Urban&Civic

Annual Report and Accounts 2021

Urban&Civic

We were founded on the dual belief that it was impractical to meet housing requirements without an increased contribution from large sites and that it was possible to deliver high quality, locally endorsed and sustainable large sites. From private equity backed start up, to public company and now wholly owned by the Wellcome Trust, over the last 11 years, our business has grown to become the leading Master Developer of large-scale Strategic Sites.

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

Purpose

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

Vision

As the leading Master Developer of large scale Strategic Sites, we strive to be proud of the sustainable communities we are crafting, the quality of placemaking we are delivering and the challenges that we are overcoming through shared innovation and passion.

Values

- Quality
- Integrity
- Passion
- Partnership
- Innovation

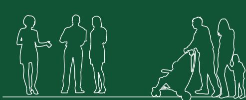
Read more on our values and approach to culture on page 7

Our portfolio

Read more page A

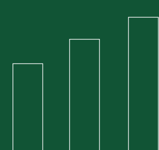
Our business model

Read more page 4



Our strategy

Read more page 20



Our KPIs

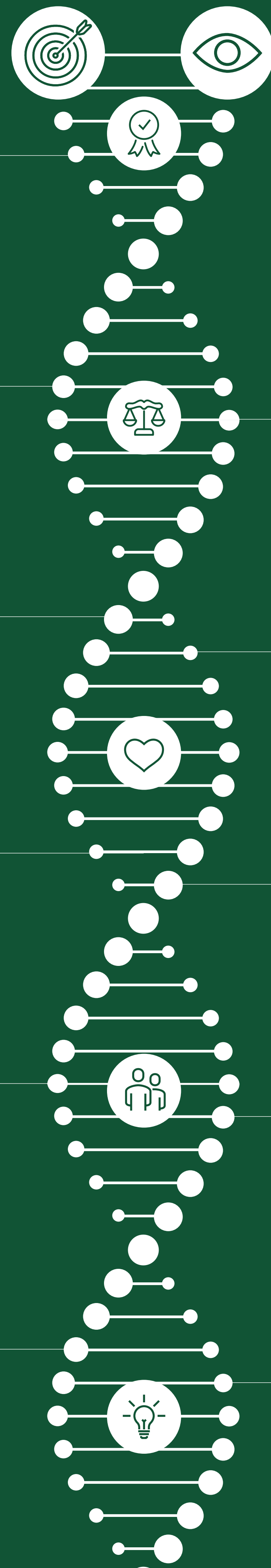
Read more page 24

Our stakeholders

Read more page 28

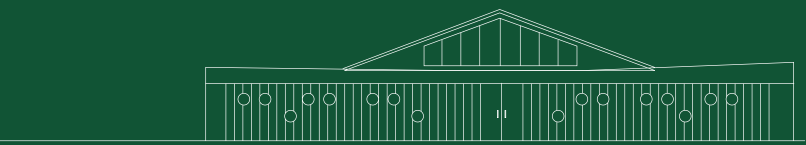
Our sustainability approach

Read more page 34



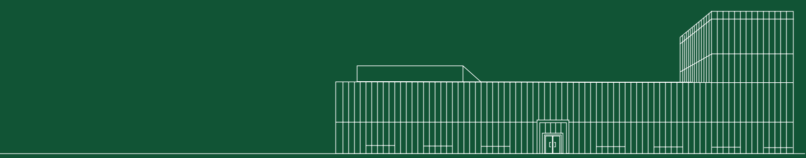
Seeing is believing

With eight large scale sites in delivery, we are constantly learning and evolving best practice which we implement across our portfolio and incorporate into the design and planning for our emerging projects. This consistency of approach can be illustrated across a wide range of themes and we have selected a few to highlight throughout the pages of this report.



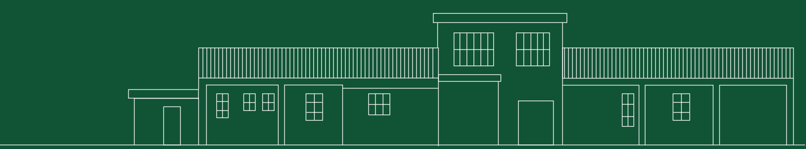
Schools

Read more page 8



Design

Read more page 18



Heritage

Read more page 22

Landscape

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Community facilities

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Strategic report

G

Governance

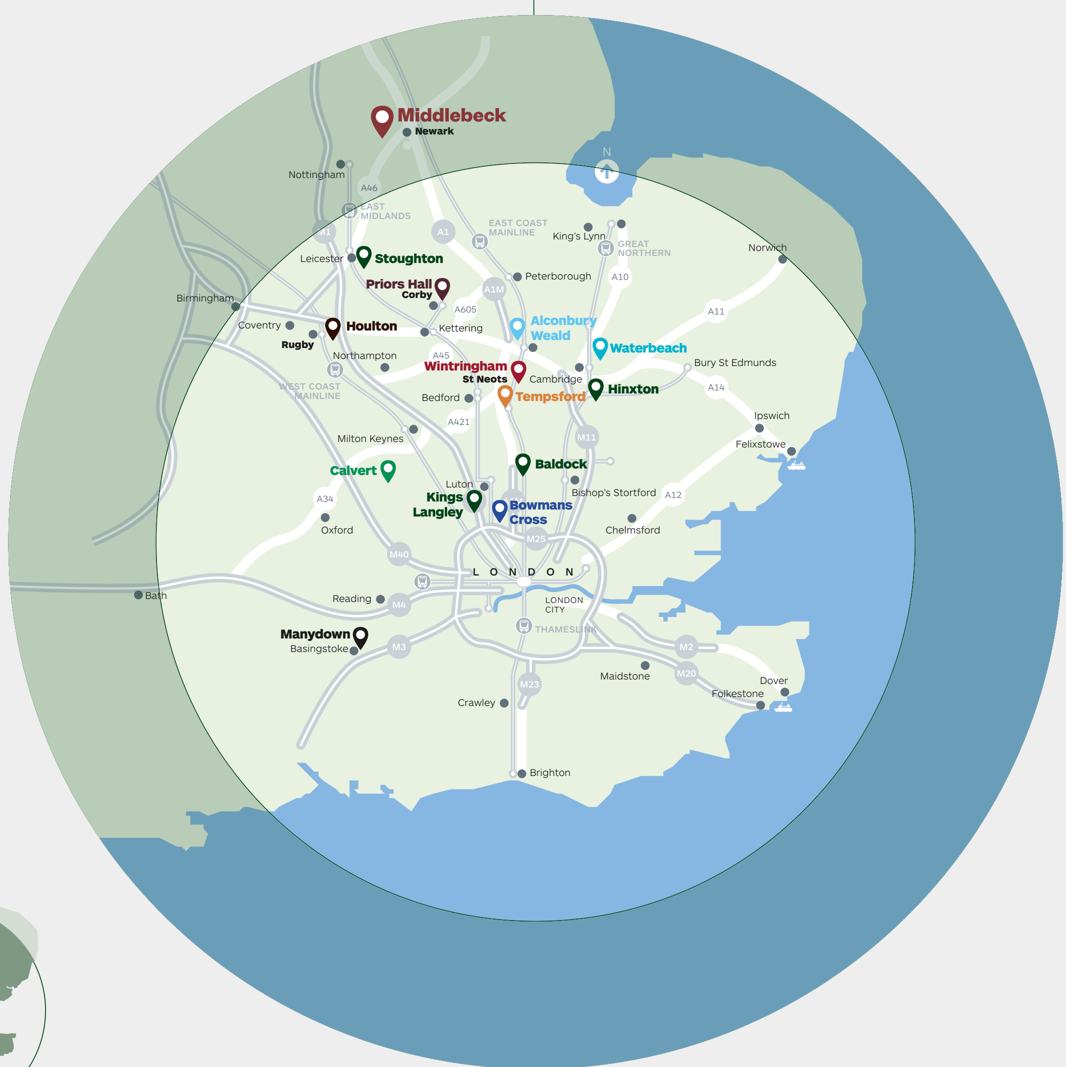
F

Financial statements

For more information and insights visit:
www.urbanandcivic.com

The UK's leading Master Developer

We are the UK's leading Master Developer having been specifically created 11 years ago to disrupt the established approach to the promotion and delivery of large scale residential led Strategic Sites. Since being acquired by the Wellcome Trust we have materially increased our portfolio of Strategic Sites.



Our Strategic Sites

Read more on pages A to D

Over 16,000 acres of land, predominantly within 100 miles of London

Alconbury Weald
Wintringham St Neots
Waterbeach Barracks
RadioStation Rugby
Priors Hall Northamptonshire
Middlebeck Newark
Manydown Basingstoke
Bowmans Cross Hertsmere
Baldock* North Hertfordshire
Kings Langley** Hertfordshire
Hinxton† Cambridgeshire
Tempsford Bedfordshire
Calvert Buckinghamshire
Stoughton Leicestershire

* Completion with Hertfordshire CC is expected imminently.
** Subject to Charity Commission approval to transfer from Wellcome Trust to Urban&Civic.
† Formal agreement with Wellcome Trust to be concluded.

Our partners

Read more on pages 28 to 31

Moving forwards together

Our stakeholders

Read more on pages 28 to 31

Working with a wide variety of stakeholders

Our customers

Read more on pages 28 to 31

From the diverse housebuilder market

Strategic Sites

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

No. of sites	Homes consented and submitted
14	33,000

Catesby

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

No. of sites	Total acres
63	3,935

Commercial

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

No. of sites	Total square footage
2	394,000

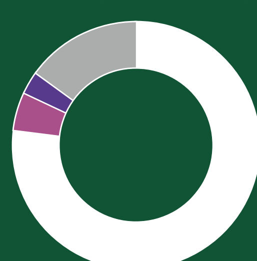
Other land

In addition to the Stoughton Strategic Site, Wellcome Trust has also transferred a number of agricultural assets into Urban&Civic, which together comprise their Farmcare portfolio. We continue to manage these assets.

No. of sites	No. of acres
5	12,500

Portfolio value by segment

At 30 September 2021, plus Farmcare



- Strategic Sites: 77%
- Commercial: 5%
- Catesby: 3%
- Other land: 15%

Open the pages to reveal our full portfolio

Strategic Sites in Delivery

- **33,000** consented homes
- **2,380** acres of open space
- **19** new primary schools
- **5** new secondary schools
- **8 million sq. ft.** employment floorspace
- **53km** of road
- **16,139** total acres (across all sites)

Our strategic projects are large scale areas of land for mixed-use housing led development. Whilst a number are owned outright, Urban&Civic predominantly works in partnership with like-minded land owners and investors to deliver significant projects.

In delivery
100% interest

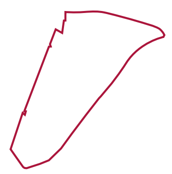
Alconbury Weald

Location: Cambridgeshire
Site appointed: 2009
Receipts received from: 2016

Total size (acres): **1,425**
Homes anticipated: **6,500** (including 5,000 consented)
Serviced land plots sold, contracted or own account: **1,703**
Primary: **3** Secondary: **1**
Employment (sq. ft.): **3,333,000**
Open space (acres): **608**

2021 progress:
- Completion of Cambridgeshire County Council HQ.
- Site preparation underway for delivery of Alconbury Education Campus.

In delivery
33% interest



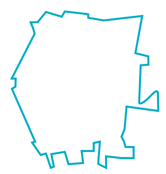
WINTRINGHAM ST NEOTS

Location: Cambridgeshire
Site appointed: 2017
Receipts received from: 2020

Total size (acres): **400**
Homes consented: **2,800**
Serviced land plots sold or contracted: **1,086**
Primary: **2** Secondary: **0**
Employment (sq. ft.): **683,508**
Open space (acres): **68**

2021 progress:
- Wintringham Primary School opened.
- Deals with Durkan, Stonebond and Barratt completed.

In delivery
9% interest



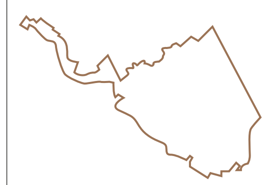
Waterbeach Barracks

Location: Cambridgeshire
Site appointed: 2014
Receipts anticipated: 2021

Total size (acres): **716**
Homes consented: **6,500**
Serviced land plots sold or contracted: **200**
Primary: **3** Secondary: **1**
Employment (sq. ft.): **290,625**
Open space (acres): **59**

2021 progress:
- Site preparation works ongoing across Key Phase 1.
- Deals done with Stonebond and Cala.

In delivery
50% interest



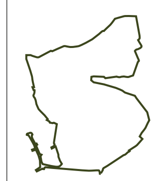
Come home to HOULTON

Location: Warwickshire
Site appointed: 2014
Receipts received from: 2017

Total size (acres): **1,170**
Homes consented: **5,952**
Serviced land plots sold or contracted: **1,556**
Primary: **3** Secondary: **1**
Employment (sq. ft.): **1,145,000**
Open space (acres): **507**

2021 progress:
- Opening of Co-op, nursery and Houlton School.
- Deals with William Davis, Morris, Davidsons and Lovells completed as well as with Goldman Sachs for 149-unit Build to Rent parcel.

In delivery
100% interest



Priors Hall Northamptonshire

Location: Northamptonshire
Site appointed: 2017
Receipts received from: 2017

Total size (acres): **965**
Homes consented: **4,320**
Serviced land plots sold or contracted: **995**
Primary: **3** Secondary: **1**
Employment (sq. ft.): **269,098**
Open space (acres): **395**

2021 progress:
- District Centre opened and Zone 2 earth levelling works completed.
- Deals done with Taylor Wimpey and Barratt for Zone 2 parcels.

In delivery
82% interest

Middlebeck Newark

Location: Newark
Site appointed: 2014
Receipts received from: 2018

Total size (acres): **694**
Homes consented: **3,150** (anticipated delivery 2,940)
Serviced land plots sold or contracted: **542**
Primary: **2** Secondary: **0**
Employment (sq. ft.): **2,045,000**
Open space (acres): **178**

2021 progress:
- Primary school opened.
- Funding for link road secured.

Early delivery
50% interest*

MANYDOWN BASINGSTOKE

Location: Hampshire
Site appointed: 2018

Total size (acres): **794**
Homes consented (resolution to grant): **3,500**
Primary: **2** Secondary: **1**
Employment (sq. ft.): **64,583**
Open space (acres): **432**

2021 progress:
- Outline planning permission granted.
- Archaeological works commenced on site.

* Subject to JV partners approval to transfer of Wellcome Trust's 25 per cent to Urban&Civic.

Early delivery
Development Management Agreement*

Hinxton Cambridgeshire

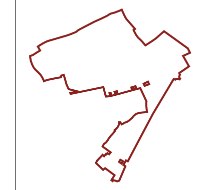
Location: Cambridgeshire
Site appointed: 2021

Total size (acres): **314**
Homes consented: **1,500**
Additional Life Science floorspace (sq. ft.): **1,615,000**
Primary: **1** Secondary: **0**
Employment (sq. ft.): **91,500**
Open space (acres): **133**

2021 progress:
- Master planner appointed.
- Detailed applications submitted.

* Formal agreement with Wellcome Trust to be concluded.

In planning
50% interest*



Baldock North Hertfordshire

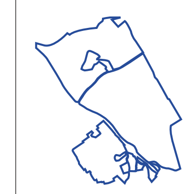
Location: Hertfordshire
Site appointed: 2021

Total size (acres): **527**
Homes anticipated: **up to 3,300**
Primary: **2** Secondary: **1**
Employment (sq. ft.): **600,000**
Open space (acres): **214**

2021 progress:
- Technical assessments commenced.

* Completion with Hertfordshire CC is expected imminently.

In planning
Development Management Agreement



Bowmans Cross Hertsmere

Location: South Hertfordshire
Site appointed: 2019

Total size (acres): **1,539**
Homes anticipated: **5,600**
Primary: **5** Secondary: **2**
Employment (sq. ft.): **161,459**
Open space (acres): **603**

2021 progress:
- Technical assessments undertaken.
- Community engagement.
- Local plan representations submitted.

In planning
100% interest*

Kings Langley
Hertfordshire

Location:
Hertfordshire

Site appointed:
2021

Total size (acres)
380

Homes anticipated
c.1,900

Primary	Secondary
2	0

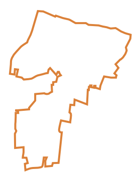
Employment (sq. ft.)
22,000

Open space (acres)
185

2021 progress:
- Local representations submitted.
- Early engagement with local stakeholders.

* Subject to Charity Commission approval to transfer from Wellcome Trust to Urban&Civic.

Pre-planning
Option



Tempsford
Bedfordshire

Location:
Bedfordshire

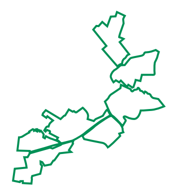
Site appointed:
2020

Total size (acres)
2,113

Homes anticipated
up to 7,000

2021 progress:
- Ongoing engagement with local stakeholders.
- Local plan representations made.

Pre-planning
100% interest*



Calvert
Buckinghamshire

Location:
Buckinghamshire

Site appointed:
2018

Total size (acres)
785

Homes anticipated
5,000

2021 progress:
- Ongoing engagement with local stakeholders.

* Conditional agreement with landowner.

Pre-planning
100% interest*

Stoughton
Leicestershire

Location:
Leicestershire

Site appointed:
2021

Total size (acres)
4,317

Homes anticipated
c.10,000

2021 progress:
- Early engagements with local stakeholders.
- Technical assessments undertaken.

* Acquired post 30 September 2021 with other Farmcare assets.

Catesby Estates plc

Our Catesby promotions are smaller scale residential sites, of up to 2,000 units, in locations of proven housing need, which we sell on to our housebuilding customers once planning consent is achieved. Catesby's office network continues to expand within the Group's 100 miles from London philosophy. The revenue created by these developments can be reinvested into our Strategic Site portfolio.

Status of sites:

Sold 6%

Scale:
211 acres

Sites sold:
10

Consented 4%

Scale:
144 acres

Sites consented:
4

In planning 82%

Scale:
3,236 acres

Sites in planning:
46

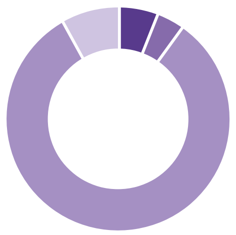
Pre-planning 8%

Scale:
343 acres

Sites pre-planning:
3

Who we have sold to:

Redrow, Vistry Group, Miller Homes, David Wilson Homes, Bewley Homes, Bellway, Anderson, Barratt Homes



Total acreage:
3,935
- Sold 6%
- Consented 4%
- In planning 82%
- Pre-planning 8%

Commercial

Following the construction completion of the 351 unit residential development known as Manchester New Square (a joint venture with the Greater Manchester Pension Fund), the Group's investment in commercial property outside of our Strategic Sites is limited.

Scale:	Sites:
394,000 sq. ft.	**2**

Completed 100%

Other land

Other land comprises arable farmland transferred to the Group by the Wellcome Trust on 1 October 2021. Further details have been disclosed under post balance sheet events.

Scale:	Sites:
12,500 acres	**5**

Our business model

Our key resources

To generate serviced land parcels on large scale Strategic Sites where our customers want to build and where their customers/employees want to live and work requires a number of key and consistent ingredients.

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

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

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

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

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

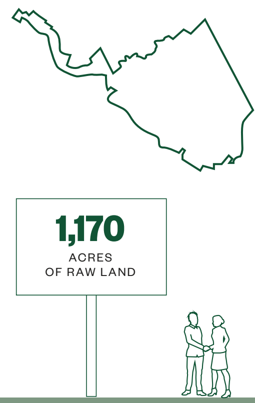
The Master Developer

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

The role of an effective Master Developer is to take project responsibility, in our case, from conception all the way through its implementation.

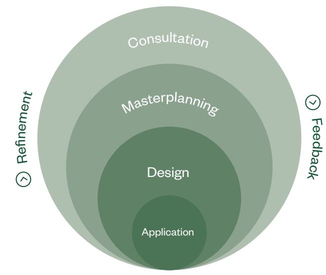
Raw land

Large blocks of land acquired directly or through partnerships



Planning

Application of a flexible and innovative planning structure



Portfolio

Our Strategic Sites are at different stages of the delivery process and so our model is structured to address this evolution and is fully scalable as further sites are added.

Tempsford
Bedfordshire

Stoughton
Leicestershire

Calvert
Buckinghamshire

Baldock
North Hertfordshire

Kings Langley
Hertfordshire

Bowmans Cross
Hertsmere

Supported by our wider portfolio:
Catesby, Commercial and **Other land**

Sustainability capitals

Our Five Capitals ensure we adopt a holistic approach throughout the planning, delivery and occupation stages with key metrics assessed and challenges addressed.

Physical

Social

Read more on our approach to sustainability on page 34

Passion

Partnership

Innovation

Stakeholder outcomes

Delivery	Serviced land (product)

Green infrastructure

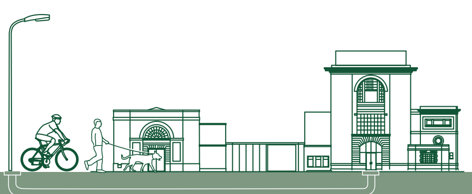
Early delivery of a significant and sustainable green infrastructure framework

Grey infrastructure

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

Community infrastructure

Establishing quality and cohesion via the early delivery of community facilities



Housebuilders add the homes, businesses add the commercial spaces.

We work with:

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

Waterbeach Barracks

Alconbury Weald

Hinxton Cambridgeshire

Come home to HOULTON

Middlebeck Newark

Priors Hall Northamptonshire

MANYDOWN BASINGSTOKE

WINTRINGHAM ST NEOTS

View our Master Developer in detail at: urbanandcivic.com

Read more about our portfolio in our at a glance on pages 2 and 3

Economic

Natural

Human

Shareholder

EPRA NTA

£514.8m (+9.1%)

Employees

Percentage of staff completing 10 or more hours of non-mandatory training

54%

Customers

Plot completions

1,219 (+44.4%)

Suppliers and contractors

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

38 points

Partners

Average number of safety logs recorded per dwelling by our housebuilders

2.4

Environment

Net reduction this year in our operational carbon emissions per sq. m. of occupied asset over a 2020 baseline

7%

Local communities

% by total value of direct contracts placed with local contractors

63%

Reinforcing the commitment to our values and the Urban&Civic Sustainability Five Capitals

PETER PEREIRA GRAY —
CHAIRMAN

"

Master Developers have many responsibilities; not in the least that they must lead from the front.

As incoming Chairman, I take great pleasure introducing a record set of results for Urban&Civic. Wellcome Trust's acquisition of the business earlier in the year stemmed from a belief in the executive team, the assets owned, and recognition of a profound opportunity for the leading business of its type in the UK. The Master Developer Strategic Site model that Urban&Civic proselytises points the way towards meeting a housing need in South East England through development that is infrastructure led. In excellent execution, it optimises outcomes for all, especially for incoming residents.

With a few months of working together under our belts, I can report a deep satisfaction that initial expectations of colleagues at both Urban&Civic and the Wellcome Trust of a common set of values have been more than cemented. Urban&Civic is now the largest operating subsidiary in the Investment Division of the second biggest medical research charity in the world. Wellcome Trust's commitment to science is absolute. As investors, that is manifested in an unequivocal responsibility to sustainability and to seeing net carbon reduction achieved across the whole portfolio. Urban&Civic will be held to no lesser standards.

Master Developers have many responsibilities, not in the least that they must lead from the front. Under Wellcome Trust's stewardship, there will be no let-up in our determination to show market leading and quantifiable environmental progress, on top of consistent contributions to housing numbers to drive investment returns and hence the contribution to medical science that the world so desperately needs today.

Urban&Civic is in the business of working with multiple stakeholders. We appreciate their involvement and recognise the benefits and importance of those relationships. What we stand for and the manner in which we go about our business has become a real source of added value as stakeholders increasingly seek out Urban&Civic as the Master Developer of choice with whom they, in turn, wish to work. The significant level of infrastructure commitment and the duration of our strategic projects are such that they afford positive environmental, social and financial outcomes.

The new secondary school at Houlton that opened in September 2021 represents a case in point. Universally acclaimed and over-subscribed already for the 2022 intake, the conversion of listed buildings of historic importance linked by a new road to Rugby Railway Station and incorporating the first bus lane in the Borough demonstrates the positives of joined-up thinking and public/private partnerships. As Master Developer Urban&Civic may have led the process, but the Department for Education, LocatED, Warwickshire County Council (Highways and Education), Rugby Borough Council, English Heritage, Sport England and Transforming Lives Educational Trust all played vital roles. Not to miss out, our contractors, Morgan Sindall, responded rapidly and uncomplainingly to the challenges of lockdown and worked safely and tenaciously throughout with almost entirely local labour to keep to price and programme. This was partnership par excellence, and Urban&Civic is becoming increasingly skilled at managing such complexities to deliver positive outcomes for society.

We are also seeing practical demonstrations beyond the built form of our early resolutions in relation to sustainability. Two years ago we began by setting clear, empirical targets for net environmental improvement based around our five capitals: Physical, Social, Economic, Natural and Human. Very often the applications interrelate. Creating places with high quality and accessible outdoor space (physical) promotes community (social) and helps people lead healthier lifestyles (human). In example, we now draw up development-specific education packs from the technical Environmental Impact Assessments that might otherwise typically be abandoned to back shelves once planning consent is granted. Real-life learning and experience means that those pupils and their parents are more likely to get involved and want to maintain the environment (natural). Taken together, we aspire to create places that have greater value (economic) than less well-planned alternatives.

Deploying sources of capital appropriately, of course, includes an element of enlightened self-interest. The direction of planning policy will almost certainly include actual quantification of net environmental improvement going forward. Urban&Civic, is and intends to be, well set. Our sustainability targets were established and continue to be refined within a framework of minimum standards that apply across our portfolio to inform our decisions, drive further innovation and guide our teams. This staged approach can be adapted to changing definitions and still moving national and international goalposts. The creation of this framework with annual environmental accounting has enabled us to create something which is both useful and reflective of the true Master Developer role. We are committed to being able to demonstrate against key environmental performance indicators just how we walk the walk.

Following on from the £506.8 million acquisition in January 2021, Wellcome Trust has further underlined its support in transferring ownership of Farmcare Trading Ltd and, subject to further approvals, land holdings at Kings Langley, Hertfordshire, and the matching 25 per cent interest at Manydown to that owned already into Urban&Civic. The aggregate value of those transfers is of the order of £200 million. Whilst meaningful, the appetite to build the business remains unabated. The expansion of the world-renowned Genome Research Campus at Hinxton, Cambridgeshire, part of the very beating heart of the Wellcome Trust, is being taken forward by Urban&Civic under a Development Management Agreement. On that basis and including the joint venture with Hertfordshire County Council for which the Company was selected as Master Developer in May 2021, Urban&Civic now has stewardship of 14 strategic projects all making, or capable of making, a meaningful positive impact for society.

I pay tribute to the outgoing members of the Board that was so ably and professionally led by Alan Dickinson, my immediate predecessor, and to the continuing executive that has seamlessly moved to embrace and partner with a new shareholder. I am delighted that Bill Holland agreed to stay on as Audit Chair, along with Rosemary Boot, who has a particular interest and close involvement in the Company's initiatives around sustainability and biodiversity net gain.

We have started well. We have the team, the model, the track record and the relationships. Our ambitions and capacity are for more. We look forward with enthusiasm to the year ahead.

Peter Pereira Gray
Chairman
16 December 2021

Embedding culture through our purpose, vision and values across the business

Urban&Civic has always been a values driven business and has evolved a clear purpose and vision over the last 11 years.

Seeing is, however, believing and the Strategic Sites under delivery are testament to the approach and belief of the whole team. This combination of quality, partnership, innovation, passion and integrity was on display at the Urban&Civic away day which, this year, was held at the recently opened Houlton School.

The role that education plays within our Strategic Sites is highlighted as a specific theme in this report and it was fantastic to hear from the headmaster, architect and contractor about the delivery and operation of this amazing school where Urban&Civic took on the risk of incorporating a historic Grade II listed building. Sitting in the converted Power Hall, the team were rightly proud of their achievements and what we as a business had delivered by working with so many different stakeholders, all of whom had been an integral part of the process.

We do not take belief in our values for granted or rest on our achievements to date. From induction right through to appraisal, we ask our team to consider how they can contribute to our vision and values. We also assess via employee surveys whether the team understand that vision and those values and whether they are proud to work for Urban&Civic. In our recent Employee Survey, which has been named the Bugill and for which we had a 93 per cent participation rate, our team gave the business a 91 per cent engagement score confirming Urban&Civic "has a workplace approach resulting in the right conditions for all employees to give their best each day, to be committed to their organisation's goals and values, be motivated to contribute to organisation success and have an enhanced sense of wellbeing". The Board has oversight of culture through a mix of reporting and direct engagements.

As part of Wellcome Trust, our vision and values have only strengthened further as has our collective determination to deliver value for our shareholder and stakeholders alike.

Click to read Saved by the Bell – The 2021 Employee Away Day

How we integrate culture within our business

Corporate
Lead via:
- Board oversight
- Leadership decisions
- Consideration at: Executive Management Committee, Strategic Committees and Employee Advisory Group
- Team meetings
- Corporate reporting
- Policies and processes
- Risk management

Learning and development
Reinforce via:
- Individuals and teams to highlight their role in supporting the values
- External training which emphasises relevance of the values

Internal comms
Emphasise/highlight via:
- Intranet
- Away day/in day
- Employee survey
- Fortnightly all staff briefing

Human resources
Embed via:
- Recruitment criteria
- Induction and probation
- Performance and development reviews
- Remuneration including LTIPs for all staff
- Exit interviews

Schools

School buildings with the ambition to match their pupils

School buildings should be exceptionally well designed both inside and out. With five primary schools and two secondary school already delivered across our sites we have worked with some of the leading architectural practices in the country to create inspiring places to study. Our design codes also set out the wider spatial considerations which need to be incorporated to establish spaces where parents can drop off and collect their children comfortably, sustainable travel routes and clear desire lines to encourage walking and cycling from across the site and connected nearby uses such as playgrounds, nurseries, shops and cafés.

5
secondary schools
2 delivered
(1 in delivery)

19
primary schools
5 delivered
(1 in delivery)

Working in partnership

Schools are so much more than section 106 contributions to be discharged. Properly considered, they are the building blocks for a new community providing opportunities to make exceptional design statements, generate strong community ties, accelerate housing demand and establish sustainable travel patterns. Large scale Strategic Sites normally necessitate the delivery of a number of primary schools and at least one secondary school. Working with the county council as education authority, the local academy trusts, LocatED and the Department for Education, we seek to ensure that the schools are delivered on time, on budget and with the facilities needed for both the school and the local community.

The Master Developer Approach:

1. Understand the educational needs of the wider area and the development to come forward.
2. Provide the funding, land and delivery mechanisms to bring forward schools to meet that need.
3. Incorporate schools into design codes both in terms of the schools themselves and the spaces and uses around them and the routes to them.
4. Work with all stakeholders to design and deliver the schools on time and budget as well as negotiating community access to use facilities out of school hours.
5. Work with and support the academy trusts to become fully integrated into the surrounding community.
6. Provide schools with educational material which explains the landscape and heritage immediately around them.
7. Celebrate great schools, learn lessons, refine and repeat.

CHRIST CHURCH
C of E PRIMARY SCHOOL

Christ Church
Newark

ST GABRIEL'S CofE ACADEMY
HOULTON

HOULTON
SCHOOL

Ermine Street Church Academy
Member of the Diocese of Ely Multi-Academy Trust

Priors Hall
A Learning Community

Corby Business Academy


Christ Church School
WINTRINGHAM


Ermine Street Church Academy
ALCONBURY WEALD

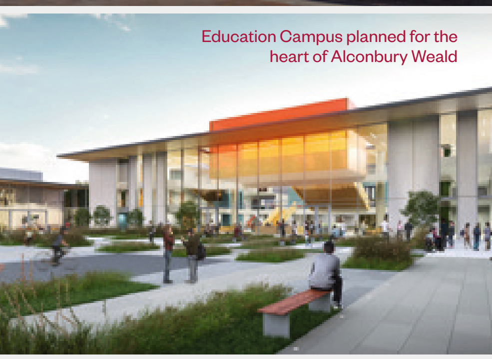

St Gabriel's school
HOULTON

Christ Church School
MIDDLEBECK

But it's more than just buildings

Successful schools require everyone to play a part and the headteachers and principals of these schools are key players in their growing communities. Whilst Covid-19 has necessarily restricted integration and access, school buildings and spaces have regularly been in community use and sports halls have been designed with the wider community in mind. We are also exceptionally proud of the role our team has in supporting the schools by becoming governors and working with other stakeholders to generate support and allow pupils to play an important part in the life of the growing community.

