

# Presentation of Interim Results to 31 March 2015

May 2015

# Introduction and summary

---

- Powerful new delivery machine with a strong project base, exactly as we envisaged in coming to market last May
- 12 per cent EPRA NAV growth to 259p per share, against pro forma Listing NAV of 231p per share
- Considerable deployment of cash balances: £105 million invested (actual or committed) over the past six months
- Off market £34 million acquisition of Catesby provides an additional strategic site at Newark, strong near term profitability and an apparently robust pipeline. £4.7 million discount to purchase credited to March 2015 income statement
- Interests in 25,000 residential plots where real disposable incomes (and populations) are recovering fast + our own city centre development in Bristol, Manchester and (later) Cambridge
- Modest change in CBRE strategic plot valuations: Alconbury £16,170; Rugby £12,125; Newark introduced at £8,300
- Strategic site monetisation has now started in earnest; first residential arrangements are expected to return 2x+ March 2015 carrying value at Alconbury
- Retained income growing as new investments are both acquired (Bradford) and developed (Darlington, Herne Bay, Stansted)
- Early cycle, both corporately and regionally, Catesby team will remain functionally separate but Terrace Hill integration is now fully complete.

# Catesby – the business

---

- Acquired in February for £34 million (cash of £22 million and share consideration of £12 million) following extended private courtship. Good probability of cash being fully returned by December 2015
- One consented strategic site in Newark (owned c82% freehold) for anticipated delivery of 2,600 dwellings and interest in an additional 2,700 plots (through promotion and option agreements)
- 14 employees (the core of which come from housebuilder backgrounds) with expertise in identifying sites, town planning, technical design of housing and onward selling to housebuilders
- Land trading business principally through promotion agreements, with short to medium term (1 – 5 years) residential potential
- Promotion agreements - landowner pays Catesby a percentage of sale proceeds on achieving a planning consent (usually in the range of 12.5% - 25.0%)
- Geography - typically the search area is Southern Midlands to the South Coast of England
- Annualised pre tax profits of £6.2 million for 12 months to 31 December 2013 and £7 million to 31 December 2014.

# Catesby – deal performance since January 2014

- Since January 2014, Catesby has obtained planning consent on seven sites, for which five were accounted prior to acquisition by Urban&Civic: the other two are expected to be sold by 30 September 2015
- Three Appeals are ongoing, two of which are expected to be determined by end 2015: one already pre-sold, subject to planning, to Bovis and Taylor Wimpey

Site	Units	Holding period	Completion date	Purchaser	Land sale, £'000	Profit, £'000	Cash invested, £'000	Cash Receipt, £'000	Cash multiple
<b>Completed deals</b>									
Woolton Hill	49	1 year	January 2014	Bloor Homes	11,275	3,406	398	4,252	10.5x
Salisbury	673	3.5 years	December 2014	Bovis Homes	31,500	6,499	677	7,176	10.6x
Dickens Heath	130	2.25 years	December 2014	Bellway	11,026	2,576	534	3,024	5.7x
Tingewick	85	1 year	February 2015	Bovis Homes	7,930	1,439	419	1,739	5.8x
Bude	1	2 years	November 2014	Lidl Gmbh	2,700	1,616	1,084	2,800	n/a
						15,536	3,111	18,991	
<b>Anticipated completions</b>									
Site A	115	2.75 years	June 2015	Confidential	7,900	3,100	1,400	4,800	3.4x
Site B	210	2 years	August 2015	Confidential	28,400	4,600	1,500	6,100	4.1x
<b>Outstanding appeals</b>									
Site C	35	1.25 years	December 2015	Confidential	3,250	1,900	350	2,300	6.5x
Site D	390	3.5 years	December 2015	Confidential	22,900	4,500	2,400	6,600	2.8x
						14,100	5,650		

# Catesby – pipeline and risks

---

## Pipeline

- Currently Catesby has:
  - 16 sites under contract
  - 13 sites with an offer accepted by the landowner
  - 5 offers are under consideration by landowners
- The majority of projects are in areas without a 5 year residential land supply and / or up to date Local Plan
- Alongside the three sites currently at appeal, four other applications are set to be determined
- £9m capital invested (entry premiums to secure land plus costs of obtaining planning consent): current sites expected to crystallise within 3 years

## Risks

- Annual overheads of around £3.0 million
- Increasing market competition with new entrants and existing competitors reducing their margin
- Local Planning Authorities will increasingly achieve adoptive plans making consents more difficult.

