board or committee chairman prior to the meeting and their views are reflected in discussions.

| | Board meetings attended/eligible to attend |
|--------------------------------|--|
| Chairman | |
| Alan Dickinson | 6/6 |
| Executive Directors | |
| Nigel Hugill | 6/6 |
| Robin Butler | 6/6 |
| David Wood | 6/6 |
| Non-Executive Directors | |
| Ian Barlow | 6/6 |
| June Barnes | 5/6 |
| Jon Di-Stefano ¹ | 1/1 |
| Robert Dyson | 6/6 |
| Duncan Hunter | 6/6 |
| Mark Tagliaferri | 6/6 |

1. Appointed on 1 September 2017.

Appointments to the Board

During the year the Nomination Committee led a review of Board composition and succession plans, making recommendations to the Board that resulted in the appointment of June Barnes as Chair of the Remuneration Committee, succeeding Robert Dyson, and the appointment of Jon Di-Stefano as a Non-Executive Director and member of the Audit Committee. Further details are included in the Nomination Committee report on pages 90 to 97. The report includes details of the recruitment process, selection procedure and induction programme followed for the appointment of Jon Di-Stefano.

Appointments to the Board are made on merit against objective criteria with due regard to the balance of skills, experience, knowledge, diversity and independence of the Board to enable it to discharge its duties and responsibilities effectively. Current Non-Executive Directors have been appointed to ensure an appropriate balance of skills on the Board, taking into account a range of backgrounds and experience. The Nomination Committee leads the recruitment process for new Directors and makes recommendations to the Board.

Appointments to the Board continued

The key expertise and competencies of the Non-Executive Directors, demonstrating a balance of skills, knowledge and experience, are set out below:

| Expertise |  Property |  Finance and banking |  Finance and accounting |  Investor relations |
|------------------|--|---|---|--|
| Director | | | | |
| Alan Dickinson |  |  | |  |
| Ian Barlow | | |  |  |
| June Barnes |  | | |  |
| Jon Di-Stefano |  | |  |  |
| Robert Dyson |  | | |  |
| Duncan Hunter | |  | |  |
| Mark Tagliaferri |  |  | | |

Time commitment

Executive Directors are required to devote substantially all of their working time to their role as a member of the Board, although certain outside directorships are permitted. The expected time commitment of Non-Executive Directors is specified in their letters of appointment and the current Non-Executive Directors have confirmed that they have sufficient time to meet what is expected of them. Any other significant commitments of Non-Executive Directors are disclosed to the Board before their appointment, and any changes to these commitments will be notified to the Chairman. Directors are expected to attend all scheduled Board meetings and are also expected to attend all meetings of the committees of which they are a member, the annual strategy meetings and the Annual General Meeting.

Professional development

Each Director is provided with a tailored induction on joining the Board including a comprehensive pack of information on the Group and its activities, 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 procedures and the legal and regulatory framework in which the Board operates, and visits to our key sites. Such an induction process took place for the appointment of Jon Di-Stefano, as described in the Nomination Committee report on page 94. An induction was provided to June Barnes on her appointment as Chair of the Remuneration Committee with briefings on the Group's remuneration policy, the operation of the Performance Share Plan and governance requirements. This took place by means of meetings with the Finance Director, the Company Secretary and the Group's remuneration advisers, Aon Hewitt. A tailored session on the requirements and responsibilities of the role of chair of remuneration committees was provided by a third party consultant.

Directors are expected to develop their understanding of the Group's operations and to regularly update their skills and knowledge. They are offered training and guidance to enable them to fulfil their duties effectively and are encouraged to attend relevant seminars and conferences, 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 have also been provided to Non-Executive Directors throughout the year. The Company Secretary regularly provides briefings on corporate governance and regulatory updates by the provision of Board papers and presentations at Board meetings, or between meetings as required. The Finance Director also provides individual training sessions with Non-Executive Directors covering areas such as financial reporting, management reporting, the valuation process and risk management. 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. Non-Executive Directors are also encouraged to visit our sites, which allows them to spend valuable time with project management and staff. 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.

Examples of Board training and development during the year:

Board

The Company's lawyers attended a Board meeting and provided a training session for Directors covering listed company requirements, corporate governance, cyber security, GDPR, corporate reporting and general HR issues.

Audit Committee

The Company's auditor attended an Audit Committee meeting to provide an update on corporate reporting requirements, including new standards in financial reporting. They also briefed the Committee on cyber security issues including understanding the nature of potential attacks, minimising the likely impact and how to respond.

Remuneration Committee

The Company's remuneration advisers presented a workshop to the Remuneration Committee to discuss the Company's current remuneration policy together with proposals for the new policy. Their briefing included an update on the regulatory and governance environment, including key developments in executive remuneration, a report on the implications of recent AGM activity and a benchmarking of Executive Directors' remuneration.