Read our case studies online at **www.urbanandcivic.com/schools**

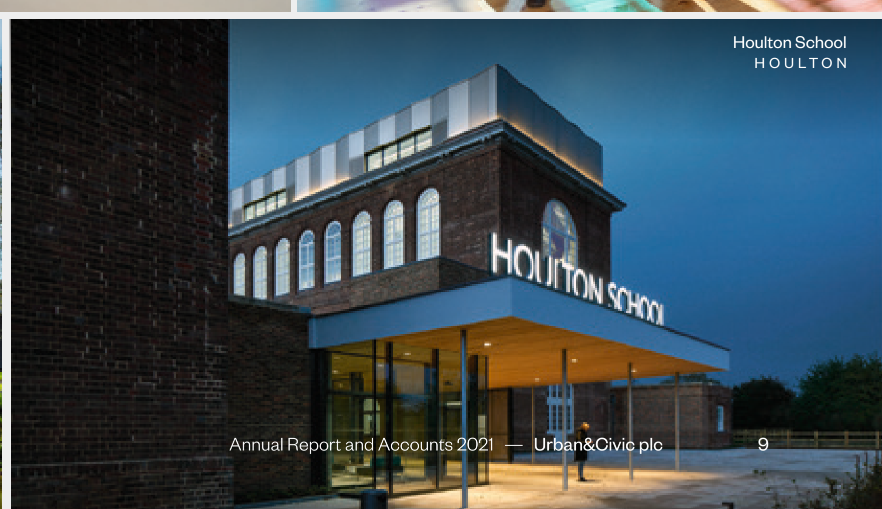

Education Campus planned for the heart of Alconbury Weald


Ermine Street Church Academy visit
ALCONBURY WEALD


St Gabriel's school library
HOULTON


Christ Church School hall
MIDDLEBECK


Ermine Street Church Academy
ALCONBURY


Houlton School
HOULTON

Infrastructure led, demonstrable quality and strong backing

NIGEL HUGILL —
CHIEF EXECUTIVE

"

The plain fact is that infrastructure led, large site placemaking affords the potential for positive environmental upgrade in a manner that infill development never can.

Introduction

The recommended offer from the Wellcome Trust for Urban&Civic completed at the end of January 2021. Visible endorsement came in the form of 99.6 per cent of shareholders voting in favour. We had good grounds for confidence but I am pleased to say that operations since could scarcely have gone better. The acquisition rested on comprehensive industrial logic, sustained by a joint expectation that the contribution of large Strategic Sites in meeting residential need in South East England would only increase. Wellcome Trust had been a supportive shareholder as well as a patient joint venture partner on our Basingstoke extension at Manydown.

The plain fact is that infrastructure led, large site placemaking affords the potential for positive environmental upgrade in a manner that infill development never can. Urban&Civic already led the field in demonstrating just how strong such upgrades can be under empathetic and experienced custodianship. The introduction of a like minded shareholding parent in the Wellcome Trust has added further balance sheet clout, as well as significant new projects. Our promise of front end investment is necessarily capital intensive but builds sound foundations for what we expect will prove to be reliable, inflation protected returns. That profile aligns directly with the requirements of the second largest medical trust in the world looking to fund long-term scientific research projects.

The supporting evidence for the presumption in favour of large sites continues to grow, not least in the highly successful performance of Urban&Civic in the year under review. Unlike much of the UK housebuilding industry, we never stopped working during the pandemic lockdowns. We were able to keep to programme sensibly and safely and are indebted to our construction partners for rising to the challenge. Special mention has to go to Homes England for making additional loan finance available to us from the Home Building Fund, conditional upon further acceleration in infrastructure spend. The net result was that we entered the 2021 calendar year actually ahead of schedule on some of our projects, notably at Priors Hall in Northamptonshire. Sustained demand from housebuilder customers has more than vindicated our decision to maintain investment.

Commercial considerations aside, convincing demonstration of the independent contribution that large sites can make comes from new school openings, within the broader context of our promoting locally informed learning as part of a commitment to more sustainable living. We completed three new schools during the course of the year, two of which were delivered at our risk with Urban&Civic as client. That takes the total number for which the Company has been responsible for building to five, with a further two moving currently through design. We regard schools as civic and community assets, as well as places of education and aspiration. Each is of the highest quality. The architects range from dedicated specialists to Stirling Prize winners. As Master Developer our preference is to instruct the contractor directly, rather than via the Local Education Authority.

Obviously, this results in an additional exposure but one that we are able to mitigate through what is now a deep expertise in school design and working with expert construction partners. We continue to hone our skills in the areas that we see as making the most difference. The advantage comes from clear authority and reporting and the ability to contemplate projects, for example the conversion of listed buildings as part of a remarkable new secondary school at Houlton in Rugby, that a typical local Authority would simply not be staffed to oversee.

Houlton School, Houlton, Rugby.

Whilst unusual, direct delivery of primary schools is not without precedent. In contrast, we are yet to find another instance of a state secondary school having been built without the interposition of the Local Education Authority or the Department of Education, as Urban&Civic did at Houlton. The Department advanced grant funding repayable against section 106 milestones but we instructed the design and shouldered the risks of delivery. The result is what I would put forward as the best new secondary school since the ending of the Academy programme, which opened at least five years earlier than envisaged under project requirements and was oversubscribed with six forms of entry. The nature of our contract with local communities is fundamentally different from that of piecemeal additions. Our investment is in trust, just as much as in capital. This commitment is manifestly one shared by our parent.

Summary of 2021 results

Looking back 18 months, it would have been a brave commentator that predicted the results for the year to 30 September 2021 would be the best ever. But so it has proven. Normal service was restored with EPRA net assets reaching £557.7 million at the September balance sheet date. The 11.7 per cent increase was after accounting for £4.3 million as the Company's share of costs in connection with the Wellcome Trust acquisition and constituted a 14 per cent increase on the recent EPRA low of £487.8 million at 31 March 2020, reported soon after the first coronavirus UK lockdown. The recovery was to be expected given the prevailing level of housebuilder demand but the resilience of the Master Developer model that Urban&Civic has pioneered merits highlighting. Resilience is about being able to weather a storm and recover. The model was devised in the teeth of the recession brought about by the Global Financial Crisis of 2008-9 to be able to ride out subsequent economic cycles. We can be seen to have survived a strenuous early test with pretty much flying colours.

Cash sales to highly liquid major housebuilders are starting to supplement licence receipts and will become more significant again as the Build to Rent programme gathers momentum. Notwithstanding, the £126 million of contracted minimums under licence arrangements at September 2021 was the highest ever. Housebuilder shutdowns and delayed starts meant that minimum plot advances aggregating £9.8 million fell due during the year. All were paid on time and without demur. Cash generated from plot completions (pro rata to our share) was well ahead of budget at £70.4 million. The level of contracted or agreed land sales is such that the total for the current year is likely to be markedly higher again.

The extent of cash receipts took September 2021 net gearing, calculated on an EPRA NAV look through basis against our underlying project share, down to 25.1 per cent (September 2020: 35.5 per cent). This was despite drawing down additional funding from Homes England to bring forward development spend.

The number of plot realisations across sites in delivery reached 1,219, 44 per cent up on the figure of 844 for the previous year and approaching double that of the year to 30 September 2019, before any Covid-19 impact had been felt. More remarkably, there were 715 housing completions on Urban&Civic sites during the 12 months from 31 March 2020 to 31 March 2021. This covers the period during which the UK housebuilding industry all but closed down for four months with only a gradual recovery thereafter. The ONS registered 39,458 sales of new build residential dwellings in England and Wales in the year to 31 March 2021. Almost one in fifty new houses completed in the most extreme 12 months of the construction downturn was on an Urban&Civic site. This startling statistic is for a company that was established only a little over a decade ago operating in an area where project lead times have traditionally proved long.

Profit before tax to 30 September 2021 was a highest ever £26.7 million and represented an immediate recovery from the restated £6.9 million loss reported in the previous year. Part of the improvement was accounted by delayed completions under licence but a spread of new parcel realisations also contributed, notably residual Zone 1 disposals at Priors Hall, Corby and a first sale of 149 Build to Rent units at Houlton. We were pleased to welcome Barratt David Wilson at Wintringham, St Neots and William Davis at Houlton to our roster of housebuilding customers that now numbers 28.

Special reference must be made to Catesby, our land promoting subsidiary, which was able to take advantage of the intense competition for well located housing consents in South East England to register a pre-tax profit contribution of £13.2 million. Catesby went into the year with four Resolutions to Grant planning consents awaiting local authority finalisations.

The pace of processing by planning departments is one area that has far from recovered post Covid-19 and, undoubtedly, is a further cause of near frenetic activity amongst housebuilders chasing limited opportunities to rebuild land banks. The Catesby pipeline is strong and, unlike some high profile competitors, not so dependent on appeals against five-year land supply in a political environment that seems likely to view such cases less sympathetically.

Immaturity discount for large sites

It is becoming increasingly evident that the wholesale large site discount inherent within the approach taken by our valuers, CBRE, in appraising the external market value of our projects is better seen as a discount for immaturity. The figure can be taken as an approximation to the store of future value of consented projects that naturally unwinds as realisations are made in smaller parcels and at undiscounted prices. The discount only applies to consented sites. The September 2021 figure of £201 million was down from £206 million 12 months earlier and also a lower ratio against EPRA NAV at 36 per cent (30 September 2020: 41 per cent), principally reflecting realisations in a year when there were no new planning consents on Strategic Sites. CBRE also applied some modest reduction to discount rates. The average net of inflation discount rate in the September 2021 valuations came out at approximately 6 per cent, compared with 6.5 per cent employed at September 2020. My expectation is for incremental tightening of that rate as the projects in delivery continue to mature with a corresponding transfer into appraised balance sheet value. Equally, each successive new consent will move the absolute discounted figure up, recognising early stage immaturity.

The Wellcome Trust Group accounts for property investments under UK GAAP at fair value which equates to EPRA NTA (formerly closest to EPRA triple net) and will incorporate the ownership of Urban&Civic accordingly. As a result, this will be our principal reporting measure in future. EPRA NTA at 30 September 2021 was again a highest ever £514.8 million and 9.1 per cent up on 12 months previous, after writing off the Company's share of the costs of acquisition by Wellcome Trust.

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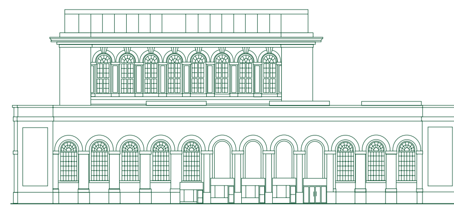
Almost one in fifty new houses completed in the most extreme 12 months of the construction downturn was on an Urban&Civic site.



Zone 2 at Priors Hall, Corby.

Homes England

The alignment with Homes England borders on absolute. It is not our policy to borrow against land and all finance secured or relating to strategic projects is from Homes England or the Department of Education and directed to infrastructure spend. Total strategic project facilities at 30 September 2021 amounted to £296 million at the project level with £250 million drawn, compared with £296 million at 30 September 2020 (coincidentally, there were paybacks and new additions) of which £199 million were drawn.

The new secondary school at Houlton is one example of the manner in which investment in new community assets is advanced through Central Government support. Recent experiences at Priors Hall provide another. Acquired by Urban&Civic from the administrators in 2017, the original consent for 5,000 new homes was split across three zones, two in Corby Borough Council and the third in East Northamptonshire District Council. Early works from the original developer fell short of expected standards but are now rectified. Promises have been kept. Homes England advanced £28 million in relation to the acquisition and representatives joined Urban&Civic to celebrate with the buyer of the 1,000th property in September 2018. Priors Hall has now passed 1,500 sales.

In the meantime, Urban&Civic had been working with the two adjoining Councils on separate but interconditional replacement applications for 3,500 homes on Zones 2 and 3, increasing numbers in higher value East Northamptonshire whilst producing more comfortable densities in Corby. In anticipation of the revised consents, Urban&Civic implemented an earth moving programme that involved shifting 12.9 million tonnes as part of major Zone 2 landscaping. Homes England approved £9.4 million of new advances. Work continued safely and ahead through both 2020 Lockdowns. That pace has been maintained: three separate contracts totalling almost 850 units have been agreed with major, publicly listed housebuilders on Zone 2. All three are expected to complete in the current financial year.

Wellcome Trust has confirmed that there is no desire to dilute current relations with Homes England. We shall continue to pursue project secured partnership borrowing to fund accelerated infrastructure delivery.

"Wellcome Trust has confirmed that there is no desire to dilute current relations with Homes England. We shall continue to pursue project secured partnership borrowing to fund accelerated infrastructure delivery.

Build to Rent

A clear pandemic outcome has been an increase in tenant demand for suburban single family housing to rent. Investors regard high quality rental homes as an undersupplied segment in UK housing and are looking to capture critical mass against burgeoning fund competition. After extended review and market testing, Urban&Civic agreed a three-year framework agreement to build new homes for rent across our Strategic Sites on behalf of real estate funds administered by Goldman Sachs Asset Management. The contracted project at Houlton is the first of what is envisaged to be the forward purchase of an initial 700 rental units. The basis of the arrangements is that Goldman Sachs pays market value for new rental stock on parcels identified and constructed by Urban&Civic. The advantage to the funders is access to new product in locations with high demand and constrained availability. We see single family housing for market rent as an important part of the mix of tenures that will provide residents with additional choice and access to our developments. The partnership will enable us to accelerate new home delivery and further increase absorption rates without cutting across our core housebuilding customers.

Build to Rent is expected to form an increasingly significant part of the Urban&Civic strategic offer in future years. The Company's second generation projects are predominantly in areas closer to London where affordability to buy is likely to remain more stretched. As a consequence, the proportion available for market rent alongside other tenures can be expected to be higher with attendant growth in early absorption and faster project maturity.

Public drop-in event, South Mimms

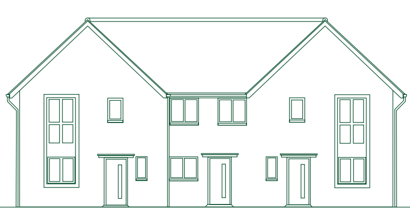
Baldock and Manydown

An early sign of our enhanced competitiveness in post OJEU procurement processes arising from Wellcome Trust ownership came in the selection by Hertfordshire County Council announced in June 2021 of Urban&Civic as Master Developer at Baldock. The project envisages the joint delivery of up to 3,300 new homes to the immediate north of the existing medieval town, a country park, primary and secondary schools together with 600,000 sq. ft. of commercial space and improved connections into Baldock railway station, almost entirely on 527 acres owned currently by the County Council. The land is allocated for release from the greenbelt but with demonstrable net environmental gain over intensive farmland and permanent open access to the new park. We anticipate completing imminently.

Progress has been slower than we would have liked at Manydown but arrangements are now falling into place. The land is not greenbelt but the arrangements for new parkland as part of considered integration and demonstrably positive environmental impact are similar to Baldock. The s106 completion process continues its course, securing outline consent for up to 3,500 homes.

With key contractual terms now documented, issuance of a decision notice is said to be imminent. Early survey works have been undertaken. The final step is to agree terms with historic landowners which remain far from settled. Positive dialogue continues with interested housebuilding partners and providers ahead of a formal process, as too does negotiation with Homes England to fund accelerated infrastructure delivery.

"Build to Rent is expected to form an increasingly significant part of the Urban&Civic strategic offer in future years.



Baldock and the land to be brought forward in partnership with Hertfordshire County Council.

Significant transfer of assets from the Wellcome Trust

A series of transactions are in train whereby Wellcome Trust are transferring ownership of existing strategic project and land assets into Urban&Civic, with consequential enlargement to the Company's independent balance sheet and scope of operations. Accounting will begin in the current financial year.

Subsequent to the year end, Gower Place Investments Limited, a Wellcome Trust subsidiary, transferred the ownership of Farmcare Trading Limited to Urban&Civic for a consideration, subject to final valuation, of £186.0 million to be satisfied through the issue of Urban&Civic plc shares to Gower Place once the valuation has been confirmed. Farmcare owns around 17,000 acres of arable land, which continues to be farmed.

Included within the holdings are 4,317 acres which border the south eastern quadrant of the city of Leicester, which are being considered by neighbouring Harborough District Council under a current call for sites.

Separately, Urban&Civic has entered into a conditional agreement with Wellcome Trust to acquire 380 acres in Kings Langley, Hertfordshire for an all share consideration to be confirmed by valuation on completion. The site, which predominantly comprises farmland, is located between Watford to the south and Hemel Hempstead to the north and is bisected by the M25 motorway with Kings Langley railway station (London Euston is 20 minutes away) located on the western boundary of the estate. The land is at the early stages of the potential incorporation within a revised Local Plan and is judged to be capable of supporting material sustainable development in an area of intense housing demand. Completion remains conditional upon Charity Commission approval.

Wellcome Trust was previous equal partner in our joint 50 per cent share at Manydown, with Basingstoke and Deane Borough and Hampshire County Councils jointly owning the remainder. Transfer of the Wellcome Trust interest into Urban&Civic is to be made at cost, again conditional inter alia upon approval from the councils.

In addition, Urban&Civic is to act as development manager under contract to enlarge and enhance the existing Genome Research Campus at Hinxton, ten miles south of Cambridge. Consent was secured in December 2020 for 1,500 new homes and 1.5 million sq. ft. of new life science and related conference accommodation, along with a new primary school and community facilities. The scale of ambition reflects the international reputation of the existing campus. All economic ownership will remain with Wellcome Trust.

Net environmental improvement

Sustainability stands at the heart of what we do and all that we stand for. Net environmental improvement is hard wired into our DNA. The governance label may have evolved from CSR to ESG over the years and may widen further but the core ingredients for all iterations are fundamental to the delivery of great new communities and essential for a properly aligned business that seeks to leverage its long dated investment to benefit all stakeholders.

Wellcome Trust recognises a kindred spirit. Following acquisition, we paused the release of our wider Sustainability Framework to assess respective positions and whilst our role is very clearly to help fulfil rather than deliver their wider mission, we have confirmed that our approach sits comfortably with wider portfolio goals.

The Framework will be published in early 2022 and continues our assessment around physical, social, natural, economic and human capitals. Through the prism of what we consider to be the universal challenges of climate, biodiversity and health and wellbeing, we are defining metrics that really matter to our business and our stakeholders and setting targets to achieve. We continue to refine our approach through investigating past performance, looking towards emerging technologies and identifying best practice. Guides towards achieving net zero carbon, maximising biodiversity net gain and promoting health and wellbeing are in production and we are training our team and working with a wide variety of stakeholders to help achieve our targets.

Those targets will continue to evolve and become refined. Whether that be our housebuilding customers, local authority highway and education departments or our contractors, it is now clear that there is a collective appreciation of the immediacy for and investment in the delivery of change. Large scale Strategic Sites have a responsibility to achieve net environmental improvement in the widest sense and we will be unashamed in our focus to do the right thing.

Outlook

The central business plan case is well secured. Having signed seven new licence arrangements during the course of the last financial year, total minimum receipts reached £126.0 million across 2,085 plots. We remain the equivalent of 2.7x years forward sold at a project level but against a new annual floor of £46.4 million. To put the escalation of that annual floor in context, the September 2018 comparable was a little over half at £23.6 million. Moreover, we have been able to take advantage of the highly liquid position of the major housebuilders to conclude or agree a series of land sales with no or only short deferred payments. The first, to Barratt David Wilson at Wintringham, covered 336 units and was completed in June 2021. The next three on Zone 2 at Priors Hall are anticipated to be accounted for in the current year, as described above. Added together, those agreements aggregate approaching 1,200 further plots. Follow on forward sales under the Build to Rent framework agreement are under current negotiation.

As a consequence, whilst growing in absolute terms, licence arrangements can be expected to constitute a lower proportion of future increasing receipts.

The improvement to housebuilder ROCE which licences confer is of less consideration to the largest participants with high cash balances. Conversely, the land prices being bid are the equivalent of realistic estimates of full licence receipts. The desire for repeat business across an enlarging number of attractive locations ought to provide sufficient incentive to maintain quality when good land buying opportunities remain limited.

Pond-dipping, Alconbury Weald

> "Large scale Strategic Sites have a responsibility to achieve net environmental improvement in the widest sense. We will be unashamed in our focus to do the right thing.

The allotments at Alconbury Weald.

Homes at Wintringham

"

Encouraging SME and regional housebuilders to grow is an important part of what Urban&Civic is about.

Outlook continued

The volume housebuilders tend to sell faster and exceeding historic rates of delivery on large sites is a maintaining priority for Urban&Civic as leading Master Developer.

That said, the spread of housebuilders is vital, not only in affording choice but also in keeping up standards. Encouraging SME and regional housebuilders to grow is an important part of what Urban&Civic is about. Witness the first two housebuilders selected for our most recent delivery project at Waterbeach. Stonebond, an established local builder with an excellent reputation, heritage and ambitions to expand, was paired with Cala Homes, part of the L&G Group, who are building successfully at Wintringham. Both are licence arrangements, enabling Urban&Civic to participate as values become better established.

At a macro level, rising interest rates may bring headwinds, most especially for first time buyers, but rates would need to move up sharply for long term affordability parameters against income to be seriously tested. The Urban&Civic Master Developer model is more sensitive to absorption rates than to prices. The stamp duty holiday acted as a giant lubricant such that pent up sales of second hand homes were flushed through the system. Far from dropping as had been predicted, the level of residential transactions rocketed up 57 per cent to 1,394,780 in the 12 months to September 2021, despite all Covid complications. With the stamp duty holiday having ended, it is hard to see anything like that amount of activity in the immediate future. There is not the second hand stock available. The average number of houses on an estate agent's books stands currently at 40. 15 years ago the equivalent figure would have been around 135.

Incremental stock will have to come from new housing. Even here, the growth profile on Urban&Civic sites is markedly above national averages. Whilst the percentage of new homes within total housing transactions is fast recovering from the all-time low of 4 per cent that we saw last year, the national development pipeline for new homes remains smaller than it was pre-Covid.

According to DLUHC, starts marginally exceeded completions during the six months to June 2021, but a 12 per cent deficit against 2020 completions remains. With constrained supplies of labour and materials, higher input prices and lower planning consents, it appears unlikely that the deficit in starts will soon be remedied. The most recent completion forecast from Savills predicts that housing delivery will only fully recover to pre-pandemic trends in 2025–2026. In contrast, our licences and forward sales have growth fairly well baked in through to that period.

The call for review of housing targets, in combination with planning administration wheels grinding ever more slowly, is impacting already on a reduction in implementable planning consents in our chosen areas of operation. Using data from Glenigan, planning consents in the year to September 2021 totalled around 275,000 new homes, down 7 per cent on the previous year which included full lockdown and 15–20 per cent below pre Covid-19 levels. Whilst national numbers were down, the configuration was familiar. Enough planning consents were granted to meet Government defined housing need in the North and Midlands but fell short in the South and East. Savills estimate that planning consents were 9 per cent lower than completions across the South East and South West in the year to September 2021 and 10 per cent lower in the East of England. Given prevailing political pressures, the short term situation may become still more acute. We stand firm in our conviction that the way through the maze in South East England is through infrastructure led, large scale development capable of demonstrating positive on site environmental impact and access in soundly selected locations. Urban&Civic has shown itself able to identify such locations and bring forward high quality delivery on much shorter than average timescales.

Grateful thanks

The serene transfer out of the public markets into new ownership without so much as a pause for breath speaks to the enormously constructive approach taken by all Wellcome Trust colleagues and, most especially, our new Chairman, Peter Pereira Gray, who is a Managing Partner and leads the Wellcome Trust Investment Division. He is joined on the Urban&Civic Board by Lisha Patel, a Managing Director of the Wellcome Trust Investment Division. Bill Holland and Rosemary Boot maintain real Board depth and provide invaluable continuity. Thank you again to outgoing Chairman, Alan Dickinson, and other Board members for such good judgement and balanced counsel in directing the Company to our new home.

All that said, the teams at Urban&Civic and Catesby have shown their true mettle over the past 12 months and I could not be more grateful. There is much still to be achieved but the selection at Baldock and the additions from Wellcome Trust take us up to 14 strategic projects. Catesby was able to turn in a record year despite the administrative challenges in local Government planning offices. We hold platform advantage that has only been buttressed by events.

We shall do our absolute utmost to build on that advantage.

Nigel Hugill
Chief Executive
16 December 2021

The opening of the Pavilion at Alconbury Weald.

18

Future design codes anticipated across our sites currently in delivery

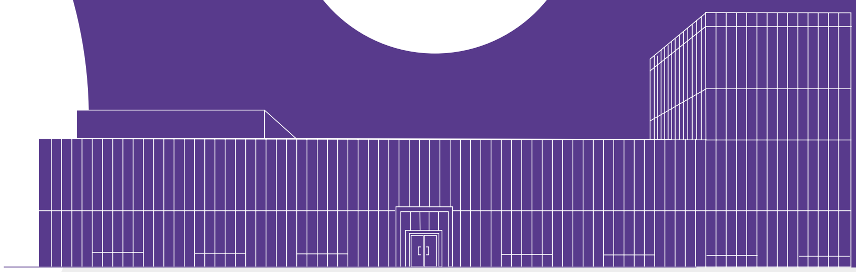
11

Design codes produced to date

Design

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

For a Master Developer, great design is far more than just built form. It's about crafting exceptional places that people enjoy living and working in. Phase by phase, our design codes weave together landscape, connectivity, community, commercial and residential to create tone, texture and character. Rather than being set in stone from the outset, like a pattern book for cookie cutter homogeneity, phase by phase these documents evolve as we move through the development incorporating ongoing engagement, lessons learnt and changing standards.



Delivering quality requires partnership

The planning system can only do so much. Delivering on great design also requires an alignment of interests and a fundamental pride in the places being created. As Master Developer we want to see a design led approach from all involved as we progress from the first tree planted to the last roof tile laid. This is often a 15 to 20 year period so we seek to sit alongside the local planning authority with a shared focus on great design. Whilst we bring forward the site wide green, grey and community infrastructure ourselves, we also contract with housebuilders, businesses and public authorities for the delivery of serviced parcels. This provides us with a range of mechanisms we can use to help the local planning authority meet their design ambitions.

The Master Developer Approach:

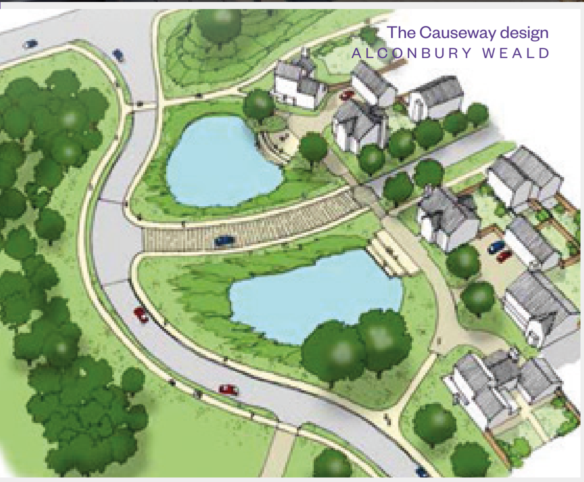
1. Focus on design principles at the outline stage and bring forward detailed design codes for each Key Phase.
2. Lead by example with demonstrable early statements of intent.
3. Incorporate design code requirements into the land contracts with our customers.
4. Provide expertise, encouragement and if necessary contractual enforcement to ensure everyone meets the design code requirements. Repeat business is also key.
5. Celebrate great design, learn lessons, refine and repeat.

> "Ongoing engagement with residents and businesses is essential for future phases. Design codes are our way of capturing innovation and quality and setting out the standards for a scheme that we want everyone, including ourselves, to meet.

PAUL CUTLER –
HEAD OF MASTERPLANNING AND DESIGN, URBAN&CIVIC


Civic living
ALCONBURY WEALD

Read our case studies online at **www.urbanandcivic.com/design**


The Causeway design
ALCONBURY WEALD


The Causeway at dusk
ALCONBURY WEALD


Hopkins Homes
ALCONBURY WEALD


The Causeway reality
ALCONBURY WEALD


Wintringham Primary School
WINTRINGHAM


Boulevard at dusk
ALCONBURY WEALD


Redrow opening the second front of delivery
HOULTON


CALA Homes
WINTRINGHAM


Bret Pond
WINTRINGHAM


Civic living
HOULTON

Strategic objectives

Our strategy aligns with our purpose, vision and values. Following our acquisition by the Wellcome Trust we have reviewed all aspects of our business and have reaffirmed our collective intent to maximise our competitive advantage and further leverage our scalable business model by focusing on the following:

1

Securing additional Strategic Sites/consents

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

Progress by the end of 2021:

- We have been selected by Hertfordshire County Council to be its development partner at Baldock, a development of up to 3,300 homes, following a competitive OJEU procurement exercise. Completion with Hertfordshire County Council is expected imminently.
- Wellcome Trust has, and is, transferring a number of land assets into Urban&Civic of which two at Stoughton in Leicestershire and Kings Langley in Hertfordshire are now being progressed as potential Strategic Sites. We have also assumed delivery responsibility for the development and expansion of Wellcome Trust's Genome Campus in Hinxton.
- Outline planning permissions have been secured at both Manydown and Priors Hall (Zone 2/3).
- Local plan responses have been submitted for Stoughton (call for sites) as well at Kings Langley and Bowmans Cross (Regulation 18).

Objectives for 2022:

- Secure an additional Strategic Site from several active negotiations.
- Submit and progress an outline planning application at Baldock.
- Support for the progression of Bowmans Cross as a Strategic Site within Hertsmere Borough Council's emerging local plan and submit a hybrid planning application across the site for up to 5,600 homes.
- Commence or scale up development at Manydown and Hinxton.
- Advance the early stage promotion of Stoughton, Kings Langley, Calvert and Tempsford through local and national channels.
- Continue to engage with and assist central Government with the evolution of the planning system.

2

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

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

Progress by the end of 2021:

- The development platforms have been materially advanced across a wide range of Strategic Sites opening up a range of serviced land parcels which have been brought to the market.
- Contracts were entered into for over 2,000 additional units across 15 serviced land parcel releases to housebuilders across five sites.
- Goldman Sachs has entered into a three-year framework agreement to purchase Build to Rent family homes across a number of Urban&Civic sites with an initial 149 homes coming forward at Houlton.

Objectives for 2022:

- Achieve Key Phase and reserved matters approvals necessary to facilitate start on site at Manydown.
- Achieve additional serviced land parcel releases to housebuilders at Houlton, Priors Hall and Middlebeck.
- Identify further Build to Rent parcels across our portfolio of sites.

3

Sustaining and enhancing the quality of placemaking

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

Progress by the end of 2021:

- We have opened three schools this year including two primary schools at Wintringham and Middlebeck and a secondary school at Houlton.
- The existing primary school at Houlton is being extended and a dedicated nursery has been constructed and opened in the local centre.
- Site preparations have commenced for the Alconbury Education Campus (secondary school, sixth form and special free school) to open in September 2023/24.
- The local centre at Houlton and district centre at Priors Hall have been delivered anchored by a Co-op and Sainsbury's respectively together with a range of other shops and services.
- The cricket pavilion community space and the Bohemia Café have opened at Alconbury.
- Additional playgrounds have opened at Priors Hall and Wintringham.
- Our teams have continued to work with the communities on and around our sites to help support community initiatives.

Objectives for 2022:

- Commence construction of the local centre at Alconbury to include a Co-op food store.
- Deliver a new playground at Waterbeach together with a lakeside walkway.
- Launch and publish Urban&Civic's Sustainability Framework together with toolkits for carbon, biodiversity and health and wellbeing.
- Engage with all stakeholders on the Sustainability Framework and embed this into our delivery.

4

Identifying and delivering further trading opportunities

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

Progress by the end of 2021:

- Catesby is continuing to build pipeline with terms settled on nine new sites (695 acres) prospectively totalling over 3,000 new homes. All onsite works have been completed on its sub-strategic site at Myton Green with the serviced parcels being built out.
- Manchester New Square has been completed and is now over 50 per cent sold.
- The Deansgate site has been sold to Property Alliance Group and Starwood Capital Group.

Objectives for 2022:

- Continue to build a strong pipeline of new land to promote.
- Future business risk will be minimised by continually evolving the planning and community engagement strategies to promote sites through the Local Plan process, seeking allocations and gaining consents at a local level where possible.
- Ensure the business is well placed to take advantage of housebuilder immediate land requirements with the continued development of a future sales portfolio.

5

Delivering returns for investors and other stakeholders

Our business model targets growth in EPRA metrics to underpin shareholder return whilst delivering a real difference to the communities in which we are working. This principal measure remains unchanged following Wellcome Trust's acquisition of Urban&Civic.

Progress by the end of 2021:

- Financial results show favourable movements across all the Group's key performance indicators, including:
  - EPRA NTA +9.1 per cent.
  - Gearing (EPRA NAV look-through basis) reduced to 25.1%
  - Land sales and plot completions equivalent to 1,219 plots (target 1,000 plots) generating total cash of £97.3 million. (Urban&Civic's share £70.4 million).
  - Profit after tax of £25.2 million (2020: loss of £7.2 million).
- Expanded Homes England facilities by £12.3 million in response to Covid-19.
- Housebuilding commenced at Waterbeach.

Objectives for 2022:

- Infrastructure funding to be secured at Manydown and Newark to accelerate delivery.
- Fully integrate and review Farmcare operations (see Chief Executive's Statement for further comments on Farmcare).
- Land sales and plot completions equivalent to 1,500+ plots generating total cash of £94+ million (Urban&Civic's share £50+ million).

Heritage

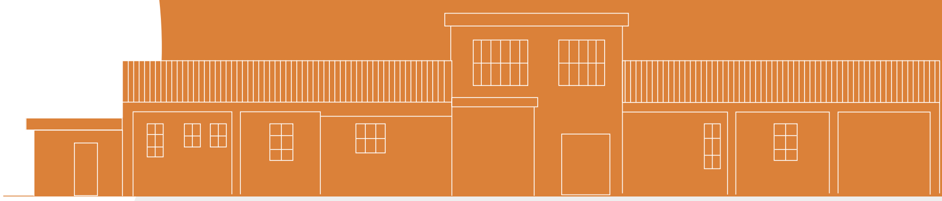
History as context for the future

Our sites have all had a past life, the legacy of which is more evident on some than others but all are worthy of exploration, explanation and celebration. From Roman remains to Cold War infrastructure and from cathedrals of telecommunication to medieval abbeys we have the opportunity of weaving the past into the present to create a context for the future.