# Strategic land

---

- Currently own or control four strategic land sites that are expected to deliver over 22,000 residential homes (plus Catesby equals 25,000 in total):
  - Alconbury (Huntingdonshire) current consent for 5,000 units with an additional 1,500 – 2,000 expected
  - Rugby (Warwickshire) consent for 6,200 units
  - Newark (Nottinghamshire) consent for 3,150 units (current masterplan provides for delivering 2,600 units)
  - Waterbeach (Cambridgeshire) expect to achieve consent for 6,500 units.

# Alconbury Weald

- Approval for 5,000 homes and c.3.1m sq ft commercial
- Prospect of less than 15% affordable provision
- Enterprise Zone designation for 370 acres
- Expansion opportunity for a further 1,500-2,000 dwellings
- 55 minutes to London and under 1 mile from A1(M) and A14
- Total area 1,425 acres; 338 residential NDAs; 163 commercial NDAs



# Alconbury Weald - Key Phase 1 Masterplan



- 879 homes
- 1 primary school
- 800,000 sq ft of employment
- Community and retail floor space
- Sports facilities
- Parks and open spaces



# Alconbury Weald – Hopkins Homes

- 128 homes (all private)
- 1 primary school
- Residential site works commenced January 2015
- Hopkins Homes contracted as first delivery partner
- Reserved matters approval for residential Q3 2015
- Residential sales anticipated Q2 2016



# Rugby Radio Station

- 50:50 joint venture with Aviva
- Approval for 6,200 homes and c.1.3m sq ft commercial
- Prospect of less than 15% affordable provision
- 50 minutes to London, 35 minutes to Birmingham, under 1 mile from M1, 4 miles from M6 and under 1 mile from Daventry International Rail Freight Terminal
- Total area: 1,170 acres; 385 residential NDAs; 36 commercial NDAs



# Rugby Radio Station - Key Phase 1 Masterplan

- 600 homes (all private)
- 1 primary school
- 8 ha of employment
- Community and retail floor space
- Sports facilities
- Parks and open spaces
- Residential site works (green and grey infrastructure) commenced November 2014
- Housebuilder selection Q2/Q3 2015
- Residential sales anticipated Q3 2016
- HCA infrastructure funding discussions ongoing