Individual Directors

New Director induction process for Jon Di-Stefano and introduction to the role of Remuneration Committee Chair for June Barnes. Tailored sessions for Non-Executive Directors with executive management.

Information and support available to Directors

Directors have access to the advice and services of a professionally qualified and experienced Company Secretary. The Chairman, supported by the Company Secretary, ensures that Directors receive sufficiently detailed information on all relevant matters for discussion on a timely basis. The Company Secretary is responsible for ensuring appropriate information is made available to the Board and its committees and 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, in a form and of a quality to enable them to discharge their duties effectively, with sufficient time allowed for appropriate review. The Board papers, which facilitate discussion at the meetings, 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. In between scheduled Board meetings, ad hoc and transactional papers are circulated to Directors electronically to allow appropriate review and consideration. Objective and constructive challenge by the Non-Executive Directors is welcomed and all Directors are able to make further enquiries or requests for information if required. 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 to ensure that they accurately reflect the discussions held and the decisions taken, prior to signature by the chairman of that meeting. The chairman of each committee also provides a verbal update to the Board on matters discussed at every committee meeting. A detailed action list is circulated immediately following each Board meeting and the Company Secretary co-ordinates the agendas and Board papers for the following meeting to ensure that management have dealt with all outstanding action points.

Directors are able to seek any further information or to take independent professional advice that they may require in the performance of their duties, at the expense of the Company. No Director sought any such advice during the year apart from June Barnes, who was provided with guidance from a third party on her appointment as Chair of the Remuneration Committee.

Annual re-election of Directors

Notwithstanding that the Company is not in the FTSE 350, the Board has adopted the policy that all Directors will be subject to annual election by shareholders in compliance with Code Provision B.7.1. Biographies of all Directors are on pages 76 to 78 and separate resolutions relating to their election or re-election are contained in the notice of meeting for the 2018 AGM, as circulated with this Annual Report. Robert Dyson has announced that he will not be seeking re-election at the 2018 AGM. The Board is satisfied that each of the Directors standing for election or 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. With the exception of Mark Tagliaferri, the Board confirms the independence of each Non-Executive Director seeking election or re-election.

Accountability

Audit Committee

Ian Barlow (Chairman of the Audit Committee), 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 in the report of the Audit Committee on pages 98 to 103 and biographical details of all Directors are set out on pages 76 to 78.

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

Risk management and internal control

The Board is ultimately responsible for the Group's risk management and internal controls and, at each Board meeting, carries out a robust review of the Group's risks. The Board held a risk management workshop during the year, at which the Board discussed the Group's risk appetite and the Executive Management Committee structure and its role in risk identification, mitigation and reporting.

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. The Board has delegated responsibility to the Audit Committee to ensure 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 33 to 37.

Notwithstanding the importance and value of the involvement of executive management in the internal controls and risk management of the Group, 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 on pages 98 to 103.

Remuneration

This information is contained in the Directors' remuneration report on pages 104 to 120.

Relations with shareholders

Communication with shareholders

Communication with existing and potential shareholders is given a high priority and the Group undertakes regular dialogue with its shareholders. 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. The Chair of the Remuneration Committee wrote to major shareholders in October 2017 outlining proposed changes to the remuneration policy, in advance of the binding vote at the 2018 AGM. More details of this process are found in the Directors' remuneration report on page 107.

An overview of major shareholders and feedback from meetings with investors and analysts is reviewed at each Board meeting, enabling Directors to develop an up-to-date understanding of the views of the Company's major investors. Meetings with shareholders are timetabled around the financial reporting calendar although shareholder engagement and communication also occur outside the key financial reporting dates, including presentations, one-to-one meetings, conferences and site visits.

The Group's website is an important source of information for shareholders, enabling them to keep up to date with the Company's activities. Presentations made to analysts are made available on the website as soon as practicable after they have been made. Regulatory announcements made by the Company are maintained on the website which also contains all other material information including 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 2016 and the interim results for the six months ended 31 March 2017.
- 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 2017.
- Property tours for investors and analysts.
- Consultation with major shareholders on the proposed changes to the remuneration policy.

Annual General Meeting

Shareholders are encouraged to participate in the Company's annual general meetings, which are attended by the Directors, who are available to answer any questions. In compliance with the Code, the Company will give shareholders at least 20 working days' notice of an annual general meeting. Details of the resolutions to be proposed at the 2018 AGM can be found in the notice of meeting circulated with this Annual Report. The 2018 AGM will be held on 8 February 2018 at 10.00 a.m. at The Savile Club, 69 Brook Street, London W1K 4ER. 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.

The Company's annual general meetings provide an opportunity for shareholders to raise any questions or points of concern with Directors and to vote on the resolutions proposed. All Directors will attend the 2018 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 2017 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
27 November 2017