Since start on site by Urban&Civic across six sites we have carried out:

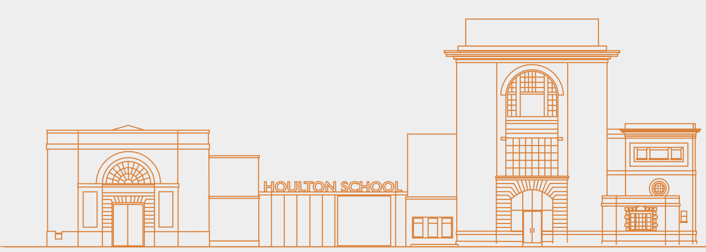
121,200
linear metres of archaeological trenching 1m wide

110,400
sq. m. of strip, map and record



The Master Developer Approach:

1. Investigate the heritage of the site and the surrounding area.
2. Assess buildings and infrastructure for alternative uses within the new community.
3. Incorporate heritage buildings and features into design codes to inform both future use and wider design considerations.
4. Ensure that listed buildings and other retained buildings/structures have a productive and sustainable second life.
5. Work with local stakeholders to organise tours, heritage walks and other activities which create ongoing historical activation and awareness.
6. Provide schools with educational material which explains the heritage immediately around them.
7. Celebrate heritage, learn lessons, refine and repeat.



A genuine second act

Giving listed buildings and other existing buildings a genuine second act is extremely rewarding. Not only is it a way of celebrating the history of the site but it also adds to the sense of place, balances the new with the old and reduces our carbon footprint. For example, the Houlton School reuses and reinvigorates the listed C-Station building, the listed Second World War watch tower at Alconbury provides a characterful location for Bohemia's new café and the gym, squash court and rifle range at Waterbeach provide ready made community facilities. Where physical buildings are not present then history can be reflected in landscape such as Runway Park at Alconbury or the parkland area over the Roman remains at Priors Hall. Signage, road names, educational packs for schools and residents alongside digital resources all provide further historical context for our growing communities not to mention the history buffs in our team.

> “One of the joys of working with historic buildings is the strong sense of place that their distinctiveness can bring. Urban&Civic's determination to transform the former C Station transmitter building into Houlton School exemplifies this – creating an exceptional school and preserving the distinctive heritage of the Rugby Radio Station at the heart of the community.

JAMES McCOSH –
PARTNER AT VAN HEYNINGEN AND HAWARD ARCHITECTS


Remembrance Sunday
ALCONBURY WEALD


Bohemia Café in the listed Watch Tower
ALCONBURY WEALD


Urban&Civic Site office in the former Control Tower
WATERBEACH


Time capsule
HOULTON

Read our case studies online at **www.urbanandcivic.com/heritage**


A journey of discovery for the local community
WINTRINGHAM


Heritage open day
DENNY ABBEY AND FARMLAND MUSEUM


Houlton School incorporating the grade II listed C-Station
HOULTON


Heritage Day
WINTRINGHAM


Oxford Archaeology
PRIORS HALL PARK

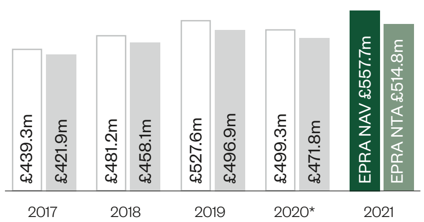

Heritage day explores Alconbury Weald Military History
ALCONBURY WEALD

Measuring our progress

Financial

EPRA NAV
+11.7%

EPRA NTA
+9.1%



Link to strategy

1 2 3 4 5

Definition

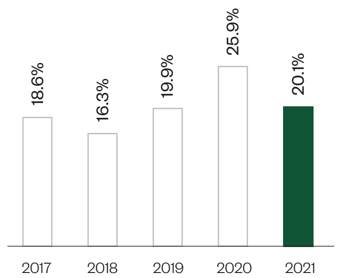
EPRA NAV measures (which set out the net asset value attributable to equity shareholders adjusted for revaluation surpluses on trading properties, with (EPRA NTA) or without (EPRA NAV) associated tax provisioning), continue to be a significant descriptor of value growth for the Group ahead of mature residential plot sale profiles.

Performance

EPRA NAV increased 11.7 per cent over the last year with EPRA NTA increasing 9.1 per cent.

* 2020 restated to FRS 102.

Gearing – EPRA NAV
20.1%



Link to strategy

1 2 3 4 5

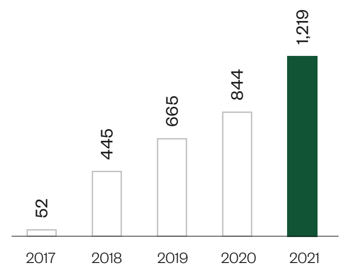
Definition

The Group has stated that it does not intend to borrow to acquire land or fund the cost of constructing infrastructure at its strategic land sites; except where those borrowings are derived from Government sources such as Homes England. Urban&Civic has also imposed on itself a gearing limit of 30 per cent on a non look-through, EPRA NAV basis (current third party loan covenants are above this threshold). These parameters help ensure the Group does not take on more borrowing than it can afford to service, whilst at the same time providing some borrowing capacity should the need arise.

Performance

The Group's net debt position at 30 September 2021 totalled £112.0 million (30 September 2020: £129.1 million), comprising external borrowings of £146.1 million and cash reserves of £34.1 million, producing a net gearing ratio of 20.1 per cent (30 September 2020: 25.9 per cent) on an EPRA NAV basis. Of the £146.1 million of external borrowings, £142.3 million (or 96.0 per cent, gross of loan arrangement costs) are with Homes England. On a full look-through basis, which additionally includes the Group's share of joint ventures net debt, gearing on an EPRA NAV basis increases to 25.1 per cent. No Group covenants are tested on a look-through basis.

Plot completions (total Strategic Sites)
1,219



Link to strategy

1 2 3 4 5

Definition

Plot completions are important for a number of reasons. Firstly, our cash flow is typically linked to plot completion and secondly, together with reservations and exchanges, they provide the Group, its independent valuers and stakeholders with market information.

Performance

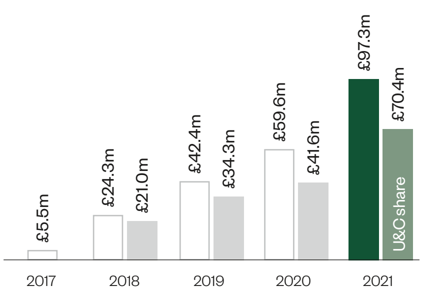
The Group's first plot sale was made on 30 September 2016 by Hopkins Homes at Alconbury. In the current financial year, the Group saw completions (including plot equivalents in respect of land sales) of 1,219 plots at four Strategic Sites. This was 44.4 per cent higher than last year.

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

Cash flow generation from plot completions

£97.3m (Total Strategic Sites)

£70.4m (U&C share)



Link to strategy

1 2 3 4 5

Definition

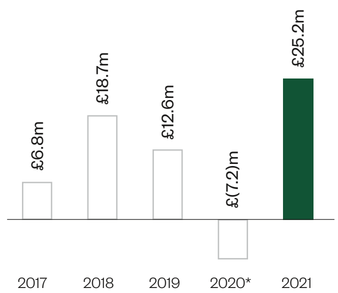
Strategic land sites now account for 77 per cent of the Group's property portfolio value and therefore cash generated from these sites will become more evident and important in respect of overhead coverage and future growth strategies. This measure is usually combined with plot completions to enable the Group to assess profitability on a per plot basis, which is also used to consider how current economics might impact property valuations.

Performance

Cash generation on residential completions has increased along with plot completions. In 2016 the first plot sale realised gross proceeds of £121,000. This financial year £97.3 million was generated by 1,219 completions (U&C share: £70.4 million). This was 25 per cent above our anticipated £56.4 million target for the year, set in November 2020.

Profit after tax

£25.2m



Link to strategy

1 2 3 4 5

Definition

As the number and maturity of U&C's Strategic Sites increases, the profit of the Group gives a better indication of performance alongside other metrics.

Catesby continues to generate a significant contribution to gross profit.

Performance

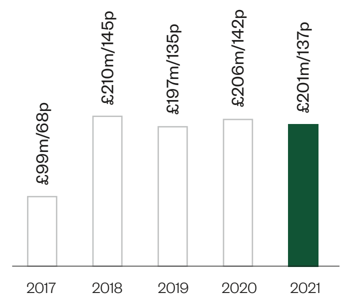
Profit after tax for the year ended 30 September 2021 was £25.2 million, an improvement from a £7.2 million loss in the year to 30 September 2020.

* 2020 restated to FRS 102.

Large site discount

£201m (Large site discount)

137p (Large site discount per share)



Link to strategy

1 2 3 4 5

Definition

In order to provide guidance on the embedded value at our most advanced strategic land sites, where the Group believes placemaking has been achieved or has commenced, a self-defined large site discount figure is published. This is calculated as the difference between the unserviced land values imputed by CBRE valuations (which take into account site scale and buildout duration among other matters) and the current retail prices being achieved on smaller parcel sales. The Group expects this large site discount to unwind over the life of each project, although it cannot be certain on timings and considers that movements in EPRA NAV measures combined with movements in the large site discount is perhaps a more useful indicator of progress.

Performance

The large site discount decreased to 137p per share in the year to 30 September 2021, from 142p per share at 30 September 2020. This is the result of CBRE changing a number of key valuation assumptions, which have increased values of the Group's Strategic Sites. This means that there is a compensating decrease in large site discount against increased CBRE values.

The Group's key performance indicators for the year to 30 September 2021 remain largely consistent with last year, albeit that EPRA triple net assets has been replaced by EPRA net tangible assets ("EPRA NTA"). Additionally, and following the Wellcome Trust acquisition, total shareholder or total NAV returns are no longer measured and Urban&Civic now reports under UK GAAP (as opposed to IFRS), meaning that prior year figures have been restated.

Non-financial

The Group's significant non-financial measures are set out in the Sustainability section on pages 34 to 48.

139,450
Trees planted in total

2,950
Trees planted in 2021

Landscape

Green places not spaces

Landscape is the most multifunctional part of any new community and must be the foundation of any new place. From amenity to biodiversity, from health and wellbeing to carbon sequestration and from design to education, understanding, supporting and delivering a truly productive and diverse landscape underpins our Master Developer Approach.

The Master Developer Approach:

1. Understand the role of the site within the wider landscape and fully assess its existing biodiversity.
2. Embed landscape at the heart of place making and recognise its role in our wider Sustainability Framework.
3. Upfront delivery of green and blue infrastructure maximising new connections and habitats.
4. Ensure landscape maintenance is part of landscape design and is then achieved through delivery and management contracts.
5. Incorporate landscape into design codes and work with our customers on ways we can all do more.
6. Host educational events for the community and provide landscape and biodiversity information so that everyone understands who their neighbours are and why they are important.
7. Celebrate great landscapes, learn lessons, refine and repeat.

Everyone and everything can benefit

At Houlton, the landscape strategy was initially focused around the existing population of great crested newts. Significant discussion took place with Natural England as to how we could incorporate significant and connected nature corridors that would run through the site. Working together we were able to agree a strategy which meant licences were issued soon after consent and works immediately started on site to define those corridors within phase 1 with the great crested newts then being trapped and placed in the newly created corridors. The landscape established, which included specially designed tunnels under primary roads, was then protected during the wider construction activity. The outcome has been exceptionally successful for both newts and residents alike. Really Wild events are regularly run at the site to highlight the biodiversity of their community and information is being prepared for Houlton's schools that they can use the landscape as an educational resource. In a recent assessment by HomeViews, residents of Davidsons at Houlton recently voted their homes as the best Build to Sell homes in the country and cited the amount of green space around them as a key factor.

> "What I love most about these homes is the amount of green space they provide.
>
> **DAVIDSON HOMES AT HOULTON, CV23, APRIL 2021 –**
> HOMEVIEWS – HIGHEST RATED BUILD TO SELL HOUSING DEVELOPMENTS


Dollman Common
HOULTON


Allotments
ALCONBURY WEALD


Explaning nature
WINTRINGHAM


Green corridor
ALCONBURY

Landscape and community... growing together

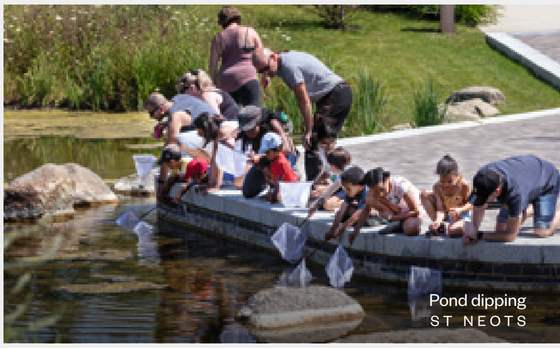
Early investment in landscape creates a framework which grows with a new community as well as a sense of maturity from the outset. One of the key lessons from lockdown is the importance people place on the green spaces immediately around them. It is now a top factor in both home buying decisions and in terms of quality of life. For people, a multifunctional landscape provides space to walk, exercise, play, work, rest and learn. Alongside this and of equal importance is that for flora, fauna, entomological and other living organisms the same landscape is home and there needs to be areas which are just for them. Achieving a successful balance for all requires careful consideration early on but can be achieved and as a Master Developer this is a key responsibility.

Read our case studies online at **www.urbanandcivic.com/landscape**


New woodland area
PRIORS HALL


Beehives at the Barracks
WATERBEACH


Tree planting
ALCONBURY WEALD


Pond dipping
ST NEOTS


Nature corridor
HOULTON


Brook restoration project
WINTRINGHAM

A single shareholder, valued stakeholders and dynamic partnerships

The long-term success of our business remains, as ever, critically dependent on the way we work with a wide range of stakeholders. Since we were founded, through our life as a public company and today as part of the Wellcome Trust, we have always believed in doing things right and creating value for all our stakeholders, not only in the way we do business but in the places we craft.

2020 and 2021 were a real test for many businesses with the pandemic creating heretofore unforeseen impacts. We are proud of the way that our team faced these challenges. The business has strengthened both internal and external relationships and as people have increasingly focused on their local areas, the logic for large scale Strategic Sites, providing high quality places to live and work flexibly with great landscape, schools and facilities, has become even more compelling and widely accepted.

Working with the Wellcome Trust team has also provided us with an insight into the importance of Wellcome Trust's mission and the activities it undertakes both here in the UK and around the world.

Section 172 statement

The Directors continue to have regard to the interests of the Company's wider stakeholders, in accordance with section 172 of the Companies Act. The content on stakeholder engagement on pages 28 to 31 highlights key actions in this area of which the Board has full transparency through both direct engagement and internal reporting. Further details on how the Directors' duties are discharged and the oversight of these duties are included in the governance section on pages 70 to 97.

Shareholder

On 21 January 2021 Urban&Civic delisted and was acquired by the Wellcome Trust as an investment within its investment portfolio.

Why have they been important?

The aim of Wellcome Trust's investment portfolio is to maximise returns over the long term to ensure that Wellcome Trust continues to have sustainable resources for its charitable activities. In addition to a sound and sustainable business model, Wellcome's investment strategy targets companies that take their environmental, social and governance responsibilities seriously.

What have they wanted from us?

- NAV growth
- Profit growth (leading to increased cash flow over time)
- ESG leadership
- Transparency
- Timely and accurate reporting
- Clear strategy and execution

Engagement with our shareholder

Following acquisition, there has been extensive dialogue throughout the year with regular Board meetings, and executive and governance discussions together with a number of site tours. Peter Pereira Gray, who is CEO of Wellcome's Investment Division, is now the Chairman of Urban&Civic and Lisha Patel, Managing Director of Wellcome Trust's Investment Division, is a Board member.

Outcomes

Wellcome Trust has full visibility of our business and is strongly supportive of our strategic objectives and our purpose, vision and values. In addition, Wellcome Trust is transferring a number of land assets from other parts of its investment portfolio into Urban&Civic for us to either promote or manage. We are also assuming responsibility for the delivery and expansion of the Genome Campus at Hinxton.

Employees

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

Why are they important?
It is essential for the growth of our business to support and develop all of our employees, to retain experience and broaden our base with new talent.

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

When do we engage with employees?
Employee engagement is continuous and operates at all levels throughout the business. Formal structures such as the appraisal process and the Employee Advisory Group (EAG) complement staff surveys and regular corporate briefings as well as discussions within teams, across projects and with the senior executives.

How we engaged in the year
This year has seen an investment in technology to further improve engagement across the business. We have expanded our intranet and introduced a digital HR portal to provide a single point for employee information and appraisals. All staff briefings take place via Teams every fortnight and we were able to hold our away day in person at the Houlton School. We have also issued an online survey to supplement the extensive feedback from the EAG which continues to meet five times during the year with attendance by the Managing Director for part of the meeting and the minutes being made available to all as well as being an EMC and Board standing agenda item.

Outcomes
In our recent Employee Survey, which has been named the Bugill and for which we had a 93 per cent participation rate, our team gave the business a 91 per cent engagement score confirming Urban&Civic "has a workplace approach resulting in the right conditions for all employees to give their best each day, to be committed to their organisation's goals and values, be motivated to contribute to organisation success and have an enhanced sense of wellbeing".

Customers

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

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

What do they want from us?
- Integrity
- Serviced land supply
- Quality
- Site marketing
- Jobs and skills support
- Health and safety support
- Equality
- Sustainable place making

When do we engage with customers?
We are constantly engaging with our existing customers in the context of ongoing delivery and with potential customers for future parcels to ensure that our product is optimised to meet their requirements.

How we engaged in the year
With the increasing maturity and diversity of our sites we are also seeing an increase in the size and type of our customers. This has included new SME housebuilders such as Stonebond, and Build to Rent via the strategic partnership with Goldman Sachs, as well as large scale housebuilders such as Barratt operating over multiple sites alongside bespoke care home provision coming forward at Priors Hall. Health and safety remains a key point of engagement throughout their delivery process with regular workshops and safety updates. We are also working with our customers to highlight our approach to ESG and pushing sustainable development as a key focus for us going forward as well as leveraging their involvement into a range of community activities.

Outcomes
We have completed 11 parcel contracts this year to 10 housebuilders. Sales levels have remained strong throughout the year and Davidsons at Houlton was rated the best Build to Sell housing development in the country by HomeViews users.

Suppliers and contractors

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

Why are they important?

Working at scale and to a consistently high quality across a range of sites means that we value the flexibility and innovation that comes from being a trusted client of our principal contractors, consultants and utility companies.

What do they want from us?

- Certainty of payment
- Regularity of work
- Flexible procurement
- Clear instruction

When do we engage with suppliers and contractors?

We are constantly engaging with our existing suppliers which are often operating across a number of sites. Regular dialogue ensures that they are fully apprised of project and corporate objectives including health and safety, modern slavery and sustainability. We also work with them on joint initiatives where we can leverage our combined involvement to promote employment and training opportunities.

How we engaged in the year

Close working relationships significantly supported our ability to continue delivery across our sites in 2021 and this was a key focus for the Board. As with our housebuilding customers, civils contractors were supported as they evolved their working practices to address ongoing pandemic restrictions. Works were continued and payments maintained. Working with our service suppliers we also supported each other's internal training programmes with virtual talks and presentations and have been looking specifically at sustainable supply chain opportunities.

Outcomes

In 2020, all construction work re-opened on site, complying with Government protocols, within seven weeks of the original lockdown being declared. Throughout this period the contractor teams worked tirelessly with Urban&Civic to better understand what could be achieved to maintain some form of productivity on site. Whilst 87 per cent of our projects notified us of potential delay during the period, we are now able to confirm that only 17 per cent were actually delivered late and only 4 per cent were delivered more than six weeks later than originally contracted to do so. This strong relationship has continued into 2021 with significant projects such as the Houlton School opening on time and on budget in September 2021.

Partners

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

Why are they important?

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

What do they want from us?

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

When do we engage with partners?

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

How we engaged in the year

The ability to return to in person meetings alongside continued virtual engagement has further strengthened existing relationships and enabled new partnerships to be forged. A number of site visits have taken place in parallel with partnership board meetings which has allowed everyone to see the extent of delivery achieved during both 2020 and 2021. For those projects at the planning stage, there has also been extensive progress and engagement with stakeholders to report. Regular and consistent reporting for our partnerships underpins our approach and we have incorporated this experience into the structures that have been negotiated for our latest partnership with Hertfordshire County Council at Baldock.

Outcomes

Partners have been reassured that the acquisition of Urban&Civic by the Wellcome Trust has further strengthened our focus and capabilities. The extent and quality of delivery continues to generate considerable shared pride in what the partnership is achieving today and the legacy that will be created by doing things right.

Local communities

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

Why are they important?
Working with local communities is essential to successful large site delivery, not just at the planning stage but throughout delivery so that we can minimise the impacts and maximise the benefits of the emerging communities.

What do they want from us?
- Meaningful community engagement
- Keep our promises
- Sustainable delivery
- Quality
- Long-term alignment
- Jobs and skills
- Opportunities

When do we engage with local communities?
Across the lifecycle of the project our team actively engages with the local communities initially around our sites and then with the emerging community on site. Early engagement focuses on the proposals and evolves into ways in which we can support community initiatives and ensure communities benefit from investment in jobs and skills.

How we engaged in the year
2021 has been a year of continuing innovation and the strengthening of community spirit. Consultation and engagement for planning applications have, in part, continued online but there have been a growing number of in person events as well. Our on site teams have also worked closely with the communities on and around the sites and delighted in holding events that have brought communities physically back together.

Outcomes
During 2020 and 2021 we have continued to strengthen our communications, communities and partnerships team (CCP). This has enabled us to engage with and support the growing communities on our Strategic Sites as well as ensuring that new businesses like Bohemia at Alconbury and the Co-op at Houlton, along with the new schools at Wintringham, Houlton and Middlebeck, are able to integrate with their communities both on site and via social media. The CCP team has been active with the early stage consultation and engagement for new projects as well as the next phase of projects ahead in delivery where the views of existing residents are extremely important.

Government

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

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

What do they want from us?
- Leadership and sustainable delivery
- Quality
- Timely and accurate reporting
- Long-term alignment
- Jobs and skills
- Meaningful community engagement

When do we engage with Government?
In addition to the formal planning processes, as the leading Master Developer, we actively engage with national and local Government and wider Government agencies to identify ways in which the planning and delivery of large scale development can be improved.

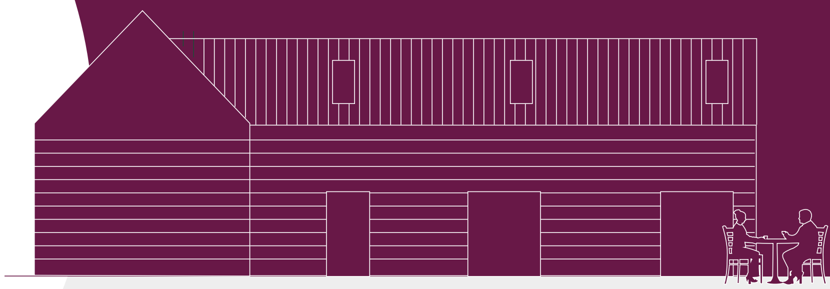
How we engaged in the year
We have hosted a significant number of site tours for local and central Government representatives as we have emerged from lockdown. People have been very keen to see the extent of delivery that has taken place during the year and also to understand what has strengthened these new communities during that time. There are significant changes coming through the legislative agenda including biodiversity net gain, climate change mitigation and net zero climate change resilience not to mention wider reforms to the planning system. Seeing is believing and site tours, alongside well illustrated presentations, help us explain the role of large sites and what we are already doing to improve their delivery.

Outcomes
Homes England has remained strongly supportive of the approach we have taken and the way in which we have used its infrastructure loan funding to deliver places of real quality. Peter Denton, the new Chief Executive of Homes England, when commenting on the Government's recent pledge of £624 million in infrastructure loan funding for housing, stated: "This new infrastructure funding will be a powerful catalyst for creating new homes, places and communities. It gives us the resources we need to back more developments like Houlton in Rugby, where a £35 million funding injection has helped to create new primary and secondary schools, a link road to Rugby town centre, and wider infrastructure needed to build a community of up to 6,200 homes."

Community facilities

It's more than just homes

Whilst there is a national preoccupation on housing numbers, what makes new communities special are the wider facilities that come forward with the homes. Play spaces, community buildings, cafés, shops and pop up uses alongside great schools and landscape provide an essential element of the locality where people live and work.



Flexibility is better than prophecy

We know that shopping patterns are changing and retail is evolving, people are spending more time around their homes and the distinction between home and work is blurring. The pandemic has only accelerated those changes. What worked for local and district centres in the past is not the template for the future. When considering the design and layout of community spaces we need to focus on local, support emerging businesses and create places that can adapt and be flexible in their use. Crucially we need to consider a day in the life of someone living and working in this new community and respond to their emerging needs through ongoing engagement.

The Master Developer Approach:

1. Throughout planning, identify all community facilities within the locality, what is accessible, what is working and what is missing.
2. Design community facility broad locations in from the outset but don't fix until the Key Phase when the grain and feel of the locality become known.
3. Ask local people, initially those that live around the site and then those that live on it, what they want.
4. Bring forward early community facilities in parallel with homes and support local businesses to grow with the community.
5. Create flexible community space and support its use.
6. Celebrate community, learn lessons, refine and repeat.

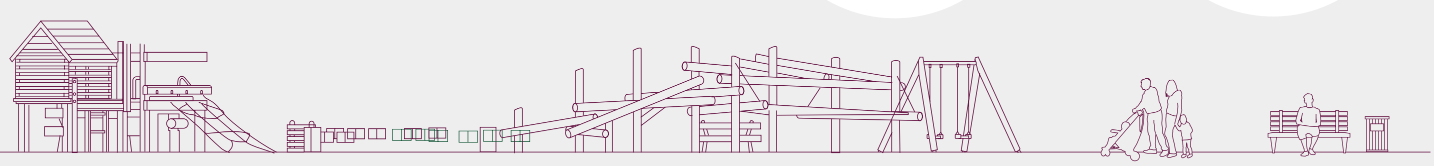
Our cafés' best selling hot drinks/meals:

The Good Bean
PRIORS HALL
c.250 customers a day
Latte
Jacket potato with chilli

Gannets
Middlebeck
c.70 customers a day
Flat white
All day breakfast

THE TUNING FORK
HOULTON
c.140 customers a day
Flat white
Smashed avocado on sourdough

B BOHEMIA EST 2018
ALCONBURY
c.140 customers a day
Latte
Full English breakfast




Cricket
ALCONBURY WEALD


Weekend activation
WINTRINGHAM


Cycle loans
ALCONBURY WEALD


Play for all
WATERBEACH

It feels like it's been here forever

You know that things are working when the immediate reaction to a new community is not how new it is but how established it feels. Of the developments we have taken through from inception, none of the homes are more than six years old, yet within those same communities, there are a wide range of facilities, meanwhile uses and spaces supporting active and vibrant communities. Local businesses are thriving, kids are outdoors playing and the residents are proud of where they call home.

Read our case studies online at
www.urbanandcivic.com/community-facilities

Houlton opens its first Co-op
RUGBY


Alconbury Weald residents running club
CAMBRIDGESHIRE

New district centre
PRIORS HALL PARK

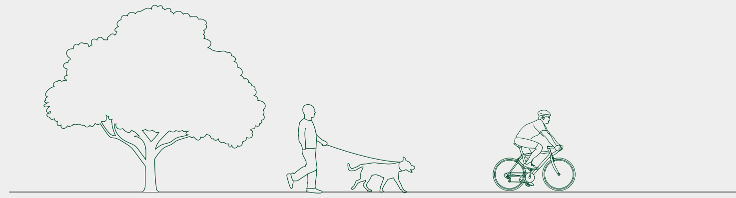

Roots and Wings in the Pavilion
ALCONBURY WEALD

Swynford Stores home deliveries
ALCONBURY WEALD


Playgrounds
HOULTON

Sustainable

value creation



Keeping our promises and doing the right thing are fundamental to how we operate as Urban&Civic. We believe that our projects and development activities can deliver both successful business results and positive societal and environmental impact, creating long-term and sustainable value for our shareholder and our wider stakeholders.

Our Five Capitals:

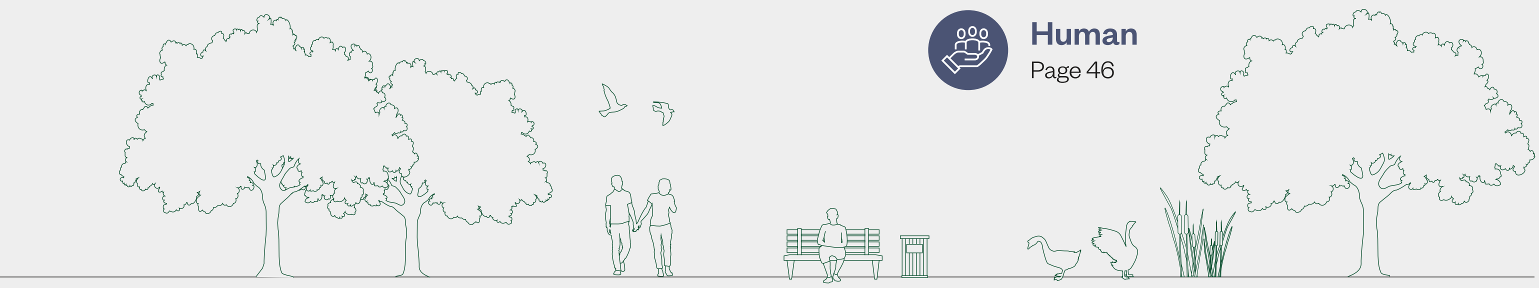
Physical Page 38

Social Page 40

Economic Page 42

Natural Page 44

Human Page 46



Our approach to value creation

Operating sustainably has been central to Urban&Civic since our inception more than ten years ago.

Now, as we face the universal challenges associated with climate change – and our work as Master Developer continues to grow in scale and complexity – sustainability remains fundamental to the quality of what we deliver and how we work with our partners, the communities around us and our people.

Over the last few years, we have sought to codify our strategic approach to sustainability, based on that core belief in realising long-term value for all our stakeholders and capturing the multifaceted benefits resulting from our activities and operations across five Capitals: Physical, Social, Economic, Natural and Human. This approach aims to embrace sustainability as an opportunity for our business rather than a challenge to overcome. We believe that tangible and intangible value are created as a result of long-term thinking, grounded in sustainable business approaches.

Last year, we shared our initial Sustainability Framework approach, designed to provide a set of minimum standards to apply across our portfolio. In the following section, we update on our progress against alignment with these standards, and against the targets we have set to improve them. Every metric demonstrated our development in the area of sustainability during the 2019 and 2020 reporting years, and as a result we have updated many of our targets to be more ambitious when it comes to realising sustainable value between today, 2025 and beyond.

Focusing on what matters most

We are proud that Urban&Civic occupies a unique and ambitious space in the development and placemaking landscape in the UK. As a company, we are forward-looking in our approach to sustainability in the widest sense as a way of doing business. Therefore, rather than being led by and satisfied with a selected suite of standard industry approaches to sustainability, our strategy is bespoke, and led by materiality, business feasibility and strong momentum. Our strategy has been designed to respond to a wide range of macro drivers leading the global sustainability agenda, summarised through our identification and adoption of three key interrelated challenges – namely climate change, biodiversity and nature-related risks, and human health and wellbeing. Over this past year, with the Covid-19 pandemic still influencing our day to day lives, the importance of recognising human health as a key sustainability driver, indeed one which is deeply connected to our economies and to growth, has never been clearer.

We have sought to align our work and targets with the United Nations Sustainable Development Goals (SDGs), striving where relevant to maximise our contribution towards their achievement, due in 2030. We believe that the SDGs set out a clear and ambitious framework for progress towards a more sustainable world and are cognisant that, as part of the business community, we have a role in tackling these global challenges. Our Sustainability Framework sets out our alignment with the SDGs.

Evolving our Sustainability Framework

Our Sustainability Framework approach sets out our ambition and commitments, aligned with our organisational purpose of creating sustainable and community focused places where people want to be. It reflects the continuation of a journey which, for us, started with the formation of Urban&Civic over ten years ago.

As explained in previous years, the Framework is structured around five "Capitals" that we have identified as the key opportunity areas where we believe our business intersects most keenly with society and, therefore, has the most significant potential to make a positive difference. These "Capitals" were initially developed following deep analysis of our core business risks (page 59), the definition of our core values (page 7) and a review of our engagement with key stakeholders (pages 28 to 31), as well as looking at the common principles that have been established via our approach to community engagement and jobs and skills, together with the design guides and sustainability statements that have underpinned our delivery.

Within these Capitals are a series of objectives and 15 specific action areas along with detailed performance indicators and targets for the topics identified as most relevant to our business. Over the course of 2021, we have been working further on the Framework, reviewing our approach to sustainability with our new shareholder, the Wellcome Trust. Our aim now is to launch the evolved Framework in early 2022, together with internal guides for our teams specifically targeted at how we can best address our three universal challenges (see below).

Delivering on our strategy

The initial five-year horizon has been set for strategic formalised evaluation of our performance. However, this Framework approach is informed by longer-term considerations and drivers of national significance. The UK Government committed in 2019 to a 2050 target for nationwide net zero emissions, and in 2021 has also produced specific legislation focusing on the built environment, in the recent Heat and Buildings Strategy, setting out plans to cut carbon emissions in the UK's 30 million homes and workplaces. Increasing regulation and policy proposals can be expected over the course of the UK's Conference of Parties (COP26) presidency in 2021–22, and we expect a further overlap between climate change, environment and emissions policy, and social, economic development and employment policy in the years to come.