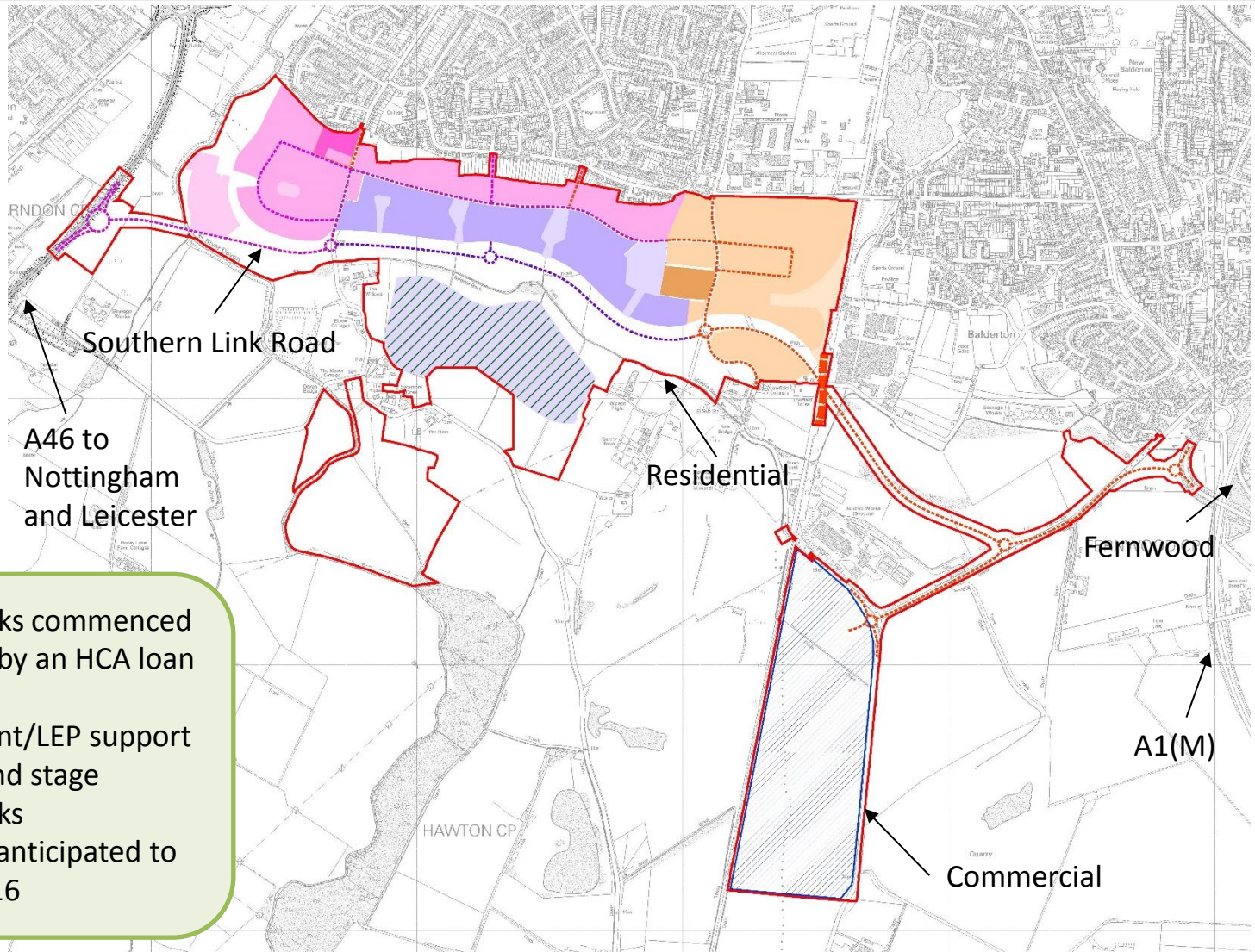


# Newark

- c.82% interest in site
- Approval for up to 3,150 homes and 2m sq ft of storage and distribution
- Current masterplan provides for 2,600 units
- 1 hour and 30 minutes to London, 30 minutes to Nottingham and under 1 mile from the A46 and A1 (M)
- Total area 718 acres; 172.5 residential NDAs; 110 commercial NDAs



# Newark



- Infrastructure works commenced May 2015 funded by an HCA loan of £11.2 million
- Further government/LEP support expected for second stage infrastructure works
- Residential works anticipated to commence Q2 2016

# Waterbeach

- Development Management Agreement with MOD; U&C to earn percentage retention on realised land uplifts after full cost recovery
- Emerging local plan (South Cambs) proposes 8,000-9,000 dwellings on Waterbeach and additional land to the north and east
- Local Plan process currently suspended
- Opportunity to build new 'for sale' residential units and PRS on own account
- Potential to create significant residential rental portfolio
- 5 miles north of Cambridge, 3 miles from Cambridge Science Parks, cycling distance from north Cambridge and existing Waterbeach railway station
- Total area: 716 acres



# Waterbeach

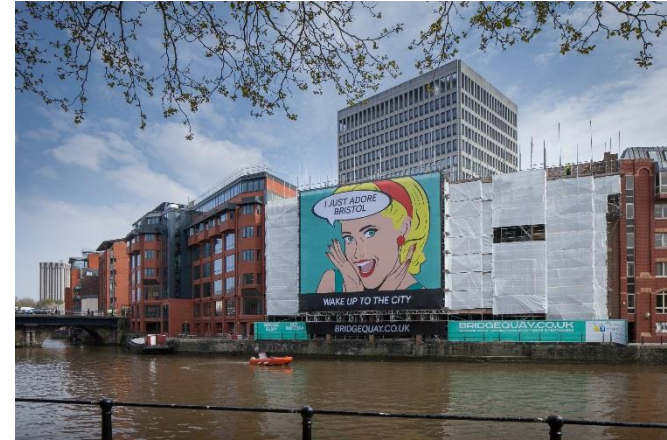


- Waterbeach could accommodate 6,500 homes
- Lakeside setting to be created from existing significant water feature
- Outline application to be submitted in next 18 months
- Early residential occupation anticipated from 2018