In this sense, 2025 is by no means the end, it is just the first strategic milestone in our formalised approach to delivering sustainability in all we do. Our approach remains flexible, such that our objectives, action areas and metrics will evolve over time in order to respond to changing stakeholder demands and legislative requirements.

We realise that our evolving sustainability work is just part of our journey and welcome thoughts and reflections from our stakeholders recognising fully that the best and most innovative results are achieved in partnership.

Holding ourselves accountable

Reporting scope and boundaries

This sustainability section covers our activities during 2020/21, a year in which we made strong progress against our identified objectives and metrics, but were still dealing with the impacts of Covid-19. Each of the five Capitals has three associated objectives, making for 15 Action Areas in total. In the sections that follow we have summarised our performance under each of the five capitals by highlighting our achievements and identifying opportunities for improvement.

The Universal Challenges

It is our firm belief that to be successful and sustainable, every development must respond effectively to three universal considerations:

- **Carbon emissions reduction:** 65 per cent of global carbon emissions can be traced back to infrastructure and the UK's homes contribute over 25 per cent to our national greenhouse gas emissions, so any new residential-led Master Developer development must strive to minimise its footprint from now and implement a demonstrable and realistic route to both establishing a carbon budget and then working to science-based targets in delivery to align with the country's commitments to national decarbonisation via the National Determined Contributions.
- **Biodiversity net gain:** The world is experiencing a crisis of nature and extinction. Whilst the situation in the UK is less severe than in some parts of the world, sustainable development must mitigate its impact on local habitats, plants and wildlife, and go further than the soon to be announced legislation to contribute towards a greater and enhanced net gain in local biodiversity.
- **Health and wellbeing:** Understanding of the importance of health and wellbeing to happiness, productivity, community and prosperity has become increasingly important in recent years. Through the design of new developments and our commitment to employees, people can be motivated to embrace active, healthy lifestyles and enabled to be sociable, community driven and content.

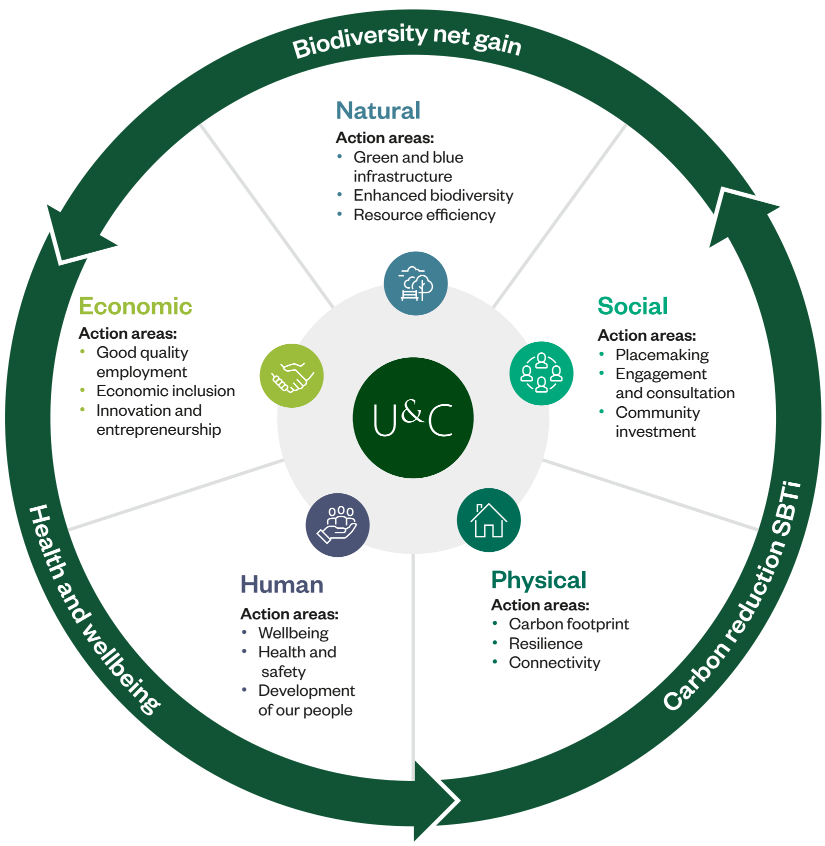
These challenges, which are embedded throughout this section, are areas in which we are well placed as a Master Developer to make a difference through clear targets and influencing others with whom we work.

Our challenge guides

Our guides will set out how these challenges may be better addressed on a day to day level by all employees, stakeholders, consultant teams and others engaged by Urban&Civic. The guides will form part of our internal communications strategy to upskill our employees and those they commission on these important topics and will be widely disseminated throughout the business. The metrics supporting these guides will then demonstrate how each challenge and action area will be governed in line with the Sustainability Framework and how progress on the challenges will be monitored, measured and reported.

To give two examples of how these challenges will be directly relevant to day to day operations at Urban&Civic: firstly, and as discussed elsewhere, from 2021, all employees will have an element of remuneration linked to the delivery of our sustainability objectives as defined within our metrics and supported through their inclusion within each business plan. Secondly, we will be introducing carbon literacy training for employees across the business, with an ambition to deliver accredited training to more than 80 per cent of our team by June 2022, leading to a clear policy understanding for all employees.

More practically, the business has established working groups to continually advise and reflect on the opportunities to reduce capital carbon within our direct and indirect operations, both as potential policy changes at business level and more localised at project delivery level.



Our sustainability approach has been conceived as a "live", progressive methodology that can be adapted as required to respond to shifting trends and expectations. Our five Capitals are aligned to the UN Sustainable Development Goals, and tangible progress is delivered by our teams who are guided by our Sustainability Framework, with clear Objectives, Action Areas to focus on and Metrics to measure performance.

All this is framed within the context of the three Universal Challenges that we believe every development must respond effectively to.

Holding ourselves accountable continued

Reporting scope and boundaries continued

As our Sustainability Framework progresses, we intend to disclose performance against all sustainability commitments and targets and produce site-specific sustainability updates to ensure maximum openness and visibility for our stakeholders. In the immediate term, given the complexity of the sustainability governance and reporting process, we will adopt a phased approach towards site-specific reporting. This phased approach also allows us to ensure robustness of our process and systems. Unless stated otherwise, the reported data in the following pages has been calculated by taking the average performance across our Strategic Sites.

Our 2020/21 reporting process covers all sites that are in operational and delivery mode, based on the Sustainability Framework approach set out in 2019.

As outlined in more detail on the following pages, the metrics and targets aligned with each of the 15 Action Areas have been updated for 2020/21. In some cases, we managed to achieve our targets more quickly than expected in 2019/20 and so have revisited the metrics in 2020/21 and set more stretching targets to drive further progress. In others, we were keen to develop a more nuanced and complex approach to measuring progress, taking guidance from external bodies on metrics to better reflect our desired outcomes. A third and wider reason for the updated targets is our desire to demonstrate value for as many stakeholders as possible. A common theme has been to move from single-stakeholder to multi-stakeholder metrics.

Moving forward, our refreshed Sustainability Framework, underpinned by our challenge guides and updated metrics, will be finalised and launched in early 2022 and we will report in full against it at the end of the financial year 2021/22.

Data credibility and robustness

Our strategy consultant, Hoare Lea, has performed an independent review and validation of the sustainability data generated in 2020/21, building upon their analysis from 2019/20. Their analysis consisted of assessing the appropriateness of any assumptions made at corporate and site level, the data scope, independent verification of source information and the reporting boundaries. Hoare Lea also reviewed our data aggregation process and matched the reported figures against the corresponding source documentation and metric description.

Hoare Lea's review and feedback has helped to establish a robust data consolidation process to compile reliable sustainability disclosures.

In line with industry best practice, we intend to explore relevant independent, third party assurance over specific data and associated qualitative information, in the reporting cycles to come, in order to further bolster confidence in the credibility, reliability and accuracy of our disclosures. We also have a commitment to move towards SBTi in the current financial year.

Governance

A key step in our Sustainability Framework has been to establish a robust governance structure and define responsibilities across core functions to ensure that there is clear ownership of each element of the strategy, complemented by adequate systems in place to collect the reliable and transparent data required to process and report performance against metrics. Each metric is assigned a lead person(s) from the Executive Management Committee (EMC) to drive forward the inclusion of the metric within the business model and in gathering the year-end data for validation.

In January 2021, Urban&Civic became part of the Wellcome Trust. This meant several internal shifts around accountability and reporting as we integrated and the Wellcome Trust became Urban&Civic's only shareholder. Accountability for our Sustainability Framework sits with the Board. The Board is supported by the EMC, which is chaired by our Managing Director, Robin Butler. Reports are submitted to and heard at each EMC and Board meeting with associated requests for discussion/direction on policy and development. The implementation of our Framework at an operational level is then delivered under the governance of a single EMC member, supported by other EMC colleagues on the individual metric work.

Addressing the carbon reduction challenges

We have continued to develop our learning this year through the formation of two major consultative initiatives involving employees and consultant/contractor groups, driven by our desire to both understand our carbon impact more accurately and inform the next steps along the journey.

The first initiative involved aggregating all information on capital carbon expended at our Houlton site over the previous three years, providing us with empirical data on which to analyse and predict our future footprint as the business grows across all sites. This output, reported in a Carbon Baseline Report, provided invaluable data from which we have been able to predict our impact over the next ten years, assuming business as usual. The outputs from this analysis were that only 4 per cent of our carbon budget was found in operational mode, whilst 96 per cent was to be found in what we design and build, with a maximum of only 15 per cent being offset by carbon sequestration in the landscaping we create.

The second initiative involved establishing working groups who will continue to look at opportunities for carbon reduction within the business, both as part of our design and construction process, and subsequently in our operational mode. Whilst targets set within the buildings we directly commission may be more tangible, accessible and familiar to our design teams, those around infrastructure are less well documented. Whilst the initial output from this research was reflected in a Carbon Reduction Opportunities Report, we have continued to work through this group to focus on some key areas of change to be brought into the business over the coming two years:

1. Carbon literacy – not only the learning and development initiative noted above, but also establishing a syllabus and policy whereby all employees understand the key goals to be aiming for as they guide developments forward.
2. Optimisation – led by a revamp of our Design Coding, this will entail incorporating a carbon design guide element to explain externally to stakeholders how we intend to deliver on our promises in physical terms.
3. Energy and utilities strategies – establishing demand models for our developments that remain flexible and adaptable to changing technology and customer requirements, optimising decarbonised solutions.
4. Landscaping strategy – building on the Biodiversity Guide and ensuring that suitable species and planting guides can effectively direct our future placemaking.

These areas are likely to be supplemented by targeted and regional innovation where specific onsite opportunities arise.

The work above allowed us to draft an initial Map to Net Zero for the business, supported by factual data from our own developments, and ultimately allowed us to set delivery milestones within business plans for the years ahead.

We are dedicated to continuous improvement as we develop. An example of this learning-by-doing approach includes the insights we have developed this year from the introduction of volumetric modular residential development, which have led to valuable reflections and planning for the next such intervention. We also continue to explore the incorporation of greater site-wide and/or parcel-wide renewable technologies to serve our housebuilder stakeholders.

Building upon the foundation of the work noted above and establishing a carbon budget to 2035, our direction of travel is towards three core targets and delivery strategies during the course of 2022, based upon the Science Based Targets initiative (SBTi) in the following areas:

1. Net zero for Scope 1 and 2 emissions;
2. Net zero for Scope 3 emissions; and
3. Cumulative Scope 3 emissions.

Just as our Carbon Reduction Opportunities Report underpins one of the Challenge Guides, the development of our Biodiversity Toolkit and Health and Wellbeing Strategy documents this year supported the initial suite of guides to respond to the sustainability challenges we identified in 2019. Born out of extensive research and consultation across our stakeholder and consultant network, these guides provide our current vision and direction to our team, our designers and representatives charged with delivering the Urban&Civic Sustainability Values across our development portfolio. They are written to be flexible and responsive and will be reviewed every two years.

Commitment to transparency

We will continue with our sustainability disclosures and report against the commitments and targets set out in our formalised Sustainability Framework on an annual basis to ensure openness and visibility for our stakeholders and provide evidence for wider discussions on best practice.

Within our Framework, we set an initial five-year horizon to 2025 for the strategic evaluation of our sustainability performance. In line with industry best practice, however, he intention is to report progress on an annual basis.

By focusing on the topics that are most meaningful for our organisation and our stakeholders and regularly reporting on progress, we believe we will create a natural incentive to improve, and to ask all stakeholders to hold us to account on our commitments.

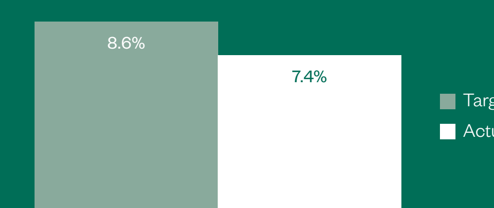
Physical

Objective:
Net zero carbon

Why it matters

Net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. Net zero is reached when the amount added is no more than the amount taken away. In 2019, the UK Government set a legal target to achieve nationwide net zero emissions by 2050, while the built environment industry is driving for all new buildings to be net zero operational carbon by 2030. Key issues to be addressed in construction include the amount of embodied carbon in new buildings, their lifetime emissions and their energy efficiency. The debate is not whether carbon reduction should be a strategic goal for us, but rather when and how we can reasonably achieve it.

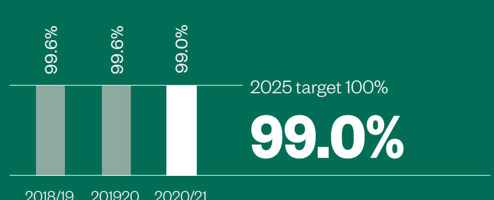
Action Area 1 – Carbon footprint : Steady reduction in emissions



Graph showing the target reduction and actual reduction in operational carbon emissions per sq. m. of occupied asset for the FY 2019/20

Read more detail on our GHG emissions on Page 137

Action Area 3 – Connectivity: Cycle connectivity



Graph showing the percentage of occupied buildings within 200m of a dedicated cycle way

What we are doing

To achieve this objective, we have identified three action areas to provide a strategic focus for our efforts and commitments: first, to measure and minimise our carbon footprint, encompassing key considerations with regards to operational energy use, clean and renewable forms of energy supply, and embodied carbon; second, to enhance the resilience of our sites, by preparing for the physical risks associated with climate change, such as rising temperatures and increased flood potential; and third, to ensure the best connectivity for our land parcels, encouraging sustainable means for mobility as well as providing appropriate access to flexible and robust digital networks.

Action Area 1: Carbon footprint
Minimum standard metric

2019/20 reporting metric: Reduce our net operational carbon emissions by 40 per cent over a 2019 baseline (business wide) by 2025.

2020/21 revised 2025 target: Reduce our net operational carbon emissions by 60 per cent over a 2019 baseline per m^2 of occupied space.

We measure and report our greenhouse gas emissions (GHG) and declare these annually. As we face the climate emergency, we appreciate that further swift and decisive action is needed as we work towards achieving net zero operational carbon by 2030. The importance of carbon emissions is highlighted through its inclusion as one of our three universal challenges.

Last year, we reported excellent progress – a 9 per cent net reduction in carbon emissions over a 2019 baseline once the lower consumption effects of the 2020 pandemic were taken into account, putting us well on our way to our net zero target.

As we look forward to 2025, given that the business will continue to expand, an absolute reduction against the 2019 baseline was considered not to be the best measure of our success in this area. Instead, we believe that measuring our carbon reduction against m^2 built area per annum is more appropriate as this will allow for fluctuations in occupied space and drive real reduction. On this basis, we revised our metric this year and increased our 2025 reduction target by 20 per cent to 60 per cent.

To achieve a 60 per cent reduction in carbon emissions on this basis by 2025, based on 2017/18 baseline data, an average of 8.6 per cent reduction would be required each year.

During 2020/21, our declaration indicates that there has been a 44 per cent reduction in our net carbon emissions compared to the previous year. However, we again recognise that due to the Covid-19 pandemic, many of our operational buildings have been under-utilised, consuming far less energy than normal and resulting in lower than expected carbon intensity. Energy usage for the 2020/21 financial year was calculated to be 26 per cent lower than the previous year.

In 2020/21 we achieved a 7.4 per cent net reduction in carbon emissions per m^2 over the previous year once the lower consumption effects of the pandemic were taken into account. Next year, this metric will further evolve to be based around a capital carbon-based target, incorporating the targets established above, in line with our direction of travel towards the adoption of SBTi.

Action Area 2: Resilience
Minimum standard metric

2019/20 reporting metric: All our sites comply with the requirement for surface water drainage systems capable of managing flows resulting from a 1 in 30-year event and all attenuation bodies to deal with a 1 in 100-year event by 2025.

2020/21 revised 2025 target: 100 per cent of public open space and directly contracted community buildings incorporate green infrastructure features in their design to minimise surface run-off, minimise consumption, manage flood risk and maintain the natural water cycle.

Resilience is core to the continual success of Urban&Civic's developments and we are determined that our projects are delivered and managed robustly for the long term. With increasing risks being realised from climate- and nature-related challenges, both mitigation and adaptation approaches are key when considering forward-looking investment.

During 2019/20, we were able to verify that for three years running we had satisfied our original resilience target of having all our sites protected against flooding if a 1 in 30-year event occurs, by virtue of sustainable drainage systems adopted on site. In addition, we reported that all over site flood events up to 1 in 100 years may be suitably retained within our surface water storage system, including allowance for climate change.

In 2020/21, we trialled a new 2025 metric with a target that extended the concept of resilience to the wider water cycle, focusing on public open space and directly contracted community buildings incorporating green infrastructure features in their design to manage flood risk and maintain the natural water cycle.

Accordingly, during 2020/21, BREEAM assessments confirmed that water consumption was being minimised at a number of buildings, and other sites provided drainage strategies and surface water catchment plans to demonstrate that green infrastructure features were being incorporated into designs.

However, it proved difficult to provide a data point for this metric, given that no new projects or workstreams had completed the full design, planning and delivery cycle within a single year of reporting.

Given our increasing awareness of the need to recognise and address wider water cycles being built into our designs across projects, we have therefore decided to build upon this work and reflect a new target based upon the necessary limitation of water consumption across our workstreams. For 2021/22, this metric should therefore focus on reducing water consumption per person. This water reduction activity will take place within all new dwellings constructed on our strategic land sites from this date, and is anticipated to lead to a minimum 20 per cent reduction from both water authority targets and anticipated Building Regulations requirements.

Action Area 3: Connectivity
Minimum standard metric

2019/20 reporting metric: 100 per cent of buildings on our sites are within 200m of a dedicated cycle way by 2025.

2021/21 revised 2025 target: 100 per cent of buildings on our sites are within 200m of a high-quality cycle way as defined by Sustrans.

As Master Developers, we are in a unique position to provide access to and promote sustainable transport. It is a critical aspect of the pathway to net zero, and we see this as the biggest opportunity to positively contribute to reducing emissions in our direct influence.

When considering site strategy, design and delivery, access to sustainable travel remains one of the pillars on which all our developments are established. We believe in creating a built environment that encourages greater and safer use of sustainable transport, so the design and implementation of all transport aspects of our developments and associated strategies are applied in the following order:

i. Opportunities to reduce travel demand and the need to travel;

ii. Pedestrian and cyclist user needs;

iii. Public transport user needs;

iv. Powered two-wheeler user needs; and

v. Other motor vehicle user needs.

This hierarchy is then applied to all aspects of site strategy, design and delivery over the lifetime of the development.

In 2019/20, our target was to ensure that 100 per cent of buildings on our sites were within 200m of a dedicated cycle way, in line with Sustrans guidance, and we achieved 99.6 per cent. Data for this metric was collected from five sites in 2018/19 and 2019/20.

In 2020/21, we amended this metric to improve the specification of our shared paths and adopt more stringent design criteria. The new target is to ensure that all our buildings are within 200m of a "high-quality" cycle way that continues to meet the Sustrans guidance though specifically includes lighting, intermittent segregation detail in the case of hybrid cycle/footpaths, protective barriers or segregation from cars and offers a ride which is uninterrupted by surface deviations.

Based on data from five sites where construction has begun, 99 per cent of the buildings, at the start of the assessment period, were built within 200m of a high-quality cycle way. On three sites – Alconbury, Houlton and Priors Hall – all new buildings met this target, whilst Wintringham and Newark were close to achieving our target at 98 per cent and 92 per cent respectively.

In 2020/21, 99 per cent of buildings constructed during the year were within 200m of a high-quality cycle way.

Case studies – Physical

On the buses in Houlton

Sustainable travel is a core part of the Master Developer Approach, promoting early options for walking, cycling and buses. At Houlton, when the development of 6,200 homes is complete, residents will be no more than 400 metres away from a bus stop, making access to local towns easy. Currently families can take two regular bus services from the centre of the development outside Houlton School, at the west side of the development, and to the east on Station Avenue.

To give our residents an opportunity to enjoy the bus for free and to test out how taking the bus can happen alongside other family or work commitments, we teamed up with the service operator – Stagecoach – to issue each resident with two single week passes for the bus service. In the first week, we received over 508 ticket requests from 81 families. The Stagecoach app provides real time information on services allowing residents to know when to head to the bus stop.

The current bus routes through Houlton run on average every 30 minutes and take passengers to neighbouring locations in Northampton, Daventry, and the main town of Rugby. Since the link road, Houlton Way, which incorporates Rugby's only dedicated bus lane, is now open as a direct connection to Rugby town centre, the bus journey from Houlton to Rugby Train Station only takes five minutes.

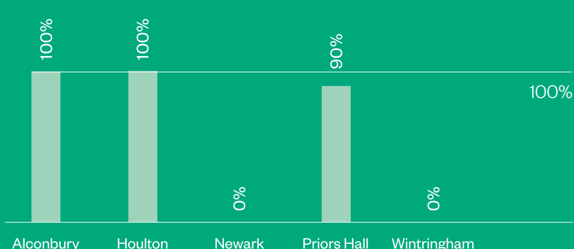
Social

Objective:
Vibrant communities

Why it matters

We believe communities at home or at work are the building blocks of a lively, interconnected network of services and relationships that enable places to thrive. As Master Developers, our ability to create self-sustaining communities and to nurture a culture of community citizenship is an indicator of success which we believe is as important as reducing our environmental footprint.

Action Area 1 – Placemaking: Green space



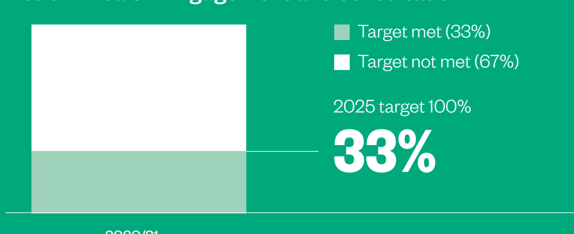
Graph showing the percentage of residents living within 300m linear distance (five minutes' walk) from a publicly accessible green and blue space, of a minimum size 2 hectares

Action Area 2 – Community investment:
Being a good neighbour

	2018/19	2019/20	**2020/21**
2025 target	40	40	**40**
Reported	43.0	42.6	**38.3**
Rolling average	39.0	40.4	**39.5**

Table showing rolling average and reported CCS site scores for the last four years

Action Area 3 – Engagement and consultation



Graph showing the percentage of sites that have a live post-planning written consultation and engagement strategy informed by local socio-demographics and agreed with key local stakeholders

What we are doing

To achieve this objective, we have identified three action areas to provide a strategic focus for our efforts and commitments. The early delivery and management of placemaking is our first action area and will gear our efforts towards delivering high-quality development sites, with a particular focus on access to quality green and blue space. We take community investment as our second action area, reinforcing our support for communities and working with our contractors to ensure maximum positive impact. Finally, we have defined engagement and consultation as the third action area, focusing on our work with local stakeholders to understand key local issues in the communities we are developing so that we can respond accordingly.

Action Area 1: Placemaking
Minimum standard metric

2019/20 reporting metric: A minimum of 40 per cent of total site area is dedicated to green space by 2025.

2020/21 revised 2025 target: All residents living on our sites have a home within 300m linear distance (five minutes' walk) of a publicly accessible green and blue space which is at least 2 hectares in size.

One of the ways that sustainable development creates value is by providing high-quality places and spaces where communities can flourish. We can play our role in helping to achieve this by planning and delivering projects in ways that make the most of the combined physical, cultural and social attributes of our sites.

One well-established principle of our approach is to foster a sense of place and belonging by providing sufficient green spaces early in the development process where people can meet, socialise and exercise. The connection between green and blue space and health and wellbeing is strong, which is why we are highlighting it as one of our three universal challenges.

In 2019/20, our metric focused on the percentage of total site area dedicated to open space, and our calculations indicated an achievement of over 65 per cent – considerably above our target of 40 per cent. Although this was expected to even out towards our target as house numbers grew, our aspiration was to ensure that no site fell below this target in its lifetime.

During 2020/21, we revised the metric, recognising the impact of the pandemic, lockdowns and the importance of accessibility to open space. Against a target of 100 per cent, 95 per cent of new homes constructed on our three sites that have publicly accessible green and blue space of at least 2 hectares in size were built within 300m, or five minutes' walk, from it. Two of those sites, Alconbury and Houlton, this year met the target. The third, Priors Park, achieved 90 per cent with the new zones being designed so that this target can be met. Newark, Wintringham and Waterbeach currently do not have publicly accessible green and blue space that is at least 2 hectares in size at their stage of development but are designed to meet this requirement when the space is completed. The revised metric reflects that while the provision of good quality and accessible open space in large areas is crucial in placemaking, focusing on access to nature within that space sets an ever higher and more sustainable bar. This not only aligns with our vision, it reflects the universal challenges around health and wellbeing, aligns with policy such as Natural England's Accessible Natural Greenspace Standard and reflects research from the World Health Organization, examining the positive connections between urban green spaces and health.

In 2020/21, on our three sites where publicly accessible green and blue space of at least 2 hectares is available, 95 per cent of dwellings built were constructed within a five-minute walk.

Action Area 2: Community investment
Minimum standard metric

2019/20 reporting metric: All contractors employed by Urban&Civic achieve a minimum Considerate Constructors Scheme (CCS) score of 40 out of 50 by 2025.

2020/21 revised 2025 target: All contractors employed by Urban&Civic are members of the Considerate Constructors Scheme (CCS) and achieve a minimum score of 40 out of 50.

When it comes to supporting our communities, we believe in working with our contractors to achieve the most positive impact possible. Contractors are a critical part of the Urban&Civic family, and how they go about delivering our developments is critical to the achievement of our sustainability ambitions. Minimising disruption to the local area is one important area of focus, and we are now placing even more emphasis on this.

Under the CCS, participants register to abide by the Code of Considerate Practice which covers three areas: the general public, the workforce and the environment.

Back in 2017 we made membership of the CCS a contractual requirement for all our commercial projects above a particular contract sum, expanding this to cover similar infrastructure contracts in 2020.

We set a 2025 target benchmark of 40 points, equivalent to an "Excellent" rating, and last year our average CCS site score stood above target at almost 43 points, though from a reduced data set that we acknowledged would be challenging to maintain in future years.

Looking at the last four years, the average CCS score is 39.5, meaning that we came very close to our 2025 target of 40 points. During 2020/21, the average score across all developments was 38.3 which again is close to target.

In 2020/21, the average CCS score across all developments was 38.3, which is down on last year but close to our target of 40 points and from a far increased database.

Action Area 3: Engagement and consultation
Minimum standard metric

2019/20 reporting metric: A minimum of 80 per cent of our staff being either satisfied or very satisfied with the internal communications of the Group by 2025.

2020/21 new 2025 target: All sites will have a live post-planning written consultation and engagement strategy informed by local socio-demographics and agreed with key local stakeholders.

We believe in giving our employees a voice in our business, and in last year's Annual Report we highlighted the percentage of Urban&Civic colleagues satisfied or very satisfied with the Group's internal communications, gathering data from Company-wide reviews carried out in 2018/19 and 2019/20.

Against a target of 80 per cent, we recorded a 71 per cent score last year which increased to 97 per cent in the pandemic. It goes without saying that continuing to inform and engage our colleagues remains essential for the achievement of our sustainability goals and our success as a business and employer of choice. Our internal survey of staff this year achieved 93 per cent coverage and an overall engagement score of 91 per cent. (Read more on our human capital targets on pages 46 and 47.)

Given this strong performance and that stakeholder engagement is critical to establishing a mutual understanding of people's needs and aspirations and creating mutually beneficial outcomes, this year we introduced a new target that reflects the important work we need to do to engage with community stakeholders in the areas we are developing. We are therefore seeking to ensure that all our sites have a post-planning written consultation and engagement strategy agreed with key local stakeholders by 2025. Our aim is to incorporate key information received into our plans from the outset, and as they develop over the delivery period, to create a sense of community ownership and collective responsibility.

Nobody knows an area better than the people already living there. We want to tap into this knowledge, along with the knowledge of other local stakeholders and people moving into new homes as they are developed, to better understand critical issues so that we can create genuine value.

In 2020/21, two of our six Strategic Sites in delivery, Alconbury and Waterbeach, achieved the new target, representing 33 per cent attainment. This was because these sites were the only sites to experience an engagement pilot scheme aligned with this new target, so we can expect achievements to rise across our sites as we roll out engagement schemes across our multiple sites. We intend that consultation and engagement strategies to be introduced on other sites next year and findings from the pilots will inform the next stage of this initiative. Extensive consultation in engagement, however, occurred across all sites.

In 2020/21, a written consultation and engagement strategy was introduced at two Strategic Sites in a pilot initiative. This will inform the rollout of similar strategies to more sites next year to meet our target by 2025.

Case studies – Social

Forging social connections through play

Establishing high-quality play areas for the first families moving into a new community provides a focal point for them to meet and begin forging friendships.

At Wintringham in Cambridgeshire, two new play areas have opened, encouraging active play and active minds by inspiring children and their guardians to get close to nature.

Bret Park sets towers among tall, newly planted pine trees to give tree-top views of the development. Surrounded by swaying ornamental grasses, the play area also has seating areas with space for pushchairs to encourage social connection.

Ripple Park uses a series of mounds and logs to encourage imaginative play and help youngsters expend their energy positively. Picnic benches and seating overlook the active landscape, whilst naturalistic planting areas and larger trees wrap around the edges creating separation from the roadside.

The next major play destination will replicate an Iron Age Fort structure, engaging families in the heritage around them as they play.

As well as the social benefits, the bespoke play equipment also reflects Urban&Civic's commitment to delivering high-quality places for all ages to enjoy.

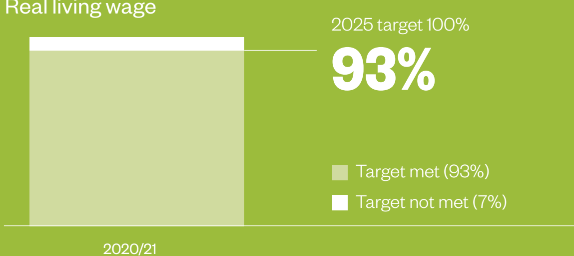
Economic

Objective:
Inclusive prosperity

Why it matters

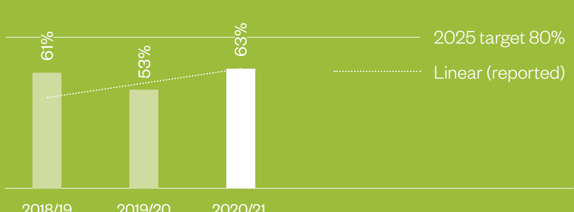
We believe that a successful project seeks to create economic value not just for Urban&Civic, its partners and customers but also for wider society. As such, a fundamental element of our approach is to leverage our investment, skills and engagement to enable a demonstrable return for all stakeholders, while ensuring a "just transition" that improves lives and livelihoods and avoids deepening any existing inequalities.

Action Area 1 – Good quality employment:
Real living wage

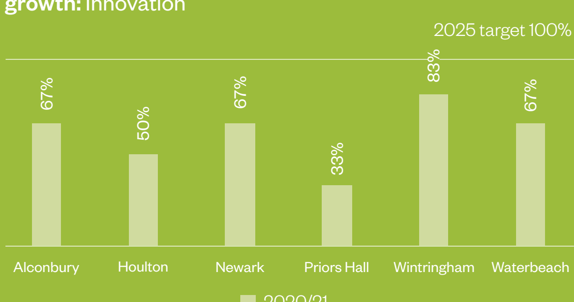


Graph recording the percentage of contractors directly employed by Urban&Civic, employed in accordance with our Ethical Labour Policy and making positive declarations to paying the Real Living Wage

Action Area 2 – Economic inclusion: Innovation and entrepreneurship



Action Area 3 – Promotion of local economic growth: Innovation



Graph showing the sites which collectively utilise Urban&Civic's six initiatives to actively promote local businesses and start-ups to help cultivate local entrepreneurship and economic growth

What we are doing

To achieve this objective, we have identified three action areas to provide a strategic focus for our efforts and commitments: first, to ensure that all contractors directly employed by Urban&Civic are paid the Real Living Wage and are engaged in line with our Ethical Labour Policy; second, to work towards economic inclusion by prioritising local suppliers and seeking to create opportunities specifically targeted at people from disadvantaged backgrounds; and third, to promote innovation and entrepreneurship both within our business and as part of the project delivery process.

Action Area 1: Good quality employment

Minimum standard metric

2019/20 reporting metric: At least 15 per cent of our employees are actively engaged in educational outreach programmes by 2025.

New 2025 target: All contractors directly employed by Urban&Civic pay the Real Living Wage and are employed in accordance with our Ethical Labour Policy.

Integrity – keeping our promises and doing the right thing – is one of the organisational values that guide us in how we do business. At the same time, organisations are facing growing expectations from stakeholders to demonstrate their wider contributions to society.

Driving prosperity for us means striving to improve the welfare of all people that we interact with, not just those we employ directly. We have a track record of encouraging our staff to engage in educational activities in the local community, helping to inspire the next generation of engineers, designers and construction teams. For the last three years, the percentage of employees actively engaged in educational outreach per year has stayed above our 2025 target of 15 per cent, and last year we reported an average of 37 per cent.

Given this consistent outperformance, this year we introduced a fresh metric to ensure that every contractor directly employed by us pays the Real Living Wage. Our new target also aims to guarantee that all contractors we directly employ are engaged in accordance with our Ethical Labour Policy.

As a responsible company, we have a zero-tolerance approach to modern slavery and are committed to acting ethically in all our business dealings and relationships. The policy reflects this by setting out our minimum employment standards and detailing the practices that we require our employees and others to follow.

During 2020/21, 93 per cent of our directly employed contractors were engaged in accordance with Urban&Civic's Ethical Labour Policy (ELP) which states that all workers must be paid at least the Living Wage, as published by the Living Wage Foundation, and be provided with all benefits that are required by law. The remaining 7 per cent of contractors undertaking work for the business during 2020/21 had exchanged contracts during the previous financial year, and whilst their engagement by the business had been validated through compliance with the Modern Slavery Act, their contracts did not include the Urban&Civic ELP as it had not yet been drafted in its current form at the time the contracts were entered into. We take this as a positive and constructive "lessons learned" that where contracts span financial year ends, audits of historical contracts must be undertaken against current Urban&Civic policy. We are now carrying out annual audits in which contractors must show they are meeting this metric.

In 2020/21, 93 per cent of contractors we directly employed were engaged in accordance with our Ethical Labour Policy, which includes a requirement and positive declaration to pay the Real Living Wage.

Action Area 2: Economic inclusion

Minimum standard metric

2019/20 reporting metric: At least 80 per cent of the total value of direct contracts is placed with local contractors whose offices are within 25 miles of the site by 2025.

2025 target: At least 80 per cent of the total value of direct contracts is placed with principal contractors whose offices are within 25 miles of the site.

The concept of "shared value" and delivering returns for wider stakeholders beyond shareholders alone has been defined as the new way for companies to achieve economic success, delivering benefits and creating strong ties to local communities.

For several years, we have sought to use contractors local to our sites wherever possible, as we recognise the many advantages of this approach. For example, it can reduce transport related carbon emissions and improve the health and wellbeing of those employed by nearby suppliers thanks to shorter commuting times.

It is also highly beneficial when we consider the long-term economic impacts of our development sites in the context of the location where they exist. So, we are continuing to implement a procurement strategy which gives priority to local suppliers, particularly small- and medium-sized (SME) businesses, measuring our performance against an ambitious 80 per cent target.

Supporting local companies puts financial resource back into the local economy, stimulating prosperity for local communities. In 2019/20 an average of 53 per cent of direct contracts were placed with local contractors, a slight reduction on the previous year. During 2020/21, as we focused further on realising the challenging 80 per cent target, 63 per cent of the total value of direct contracts was placed with principal contractors whose offices were within 25 miles of our sites. Data from the past four years revealed an upward trend, showing continued good progress towards our 2025 target – and over half of the total value of our direct contracts has now been placed with local contractors for the last three financial years.

The use of local contractors has many benefits to a scheme:

- less potential carbon emissions through transport;
- employment of local labour with the associated community support network;
- better health and wellbeing status of those employed through less travelled hours;
- more ability to use non-motorised user or public transport networks to travel to work; and
- engagement and response times being quicker.

Whilst we appreciate that specialist labour and contractors may not always be available to a scheme "locally", we have set ourselves a hard target of 80 per cent by value of contracts being secured from contractors with office bases within 25 miles of our site.

We know this will be a difficult target to realise by 2025 but the benefits are clear for the communities we are operating within.

In 2020/21, 63 per cent of the total value of direct contracts was placed with principal contractors which have offices within 25 miles of the site.

Action Area 3: Promotion of local economic growth
Minimum standard metric

2019/20 reporting metric: Publish two case study reports per year per site disclosing information on innovative solutions and lessons learnt by 2025.

New 2020/21 target: All strategic land sites in delivery actively promote local businesses and start-ups to help cultivate entrepreneurship and economic growth, and annually publish initiatives together with key learnings.

Nurturing innovation and entrepreneurship, both within our business and as part of the project delivery process in the communities we are developing, is essential for us to play our part in promoting local economic growth.

It is people's ideas – everyone's ideas – that fuel innovation, so fostering a culture of creativity, as well as sharing information, celebrating innovative solutions deployed and highlighting lessons learnt, is key. To support this, we have previously set ourselves the target of publishing two case study reports per year for each of our Strategic Sites, encouraging employees to record and share the innovations they have adopted in different locations.

Urban&Civic have defined six initiatives against which they are measuring their performance to this metric. Each initiative promotes local businessess and start-ups to help cultivate local entrepreneurship and economic growth. During 2020/21, all strategic land sites implemented at least two initiatives, and an average of between three and four were being delivered across our sites. This year 100 per cent of strategic land sites have already implemented at least two initiatives, therefore meeting the 2025 target.

An average of between three and four initiatives are being implemented across strategic land sites. The initiatives were defined and developed in terms of the outcomes desired, and include: having pop-up/permanent space, contracts and opportunities, business awards/sponsorship, seminars and workshops, forming part of local business groups and forums, and marketing and promotional support.

We are starting from a good base, with all sites currently having programmes that offer permanent or pop-up space, as well as marketing and promotional support schemes. Other initiatives include contracts and opportunities for local businesses, business awards and sponsorship, and local groups and forums. Wintringham has the most initiatives, with five, whilst Alconbury, Newark and Waterbeach each have four.

These open and accessible activities reflect our ambition to support local businesses and start-ups, driving entrepreneurship and economic growth in the communities in which we are working.

All strategic land sites are implementing at least two initiatives which actively promote local businesses, start-ups, entrepreneurship and economic growth, meeting our 2025 target.

Case studies – Economic

New district centre for Priors Hall Park

2021 saw a series of major additions to Priors Hall Park's amenities with the opening of a new District Centre, providing the community with everything they could need just a short walk away. January saw the successful opening of a Sainsbury's Local supermarket and a nursery, closely followed by a barbers, vets, dentist, hair salon and a dog groomers in April. By the end of the year the district centre was home to a pizza restaurant, pharmacy, fish and chip / Chinese takeaway, a wellbeing centre and a 66 room care home. We also turned one of the units into a community hub which will be used by local people and host organisations, meetings and events, as well as providing more information about the growing development.

We have been very selective in choosing the new occupants and have been able to give opportunities for local businesses and creating a blend of high quality complementary services to support a vibrant district centre.

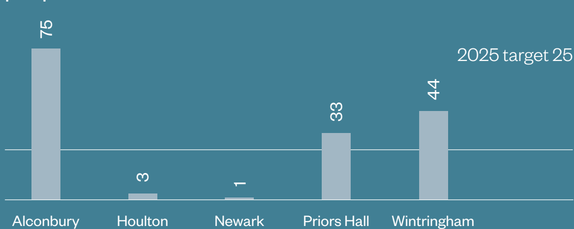
Natural

Objective:
Environmental net gain

Why it matters

We invest not only in quantity but in quality of the green and blue infrastructure we provide. We seek to incorporate nature at the core of all our development sites, preserving existing features of value and capturing every opportunity to enhance the environment, enabling people and nature to flourish collectively.

Action Area 1 – Enhanced landscaping: Connecting people with nature

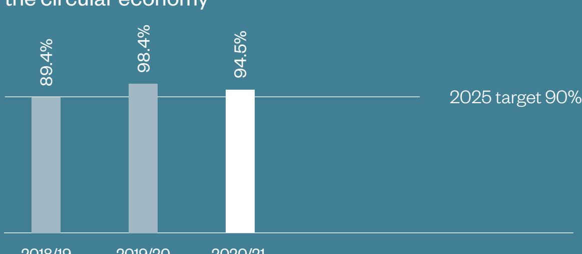


Graph showing number of trees per household each individual site has planted to date

Action Area 2 – Enhanced biodiversity: Net gain on our sites

Graph showing average biodiversity net gain data for each individual site over the 2019/20 and 2020/21 reporting periods

Action Area 3 – Resource efficiency: Championing the circular economy



Graph tracking the total demolition and construction waste diverted from landfill as a percentage of waste generated on all Urban&Civic developments

What we are doing

To achieve this objective, we have identified three action areas to provide a strategic focus for our efforts and commitments: first, to leverage our landscape-led design to deliver environmental net gain with a focus on planting new trees; second, to achieve enhanced biodiversity through the application of the mitigation hierarchy (i.e. avoid and minimise impacts on biodiversity before looking to compensate), avoidance of losing biodiversity that cannot be offset by gains elsewhere, proactive, early engagement with stakeholders, additionality (i.e. achieve nature conservation outcomes that exceed existing minimum obligations) and support for local-level management; and third, to maximise resource efficiency and the resilience of environmental ecosystems. The importance of biodiversity net gain is highlighted through its inclusion as one of our three universal challenges.

Action Area 1: Enhanced landscaping

Minimum standards

2019/20 reporting metric: Provide a minimum of 22m^2 of safe, accessible and functional public green space per household by 2025 to provide access to nature.

2020/21 new 2025 target: Plant an average of 25 trees for each house occupied by 2025.

As Master Developers, we are responsible for the planning, provision and maintenance of safe, accessible blue and green infrastructure on our sites, and we have a proven track record in delivering.

Development projects are increasingly expected to create broader and more holistic environmental improvements in the context of global megatrends such as rapid urbanisation and associated growing disconnect from nature, climate change and natural resource scarcity.

Last year, our metric tracked the provision of green open space and, despite some variance across our sites, we reported that there was an average of 315m^2 available per household in 2019/20, exceeding our 2025 minimum target of 22m^2.

Given strong performance, this year we introduced a new metric for 2025, focusing on the targeted provision of new trees. Trees are one of the most powerful weapons in the fight against climate change, removing carbon dioxide from the air, storing carbon and releasing oxygen into the atmosphere. In addition, they can help to prevent flooding, reduce temperature and pollution, and keep soil rich in nutrients. Providing more of them is also directly linked to addressing two of the three universal challenges we have identified as being relevant to sustainability in the built environment: biodiversity and health and wellbeing.

During 2020/21, an average of 31 trees were planted per household across all strategic land sites, exceeding the 2025 target of 25. Alconbury, Priors Hall and Wintringham all surpassed the target, whilst Houlton and Newark did not due to housebuilding and landscaping cycles. This will be remedied in future years. Waterbeach does not yet have any households in residence so was excluded from the calculation. Overall, Urban&Civic planted 2,950 trees this year. We are mindful, however, that early placemaking and landscaping may lead to this average coming under pressure as the housebuilding on the sites begins. As such, the test for Urban&Civic will be both to retain this positive position and build upon it to attain the ratio required on every single site.

It goes without saying that we will continue to provide a diverse range of blue and green spaces on our development sites, with a minimum target of 22m^2 per household. However, the new metric we are now reporting on focuses on a specific way in which we can seek to deliver ecological, biodiversity, carbon capture, air quality, health and wellbeing benefits.

> In 2020/21, an average of 31 trees were planted per household across all strategic land sites, exceeding our 2025 target.

Action Area 2: Enhanced biodiversity

Minimum standards

2019/20 reporting metric: Achieve a 10 per cent biodiversity net gain as a minimum on all our sites by 2025.

2020/21 revised 2025 target: Achieve a 12 per cent biodiversity net gain as a minimum overall on all our sites.

Biodiversity net gain is one of the three key objectives that Urban&Civic see as being fundamental to our identity as Master Developer and one which we already measure, monitor and learn from. We have been targeting improvements in this area and we set our target of 10 per cent ahead of any legislative requirement. We are highlighting the importance of biodiversity net gain by including it as one of our three universal challenges.

Our commitment to increasing ecological value on our developments is not new. However, we have redefined our approach to maximise our biodiversity net gain (BNG) for stronger and more resilient local ecosystems.

Over the past 50 years, 41 per cent of species in the UK have declined, with a recent index indicating the UK is one of the most nature depleted countries in the world. The need to reverse this continued trend in biodiversity loss is clear, and developments can contribute to reversing this decline through carefully designed and delivered schemes.

Last year, our target was to achieve at least a 10 per cent BNG by 2025, irrespective of the baseline conditions on our sites, and we set this metric ahead of any legislative requirements. The Environment Act 2021 has since formalised this expectation for all developers, introducing it as a minimum target for all new housing schemes. Given the criticality of this issue, we are now pushing ourselves further and have increased our 2025 target to 12 per cent BNG as a minimum, reflecting our desire to go beyond the mandatory.

Last year, we reported an average of 6.6 per cent BNG across our portfolio, based on data from six sites. In 2020/21, we carried out revised analysis on two further sites – Houlton and Priors Hall – and based on this, the average BNG was 8.7 per cent for the year, an increase of just over 2.1 per cent on the year before. This shows good progress towards meeting the 2025 target of 12 per cent. It is projected that if biodiversity continues to increase across all sites at the current rate, the 2025 metric as an average across all sites will be achieved.

As we have previously acknowledged, each site we bring forward has a different ecological value, baseline conditions and parameters within which we can deliver BNG. We shall continue to review and report on at least two of our developments each year to monitor progress against the desired metric by 2025. The considerable work undertaken over the years by our teams in this area has now given rise to our Biodiversity Toolkit. The Toolkit now forms one of our Challenge Guides, issued in order to illustrate our vision and direction when designing in biodiversity from the outset. We are also engaging leading industry professionals and local nature trusts to develop bespoke and coordinated strategies for each site, and placing emphasis on priority habitats, seeking their optimal site-specific incorporation in design.

In 2020/21, an average of 8.7 per cent biodiversity net gain was delivered across our sites, an increase of 2.1 per cent on the year before.

Action Area 3: Resource efficiency

Minimum standards

2019/20 reporting metric: Divert from landfill a minimum of 90 per cent construction and 95 per cent demolition waste by 2025.

Revised 2025 target: Divert from landfill a minimum of 90 per cent construction and demolition waste.

According to the UK Green Building Council, construction, demolition and excavation in the UK accounts for 60 per cent of material use and waste generation.

Resource efficiency is of paramount importance to us and we seek to maximise the incorporation of key circular economy principles in our schemes to ensure efficient use of natural resources.

From reclaiming and reusing existing material on our sites, to remediating contaminated land, we are continuing to focus on reducing construction waste from community buildings and infrastructure that we deliver by diverting unavoidable materials from landfill.

This year, we slightly amended our 2025 metric to set a unified goal of diverting 90 per cent of both construction and demolition waste from landfill, recognising that it is often difficult to segregate data and distinguish between the two sources.

In 2020/21, 94.5 per cent of construction and demolition waste by weight from community buildings and infrastructure delivered by Urban&Civic was diverted from landfill, exceeding the 2025 target. Alconbury, Houlton, Newark, Priors Hall and Waterbeach all met or surpassed the 2025 target. Only Wintringham did not and we are committed to understanding the particular challenges at this site in order to improve future performance. In the previous year, an average of 98 per cent of construction waste was diverted from landfill, so we are continuing a high level of recognition for and awareness of environment management.

In 2020/21, 94.5 per cent of construction and demolition waste by weight from community buildings and infrastructure delivered by Urban&Civic was diverted from landfill, exceeding the 2025 target.

Case studies – Natural

Connecting residents with the wildlife around them

Helping people to explore the natural world around them – and bringing residents together to forge social connections – is key to creating communities that are sustainable for the long term.

At our Alconbury Weald and Wintringham developments in Cambridgeshire, we arranged for naturalist and TV presenter Mike Dilger to host ecology days, giving locals the chance to explore the green spaces, ponds, natural habitats and wildlife on their doorsteps.

Urban&Civic teamed up with stakeholders including housebuilders on the sites to invite the local community to take part. At the "Wild Wintringham" event, for example, activities included an early morning search for critters, pond dipping in Bret Pond, a butterfly and bug hunt, and an evening bat walk.

Families were delighted to find a grass snake as well as moths of all shapes and sizes, whilst the pond dippers discovered water stick insects, pond skaters and newts. Following the "Wild Weald" event, Mike also recorded a special ecology-themed episode of the "Alconbury Weald Stories" podcast series.

He said: "Keen to see the wildlife thriving just beyond their doorstep, attendances were really impressive for every event, and I trust everyone from eight months to eighty years old went away having gained a deeper appreciation of the power of nature to excite and inspire."

For those who were unable to attend the events, extensive wayfinding is installed at our developments with information about the features, amenities, ecology and heritage to help residents explore and connect with nature.

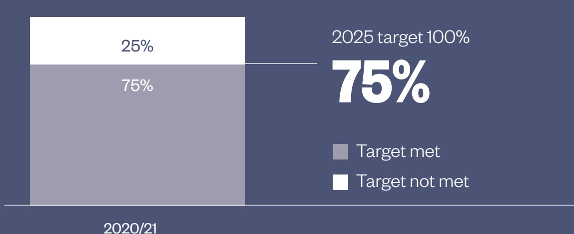
Human

Objective:
Personal empowerment

Why it matters

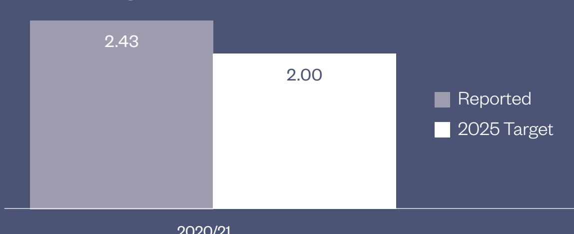
The importance of health and wellbeing to happiness, productivity, community and prosperity has become more widely understood in recent years, and it is one of the three universal challenges that we believe every development must respond effectively to in order to be sustainable and successful. We aim to create distinctive spaces that enhance physical and mental health, improve quality of life and cultivate successful communities. We also invest in learning and training opportunities for our employees to ensure they feel empowered, supported and proud to be working for Urban&Civic in the long-term, strengthening our business longevity and resilience.

Action Area 1 – Health and wellbeing: Quality of life



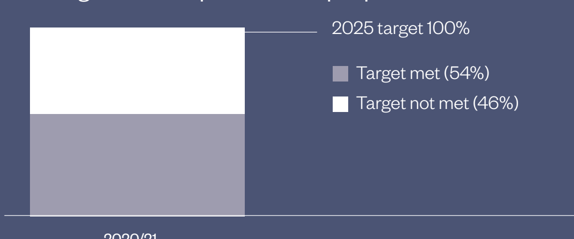
Graph showing percentage of sites on which a health and wellbeing survey was circulated in 2020/21 as part of a pilot scheme

Action Area 2 – Improving health and safety during housebuilder activities



Graph showing average number of safety logs recorded for dwellings delivered in 2020/21

Action Area 3 – Commitment to lifelong learning: Learning and development of our people



Graph showing the percentage of staff undertaking a minimum of ten hours non-mandatory training courses during the 2020/21 period

What we are doing

To achieve this objective, we have identified three action areas to provide a strategic focus for our efforts and commitments. First, we will nurture wellbeing on all our developments. This encompasses considerations relating to both physical and mental wellbeing, for example physical activity, local air quality, healthy diets and mental health support and we will be tracking how residents feel through robust bi-annual surveys. Second, we will protect the health and safety of our employees and all those associated with the Company. Incorporating health and safety in the learning process of all Urban&Civic staff and in our engagement with contractors and housebuilder partners is critical. Third, we will invest in the development of our people encouraging personal empowerment and stimulating growth in learning through both meaningful 360-degree feedback and formal and informal on-the-job training. The importance of health and wellbeing is highlighted through its inclusion as one of our three universal challenges.

Action Area 1: Health and wellbeing
Minimum standards

2019/20 reporting metric: 100 per cent of our sites offer permanent and accessible space for urban agriculture within 800m of all dwellings, in line with WELL Building Standards by 2025.

2020/21 new 2025 target: All our sites with over 100 homes occupied have a robust bi-annual survey in place which records residents' sense of quality of life and health and wellbeing.

Good health and wellbeing is one of the UN's 17 Sustainable Development Goals (SDG3) and one of the three universal challenges that we believe every development must respond to in order to be sustainable.

To support healthy eating, we have challenged ourselves to ensure that all our sites offer permanent and accessible space for urban agriculture within 800m of all dwellings. We have used the WELL Building Standard definition for eligible urban agricultural space which includes community gardens; edible landscaping; small farms or orchards; and private or rooftop gardens. We use measures that incorporate only the green space delivered by Urban&Civic (i.e. not gardens introduced by housebuilders). Last year, we reported that access to urban agricultural space within 800m was made available to 86 per cent of all dwellings constructed and we are continuing to measure our performance in this area.

Looking forward, we wanted to challenge ourselves to take a more holistic approach to residents' wellbeing, building on what we have learnt from working with the local community on urban agriculture provision. Accordingly, this year we introduced a new 2025 target to make sure that we comprehensively measure how residents feel about their quality of life, health and wellbeing overall. We believe this will allow us to critically test whether we are adequately responding to specific context and local needs so that we can take action where necessary.

During 2020/21, we identified the Quality of Life Foundation as our partner to develop a robust survey, promoting and delivering it as a pilot at three out of our four (75 per cent) strategic land sites which have over 100 homes occupied: Houlton, Alconbury Weald and Priors Hall. Pending the success of the pilot, surveys will be rolled out next year to other sites where more than 100 homes will be occupied. Findings from the surveys will be refined and incorporated into business planning and strategies for estate management, community development and community engagement for the following year.

Against a target of 100 per cent, 75 per cent of our strategic land sites which have over 100 homes occupied have a robust bi-annual survey in place which records residents' sense of quality of life and health and wellbeing.

Action Area 2: Improving health and safety
Minimum standards

2019/20 reporting metric: At least 85 per cent of our contractors and housebuilders participate at our monthly project-based health and safety meetings by 2025.

2020/21 new 2025 target: Across all our sites, a maximum of two safety logs per dwelling are recorded for each homebuilder who has completed at least one house in the period.

Nothing is more important than keeping our employees, contractors, residents and visitors safe, and meeting the highest health and safety standards is essential to the continued success of our business and the communities we are developing. At the same time, health and wellbeing is one of the three universal challenges that we believe must be addressed through sustainable development.

Amongst our suite of other health and safety targets, we are continuing to monitor the percentage of contractors and housebuilders who participate in our monthly project-based health and safety meetings. This was the metric we reported on in the last Annual Report when it averaged 65 per cent over the previous three years.

This year, we opted to report on a new 2025 target so that health and safety remains top of mind for everyone employed on an Urban&Civic development. Safety logs have been used across Urban&Civic for many years and we are now tasking ourselves with ensuring that a defined number of these logs – a maximum of two per home delivered– are recorded across all our sites by every housebuilder who has delivered at least one home.

These safety logs are specifically designed to monitor the health and safety performance of housebuilders (along with our direct contractors), and allow us to identify trends in health and safety issues so that necessary action can be taken. Learning outcomes are discussed at the consortia meetings and/or investigated more fully and all critical information is shared with key staff.

In 2020/21, the average number of safety logs recorded per dwellings delivered was 2.4 which is in excess of our desired maximum by 21 per cent. However, it is also key to note that during the year, 17 homebuilders built at least one home on our sites and only three met the target of the maximum number of safety logs being recorded, whilst 14 did not. Despite high performance on the part of many of our homebuilders, 82 per cent of homebuilders did not meet the target, and as such we continue to recognise the breadth of the challenge and why this will remain a key metric for the business.

In 2020/21, the average number of safety logs completed per homebuilder per dwelling delivered across all sites was 2.43.

Action Area 3: Commitment to lifelong learning
Minimum standards

2019/20 reporting metric: Achieve an annual staff retention rate of 85 per cent as a minimum by 2025.

New 2025 target: All employees undertake at least ten hours of non-mandatory Company provided or sponsored learning, training or professional study per year.

Monitoring our annual staff retention rate allows us to understand trends and spot issues early to tackle them promptly and effectively. Last year we reported that retention remained high at over 85 per cent over the previous three years and had peaked at 93 per cent in 2018/19. Given this consistently strong performance, which already exceeded our 2025 target, we announced our intention to review this metric. Whilst we continue to track it, this year we introduced a new 2025 target to ensure that we support and encourage all employees to train, learn or study.

Investing in colleagues' ongoing professional development is key to ensuring they feel valued, challenged and motivated to do their best work. We recruit, train and develop people for the long term, and the Company places strong emphasis on lifelong learning. We believe that everybody should pursue the improvement of knowledge, skills and competencies, and that this in turn enhances personal growth, self-sustainability and business performance. As such, whilst the business holds a number of mandatory training and learning events each year, these have all been discounted when recording the new metric.

During 2020/21, our aim was for all employees to complete at least ten hours of non-mandatory learning, training or professional study, and in our first year we achieved 54 per cent. When accounting for all courses including mandatory training, the figure rose to 91 per cent. However, we intend to continue to encourage our employees to engage in diverse and business benefiting non-mandatory learning as we progress towards our 2025 target.

In 2020/21, 54 per cent of employees completed at least ten hours of non-mandatory learning, training or professional study provided by the Company.

Case studies – Human

Empowering our people to cut greenhouse gas emissions

Carbon literacy is an awareness of the carbon dioxide costs and impacts of everyday activities, and the ability and motivation to reduce emissions.

As part of our ongoing commitment to educating on carbon, we have engaged Groundwork to deliver carbon literacy training to our colleagues and have an ambition to provide this accredited learning to at least 80 per cent of our employees by June 2022.

Sessions typically inform and inspire audiences to act right now to reduce their carbon emissions, but also to begin to plan and take much longer-term action towards a zero-carbon society.

According to The Carbon Literacy Project, carbon-literate citizens understand how climate change will affect them – both geographically and sectorally – and have acquired the knowledge and skills to lower their carbon footprint, with typical realised carbon savings of 5–15 per cent per person.

The journey forward

Since our inception we have been on a journey to create shared and sustainable value for our stakeholders and the wider communities in which we operate. We feel that this year's progress and the evolution of our Sustainability Framework are evidence for the fact that we are well along our journey, and we are committed to continuously evolving our approach to achieve stronger results for the benefit of all.

Next steps

In this second year of implementing our Sustainability Framework and project-wide sustainability reporting, it is apparent that we have managed to reach or exceed some of the targets we had initially set ourselves. We also identified that there are alternative metrics which could capture the essence of our key workstreams more effectively.

This year we have taken on many key challenges in our reporting and our forward-looking targets. One of the most exciting challenges is our carbon footprinting and emissions reductions targets, with the aim of a 60 per cent reduction by 2025 based on a 2017/18 baseline, part of our Physical Capital. We are looking forward to taking the next steps on our commitment, with the aim of moving to capital carbon targets and aligning with the Science Based Targets initative in the next financial year, including net zero for scopes 1-3 emissions. This will demonstrate a big achievement for the business. A second big challenge that Urban&Civic has long been championing is that of biodiversity, under our Natural Capital. Nature and biodiversity are rising up radars around the world as key areas of risk and opportunity for business. This year we set an enhanced biodiversity target of 12 per cent biodiversity net gain by 2025, and have shown good progress over the past twelve months, with an 8.69 per cent net gain where we were able to collect data. Our projections are that if biodiversity continues to increase at the current rate, the 12 per cent target as an average across all sites will be achieved in 2022/23. Finally, we want to draw attention to our focus on Health and Wellbeing under our Human Capital. The challenge we are setting ourselves is for 100 per cent of sites to have a survey mechanism in place to record residents' quality of life, health and wellbeing. This year, 75 per cent of our strategic land sites are already reaching the target as part of successful pilot schemes, and we look forward to rolling these out across our sites.

As part of updating our Sustainability Framework, we committed to undertaking a thorough review of our metrics, part of which will examine the target for each metric and assess its achievability and suitability to support the relevant headline objectives. Having completed this work and sharing the evolved metrics in our 2021 Annual Report increases our confidence that we have selected a suite of tailored and meaningful metrics that reflect our most material sustainability issues.

We have done this with the input and support of our wide-ranging stakeholder groups, and with focused consultation reaching out to key parties, including housebuilder customers, to present and agree stakeholder metrics, levels of aspiration and scope of targets.

Longer-term outlook

We have set an initial five-year horizon for a formalised evaluation of our performance against criteria that we consider to be critical to our organisation as a responsible business.

The next step for us is to share our fully evolved Sustainability Framework in early 2022, supported by the circulation of three Challenge Guides sharing the work undertaken to fully embed our identified universal challenges throughout Urban&Civic.

In this evolution of our approach, we are celebrating the fact that our Sustainability Framework was always designed to be dynamic, iterative and future-proofed, allowing us to constantly shift towards emerging priorities and to be flexible towards more ambitious and challenging targets. It was always conceived as a "live", progressive methodology that will be adapted as required to respond to shifting trends and expectations. We remain committed to reviewing our targets on an ongoing basis. This will help us to continuously elevate our ambition and improve our performance.

We aim to be as transparent as possible in our approach and welcome input and reflections from our immediate stakeholders, as well as those further afield.

The strategic report contained on pages 2 to 69 was approved by the Board on 16 December 2021.

On behalf of the Board

Nigel Hugill
Chief Executive

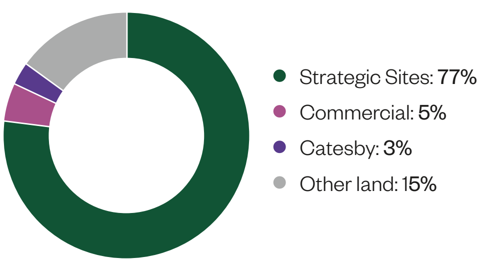
Demonstrable delivery with real purpose

ROBIN BUTLER —
MANAGING DIRECTOR

"

The selection of Urban&Civic by Hertfordshire County Council as its preferred partner for Baldock and the enthusiasm of early stage stakeholders is testament to the power of "seeing is believing".

Portfolio value by segment



The past 12 months have continued to present significant challenges to our business model both of an internal and external nature. The reaction, however, has been an increasing maturity of that model with an ability to both respond to challenges and innovate towards opportunities. Whilst 2020 was a year of urgent reaction to exceptional events, this year has seen demonstrable and increasing demand for high quality, sustainable and well connected places, a broadening customer base seeking to respond to that demand and a tightening of the wider land supply market both in terms of consented and unconsented plots.

We have continued to deliver and this is what has made us so resilient over the past 24 months or so. The construction of primary and secondary schools, local and district centres, playgrounds and significant and multi-functional green spaces all highlight the coming of age of our sites. These are now powerful statements not just of experience but also intent.

The selection of Urban&Civic by Hertfordshire County Council as its preferred partner for Baldock and the enthusiasm of early stage stakeholders is testament to the power of "seeing is believing".
We continue to improve our approach with lessons learnt being disseminated across the team through workshops, site visits, strategies and policies. Health and safety, design and sustainability are clear examples of this business wide approach to ongoing progression, exemplified internally at our staff away day. Externally we continue engaging with our stakeholders and housebuilding customers to leverage that knowledge further.

Alongside a growing roster of traditional housebuilders both large and small we have also entered a strategic partnership with Goldman Sachs to deliver its Build to Rent product across our portfolio with the initial homes coming forward at Houlton. In addition, we are trialling full modular construction initially in partnership with TopHat under our Civic Living brand to assess its capabilities and scalability.

Case study

New woodland area for Priors Hall School

As part of Urban&Civic's wider landscape works at Priors Hall we have delivered and planted 550 trees, including three mature 4.5m silver birch trees, apple trees, alder buckthorn, field maple, hornbeam and shrubby honeysuckle amongst others, to create a forest garden within Priors Hall Primary School.

The 1,000m^2 flowering meadow had an immediate impact once the seed germinated and meadow established, creating an uplifting floral display that also enhances the bio-diversity of the area.

As the woodland establishes, it will provide a rich source of food and habitat for nature, as well as a new interactive way for the children to learn about ecology and the environment.

> "We've been so excited to watch our grounds turn from an open field into a woodland area for our children and staff to enjoy walking through and to experience watching the trees mature. The wild flower meadow will create a huge difference to the ecosystem and give many opportunities for the children to study wildlife, plants and nature. We thank Urban&Civic for all of their hard work in making this happen for us.

KRISTINA MARTIN –
OUTDOOR LEARNING LEAD AT PRIORS HALL SCHOOL

Link to values:
Quality Partnership

Link to themes:
Schools, Landscape

These innovations are providing diversity of supply and strong intelligence which will help guide our investment going forward. These are early days and challenges certainly exist but the logic of both are compelling and there is the clear potential to combine the two.

Integration within the Wellcome Trust family has been a mutually strengthening experience. New Strategic Sites are being transferred into Urban&Civic as well as our team assuming responsibility for the expansion of the world renowned Genome Campus at Hinxton. Our robust existing governance structures have provided corporate confidence and a cohesive force for growth, with the Executive Management Committee and Employee Advisory Group both playing an increasingly vital role.

With Catesby moving its head office in the Midlands to Houlton and team clusters benefiting from strengthening local relationships and reputation, the operation of the business continues to improve its efficiency and be scalable. The lessons that lockdown taught us have been fully embraced and the 91 per cent engagement score from the staff survey at the end of the year together with the progress reported throughout the pages of this report are testament to the hard work of all involved.