# Commercial sites

## Bridge Quay, Bristol

- Description:
- Office conversion to 59 high quality 1 & 2 bedroom apartments
  - Now under construction with completion estimated March 2016
  - Launch last month – all 40 released being reserved over the weekend
  - Best units still to be released
- Financial:
- Current EPRA value £6.1 million, £2.7 million budgeted profit



## Feethams, Darlington

- Description:
- Town centre leisure scheme under construction with completion estimated March 2016
  - Nearly fully let with strong interest in both remaining units
- Financial:
- GDV c£23.1 million, current value £6.7 million
  - Will be held as investment on completion
  - £1.5 million rent per annum anticipated
  - 15 year average leases





# Commercial sites

## Bradford

- Description:
- Gallagher Leisure Park between Leeds and Bradford
  - 13 screen Odeon and Virgin Active gym
  - Various asset management opportunities
- Financial:
- Purchased for £11.2 million off net initial yield of 8.6% rising to 9.3% in September 2016
  - 10 year rental income



## Herne Bay, Kent

- Description:
- 99,653 sq ft store let to Sainsbury's for 25 years with RPI linked rental uplifts capped and collared at 4% and 2%
  - Completion expected March 2016
- Financial:
- Current EPRA value £12.2 million



# Commercial sites

## Manchester

- Description:
- Two prime city centre sites at Deansgate and Princess Street
  - Currently working up plans for redevelopment as predominantly residential for sale with possibility of a hotel on Deansgate
- Programme:
- Develop out over period 2017-2021
- Financial:
- Carrying value £23.8 million (IFRS); no EPRA adjustment



## Stansted

- Description:
- Two acre site on airport to be developed into minimum 350 bed hotel with direct terminal access and design for expansion
- Programme:
- Construction start estimated for July 2015 with completion scheduled for December 2016
- Financial:
- Rapid income stabilisation to £3.4 million EBITDA



# Cash spent and committed in period

---

	<b>£m</b>
<b>Spent in period:</b>	
Manchester sites	23.8
Catesby (net of own cash)	14.9
Alconbury	8.0
Rugby	1.6
Feethams, Bridge Quay and Herne Bay	5.5
Other	0.8
	<hr/> 54.6
<b>Committed:</b>	
Rugby completion	17.5
Bridge Quay	6.8
Feethams	12.2
Alconbury	3.1
Bradford	11.0
	<hr/> 50.6
<b>Total</b>	<hr/> <b>105.2</b>

# Summarised income statement for the six months to 31 March 2015

£m	31 March 2015	30 September 2014 <sup>1</sup>	Comments
Revenue	12.2	23.2	Principally revenue from Sainsbury's store under construction
Gross profit	1.4	5.9	Reflects profit recognised on Sainsbury's store and net rents from Alconbury
Administrative expenses	(6.3)	(7.5)	Includes £0.9 million of costs relating to acquisition of Catesby, £0.9 million of non-cash share based payment expense and £0.5 million of non-recurring costs
Discount on acquisition	4.7	(0.5)	Discount arising on acquisition of Catesby as net assets greater than consideration
Revaluation surpluses	3.6	18.3	Uplift in valuation of Alconbury of £1.7 million, Rugby of £0.7 million and Howick Place of £1.2 million
<b>Profit before tax</b>	<b>5.8</b>	19.2	
<b>Per share</b>	<b>4.1p</b>	20.8p	

<sup>1</sup> Period to 30 September 2014 reflects nine months of Urban&Civic only, four months of Terrace Hill

# Summarised balance sheet as at 31 March 2015

<b>£m</b>	<b>31 March 2015</b>	<b>30 September 2014</b>	<b>Comments</b>
Property interests	259.0	166.8	Alconbury £121.7m, Rugby £15.8m, Catesby assets £36.9m, Manchester sites £23.8m, commercial assets under construction £16.0m, other £33.8m
Net cash	96.4	162.8	Cash of £107.6m less HCA loan of £11.2m
Deferred tax (net)	4.6	7.0	DT asset of £8.4m less DT liability of £3.8m
Working capital	(11.0)	(1.5)	
Current tax	(2.0)	-	Liability relating to pre-acquisition period of Catesby
<b>IFRS net assets</b>	<b>347.0</b>	<b>335.1</b>	
<b>EPRA adjustments</b>	<b>24.1</b>	<b>15.7</b>	<b>Alconbury £7.3m, Herne Bay £7.5m, other commercial assets £1.8m, Catesby sites £3.7m, Deferred tax £3.8m</b>
<b>EPRA net assets</b>	<b>371.1</b>	<b>350.8</b>	

Alconbury CBRE valuation £129.0m-£121.7m reflected on balance sheet; £7.3m EPRA adjustment.