Robin Butler
Managing Director
16 December 2021

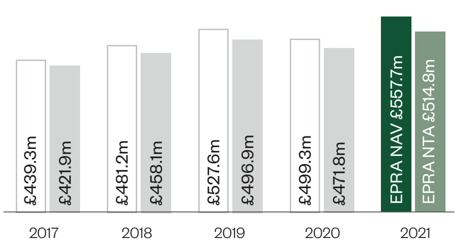
Engaged and active customers

DAVID WOOD —
GROUP FINANCE DIRECTOR

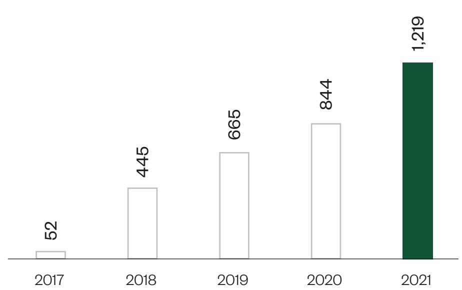
> "Strong stakeholder engagement has produced favourable movements across all the Group's key performance indicators.

EPRA NAV
+11.7%

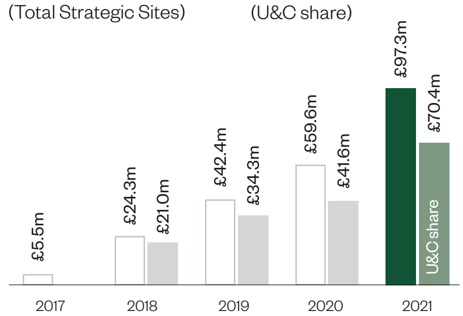
EPRA NTA
+9.1%



Plot completions
1,219



Cash generations from plot completions
£97.3m (Total Strategic Sites)
£70.4m (U&C share)



Introduction

The Group has benefited from strong stakeholder engagement during the financial year to 30 September 2021. Demand from customers has remained strong since the first Covid-19 national lockdown, the Group's shareholders, both new and old, have supported our strategic plans and our lenders have helped maintain construction programmes through the most turbulent of times. These elements have come together to produce a set of results that sees all of the Group's key performance indicators move favourably.

Since the Wellcome Trust acquisition in January 2021, and consequential delisting of Urban&Civic plc, the Group's business model has remained largely unchanged, as pledged in the scheme of arrangement documents.

The Group's profit after tax for the year to 30 September 2021 equated to £25.2 million compared to a loss last year of £7.2 million, reflecting improved strategic land profits, higher Catesby land promotion profits, the disposal of the Deansgate Hotel in Manchester and property revaluation surpluses as opposed to property revaluation deficits.

The Group's EPRA metrics have also risen by around 10 per cent for the full year, compared to a fall of around 5 per cent last year. This increase has been driven by off-balance sheet revaluation surpluses in respect of trading properties as well as increased profitability recognised through the income statement.

Around 93 per cent of Urban&Civic's property portfolio is subject to valuation or review by the Group's independent valuers (CBRE). CBRE have increased their valuations this year on the back of growing institutional interest in strategic land banks, maintaining house sale rates, increasing house prices, strong housebuilder demand for land parcels and new tenures such as Build to Rent (which should help accelerate site maturity). A small commercial property was the exception to this trend, where rental voids were responsible for a £1.0 million write down.

The Group's forward contracted sales at its Strategic Sites continue to grow and currently amount to £126.0 million receivable over an average period of 2.7 years (up from £101.6 million and 2.7 years at 30 September 2020). These forward contracts specify minimum annual sums which the housebuilders are required to pay whether houses are built or not. The minimums due in the year to 30 September 2021 totalled £9.8 million and these were received in full under eight contracts.

Residential sales equivalent to 1,219 plots were made in the year, generating £70.4 million of cash for the Group. This total is up 69.2 per cent over last year.

Key performance indicators

The Group's key performance indicators for the year to 30 September 2021 remain largely consistent with last year, albeit that EPRA triple net assets has been replaced by EPRA net tangible assets ("EPRA NTA"). Additionally, and following the Wellcome Trust acquisition, total shareholder or total NAV returns are no longer measured and Urban&Civic now reports under UK GAAP (as opposed to IFRS), meaning that prior year figures have been restated.

A more detailed reconciliation between UK GAAP NAV, EPRA NAV (which is now a non-standard EPRA metric) and EPRA NTA is provided in note 22 and details of the adjustments associated with the restatement of the financial statements from IFRS to UK GAAP can be found in note 28.

	Year ended 30 September 2021	Restated to FRS 102 Year ended 30 September 2020	Annual increase/(decrease)
EPRA NAV (EPRA net assets – a non-standard metric)	**£557.7m**	£499.3m	11.7%
EPRA NAV per share	**379.7p**	343.3p	10.6%
EPRA NTA (EPRA net tangible assets)	**£514.8m**	£471.8m	9.1%
EPRA NTA per share	**350.4p**	324.4p	8.0%
Gearing – EPRA NAV basis[1]	**20.1%**	25.9%	
Strategic Site plot completions[2,3]	**1,219 plots**	844 plots	44.4%
Cash flow generation from plot completions (U&C share)[4]	**£70.4m**	£41.6m	69.2%
Profit/(loss) after tax	**£25.2m**	£(7.2)m	£32.4m
Large site discount per share[5]	**137p**	142p	(3.5)%
EPRA NAV per share + large site discount per share (gross of tax)	**516.7p**	485.3p	6.5%
EPRA NTA per share + large site discount per share (net of tax)[6]	**453.2p**	439.4p	3.1%

1. The covenant applicable to the Group's revolving credit facility with HSBC is still measured against EPRA NAV.
2. Includes 953 actual plot completions and land sales equivalent to 266 plots (Alconbury: 17; Rugby: (10); Priors Hall: 24; Newark: 168; Wintringham: 67).
3. Actual plot completions include 212 plots at Alconbury (30 September 2020: 135); 375 at Rugby (30 September 2020: 169); 173 at Newark (30 September 2020: 75); 136 at Priors Hall (30 September 2020: 134); and 57 at Wintringham (30 September 2020: nil).
4. Represents Urban&Civic's share of cash generated by Strategic Site plot completions only.
5. Large site discount represents the difference between the unserviced land values ascribed by CBRE Strategic Site valuations (which consider site scale and build-out duration among other matters), and the current retail prices being achieved on smaller parcel sales.
6. The tax allowance was calculated by applying a tax rate of 25 per cent to the gross large site discount (30 September 2020: 19 per cent).

We maintain that EPRA metrics remain the most reliable and therefore most appropriate principal measures by which to assess business performance and continue to engage CBRE Limited to provide Red Book valuations for all our consented strategic land sites (as well as certain other assets). At 30 September 2021 around 93 per cent of the Group's property interests were subject to valuation or review by CBRE.

Net asset value – UK GAAP and EPRA

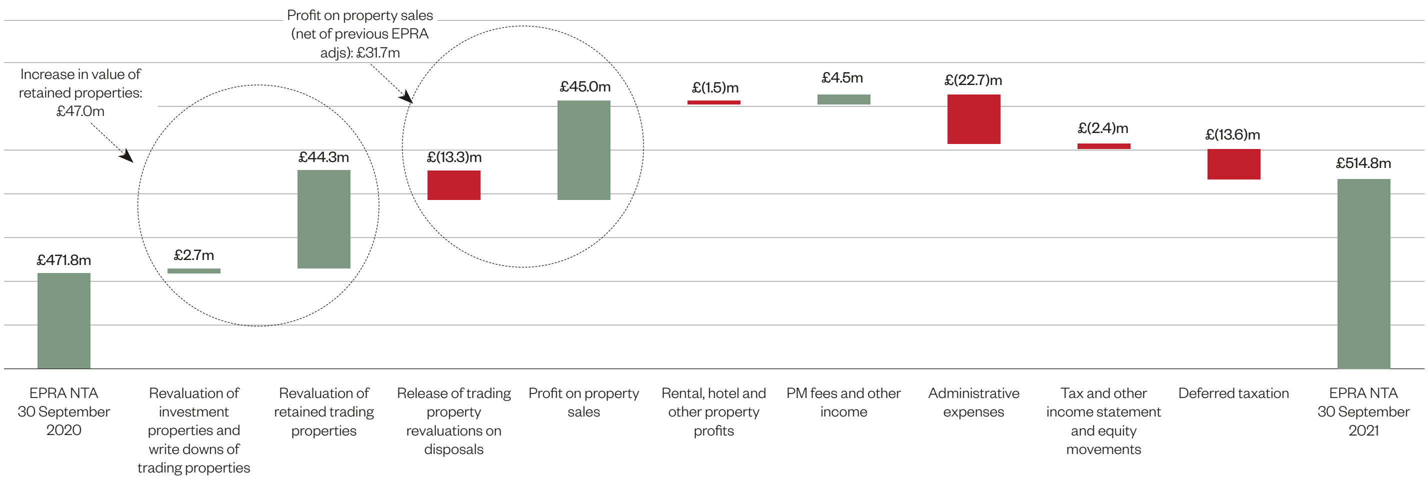
Presented below is a non-statutory table detailing the movements in UK GAAP NAV and EPRA metrics (standard and non-standard) over the last two years, together with a bridge graphic highlighting the main components driving the movement in EPRA NTA over the last financial year.

From both the table and graphic, you will note that of the £43.0 million (+9.1 per cent) increase in EPRA NTA in the year, £47.0 million is attributable to property revaluations with other movements (including £31.7 million of profit on property sales, net administrative expenses of £22.7 million and deferred tax on EPRA valuations of £13.6 million) largely netting off.

	Year ended 30 September 2021				Restated to FRS 102 Year ended 30 September 2020	
	Group £m	Joint ventures £m	Total £m	Pence per share	Total £m	Pence per share
Profit on property sales[1,2]	34.4	10.6	45.0	30.6	19.8	13.6
Rental, hotel and other property profits	—	(1.5)	(1.5)	(1.0)	(0.5)	(0.3)
Project management fees and other income	4.5	—	4.5	3.1	2.5	1.7
Revaluation of investment properties and write downs of trading properties[3,4]	2.7	—	2.7	1.8	(9.0)	(6.2)
Administrative expenses	(22.6)	(0.1)	(22.7)	(15.5)	(18.4)	(12.7)
Tax and other income statement movements	(2.3)	(0.5)	(2.8)	(1.9)	(1.6)	(1.1)
Total comprehensive income movement	16.7	8.5	25.2	17.1	(7.2)	(5.0)
Dividends paid	—	—	—	—	(3.6)	(2.5)
Other equity movements	0.4	—	0.4	0.3	2.1	1.4
UK GAAP movement	17.1	8.5	25.6	17.4	(8.7)	(6.1)
Revaluation of retained trading properties[4]	30.7	13.6	44.3	30.1	(13.7)	(9.4)
Release of trading property revaluations on disposals[2]	(13.3)	—	(13.3)	(9.1)	(6.6)	(4.5)
Deferred taxation[5]	1.8	—	1.8	1.2	0.7	0.5
Effect of shares and dilutive options	—	—	—	(3.2)	—	2.5
EPRA NAV movement	36.3	22.1	58.4	36.4	(28.3)	(17.0)
Deferred taxation[5]	(15.4)	—	(15.4)	(10.4)	3.2	2.0
EPRA NTA movement	20.9	22.1	43.0	26.0	(25.1)	(15.0)
EPRA NAV at start of year			499.3	343.3	527.6	360.3
EPRA NAV at end of year			557.7	379.7	499.3	343.3
EPRA NTA at start of year			471.8	324.4	496.9	339.4
EPRA NTA at end of year			514.8	350.4	471.8	324.4
Memo: property revaluations (sum of superscript 4)			47.0	31.9		

1. Comprises profits from trading property sales (£38.0 million) and construction contracts (£0.5 million), whether earned by subsidiaries or joint ventures, as well as unwinding discounts applied to long-term residential property sales debtors (£6.5 million, including £4.5 million within subsidiaries).
2. Total classified as profit on property sales for the purposes of the above EPRA NTA growth commentary and EPRA NTA bridge graphic.
3. Comprises surplus on the revaluation of investment properties (£3.7 million) and trading property write downs (£1.2 million) and surplus on revaluation of overage elements that were acquired with the Priors Hall asset (£0.2 million).
4. Total classified as property revaluations for the purposes of the above EPRA NTA growth commentary and EPRA NTA bridge graphic.
5. Total classified as deferred tax on EPRA valuations for the purposes of the above EPRA NTA growth commentary and EPRA NTA bridge graphic.

EPRA NTA bridge



Consolidated statement of comprehensive income

The Group returned to profitability in the year to 30 September 2021, with a £32.4 million increase in profit after tax, principally the result of increased residential land sales at the Group's Strategic Sites (up £14.3 million), higher land promotion profits from Catesby (up £10.1 million to £17.2 million) and property valuation uplifts, as opposed to write downs (generating an £11.2 million improvement in the year, if you include the movement in trading property write downs). Administrative expenses increased as a result of £4.3 million of one-off costs incurred in respect of the Wellcome Trust acquisition, and the rise in tax charge was predominantly due to deferred taxation being provided for at a rate of 25 per cent (as opposed to 19 per cent last year). The higher tax rate is applicable from April 2023.

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

	Year ended 30 September 2021			Restated to FRS 102 Year ended 30 September 2020		
	Group £m	**Joint ventures £m**	**Total £m**	Group £m	Joint ventures and associates £m	Total £m
Revenue	**76.6**	**69.2**	**145.8**	58.3	23.4	81.7
Profit on trading property sales and construction contracts[1]	**29.8**	**7.1**	**36.9**	11.6	3.0	14.6
Rental, hotel and other property losses	**(0.2)**	**—**	**(0.2)**	(0.3)	(0.2)	(0.5)
Project management fees and other income[2]	**4.5**	**—**	**4.5**	2.5	—	2.5
Write down of trading properties[3]	**(1.2)**	**—**	**(1.2)**	(1.9)	(0.7)	(2.6)
Gross profit	**32.9**	**7.1**	**40.0**	11.9	2.1	14.0
Administrative expenses	**(22.6)**	**(0.2)**	**(22.8)**	(17.9)	(0.5)	(18.4)
Surplus/(deficit) on revaluation of investment properties[3]	**3.7**	**—**	**3.7**	(6.1)	—	(6.1)
Surplus/(deficit) on revaluation of receivables[1]	**0.2**	**—**	**0.2**	(0.3)	—	(0.3)
Share of post-tax profit from joint ventures and impairment of loans to joint ventures	**8.4**	**(8.4)**	**—**	3.6	(3.6)	—
Loss on disposal of investment properties[1]	**—**	**—**	**—**	(0.9)	—	(0.9)
Unwinding of discount applied to long-term debtors[1]	**4.7**	**2.0**	**6.7**	3.9	2.0	5.9
Tax and other income statement movements	**(2.1)**	**(0.5)**	**(2.6)**	(1.4)	—	(1.4)
Profit/(loss) after tax	**25.2**	**—**	**25.2**	(7.2)	—	(7.2)

1. Total classified as profit on property sales in the EPRA movement table above.
2. Recurring project management fees comprise £3.0 million of the total (30 September 2020: £2.1 million) and are earned through recharging administrative expenses to joint venture partners where Group employees are engaged in joint venture activities.
3. Total classified as revaluation of investment properties and write downs of trading properties in the EPRA movement table above.

Dividend

No dividend was paid in the year and the Group paid its 2019 final dividend of 2.5p per share (£3.6 million) in February 2020.

Consolidated balance sheet

The below tables summarise the balance sheet, with joint ventures proportionately consolidated.

Property interests

Property interests are the most significant balance sheet component, as noted in the simplification table, and property revaluations are mostly responsible for the movement in property interests (given additions and disposals are of similar scale – per the movements table below). As previously highlighted CBRE have valued or reviewed 93 per cent of the Group's property interests and improving market conditions (demand and therefore values) have driven the circa 7 per cent increase in property values in the year.

Overview

	At 30 September 2021			Restated to FRS 102 At 30 September 2020		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Investment properties	58.1	—	58.1	47.6	—	47.6
Trading properties	333.4	140.4	473.8	311.5	163.2	474.7
Properties within PPE	3.9	—	3.9	4.0	—	4.0
Properties[1]	395.4	140.4	535.8	363.1	163.2	526.3
Investment in joint ventures and associates	132.5	(132.5)	—	126.1	(126.1)	—
Trade and other receivables						
Non-current property[1]	15.1	30.6	45.7	29.4	18.0	47.4
Current-property[1]	7.8	13.2	21.0	21.3	9.2	30.5
Current – other	20.1	2.5	22.6	17.5	6.0	23.5
	43.0	46.3	89.3	68.2	33.2	101.4
Cash	34.1	19.8	53.9	14.1	16.0	30.1
Borrowings	(146.1)	(48.1)	(194.2)	(143.2)	(64.0)	(207.2)
Deferred tax liability (net)	(7.2)	—	(7.2)	(5.5)	—	(5.5)
Trade and other payables – property[1]	(10.9)	—	(10.9)	(10.9)	—	(10.9)
Other net liabilities	(23.2)	(25.9)	(49.1)	(19.8)	(22.3)	(42.1)
UK GAAP NAV	417.6	—	417.6	392.1	—	392.1
EPRA NAV adjustments – property[1]	102.1	27.5	129.6	84.7	13.7	98.4
EPRA NAV adjustments – deferred tax	10.5	—	10.5	8.8	—	8.8
EPRA NAV	530.2	27.5	557.7	485.6	13.7	499.3
EPRA NTA adjustments	(42.9)	—	(42.9)	(27.5)	—	(27.5)
EPRA NTA	487.3	27.5	514.8	458.1	13.7	471.8
UK GAAP NAV per share			284.3p			270.0p
EPRA NAV per share			379.7p			343.3p
EPRA NTA per share			350.4p			324.4p

1. Total property interests: £721.2 million (restated to FRS 102: 30 September 2020: £691.7 million).

Simplification

	At 30 September 2021		
	UK GAAP NAV £m	EPRA adjustments £m	EPRA NTA £m
Property interests	591.6	129.6	721.2
Net debt	(140.3)	—	(140.3)
Other	(33.7)	(32.4)	(66.1)
At 30 September 2021	417.6	97.2	514.8

Movement in property interests in year

	At 30 September 2021		
	UK GAAP £m	EPRA adjustments £m	EPRA £m
At 1 October 2020	**593.3**	**98.4**	**691.7**
Capital expenditure and additional receivables	100.6	—	100.6
Disposals, depreciation, write downs, receipts and other	(105.0)	0.2	(104.8)
Surplus on revaluation (retained properties)	2.7	44.3	47.0
Reversal of previously recognised surplus on disposals	—	(13.3)	(13.3)
At 30 September 2021	**591.6**	**129.6**	**721.2**

Financial resources and capital management

As disclosed in last year's Annual Report, and in response to Covid-19 disruption, during the year the Group varied a number of milestones and extended the maturities of the Manchester New Square loans and the Newark infrastructure loan with Homes England. Further changes to the terms of the Newark and Alconbury Homes England facilities provided an additional £12.3 million of loan recycling capability. That said cash generation has been above expectations this year (cash balances were £53.9 million on a look-through basis at 30 September 2021).

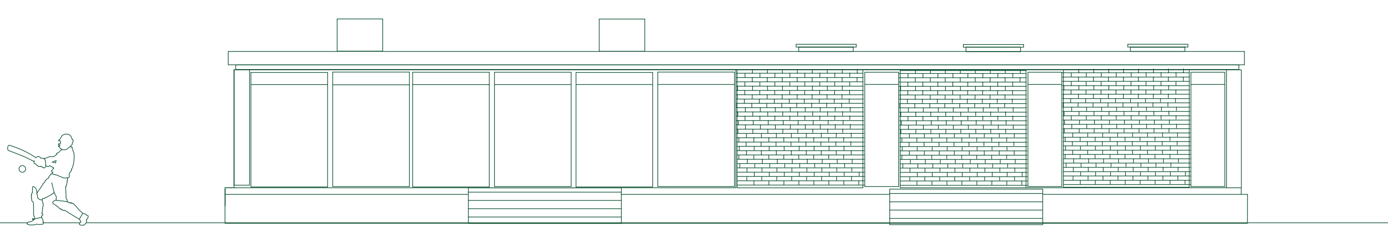
Taking these loan variations into account, the Group now benefits from £83.2 million of undrawn facilities on a look-through basis (U&C's share is £82.5 million). This is in addition to £126.0 million of forward contracted sales at the Group's Strategic Sites.

The Group's net debt position at 30 September 2021 totalled £112.0 million (30 September 2020: £129.1 million), producing a net gearing ratio of 26.8 per cent (30 September 2020 (restated): 32.9 per cent) on a UK GAAP NAV basis and 20.1 per cent (30 September 2020: 25.9 per cent) on an EPRA NAV basis. Look-through gearing levels are higher as shown below due to the shorter-term borrowings used to fund development expenditure in respect of the Manchester New Square and Homes England borrowings within the Rugby and Wintringham joint ventures.

Homes England now accounts for 87.8 per cent of all borrowings on a look-through basis with local authorities and other Government bodies accounting for a further 1.0 per cent (as shown in the table below). The weighted average loan maturity at 30 September 2021 was 6.9 years (30 September 2020: 5.8 years) and weighted average cost of borrowing on drawn debt was 3.2 per cent (30 September 2020: 3.4 per cent).

	At 30 September 2021				
	Group £m	Proportion of Group borrowings	Joint ventures[1] £m	Look-through £m	Proportion of look-through borrowings
Homes England	142.3	96.0%	30.1	172.4	87.8%
Corporate RCF	4.0	2.7%	—	4.0	2.0%
Manchester New Square	—	—	18.1	18.1	9.2%
Huntington District Council	2.0	1.3%	—	2.0	1.0%
Borrowings before loan arrangement costs	148.3	100.0%	48.2	196.5	100.0%
Loan arrangement costs	(2.2)		(0.1)	(2.3)	
Borrowings after loan arrangement costs	**146.1**		**48.1**	**194.2**	
Cash	(34.1)		(19.8)	(53.9)	
Net debt	**112.0**		**28.3**	**140.3**	
EPRA NAV (note 22)	557.7			557.7	
EPRA NAV gearing	**20.1%**			**25.1%**	

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



Movement in property interests in year continued

Financial resources and capital management continued

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

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

The Group was covenant compliant in the 12 months to 30 September 2021 and is forecast to remain so throughout the going concern review period. Stress testing scenarios and mitigating actions have been identified and particular attention has been paid to the Group's assumptions around non-contractual receipts and non-committed expenditure. LTV covenant headroom has also been assessed.

The Group had one loan maturing over the next 12 months at the year end: the £10.5 million drawn under the Manchester New Square senior facility. This sum is owed by a joint venture with the Greater Manchester Pension Fund and is forecast to be repaid from sale proceeds.

Post balance sheet matters

On 1 October 2021, Gower Place Investments Limited, a Wellcome Trust subsidiary, transferred the ownership of Farmcare Trading Limited to Urban&Civic Group Limited, a subsidiary of Urban&Civic plc. The consideration, which is subject to final valuation sign off by Wellcome Trust, totalled £186.0 million which will be satisfied through the issue of Urban&Civic plc shares to Gower Place Investments Limited once the valuation has been confirmed. Farmcare Trading Limited owns around 17,000 acres of arable land, which continues to be farmed.

Also on 1 October 2021, Urban&Civic KL Limited (also a subsidiary of Urban&Civic plc) entered into a conditional agreement to acquire a 380-acre site in Kings Langley for a consideration that will be confirmed by the Wellcome Trust on completion. Completion is conditional upon Charity Commission approval.

David Wood
Group Finance Director
16 December 2021

A Q&A with the Chief Executive and Group Finance Director – 2016.

"Plot completions and cash generation continue to grow alongside the number of active Strategic Sites.

Risk management remains a key focus

Risk signpost

Principal risks

pages 64 to 69

Board risk oversight

pages 82 to 85

Audit Committee activities on risk framework and internal controls

pages 82 to 85

Risk environment

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

- the bulk of the Group's operations facilitate regional housing development and delivery in the UK;
- housing markets, and therefore land markets, are typically cyclical;
- Urban&Civic's customers (housebuilders), and the housebuilders' customers (homebuyers), are influenced by mortgage availability, job security and disposable income (amongst other matters) when deciding to buy (or build) homes;
- the political environment surrounding residential delivery is often in a state of flux, particularly in respect of planning;
- changes in legislation and regulation impact the way the Group operates, both directly and indirectly;
- the ability to acquire development sites and bring them forward, so that homes may be built, is heavily dependent on our in-house skillset, meaning that a high quality and stable workforce is a key part of Urban&Civic's business model; and
- disrupting factors, such as the recent and ongoing Covid-19 pandemic or Brexit, may physically and/or financially halt or slow house delivery and reduce profitability in a way that may not be fully predictable.

Delivering strategic objectives through risk management

Urban&Civic continues to seek to deliver (on behalf of its stakeholders) its strategic objectives through operating a Board-led risk management framework that:

- Defines the nature and scale of risk that the Group is prepared to take (risk appetite);
- Identifies and assesses risks applicable to the Group's strategy and operations (both existing and emerging);
- Controls risk through the design and implementation of mitigating actions, controls and procedures;
- Tests to seek assurance over the effectiveness of those mitigating actions, controls and procedures; and
- Reviews and refines the Group's risks on an ongoing basis against risk appetite, acknowledging that risk cannot be fully eliminated.

Define

Establish risk appetite and regularly review: Board

Identify and assess

Identify and assess relevant risks: Executive Directors and EMC

Bottom-up input from: Subcommittees (SDC, CDC, NSC and Catesby) and staff

Control

Design and implement mitigation: Executive Directors and EMC

Embedded through: Subcommittees (SDC, CDC, NSC and Catesby), staff and third party consultants (such as RPS Group – health and safety)

Test

Seek assurance over effectiveness of mitigation:
Executive Directors and Audit Committee

Assistance from: Third party consultants (such as Grant Thornton – internal auditor)

Review and refine

Manage and report on risk: Executive Directors and EMC to Board

Bottom-up input from: Subcommittees (SDC, CDC, NSC and Catesby) and staff

Principal areas of focus in 2021

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

- Following the acquisition of Urban&Civic by Wellcome Trust, new Board members had several teach-ins on the Group's risk management framework. In addition, Urban&Civic's reporting structure (under that framework) was reviewed to ensure that the output was aligned to Wellcome Trust's existing practices and procedures. One material change that was actioned as a result of this review was to clearly identify the particular individual responsible for bringing an out of range risk back within appetite, noting the detail of that action and delivery timescale.
- The Board monitored the political and economic environment at each Board meeting, including giving consideration as to the potential impact of both Covid-19 and Brexit over the short, medium and longer term.
- The Board, Audit Committee and EMC each reviewed the Group's risk appetite and top-down risk registers during the year. As a result of these reviews, it was considered that two of the risk appetites (external environment and operations) were too broad to have one appetite. Subdivisions have therefore been introduced to the risk appetite classifications and heatmaps (see pages 61 to 63 for further detail of these revisions).
- The Board and Executive Management Committee (EMC) reviewed a summary of corporate and project/business segment level risks (including emerging risks) at each meeting and also had access to supporting risk registers.
- The Audit Committee agreed and oversaw the internal audit programme for the financial year (carried out by Grant Thornton), with three internal audits being undertaken (on GDPR, taxation and sales cycle).
- The Audit Committee agreed the internal audit plan for 2021/22, within the framework of the wider three-year internal audit programme, which sees all key risks covered and provides assurance that the Group's internal controls are appropriate, in place and functioning. The 2021/22 programme will see project management, budgeting and forecasting, health and safety, and IT general controls reviewed by Grant Thornton.
- The Audit Committee reviewed and commented on the framework underpinning the Executive Directors' assurance on internal controls. This review included oversight of the Group's "three lines of defence assurance map" which outlines the key controls and processes attaching to the key risks as well as the Executive Directors' evaluation of these key controls and processes.
- In addition to a dedicated Head of Health and Safety at Urban&Civic, third party consultants (RPS Group) continued to be employed to oversee periodic reviews of the health and safety practices at the Group's sites and offices.
- Continuation of employee induction programmes has helped to reinforce the Group's risk appetite from the outset.

Risk management framework

Urban&Civic's risk management framework continues to evolve at a controlled pace, in line with the long-dated nature of the Group's projects. Embedding the Group's framework through employee education and training remains key. Most of the changes to Urban&Civic's framework this year have been the result of discussions with the Wellcome Trust or employees at Subcommittee levels (SDC, CDC, New Situations Committee and Catesby), as set out in the previous section.

Urban&Civic's operational size and regional office network continue to provide the Group with an opportunity to collate, assess and mitigate risks effectively, when supported by effective communication and reporting up, down and across the Group. The EMC and its Subcommittees are at the heart of this communication and have a significant role in helping the Board implement the risk management framework, especially at grassroots levels, where emerging risks are typically identified first.

Risk management responsibilities

The Board has ultimate responsibility for risk management and internal control, defining the Group's risk appetite, regularly assessing and monitoring the Group's principal risks and reviewing reports produced by internal auditors on internal controls and risk reports from the EMC and project/business segment Subcommittees.

The Audit Committee reviews the adequacy and effectiveness of the Group's financial and non-financial internal controls and risk management systems on behalf of the Board and sets the internal audit work programme, having given due consideration to Wellcome Trust requirements. The Audit Committee also monitors and reviews the external audit, including the auditor's report. The work undertaken by the Audit Committee in relation to risk during the year, and its expected 2021/22 programme of work, are further set out in the Audit Committee report on pages 82 to 85.

The Executive Directors, with the assistance of the EMC, design and manage the internal controls and risk management systems, ensuring that risk registers and risk reporting are adequate and maintained throughout the year. The EMC further relies on its various Subcommittees to help fulfil its risk reporting responsibilities by maintaining live operational risk registers. These procedures give the Executive Directors the ability to provide assurance to the Board that the Group's internal controls are appropriate, in place and functioning.

Key features of the risk management framework

Urban&Civic's risk management framework has the following features:

- Clear and well communicated structure (including roles and responsibilities);
- Regular reviews of risk appetite, risk registers (including emerging risks) and internal controls by the Board, Audit Committee and EMC;
- Immediate communication to the Board and Audit Committee of material risk events. These events are then investigated by the Executive Directors, EMC and Subcommittees where appropriate, with findings presented and discussed with the Board and Audit Committee. Lessons learnt will be fed back into the risk management framework with appropriate adjustments to internal controls made;
- Immediate communication to the Board and Audit Committee of material increases in risk rating; and
- Open door policy to all employees, which aids early identification and resolution of issues;
- Clear reporting lines and delegated authorities;
- Formal and informal opportunities for intra-group debate and communication;
- Sensibly paced systems evolution – avoids shocks to the control framework;
- Maintenance of a stable senior management team;
- Robust and regular reporting systems (operational and financial as well as risk);
- Appropriate training (including induction for new employees so they understand the Group's risk appetite); and
- Ensure employees understand and have confidence in the Group's whistleblowing policy, which is published on the Company's intranet. Additionally, employees are required to annually declare that they have read, understood and complied with Urban&Civic's whistleblowing policy.

Risk management framework components

The principal components of the Group's risk management framework, which the Board, Audit Committee and EMC use to monitor and manage risk, comprise:

- Risk appetite table (see pages 61 and 62);
- Risk heatmap (see page 63);
- Risk register overview table – which highlights the principal risks across the Group and the changing risk profiles and emerging risks over time;
- Risk registers (and associated scoring matrices) – encompassing key risk registers, detailed top-down risk registers, project/business segment risk registers and corporate risk registers (including separate health and safety and tax risk registers and a non-project register that captures the remaining corporate risks); and
- Risk assurance map – which outlines the Group's key controls and processes attaching to the Group's key risks as well as an evaluation of these key controls and processes.

The following table summarises the Board's risk appetite and risk behaviour across the Group's identified risk areas.

Risk area	Sub risk area	Risk description	Risk appetite	Risk behaviour	Change in risk appetite in the year
External environment	Market (including political environment)	External market factors (including changes to the political environment) are generally beyond the Group's control and therefore could have a detrimental impact on Urban&Civic's business model.	High	The Group is prepared to operate in a volatile environment, but only when enhanced returns compensate for increased risk and/or unfunded forward expenditure is relatively modest. Long-term viability is a key override.	▶
	Regulation and compliance	Non-compliance with current or emerging regulations could have financial and reputational consequences over the near and longer term.	Low	The Group looks to ensure that it complies with all current relevant legislation and regulations. Additionally, it seeks to be aware of and evolve its business model and operations to accommodate emerging relevant legislation and regulations.	N

Risk management framework components continued

Operational strategy		Pursuit of incorrect operational strategies could lead to sub-optimal outcomes for Urban&Civic's stakeholders.	Medium/high	The Group predominantly undertakes planning and development activities, both of which have elevated risk profiles.	▶
Operations	Planning	Achieving appropriate and timely planning consents are key to Urban&Civic's performance.	Medium	The Board seeks to achieve planning consents of an appropriate scale in areas of strong demand efficiently, effectively and on a timely basis, recognising that the UK's planning system carries uncertainties that cannot be fully mitigated.	▲
	Development	Delivering development works on time, on budget and safely underpins the Group's revenue streams and profitability.	Medium	The Group seeks to deliver developments effectively avoiding actions that could adversely impact reputation and/or stakeholder returns, recognising that physical construction carries embedded risks that cannot be fully mitigated.	▲
Finance		Inappropriate funding structures could impact returns and long-term viability.	Low	The Group seeks to maintain a conservative balance between debt and equity, putting in place limited or non-recourse debt instruments that do not contain onerous covenants (on a flexed basis). The Group also does not seek to borrow against land (except through infrastructure loans provided by Homes England).	▶
People		Urban&Civic's people help build, maintain and embed the Group's purpose, vision and values. A fall in workforce quality or stability would impact Urban&Civic's performance.	Low	The Group seeks to recruit, train, promote and retain a motivated and well trained workforce, ensuring a succession plan is in place.	▶

During the financial year the Board decided that the Group's appetite in the operations risk area was medium rather than low (as disclosed last year), reflecting active delivery on multiple sites and residential planning being sought for land capable of delivering a significant number of homes. The operations risk area was also subdivided, as shown in the table above, so that the Board could consider and assess risks attaching to planning and development separately.

The Board also noted that there were some areas of the external environment where Urban&Civic had a lower risk appetite (around regulation and compliance), leading to the creation of a new sub risk area.

The Group's appetite across all other key risk descriptions (into which all risks are classified) remained unchanged since last year, which given the Group's long-dated model, is in line with expectations.

Our risk focus over the shorter term

Covid-19 and Brexit

The UK's housing market has performed well since May 2020, but there is no doubt that travel restrictions, and indeed desire to travel, have impacted labour availability. Material prices and availability continue to provide housebuilders with operational challenges, although Urban&Civic's infrastructure delivery appears to have been less affected.

Following Brexit, uncertainty around trade regulations looks set to continue for a period until the UK's relationship with the EU matures and international trade agreements are finalised.

Although it is not possible to fully assess the impact of either Covid-19 or Brexit on Urban&Civic, the Board is taking appropriate action to ensure the Group is resilient to short-term disruption and well positioned over the medium and longer term.

Our principal areas of focus over the shorter term (in addition to those already mentioned) include:

- **Developments** – although our strategic land sites benefit from relatively low forward development commitments at any one time, we have: monitored discretionary development expenditure that is not fully funded by loan facilities; increased our due diligence on the financial robustness of our subcontractors and suppliers; put in place performance bonds or guarantees where appropriate; and entered into fixed price contracts for material works (in respect of the construction of the secondary school at Rugby for example).

  Consideration has also been given in the year as to whether expenditure should be accelerated to take advantage of lower pricing points (than would be the case going forward – thus making selected contracts inflation proof).

  These measures help to protect the Group from a downturn in UK performance and consequential rising input prices (at least in the near future).

- **Customers** – homebuyer confidence and ability to access finance and meet mortgage obligations are principal demand drivers for our customers (the housebuilders). While demand for land parcels from the housebuilders strengthened throughout the year, we cannot say for certain that this trend will continue despite the recent strong reservation rates across our Strategic Sites. Building up forward sales of £26.0 million million (with minimum annual contracted receipts of £46.4 million) has historically been a key feature in the Board's strategy to manage any short-term disruption (Covid-19, Brexit or otherwise). This year, however, the Board also approved the sale of larger land parcels, with more upfront cash collection profiles (than is typical under the forward sale arrangements). At the year end, land sale receivables amounted to £9.6 million.

  During the year, all due minimum receipts and other land sale receivables were collected as contracted.

- **Values** – the short-term pressure on values as a result of Covid-19 and Brexit has now passed, although input pricing and homebuyer demand will continue to have a significant impact on the Group's valuations.

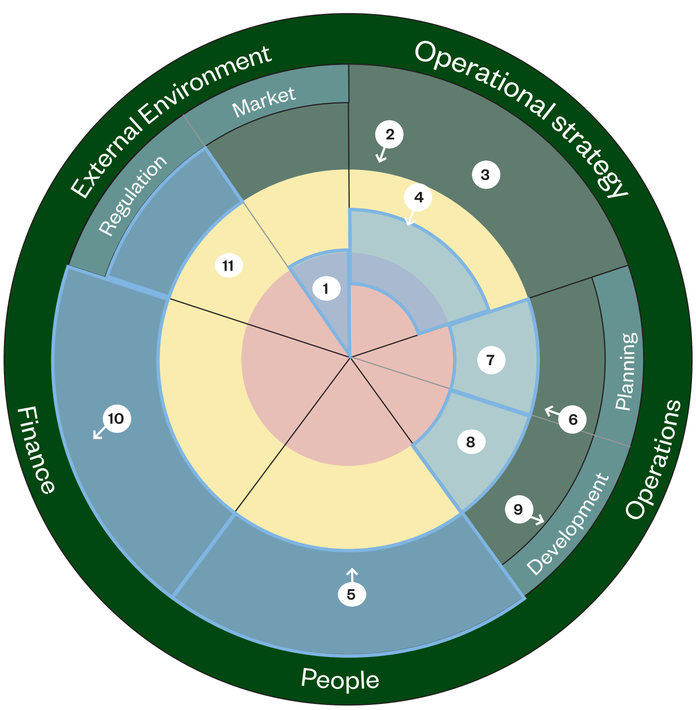
  Adverse movements in valuations would reduce loan covenant headroom.

  Falling values are not all bad news for the Group, as reduced land prices would most likely provide more and better land acquisition opportunities.

- **Debt** – in addition to the stress that falling values may create, increased borrowings, interest rates, falling sales rates or other adverse market changes may also increase covenant pressure. In order to monitor and manage the Group's debt over the shorter term our self-imposed gearing limit of 30 per cent of EPRA NAV is monitored at each Board meeting, as are all the facility covenants (to ensure compliance and identify emerging issues).

- **Climate change (incorporating ESG/sustainability)** – formalising and enhancing existing sustainability credentials and practices has been a key focus and the workstreams undertaken during the year are set out in more detail on pages 34 to 38. The Group seeks to anticipate and plan how it can make a valuable contribution to current or emerging ESG policies as a leading Master Developer.

As previously noted, a key component of the Group's risk management framework is the maintenance of risk registers. The Group maintains corporate and project/business segment risk registers, which are used to revise and educate detailed top-down registers that are periodically reviewed by the Board, Audit Committee and EMC. The top-down registers typically include around 35 risks at any one time and the most recent 11 key risks are set out on the following pages. This is unchanged from last year. Of the 11 key risks some emerging issues have altered the overall key risk rating if not the key risk itself. During the year, four key risks have increased their risk rating (after mitigation) but not their categorisation and two decreased their rating, one of which (finance) crossed the threshold from amber categorisation to green. The movements are discussed in more detail below.



Risk after mitigation

High Medium Low

Movement in the year

Key

R1.	Market risk (including political environment)	**R6.**	Cyber risk
		R7.	Planning risk
R2.	Regulation and compliance risk	**R8.**	Health and safety risk
R3.	Strategic risk	**R9.**	Delivery risk
R4.	Competition risk	**R10.**	Financial risk
R5.	People risk	**R11.**	Climate change risk

Principal risks

All of our risks are aligned to both our KPIs and strategic objectives.

Key

Link to strategy:

1 Secure sites

2 Accelerate delivery

3 Sustain quality

4 Identify opportunities

5 Deliver returns

Read more on our strategy pages 20 and 21

Risk rating after mitigation:

Low

Medium

High

Change during the year:

Increase in risk

No change

Decrease in risk

N New risk

Read more on our KPIs pages 24 and 25

External environment

R1. Market risk (including political environment)

Strategic objectives
1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions; Gearing – EPRA NAV.

Impact of risk

The business model may be affected by external market factors such as Covid-19, the property market and changes to the UK's political environment. Adverse movements in these external market factors increase the risk of lower stakeholder returns, even though investment opportunities may be more evident.

Controls and mitigation/action

- External market factors are considered at each Board meeting and specifically at the annual business strategy day.
- EMC and other Subcommittee meetings, just prior to Board meetings, provide good quality, bottom-up market information.
- Consideration is given to external markets, dynamics and influences when making investment, divestment and day to day operational decisions.
- Press, economic data subscriptions, industry forums and adviser updates are used to keep executives up to date in respect of external markets.
- Regional focus and local knowledge in areas with strong underlying economics (such as job creation) mitigate the impact of market and economic shocks.
- Continued focus on putting in place forward sales contracts with contractual annual minimum receipts in respect of the Group's most prominent segment: strategic land.
- Prior to investment, detailed due diligence and financial appraisals are carried out and flexed to establish the financial outcome on a downside-case basis.
- Business plan (one year) and rolling long-term cash flow forecasts (one, two, five and ten years) with sensitivity analysis are maintained.

Typical risk indicators

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

Movement description

- Sales rates and buying interest across the Group's Strategic Sites remained strong following the lifting of the first national lockdown in May 2020. Pricing points for parcel sales at Strategic Sites have generally improved in line with the wider housing market and the medium to longer-term outlook for the UK's economy has improved from previous forecasts. Despite the recent evidence poor job security and low disposable income could lead potential homebuyers to delay their decision to purchase a new house, which in turn could impact not only the timing of currently contracted serviced land overages (minimum receipts are locked in, subject to the creditworthiness of our customers – the housebuilders), but also the behaviour of the housebuilders themselves, all leading to increased market risk.
- Brexit uncertainties still remain, but immediate impacts are known, for example, a number of our customers (housebuilders) have faced material and labour shortages in the year.
- Political commentary around sustainability, the environment and use of greenfield and greenbelt sites increases uncertainty and therefore market risk. See climate change key risk for further considerations.

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

Operational strategy

R2. Regulation and compliance risk

Strategic objectives 1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount.

Impact of risk

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

Controls and mitigation/action

- Current, pending and emerging regulations are considered at each Board meeting.
- EMC and other Subcommittee meetings identify operationally impactful legislation (often through the risk registers).
- Press, publication subscriptions, industry forums and adviser updates are used to keep Urban&Civic employees up to date in respect of regulations and compliance.
- The Group employs highly qualified and experienced employees, and specialist consultants where appropriate, to ensure compliance with laws and regulations.
- Calendar/diary of important dates maintained.
- Key reports and announcements reviewed in draft by the Board/Audit Committee.
- Training and continuing professional development undertaken.
- Regular Board/Audit Committee updates on regulatory obligations.
- Sustainability framework designed to address current and future requirements.
- EMC taskforces formed to take responsibility for emerging laws and regulations.

Typical risk indicators

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

Movement description

- New legislation emerging in response to the effects of Covid-19 (on top of the normal increasing legislation). One such piece of legislation is the new Residential Property Developer Tax, which will be levied at 4 per cent of residential profits over £25 million.
- Growing ESG requirements, lack of consistent and widely adopted ESG standards and new accounting and other regulations are increasing the risk in this area.
- Climate change policies being implemented.
- Regular use of advisers and staff training which have continued throughout lockdown have helped to mitigate this risk.
- Governance checklists help ensure compliance with legislation.
- Ongoing use of an electronic staff training system (iHASCO) to augment face to face training with modules including money laundering, bribery, whistleblowing and equality covered by this method.

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

R3. Strategic risk

Strategic objectives 1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

Controls and mitigation/action

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

Typical risk indicators

- Adverse variances to the business plan.
- Fall in independent valuations.
- Litigation.
- Contingency utilisation.
- Covenant breaches.

Movement description

- Strong post-lockdown performance of the housing market (as previously explained) has supported the Group's ongoing strategy.
- Third party internal auditor reviews in respect of sales cycles, GDPR and taxation have provided additional assurance to the Executive Directors, Board and Audit Committee.
- Continued improvements in Board reporting have provided additional comfort that issues around operational strategy, which could be picked up through operational reporting, have been addressed.

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

Risk rating after mitigation: Low Medium High

Change during the year: Increase in risk No change Decrease in risk N New risk

Operational strategy continued

R4. Competition risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

Controls and mitigation/action

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

Typical risk indicators

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

Movement description

- Pre-Covid-19 trend of increased competition from institutions entering the Master Developer space appears to have regained momentum (as demonstrated by Wellcome Trust's acquisition of Urban&Civic) and Blackstone's acquisition of St. Modwen.
- Recent successes at virtual planning committees and a buoyant land market have encouraged Catesby's competitors (land promoters).

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

People strategy

R5. People risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

Controls and mitigation/action

- The Group offers a competitive remuneration package including both long and short-term incentives, which is reviewed periodically using external benchmarks.
- Employees generally work on a number of projects across the Group and are not dedicated to one particular site.
- Short reporting lines and delegated authority ensure staff feel they are contributing to the success of the Group.
- Nomination and Governance Committee, Remuneration Committee and Board review succession planning.
- Appropriate notice periods to minimise disruption.
- Adequate resourcing.
- Performance reviews and training.
- Exit interviews with results fed back to the EMC.
- Recruitment drive to add additional junior staff to improve team resilience.
- Human capital is identified as a key sustainable capital (i.e. there is now an elevated focus within the Group).

Typical risk indicators

- High or increasing staff turnover.
- Critical appraisal or exit interview feedback.
- Complaints or grievances.
- Absenteeism or underperformance.

Movement description

- The Employee Advisory Group (EAG), which is a representative body made up of non-Board or EMC employees that sets its own agenda and can bring forward (to the Board and EMC) any workforce matters it sees fit, is now fully embedded.
- Annual performance appraisal process simplified.
- External review of remuneration completed (undertaken every three years).
- New induction process to help monitor/reinforce corporate culture.
- Current employment market volatility (following Covid-19 lockdowns) will probably mean that for a period the risk of not being able to retain staff is higher; however, efficiency and wellbeing are primary concerns during the return to 'normal'.
- Increased number of projects and activity could result in increased workloads for current employees, especially if recruitment proves challenging in the current environment.

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

Link to strategy:

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

Operations

R6. Cyber risk

Strategic objectives

1 2 3 **4** **5**

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

Impact of risk

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

Controls and mitigation/action

- Passwords, protocols and protections.
- Cloud-based storage solutions (predominantly).
- Physical access to premises and computer servers (where physical servers are still required) restricted.
- Firewalls and anti-virus software with regular updates.
- Computer data back-up and recovery procedures and periodic testing.
- Hardware replacement programme to reduce vulnerability.
- Administration rights restricted.
- Multifactor authentication to gain network access.
- Limited personal data held.
- Phishing testing and training.
- Penetration monitoring.

Typical risk indicators

- Server downtime.
- Loss or corruption of data.
- GDPR complaints/penalties.
- Volume of IT support calls.
- Increased volume of attempted 'hacks'.

Movement description

- More frequent cyber-attacks.
- Remote working has increased network vulnerability and makes resolving issues harder.
- Hardware and software cyclical upgrades completed.
- Data recovery processes tested in the year.
- Vulnerability testing implemented in the year.
- Phishing testing implemented in the year.
- Quarterly review meetings with The Final Step to discuss network performance and work programmes.
- Weekly reports on IT performance received.
- Internal audit recommendations are being implemented.

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

R7. Planning risk

Strategic objectives

1 **2** 3 4 **5**

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

Appropriate planning consents are not achieved or are challenged once granted, resulting in:

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

Controls and mitigation/action

- Internal planning expertise to navigate planning law and regulation.
- Expert advice obtained before proceeding with planning work.
- Before significant planning applications are made, the Group, together with its advisers, undertakes detailed consultations with the relevant planning authority, statutory authorities and other stakeholders.
- Alternative uses considered in case initial application not achieved.
- Increased focus on political landscape pre-investment (particularly where the local authority does not have a majority control).
- Minimise and monitor cost exposure during the planning process.

Typical risk indicators

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

Movement description

- Despite Catesby's land promotion successes during the financial year, and the switch to remote planning processes, a number of applications have been delayed at the Group's Strategic Sites, leading to programme delays and consequential financial loss. This risk has therefore increased during the year.

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

Risk rating after mitigation:

Low Medium High

Change during the year:

Increase in risk No change Decrease in risk N New risk

Operations continued

R8. Health and safety risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

Serious injury and loss of life could lead to development site closure, delays and cost overruns, as well as reputational damage and Directors' liability.

Controls and mitigation/action

- Dedicated Head of Health and Safety.
- Health and safety procedures are reviewed by third party health and safety advisers and the Group appoints principal contractors and principal designers in line with the Construction (Design and Management) Regulations.
- Periodic reviews by third party internal auditor (Grant Thornton).
- Strict adherence to health and safety procedures at operational sites and Group offices (including safety meetings with housebuilder customers).
- Due diligence carried out (including appropriate references) on principal contractor and design consultants prior to appointment.
- Appropriate insurance cover is carried by either the Group or its contractors.
- Training by third party consultants provided and health and safety handbook issued to all employees.
- Monitored policies and procedures.
- Safety log (internal whistleblowing policy).

Typical risk indicators

- Incidents (reportable and non-reportable).
- Penalties.
- Investigations (by the Health and Safety Executive or similar) and enquiries.
- Adverse health and safety audit findings.
- Litigation.

Movement description

- Embedded systems (including dedicated Head of Health and Safety and adoption of formal Health and Safety Strategy).
- RPS Group role (around health and safety audits and general advisory) now established.
- Induction process for new staff now includes health and safety matters with health and safety booklet periodically issued to all staff.
- Low incident rate during the year.
- Updated health and safety policy and procedures in place.

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

R9. Delivery risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

Controls and mitigation/action

- Projects are monitored on an ongoing basis by the Board, EMC and Subcommittees.
- Internal development and project management teams manage project delivery.
- Fixed price contracts are used where appropriate.
- Third party internal audit review of project delivery mechanisms.
- Material subcontractors and customers are credit checked and performance bonds, guarantees and charges are used as appropriate to safeguard delivery.

Typical risk indicators

- Customer/subcontractor complaints.
- Adverse budget variances.
- Delayed completion dates.
- Adverse internal or external audit findings.
- Subcontractor or customer default.

Movement description

The Group's approach to delivery remains largely unchanged. However, with Covid-19 restrictions lifting and working practices starting to normalise, the task of administering the delivery of the Group's schemes has become more manageable and therefore this risk has reduced.

Although the Group has not seen a significant change in the cost of infrastructure works, a number of our customers (housebuilders) have faced material and labour shortages in the year, which could lead to cost pressures or delays in delivery.

The risk rating has been decreased but has remained at last year's banding and within risk appetite.

Link to strategy:

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

Financial

R10. Finance risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

Controls and mitigation/action

- Detailed annual business plan prepared, approved and regularly monitored by the Board and EMC.
- Continuous monitoring of debt markets (with assistance of advisers).
- Maintenance of relationships with lenders and institutional investors (such as Goldman Sachs in relation to Build to Rent tenures).
- Review of principal terms of prospective loans prior to documentation.
- Ongoing monitoring of covenants/requirements to ensure compliance.
- Renegotiation of terms.

Typical risk indicators

- Increased gearing metrics.
- Covenant breaches.
- Reduced deal flow (reduces options to realise assets to lower debt levels).

Movement description

- Increased cash flow from increased plot completions and increased land sales.
- All due contractual minimums and deferred sales receipts from housebuilders have been received in the year.
- Increased headroom in respect of corporate facility.
- Wellcome Trust ownership provides Urban&Civic with faster and more reliable route to investment funding (subject to the usual permissions and appraisals).

The risk rating has been decreased, which has resulted in a lower banding compared to last year, back within risk appetite.

External environment

R11. Climate change risk

Strategic objectives

1 2 3 4 5

KPIs EPRA NTA; EPRA NAV; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

Controls and mitigation/action

- Maximise the advantages of large site delivery (which reflect the in-built optionality of delivering sites of scale over the long term) to minimise the impacts of delivery on climate factors.
- Continue to prioritise the delivery of extensive green infrastructure.
- Finalising a Sustainability Framework with clear metrics to ensure business wide compliance with relevant standards.
- Work with housebuilder customers and other third party stakeholders to direct, influence and encourage consistent and congruent stakeholder best practice.
- Identify, interrogate and trial innovations and then promote and adopt where they make a difference.
- Recruitment of a Head of Sustainability.

Typical risk indicators

- Flooding.
- Heat damage to structures.
- Community complaints.
- Reduced sales levels.
- Regulatory costs, challenges or fines.
- Negative press comment.

Movement description

- Sustainability goals now established at Subcommittee level.
- Action plan developed around the Five Capitals (see pages 34 to 38 for further details) resulting in 15 Action Areas and associated metrics.
- Metric performance verified by third party (Hoare Lea).
- Carbon Baseline Report (setting out the current carbon cost for first Strategic Site) issued and Roadmap to Net Zero now drafted.
- Biodiversity Toolkit (which will help the Group reach its biodiversity targets) now issued.
- Two employee working groups established to gather the best ideas from internal teams across Urban&Civic on methods to address the Group's embodied carbon, which will feed into the emerging Carbon Opportunities Report.
- The Group is finalising its new Sustainability Framework (see pages 34 to 48 for further details).

Due to the continuing importance of this area (highlighted by the increasing ESG legislation and growing stakeholder sentiment that is seeking real improvement in company sustainability credentials) and early stages of the implementation of the framework, this risk has been held at amber, which is within risk appetite.

Risk rating after mitigation:

Low Medium High

Change during the year:

Increase in risk No change Decrease in risk N New risk

Corporate governance review

"We have designed and implemented a governance framework that seeks to align our purpose, vision and values, as well as our nearer-term aims and objectives, with those of our stakeholders.

PETER PEREIRA GRAY —
CHAIRMAN

This section of the Annual Report contains the following reports:

Chairman's introduction

This is the first governance report since the Wellcome Trust acquired Urban&Civic in January 2021 and although the Company is no longer listed on the London Stock Exchange, we continue to strive to maintain the highest levels of governance. For the year ended 30 September 2021, under The Companies (Miscellaneous Reporting) Regulations 2019, the Company adopted and applied the Wates Corporate Principles (the 'Principles') for Large Private Companies (published by the Financial Reporting Council in December 2019 and available on the FRC website).

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

These six Principles provide the Board with a framework in which corporate governance can be monitored, helping the Group identify where it is falling short or where the bar can be raised higher. It also helps our stakeholders understand how the Group operates and, we believe, builds confidence and trust in Urban&Civic.

Creating the right environment to achieve the Group's purpose, vision and values requires good governance.

The following sections summarise how the Group has applied the Principles over the last financial year.

Peter Pereira Gray
Non-Executive Chairman
16 December 2021

The six Wates Corporate Principles

THE NORTH STAR

1
Purpose and leadership
Read more on page 72

CHARACTERISTICS OF GOVERNANCE

2
Board composition
Read more on page 74

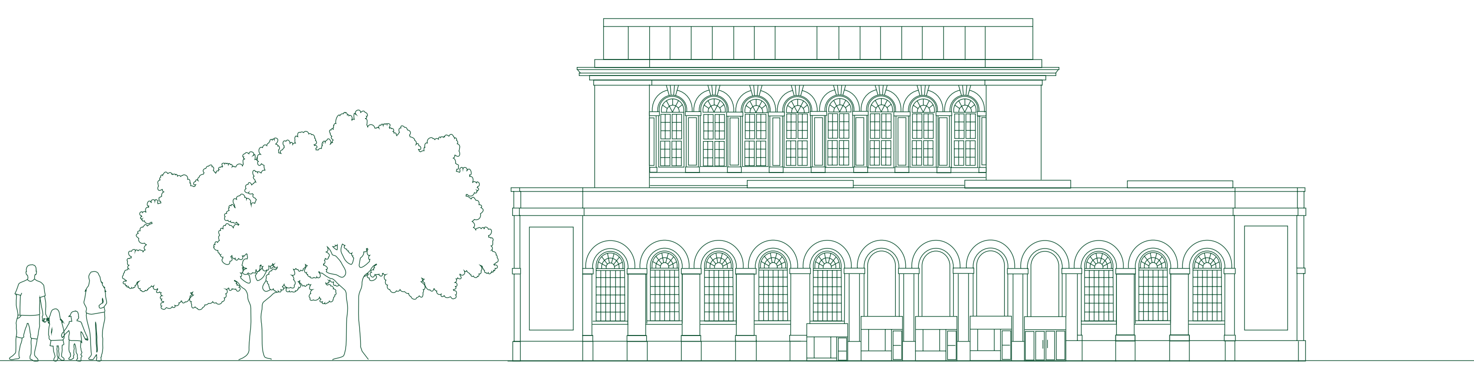
3
Director responsibilities
Read more on page 76

SPECIFIC MATTERS

4
Opportunity and risk
Read more on page 82

5
Remuneration
Read more on page 86

6
Stakeholder relationships and engagement
Read more on page 94



1

Principle 1
Purpose and leadership

Corporate governance and the Board

Introduction

The Board is responsible for setting and reviewing the Group's purpose, vision and values (see inside front cover for further details) which help underpin Urban&Civic's business model (see pages 4 and 5) and culture (see page 7).

The Board ensures that in pursuit of the Group's aims and objectives (pages 20 and 21), it complies with all regulatory and governance requirements and guidelines in relation to its activities, including financial reporting and accounting matters, accounting policies and practices, refreshment and diversity of the Board, succession planning and remuneration.

This governance section sets out the activities of the Board and its committees, having applied the Wates Corporate Principles.

Key activities in 2020/21

- Managed the transition from listed to unlisted company, following the acquisition of Urban&Civic by the Wellcome Trust in January 2021 (including the reappointment of Rosemary Boot and Bill Holland as Non-Executive Directors).
- Continued to monitor the impact of the Covid-19 pandemic on the Group's strategy and financial performance.
- Continued to focus on and evolve the risk management framework and internal controls (in response to the ongoing expansion of the number and scale of active projects).
- Monitored culture and methods of embedding culture throughout the Group.
- Implementation of a new remuneration framework (including a new Long Term Incentive Plan or "LTIP").
- Reviewed and approved updated HR policies with increased focus on flexible working and health and wellbeing policies.
- Development of a Sustainability Framework, including the introduction of sustainability goals into business plans and remuneration targets (bonus and LTIP).
- Development of succession plans for the Board and senior management.

Membership and meetings

The Board held eight scheduled meetings during the year and also held two Board committee meetings and a strategy meeting. The unscheduled Board committee meetings were to discuss, approve and implement the Wellcome Trust offer for the Company. In addition to these meetings, the Board regularly undertakes site tours, which were able to recommence after a pause necessitated by Covid-19.

		Date of appointment	Date of resignation	Tenure as at 30 September 2021	Meeting attendance[3]
Current Directors					
Peter Pereira Gray	Chair	21 January 2021		8 months	**6/6**
Nigel Hugill	Chief Executive	22 May 2014		7 years 4 months	**8/8**
Robin Butler	Managing Director	22 May 2014		7 years 4 months	**8/8**
David Wood	Finance Director	1 July 2016		5 years 3 months	**8/8**
Rosemary Boot[1]	Independent Non-Executive Director	18 February 2021/ 10 May 2019	21 January 2021	2 years 4 months	**8/8**
Bill Holland[1]	Independent Non-Executive Director	18 February 2021/ 6 February 2020	21 January 2021	1 year 7 months	**8/8**
Lisha Patel	Non-Executive Director	21 January 2021		8 months	**6/6**
Former Directors (when listed)					
Alan Dickinson[2]	Chair	22 May 2014	21 January 2021		**2/2**
Ian Barlow	Senior Independent Non-Executive Director	1 September 2016	21 January 2021		**2/2**
June Barnes	Independent Non-Executive Director	22 May 2014	21 January 2021		**2/2**
Jon Di-Stefano	Independent Non-Executive Director	1 September 2017	21 January 2021		**2/2**
Sanjeev Sharma	Independent Non-Executive Director	10 May 2019	21 January 2021		**2/2**

1. Rosemary Boot and Bill Holland resigned on Wellcome Trust's takeover of Urban&Civic but they were subsequently reappointed.
2. Appointed as Chairman on 24 March 2016.
3. Excludes two Board committee meetings associated with the Wellcome acquisition and a strategy meeting.

2

Principle 2
Board composition

Board overview

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

Although not undertaken this year, following the Wellcome Trust acquisition, it is intended that a performance evaluation of the Board will be undertaken by the Nomination and Governance Committee in the forthcoming financial year.

We believe that the current balance of Executive and Non-Executive Directors is appropriate and that the structure of the Board ensures that the Directors take appropriate actions to promote the long-term sustainable success of the Company and to ensure that the Company meets its responsibilities to its shareholder and other stakeholders.

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

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

BOARD OF DIRECTORS

1


2


3


4


5


6


7


Committee key

- A Audit Committee
- N Nomination and Governance Committee
- R Remuneration Committee
- E Executive Management Committee
- Committee chair

1. Peter Pereira Gray

N A R

Non-Executive Chairman

Date of appointment 21 January 2021

Career Peter is Managing Partner and the Chief Executive Officer of the Investment Division of the Wellcome Trust. He sits on the Investment Committee and is Chairman of the Valuation Committee. He is a Fellow of the Royal Institution of Chartered Surveyors, an honorary vice president of Cambridge University Land Society, a Life Member and past Chairman of the Investment Property Forum and a Life Fellow of the Royal Society of Arts.

External appointments Peter is immediate past Co-Chair of the Institutional Investors Roundtable and is appointed by the RICS to lead their independent review of property investment valuations.

2. Nigel Hugill

E

Chief Executive

Date of appointment 22 May 2014

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

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

Skills and experience Nigel has strong sector knowledge and his experience provides skills in strategy, finance, risk management, investor relations and corporate governance.

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

3. Robin Butler

E

Managing Director

Date of appointment 22 May 2014

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

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

Skills and experience Robin's strengths include extensive knowledge of the property sector, strategy, project management, leadership and people management.

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

4. David Wood

E

Group Finance Director and Company Secretary

Date of appointment 1 July 2016

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

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

Skills and experience David has strong experience in accounting, finance and banking and project management.

External appointments None.

5. Rosemary Boot

N A R

Independent Non-Executive Director

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

Career Rosemary was the chief financial officer of Future Cities Catapult, one of a network of technology and innovation centres established by the UK Government. She has also worked at Circle Housing Group and was involved in setting up the Government-owned Low Carbon Contracts Company and Electricity Settlements Company. From 2001 to 2011 she was group finance director of the Carbon Trust, and prior to that, she worked for 16 years as an investment banker primarily advising large listed UK companies on mergers and acquisitions.

External appointments Rosemary is a non-executive director of Impact Healthcare REIT plc and of Triple Point Energy Efficiency Infrastructure Company plc. She is also an independent non-executive director of Southern Water Services Limited, a trustee of Green Alliance, the environmental think tank, and a co-founder and director of Chapter Zero, an organisation that seeks to raise awareness and understanding of climate change as a business issue with non-executive directors.

6. Bill Holland

N A R

Independent Non-Executive Director

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

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

External appointments Bill is non-executive director and chair of the audit committee of CLS holdings plc and Ground Rents Income Fund plc. The former is listed on the London Stock Exchange and the latter on the International Stock Exchange (although also traded on the SETSqx platform of the London Stock Exchange). He is a governor at Winchester College, chairing the estate committee and sitting on the finance committee.

7. Lisha Patel

N A R

Non-Executive Director

Date of appointment 21 January 2021

Career Lisha is Managing Director of the Investment Division of the Wellcome Trust responsible for Direct Private & Commercial Property investments; she joined Wellcome Trust in 2006 and has worked across multiple asset classes. Lisha was previously at Lazard in their corporate finance practice and read Economics & Management at the University of Oxford.

External appointments Lisha chairs the Investment Committee of Pembroke College, Oxford and is a member of the Investment Committee of the Honourable Society of the Middle Temple and of the Endowment Board of Imperial College London.

3

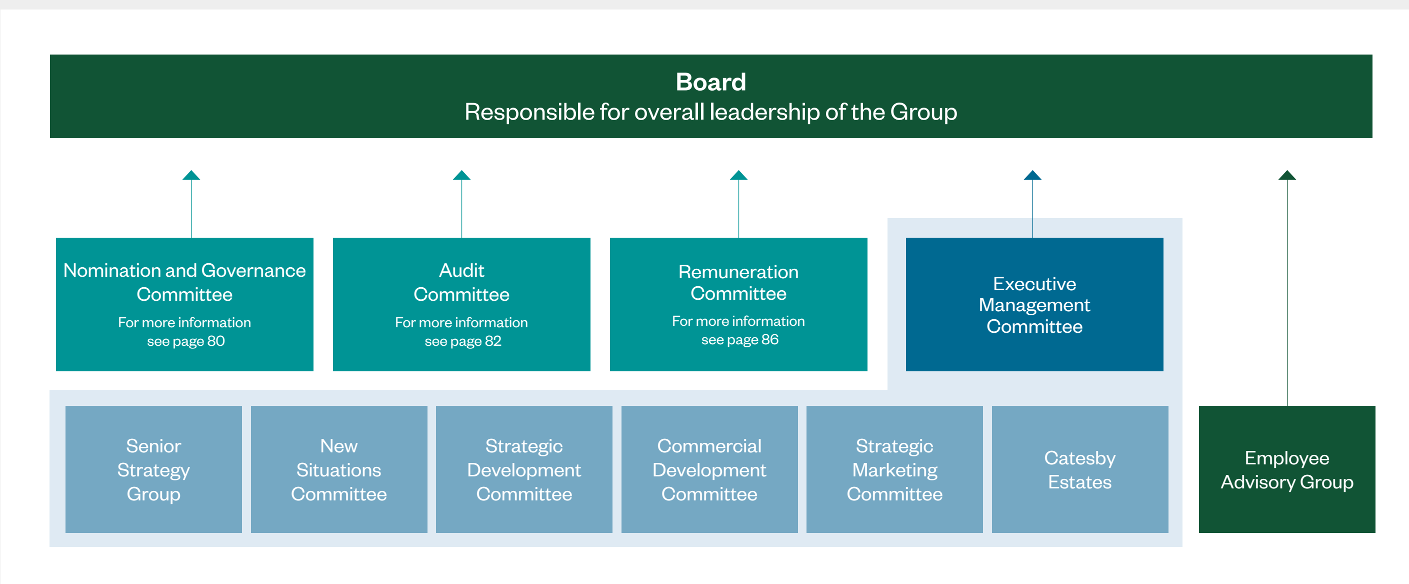
Principle 3
Director responsibilities

Structure and responsibilities

Board committee structure

The Board has established three Board committees, the Nomination and Governance, Audit and Remuneration Committees, and has delegated specific areas of responsibility to these committees with a clear division of responsibilities in place. The Board has also approved terms of reference of the Executive Management Committee, whose members represent the senior management of the Group.