Rugby – 50% of property valuation of £66.7m-£33.4m less £15.8 outstanding purchase price and £1.8m accruals.

# Financial highlights

---

	<b>31 March 2015</b>	30 September 2014	Listing	March-Sept increase	March-Listing increase
EPRA Net assets	<b>£371.1m</b>	£350.8m	£323.8m	5.8%	14.6%
EPRA Net assets per share	<b>259.0p</b>	249.7p	231.0p	3.7%	12.1%
EPRA Triple Net assets per share	<b>253.5p</b>	244.7p	229.0p	3.6%	10.7%

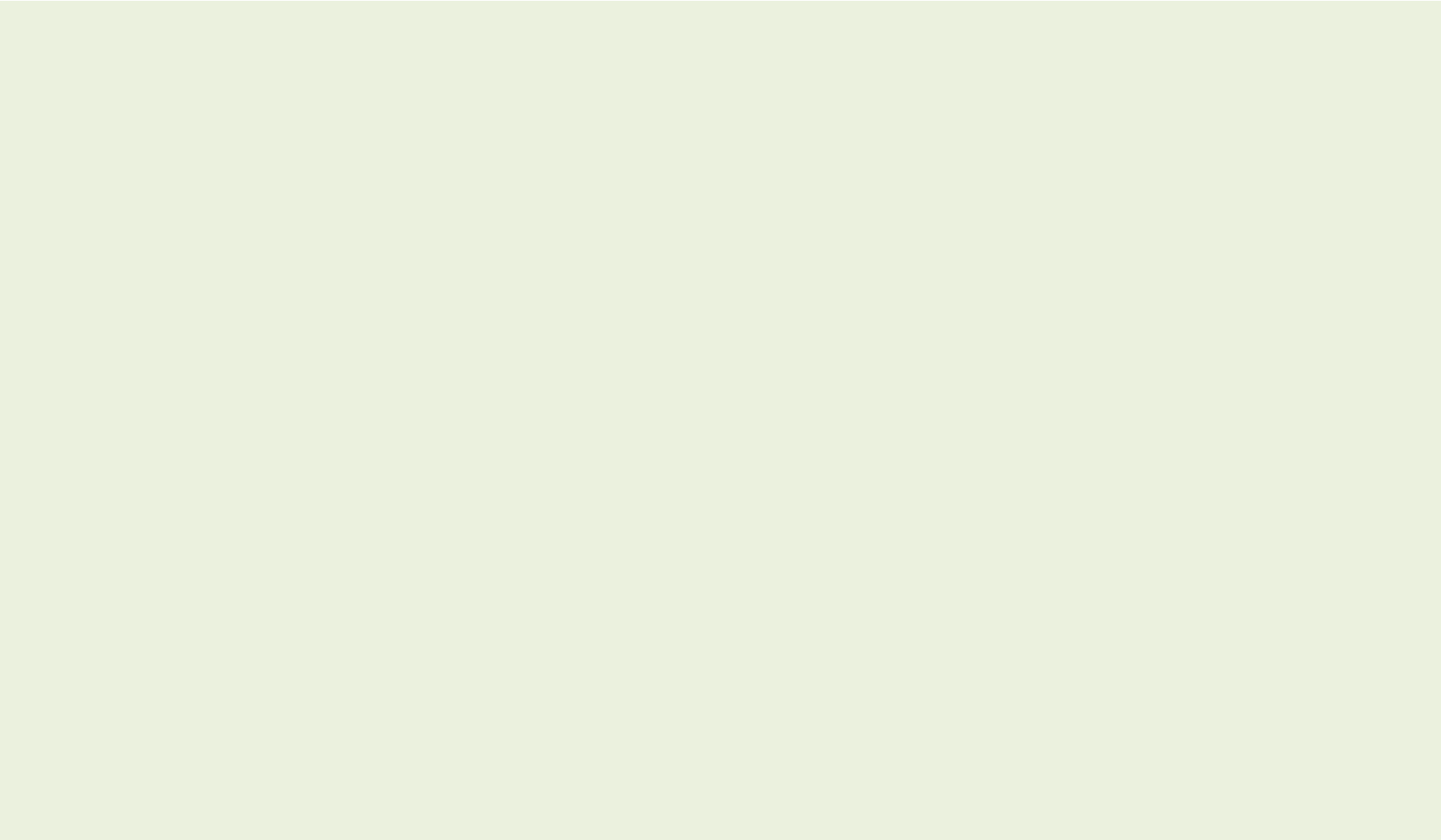
# Outlook and conclusion

---

- Election outcome could herald greater local sensitivity. Success rate on appeals already trending down and may drop further. If anything, pressure will be towards the implementation of larger sites. Expect modest carrots
- Milestones met with 1Q delay on Alconbury reflecting bespoke partnership selection process
- 2016 residential sales across all 3 major consented sites
- Strategic valuations are stepped; future NAV growth remains strongly leveraged into residential delivery
- Catesby acquisition already patently proving its worth
- Interim dividend of 1p per share, following on from maiden 1.5p, represents 12 month acceleration on guidance given at May 2014 Listing
- Business is bristling with optionality

# Appendices

---





# Valuation movements on Alconbury and Rugby

---

<b>£m</b>	<b>Alconbury</b>	<b>Rugby (100%)</b>
CBRE valuation at 30 September 2014	119.0	60.0
Infrastructure costs net of grants	8.0	1.2
Land options acquired	-	3.7
Carrying value pre valuation uplift	127.0	64.9
Valuation uplift	2.0	1.8
<b>CBRE valuation at 31 March 2015</b>	<b>129.0</b>	<b>66.7</b>
<b>Percentage uplift in valuation</b>	<b>1.6%</b>	<b>2.8%</b>

---

# Asset breakdown

	<b>31 March 2015 £m</b>	30 September 2014 £m
Alconbury	<b>129.0</b>	119.0
Rugby (50% interest) <sup>1</sup>	<b>15.8</b>	13.6
Newark	<b>21.9</b>	-
Manchester sites	<b>23.8</b>	-
Herne Bay	<b>12.2</b>	11.1
Bridge Quay	<b>6.1</b>	3.5
Bradford	<b>11.6</b>	-
Feethams Darlington	<b>6.7</b>	3.4
Catesby land promotion sites	<b>16.7</b>	-
Scottish land sites	<b>12.9</b>	12.9
Howick Place	<b>6.6</b>	5.4
Other	<b>19.8</b>	13.6
EPRA valuations	<b>283.1</b>	182.5

<sup>1</sup> Rugby investment net of outstanding consideration

# Catesby fair value

---

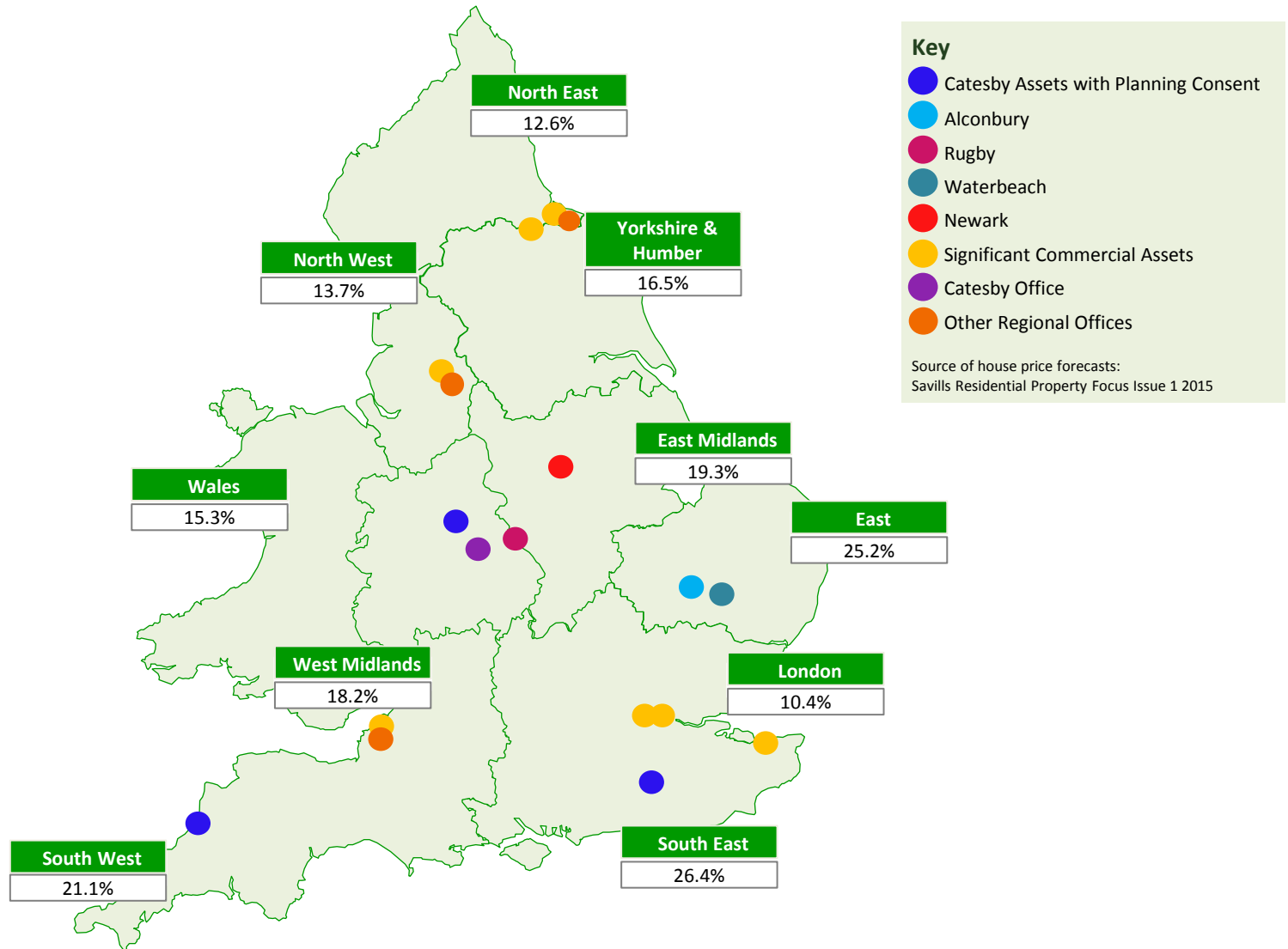
	£m	£m
Fair value of consideration:		
- Initial and deferred (£3.3m) paid in cash	22.0	
- Initial and deferred (£1.9m) paid in shares	11.2	
	<hr/>	33.2
Net assets acquired:		
- Book value (including cash of £6.6m)	28.6	
- Fair value adjustment	9.3	
	<hr/>	37.9
Discount on acquisition		<hr/>
		4.7
		<hr/>

# Housebuilder land-bank stats

## UK quoted housebuilder comparison

	Date	Period	Plots	Average sales price	Cost per plot as quoted in current land-bank
Barratt	30-Jun-14	Full Year	66,570	£219,900	£46,400
Bovis	31-Dec-14	Full Year	18,062	£216,600	£46,600
Persimmon	31-Dec-14	Full Year	87,720	£190,667	£30,500
Redrow	30-Jun-14	Full Year	16,724	£239,500	£63,000
Taylor Wimpey	31-Dec-14	Full Year	75,136	£213,000	£49,600
<b>Alconbury</b>	<b>31-Mar-15</b>		<b>5,000</b>	<b>£276,000</b>	<b>£16,170</b>
	<i>30-Sep-14</i>				<i>£15,400</i>
<b>Rugby</b>	<b>31-Mar-15</b>		<b>6,200</b>	<b>£258,000</b>	<b>£12,125</b>
	<i>30-Sep-14</i>				<i>£11,500</i>

# Urban&Civic locations and five year house price forecast 2015-2019



# Disclaimer

---

## **Forward-looking statements**

This presentation may include certain forward-looking statements, beliefs or opinions, including statements with respect to Urban&Civic plc's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the Urban&Civic plc Directors in good faith based on the information available to them at the date of the 2014 results announcement and reflect the Urban&Civic plc Directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of the 2014 results announcement and Urban&Civic plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation. No statement in the presentation is intended to be, or intended to be construed as, a profit forecast or profit estimate and no statement in the presentation should be interpreted to mean that earnings or NAV per Urban&Civic plc share for the current or future financial years will necessarily match or exceed the historical earnings or NAV per Urban&Civic plc share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute a recommendation regarding any securities.