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



Division of responsibilities

Board of Directors

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

A key role of the Board is to understand the views of stakeholders and to consider their interests and the matters set out in section 172 of the Companies Act 2006 in Board discussions and decision making. Further details can be found in the section 172 statement on pages 28 to 31.

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

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

Board committees

Nomination and Governance Committee

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

Audit Committee

The Audit Committee (the "Committee") is responsible for the Group's financial reporting and for the integrity of the financial statements. The Committee oversees and monitors the risk management framework and oversees and monitors internal controls and the work of internal audit. It also supervises the relationship with the external auditor.

Remuneration Committee

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

Management committees

Executive Management Committee (EMC)

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

Other management committees

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

Board leadership

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

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

Roles and responsibilities

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

Chairman – Peter Pereira Gray

Key responsibilities:

- Leadership of the Board.
- Ensure constructive communication between Executive and Non-Executive Directors.
- Ensure appropriate delegation of authority from Board to management.
- Promotion of high standards of corporate governance.
- Ensure that new Directors participate in an appropriate induction programme and that the ongoing development needs of the Directors are met.
- Ensure that the performance of the Board, committees and individual Directors is assessed at least annually (first Board assessment following the Wellcome Trust acquisition due in the financial year 2021/22).
- Representation of the Company to stakeholders (including the Wellcome Trust, Urban&Civic's shareholder).

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.
- HR policies and management.

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 shareholder as requested.

Group Finance Director and Company Secretary – 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, finance and taxation.
- Day to day responsibility for information technology within the Group.
- Secretary to the Board and its committees.
- Advice on corporate governance and regulatory matters.
- Implementation of Group policies and procedures.
- Management of Board and committee procedures.
- Inductions for new Directors (with the assistance of HR Manager).

Operation of the Board

Directors receive detailed agendas and supporting papers in advance of all Board and committee meetings. These papers contain market, property, financial, governance and risk updates together with any other papers relating to specific agenda items as required. These papers are supplemented at meetings by presentations and verbal updates by the Executive Directors, members of senior management or external advisers where appropriate. In between the scheduled Board meetings, ad hoc and transactional papers are circulated to the Directors as required. Non-Executive Directors regularly discuss the content and detail of papers circulated to the Board and provide feedback and requests to the Executive Directors where they feel that the provision of information is insufficient for their needs.

There is a culture of open communication between Non-Executive and Executive Directors and the wider workforce with reports at each Board meeting by the Managing Director on meetings of the EMC and the Employee Advisory Group (EAG).

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

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

Key activities in 2020/21

Strategy/operations

- Managed the transition from listed to unlisted company, following the acquisition of Urban&Civic by the Wellcome Trust in January 2021 (including the reappointment of Rosemary Boot and Bill Holland as Non-Executive Directors).
- Continued to monitor the impact of the Covid-19 pandemic on the Group's strategy and financial performance.
- Developed the sustainability framework, including the introduction of sustainability goals into business plans.
- Regularly reported on all areas of the Group's business and updates on the progress of developments.
- Reviewed, at each Board meeting, projects in the pipeline process.
- Reviewed minutes of every EMC meeting and received regular updates from its Chair, Robin Butler.
- Annual strategy meeting held, focusing on business plan and cash flow projections, risk appetite and the future resilience of the Company's strategy.
- Confirmed at each Board meeting that health and safety standards were being maintained and received regular reports on health and safety statistics across the Group's operations and its offices.

Leadership and people

- Reorganised Non-Executive Director appointments, roles and responsibilities in light of the Group's acquisition by the Wellcome Trust.
- Undertook an extensive programme of introductory meetings and briefings between Wellcome Trust employees and advisers and Urban&Civic employees. This helped align Urban&Civic's strategies, processes and procedures with those of its new shareholder.
- Received reports from the chairs of the Nomination and Governance Committee, Audit Committee and Remuneration Committee following each committee meeting.
- Approved new remuneration framework (including a new Long Term Incentive Plan or "LTIP").
- Reviewed and approved updated policies with increased focus on flexible working and health and wellbeing policies.

Legal and regulatory/governance

- Reviewed the compliance processes in place in relation to modern slavery regulations and approval of the modern slavery statement.
- Reviewed and updated key Group policies.
- Reviewed conflicts/potential conflicts of interest of the Directors.

Culture

- Encouraged engagement between Non-Executive Directors, Executive Directors, senior management and workforce.
- Reviewed the outputs and comments arising from meetings of the Employee Advisory Group.
- Monitored culture and methods of embedding culture throughout the Group.
- Reviewed reports and feedback of employee events and surveys.

Risk governance, internal controls and assurance

- Continued to focus on and evolve the risk management framework and internal controls (in response to the ongoing expansion of the number and scale of active projects).
- Reviewed reports covering the Group's risk processes for the identification, management and mitigation of risk and emerging risk.
- Reviewed top-down (key risks) and bottom-up (project and corporate risks) registers and considered alignment with risk appetite.
- Received regular reports on the Group's GDPR compliance.
- Reviewed internal audits (by external adviser) on GDPR, sales cycle and taxation systems.

Financial planning and performance

- Oversaw financial and operational performance (and all related reporting) during the year.
- Continued to monitor the impact of the Covid-19 pandemic on the Group's financial performance.
- Approved 2020/21 business plan and reviewed three-year forecasts.
- Received reports from the Chair of the Audit Committee following each committee meeting.
- Approved the Annual Report and Accounts (including valuations and going concern statement).

Committee members

Peter Pereira Gray (Chair)

Rosemary Boot

Bill Holland

Lisha Patel

Key activities in 2020/21

The Committee's key activities in the financial year to 30 September 2021 included:

- Two meetings held during the year (one prior to the Wellcome Trust acquisition).
- Managed the transition from listed to unlisted company, following the acquisition of Urban&Civic by the Wellcome Trust in January 2021 (including the reappointment of Rosemary Boot and Bill Holland as Non-Executive Directors to the main Board and other committees).
- Reviewed succession plans for Directors and senior management, which identified additional work for 2021/22 around personal development in respect of those individuals identified.

Nomination and Governance Committee report

Introduction

I am pleased to present the report of the Nomination and Governance Committee (the "Committee") for the year ended 30 September 2021. This report sets out a summary of the Committee's key activities during the year, together with its membership, and also details the key information flows and operation pertaining to the Committee.

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

"The Committee seeks to encourage a culture that delivers an inclusive working environment, bringing out the best in people, which helps us to achieve our aims and objectives.

Peter Pereira Gray
Chair of the Nomination and Governance Committee

Membership and meetings

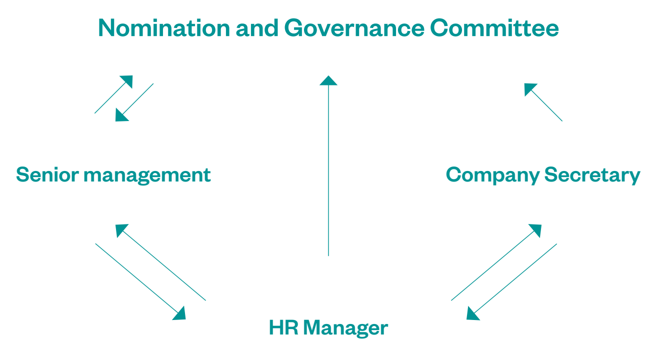
The changes to the composition of the Committee during the year are set out below. These changes are the direct result of the Wellcome Trust acquisition.

Members of the Committee attend all meetings, and their attendance at the two scheduled meetings held during the year ended 30 September 2021 is shown below.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2021	Meetings attended/ eligible to attend
Peter Pereira Gray	Chair	No	21 January 2021		8 months	**1/1**
Rosemary Boot	Member	Yes	18 February 2021		7 months	**1/1**
Bill Holland	Member	Yes	18 February 2021		7 months	**1/1**
Lisha Patel	Member	No	21 January 2021		8 months	**1/1**
Former members (when listed)						
Alan Dickinson	Chair	Yes[1]	22 May 2014	21 January 2021	6 years 4 months	**1/1**
Ian Barlow	Member	Yes	1 September 2016	21 January 2021	4 years 1 month	**1/1**
June Barnes	Member	Yes	22 May 2014	21 January 2021	6 years 4 months	**1/1**
Jon Di Stefano	Member	Yes	13 February 2019	21 January 2021	1 year 7 months	**1/1**

1. On appointment.

Key information flows



Operation of the Committee

- All members of the Committee attend the Committee meetings with other Directors, the Group's HR Manager and advisers attending by invitation as required.
- As Chair of this Committee and the Board, I will not chair meetings when dealing with any matters relating to the role of Chair including the appointment of my successor.
- Agenda items are linked to an annual calendar of regulatory and governance discussion items to ensure that the Committee carries out a thorough and effective review of all relevant areas.
- The Group's HR Manager provides comprehensive papers for agenda items where required and ensures that adequate consideration is given to key areas such as succession planning, diversity and equal opportunities monitoring.
- The Committee annually assesses its own performance. Following Urban&Civic's acquisition by Wellcome Trust, the first assessment will take place in the 2021/22 financial year.

Peter Pereira Gray
Chair of the Nomination and Governance Committee
16 December 2021

4

Principle 4
Opportunity and risk

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Risk and internal controls (including Audit Committee report) and Opportunities

Introduction
Risk and internal controls and opportunities are addressed elsewhere in this Annual Report (see sign post above) and below you will find the Audit Committee Report, which provides additional insight into the Group's approach to internal controls and risk.

Committee members
Bill Holland (Chair)
Rosemary Boot
Lisha Patel
Peter Pereira Gray

Key activities in 2020/21
- Continued oversight of financial management and reporting, including monitoring effects of the ongoing Covid-19 pandemic.
- Oversight of changes and developments to reporting requirements, particularly those triggered by Urban&Civic's acquisition by Wellcome Trust.
- Ongoing review of, and reporting to the Board on, risk management and mitigating controls.
- Continued oversight of the internal audit programme to ensure internal controls operate effectively.
- Strengthening of the process supporting management assurances relating to risk management and internal controls.
- Review of financial statements, valuations and going concern statement.

Audit Committee report

I am pleased to present the Audit Committee (the "Committee") report for the financial year ended 30 September 2021. This report explains the structure, operation, roles and responsibilities, and focus of the Committee and also provides a summary of its activities during the year.

The Committee provides independent oversight of management to ensure appropriate protection of stakeholders' interests and to assist the Board in discharging its responsibilities.

"As the scale of Urban&Civic's operations increases, the Committee's role in overseeing the evolution of the Group's risk management framework and financial reporting processes becomes increasingly important. Our aim is to provide stakeholders with the confidence that our financial results have integrity and are accurate, that our risk and internal controls management are robust and that the audit process is effective.

Bill Holland
Chair of the Audit Committee

Membership and meetings

The changes to the composition of the Committee during the year are set out below. These changes are the direct result of the Wellcome Trust acquisition.

On 21 January 2021, I resigned (along with my fellow members) from the Committee, on the completion of the Wellcome Trust acquisition. I was subsequently reappointed to the role of Chair of the Audit Committee on 18 February 2021 and Rosemary Boot was reappointed as a member of the Committee on the same day. No Audit Committee meetings were held between 21 January and 18 February 2021.

Peter Pereira Gray and Lisha Patel, who both sit on a number of Wellcome Trust entity boards, became members of the Audit Committee on 21 January 2021.

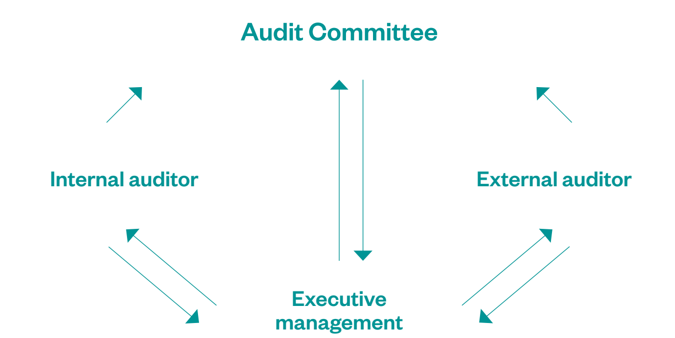
I remain an independent Non-Executive Director and the Board is satisfied that the Audit Committee has a wide range of skills, experience, and competence relevant to the sector in which the Group operates.

Members of the Committee attend all meetings, and attendance by the members of the Committee at the four scheduled meetings held during the year ended 30 September 2021 is shown below. Typically, the Company will hold three scheduled meetings each year. The additional meeting in 2020/21 was a consequence of the Wellcome Trust takeover.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2021	Meetings attended/ eligible to attend
Bill Holland[1]	Chair	Yes	18 February 2021/ 6 February 2020	21 January 2021	1 year 7 months	**4/4**
Rosemary Boot[1]	Member	Yes	18 February 2021/ 23 May 2019	21 January 2021	2 years 4 months	**4/4**
Lisha Patel	Member	No	21 January 2021		8 months	**2/2**
Peter Pereira Gray	Member	No	21 January 2021		8 months	**2/2**
Former members (when listed)						
Ian Barlow	Member	Yes	1 September 2016	21 January 2021		**2/2**
June Barnes	Member	Yes	22 May 2014	21 January 2021		**2/2**

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

Key information flows



- At each Board meeting following any Committee meetings, the Board receives a verbal report summarising the discussions and conclusions of the Committee. Should any areas require discussion by the full Board, adequate background information is provided to ensure a meaningful discussion.
- The open culture of the Group means that members of the Committee have the opportunity to spend time with senior management outside the scheduled Committee meetings and can therefore seek additional information and guidance on any issues as required. These meetings are extremely helpful to the Committee in ensuring that the members have a strong understanding of Group processes and in providing ongoing development and enhancement of the Committee members' skills and knowledge.
- The Committee meets privately with the internal and the external auditor at least once a year, allowing for open discussion of any items if required in the absence of executive management. This also enables the highlighting of issues of key importance and the identification of emerging areas requiring debate.

Operation of the Committee

The Chief Executive and Group Finance Director attend all meetings. Other Directors, senior members of the finance team, the internal auditor and the external auditor attend by invitation only. This enables a comprehensive discussion of all agenda items with the experience, engagement and contribution of all participants welcomed.

The Group Finance Director maintains a structured programme of agenda items including both regular and one-off discussion items. This is regularly reviewed by the Chair of the Committee and is closely aligned to our financial reporting timetable. This process ensures that the Committee gives adequate time to the review and discussion of all items of its responsibility and authority, governed by its terms of reference. Standing agenda items will always include financial reporting, risk management, internal controls and external audit.

Audit Committee report continued

Roles and responsibilities

The Board has established a well defined set of responsibilities for the Committee:

Year-end financial reporting

- Monitor the quality and integrity of the financial statements and oversee the financial reporting process.
- Review of significant financial judgements and estimates and accounting policies.
- Review the going concern status of the Group.

Risk management

- Monitor the framework and processes for identifying, assessing, managing and mitigating risk, including assessing the effectiveness of controls.

Internal controls and internal audit

- Oversee and monitor the effectiveness of the internal control processes of the Group and the work of the internal auditor.
- Review management's assurances over the effectiveness of internal controls.

External audit

- Review the performance, independence and effectiveness of the external auditor and oversee the audit process (including fee negotiation and auditor rotation).

Governance and compliance

- Ensure Group compliance with governance requirements relating to the management of risk, financial reporting and accounting.
- Monitor compliance with accounting and regulatory requirements and with relevant Group policies.

The Committee's responsibilities are detailed in its terms of reference which it reviews annually, updating as required to reflect any developments in regulatory requirements, governance or best practice.

Key activities in 2020/21

The Committee's key activities in the financial year to 30 September 2021 included:

Year-end financial reporting

- Oversaw changes and developments to reporting requirements, particularly those triggered by the Wellcome Trust acquisition (switch from International Financial Reporting Standards to United Kingdom Generally Accepted Accounting Practice).
- Oversaw the audit process and reporting for the year-end results.
- Reviewed and approved the external auditor's letters of engagement and audit and non-audit fees incurred by the external auditor.
- Reviewed the audit planning report prepared by the external auditor, confirming materiality thresholds and agreeing the key audit matters for consideration by the auditor as part of the audit.
- Reviewed the external valuers' (CBRE) valuation report and Directors' valuation report. Non-Executive Directors met CBRE to discuss key valuation judgements.
- Reviewed the application of the revenue and profit recognition policy.
- Discussed and assessed, with the external auditor, significant areas of judgement and estimate, including issues relating to classification of property assets, valuation of investment properties and trading properties, revenue recognition, taxation and allocation of costs to land parcel sales.
- Reviewed and made recommendations to the Board in respect of the going concern statements and supporting documents including the business plan and five-year forecast. This review included consideration of the ongoing effects of the Covid-19 pandemic.

Risk management

- Reported to the Board on our assessment and review of the Group's risk management framework and review of the effectiveness of the risk management process.
- Reviewed risk mitigation measures in place and the effectiveness of risk controls. During the year, this included specific review of risks related to the Covid-19 pandemic.
- Reviewed risk commentaries within the year-end reporting.

Further details on the Group's key risks and our approach to risk management are found in the risk review on pages 59 to 69.

Internal controls and internal audit

- Oversaw changes and developments to internal audit reporting requirements triggered by the Wellcome Trust acquisition.
- Reviewed the effectiveness of the internal audit function.
- Agreed the programme of audits for 2021/22.
- Reviewed updates on the progress of the ongoing internal audit programme and reviewed the findings of completed audits (relating to sales cycle, GDPR and taxation processes), including recommended action points and progress against the implementation of these action points.
- Worked with management on improving the form of reporting from the Executive Directors to the Board giving assurance over the effectiveness of those internal controls that were not the subject of an internal audit in the year.
- Reviewed those assurances (that the Group's internal controls and risk management processes are working effectively).

External audit

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

Governance and compliance

- Reviewed the membership of the Committee following the Wellcome Trust takeover.
- Reviewed Board reports on the Group's compliance with GDPR.
- Oversaw compliance with the Group's gifts and hospitality policy and charitable donations policy.

Training and development

The Committee received briefing updates on financial reporting, covering the following areas:

- Switch from International Financial Reporting Standards to United Kingdom Generally Accepted Accounting Practice (explained further in note 28 of the financial statements);
- The CBRE valuation process;
- Impact of new accounting standards;
- New EPRA measures (see note 22 of the financial statements); and
- The effect of Gift Aid donations on corporate tax, following the Wellcome Trust acquisition.

Key judgements and estimates

The following key areas of judgements and estimates were considered by the Committee and discussed and assessed with the external auditor:

Valuation of investment properties and carrying value of trading properties

The Group's property interests are valued in order to ascertain the fair value of investment properties and the carrying value of trading properties, which are held at the lower of cost and net realisable value. Valuations of all properties inform the calculation of the Company's EPRA measures and at 30 September 2021 the total EPRA value of the Group's property interests was £721.2 million (before tax). CBRE, independent valuers, valued 90 per cent of the Group's property interests outright and reviewed Director assumptions in respect of a further 3 per cent. The remaining 7 per cent was valued at cost by the Directors.

Significant judgement is required, due to the subjective nature of property valuations. Members of the Committee met with the external valuers, without management present, as part of the full-year valuation process. Each property valuation was discussed with consideration given to the key judgements and assumptions applied to each valuation as well as the valuation movement generated in the year.

A discounted cash flow model is used by CBRE to value the strategic land assets, reflecting the scale of the assets and length of time over which the assets will be realised. The Committee considered the key inputs to the models, namely the timing and quantum of significant cash outflows, land prices, forecast house prices, inflation, housebuilder profit assumptions and discount rates, and concluded that the assumptions applied were appropriate.

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

Classification of property interests

The Group holds property interests that are classified as investment properties, trading properties, properties within property, plant and equipment, property related trade and other receivables and payables (within both subsidiaries and joint ventures or joint operations).

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

The Committee, in discussion with the external auditor, has reviewed the Directors' basis for the classification of each property interest at 30 September 2021.

Revenue and profit recognition

Licence sales contain both a fixed minimum price as well as a variable overage element with revenue recognised when the risks and rewards of ownership transfer on completion. The sales receipts under these arrangements are ultimately dependent upon the onward sales prices achieved by the housebuilder. Variable consideration including overages are estimated, taking into consideration the time to recover overage amounts as well as factors which may give rise to variability, and are recognised to the extent that a reliable estimate can be made. Members of the Committee assessed the conditions attaching to these arrangements when deciding how much and at what point revenue should be recognised and the requirements of FRS 102, taking into account contractual terms, forecast timescales over which amounts were payable and the ability to reliably measure variable consideration. The Committee also considered the methodology and allocation of attributable servicing costs of each land parcel prior to sale, which includes an allocation of site wide infrastructure costs.

The Committee reviewed these methods of revenue and profit recognition and concluded that they were appropriate.

Going concern

The Committee reviewed the assumptions upon which the going concern principle has been adopted for the preparation of the financial statements for the year ended 30 September 2021 and, having assessed the prospects and financial viability of the Group, has recommended approval by the Board of the going concern statement set out in the Directors' report. In doing so, the Committee has assessed the risks and uncertainties arising from the ongoing Covid-19 pandemic amongst other matters.

2021/22 priorities

The Committee will continue to focus on the audit and production of the Group's financial statements and the integrity of its reporting processes over the next financial year. Going concern and managing and developing the risk management framework will also be key considerations in 2021/22.

The integration of Farmcare Trading Limited (a post balance sheet acquisition) into the Group's processes and procedures will require Committee input as will understanding and growing the Group's relationship (and working practices) with its new shareholder and advisers. The latter may, for example, require a revised approach to internal audit programmes/assurance. I will report further on these activities in next year's Audit Committee report.

WEJ Holland

Bill Holland
Chair of the Audit Committee
16 December 2021

5

Principle 5
Remuneration

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Remuneration Committee report

Introduction
I am pleased to introduce the Remuneration Committee (the 'Committee') report for the financial year ended 30 September 2021. This report explains the structure, operation, roles and responsibilities, and focus of the Committee and also provides a summary of its activities during the year and details of the remuneration framework applicable to the Directors. An overview of the Chief Executive's remuneration is also presented.

"

Although the Committee explicitly approves Executive Director and senior manager remuneration, it also ensures wider workforce remuneration is aligned with the Directors' policy and market practice.

Peter Pereira Gray
Chair of the Remuneration Committee

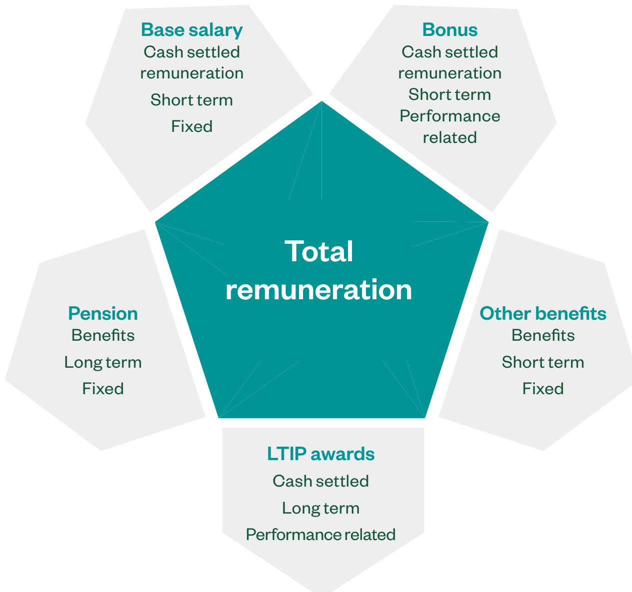
Committee members

Peter Pereira Gray (Chair)
Rosemary Boot
Bill Holland
Lisha Patel

Key activities in 2020/21

- Oversaw the settlement of the old Long Term Incentive Plan (LTIP), which was triggered by the Wellcome Trust takeover.
- Oversaw the introduction of a new LTIP following the Wellcome Trust acquisition.
- Reviewed, revised and approved the remuneration framework (for both Directors and the wider workforce) to ensure alignment with new shareholder policies and procedures.
- Set the remuneration for Executive Directors and senior management.
- Reviewed the workforce remuneration arrangements (including parameters for wage increases and targets for bonuses and LTIP awards, to include ESG measures).
- Reviewed an external market review of salaries (which is carried out every three years). Out of range salaries and bonuses were scrutinised by the Committee prior to amendment or approval.
- Reviewed the continuing evolution of governance standards and best practice.

Remuneration at a glance



Group performance in 2021

EPRA NAV	EPRA NTA	Cash flow generation from plot completions (U&C share)
£557.7m +11.7%	**£514.8m +9.1%**	**£70.4m +69.2%**

Remuneration across the Group

Total spend on pay

£17.3m +45%

94%

of employees received an annual increase in total remuneration[1] (2020: 18 per cent)

1. Employees other than Executive Directors.

Salary increase for Chief Executive[1]

2.5% (2020: nil%)

99%

of employees received a bonus in respect of the year ended 30 September 2021 (2020: 17 per cent)

Average salary increase for employees[1,2]

5.0% (2020: nil%)

nil%

of employees were granted LTIP awards during the year ended 30 September 2021[1] (2020: 89 per cent)

Chief Executive remuneration

Salary[1]	Annual bonus	Total remuneration
£0.4m	**£0.4m**	**£1.3m -6.1%**

1. As at 1 October 2021.

Remuneration Committee report continued

Membership and meetings

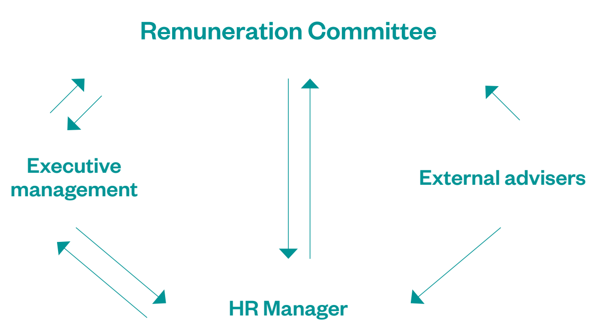
The changes to the composition of the Committee during the year are set out below. These changes are the direct result of the Wellcome Trust takeover.

Members of the Committee attend all meetings, and attendance by the members of the Committee at the four scheduled meetings held during the year ended 30 September 2021 is shown below. Typically, the Company will hold three scheduled meetings each year. The additional meeting in 2020/21 was a consequence of the Wellcome Trust takeover and the associated acceleration of LTIP vesting under the old scheme rules.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2021	Meetings attended/ eligible to attend
Peter Pereira Gray	Chair	No	21 January 2021		8 months	**1/1**
Rosemary Boot[1]	Member	Yes	18 February 2021/ 23 May 2019	21 January 2021	2 years 4 months	**4/4**
Bill Holland[2]	Member	Yes	18 February 2021		7 months	**1/1**
Lisha Patel	Member	No	21 January 2021		8 months	**1/1**
Former members (when listed)						
June Barnes	Chair	Yes	1 July 2017	21 January 2021		**3/3**
Ian Barlow	Member	Yes	1 September 2016	21 January 2021		**3/3**
Jon Di-Stefano	Member	Yes	1 January 2020	21 January 2021		**3/3**
Sanjeev Sharma	Member	Yes	23 May 2019	21 January 2021		**3/3**

1. Rosemary Boot resigned on Wellcome Trust's acquisition of Urban&Civic but was subsequently reappointed.
2. Bill Holland was appointed following Wellcome Trust's acquisition of Urban&Civic.

Key information flows



Operation of the Committee

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

Roles and responsibilities

The Board has established a well defined set of responsibilities for the Committee:

Executive remuneration

- Approval of the structure of remuneration for the Executive Directors and senior management.
- Setting performance measures and targets for the Executive Directors and reviewing their achievement.
- Determination of annual bonus and LTIP awards for Executive Directors and senior management.

Workforce remuneration

- Overview of remuneration practices across the Group to ensure alignment with the Directors' remuneration policy, taking into account market practice and governance updates.

Engagement

- Consultation with Wellcome Trust (where required) on matters relating to the Directors' remuneration policy.
- Engagement with the workforce on remuneration matters.

Governance and compliance

- Approval of any Group disclosures relating to remuneration.

The Committee's responsibilities are detailed in its terms of reference which it reviews annually, updating as required to reflect any developments in regulatory requirements, governance or best practice.

Key activities in 2020/21

The Committee's key activities in the financial year to 30 September 2021 included:

Executive remuneration

- Approved remuneration arrangements for Executive Directors and senior management.
- Assessed the achievement of the EPRA NAV, cash generation, personal and ESG objectives relating to the Executive Directors' bonus awards for the year ended 30 September 2021 (following the year-end).
- Approved the bonus objectives for Executive Directors for the year ended 30 September 2022 (following the year-end).
- Agreed key changes to the Directors' remuneration policy (the "Remuneration Framework").

Workforce remuneration

- Reviewed the structure of workforce remuneration including an analysis of shifts in salary and bonus trends across the Group.
- Reviewed the operation of Group remuneration policies including base salary levels, bonus, LTIP and benefits.
- Oversaw workforce bonus objectives to ensure alignment with those of the Executive Directors.
- Agreed key changes to the workforce's remuneration policy (the "Remuneration Framework").

LTIPs

- Reviewed a schedule of headroom of shares held by the Employee Benefit Trust to ensure that there is sufficient capacity to issue shares on the exercise of PSP awards (pre-Wellcome Trust acquisition).
- Assessed and approved the vesting of outstanding PSP awards (in respect of awards granted in February 2018, December 2018 and December 2019), triggered by the Wellcome Trust acquisition.
- Oversaw the development of the new LTIP scheme (which was approved by the Committee subsequent to the year end).

Engagement

- Reviewed a schedule of workforce joiners and leavers to ensure any matters relating to remuneration are addressed appropriately.

Governance and compliance

- Oversaw the workstreams arising from the internal controls review of the HR function.
- Reviewed the appointments of employees with third parties, outside of their Urban&Civic role.

Remuneration Committee report continued

Directors' remuneration policy table

The Directors' remuneration policy below sets out the current position, post Wellcome Trust takeover.

Element	How component supports corporate strategy	Operation	Maximum	Performance targets and recovery provisions	Change to policy
Executive Directors					
Base salary	To provide a competitive salary level to attract and retain high calibre executives.	Basic salaries are reviewed on an annual basis. The Committee seeks to establish a basic salary for each position determined by individual responsibilities and performance taking into account comparable salaries for similar positions in companies of a similar size in the same market.	There is no prescribed maximum base salary or annual salary increase. The Committee is guided by the general increase for the broader employee population but may decide to award a lower increase for Executive Directors or indeed exceed this to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take into account relevant market movements. Current salary level for the Chief Executive is set out within the Annual Report on remuneration on page 92.	Not applicable.	No change.
Pension	To provide a competitive level of contribution to pension arrangements.	Company contribution normally paid monthly into the Company's pension scheme, into a personal pension arrangement and/or as a cash supplement.	For new Executive Directors, pension will be no higher than the level available to the majority of the workforce. For existing Executive Directors, pension will be brought in line with the level available to the majority of the workforce as set out below. Before 1 October 2022: up to 15 per cent of salary. After 1 October 2022: pension no higher than the level available to the majority of the workforce.	Not applicable.	No change.
Benefits	To provide a competitive level of benefits.	Car allowance (or company car), private medical insurance, permanent health insurance and life assurance provided. Other benefits may be provided where relevant.	Provided at approved cost.	Not applicable.	No change.
Annual bonus	To drive and reward annual performance of individuals, teams and the Group.	Based on performance during the relevant financial year. Bonus will be paid in cash.	Up to 100 per cent of base salary.	Performance period: normally one year. The majority of the performance targets will be based on financial targets with any remainder based on personal or strategic targets (such as sustainability targets). Clawback and malus provisions operate in the case of corporate failure, material downturn in performance due to management failure, reputational damage and serious misconduct.	No change.

Element	How component supports corporate strategy	Operation	Maximum	Performance targets and recovery provisions	Change to policy
Executive Directors continued					
Long-term incentives – Long Term Incentive Plan (LTIP)	To drive and reward the long-term performance of the Group and to align the interests of management.	Awards granted under the LTIP have the following features: • Conditional awards • Vesting is dependent on the satisfaction of performance targets and continued service • Awards are subject to a two-year holding period • Awards are exercisable five years after vesting (subject to the holding period) during which time vested awards will grow (or reduce) in value in line with EPRA NTA All awards will be settled in cash.	300 per cent of salary for CEO and MD. 275 per cent of salary for other Executive Directors.	Performance period: normally three years. 25 per cent of an award vests at threshold performance (0 per cent vests below threshold), increasing to 100 per cent pro rata for maximum performance. Performance will be measured against EPRA NTA and/or relevant financial and/or environmental, social and governance measures. Clawback and malus provisions operate in the case of corporate failure, material downturn in performance due to management failure, reputational damage and serious misconduct.	Following the Wellcome Trust acquisition, a new plan has been adopted by the Board, which reflects the delisting of Urban&Civic plc, including the consequential switch from equity to cash settled awards.
Share ownership guidelines	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Following the Wellcome Trust acquisition, there are no longer share ownership guidelines.
Non-Executive Directors					
Fees	To provide fees reflecting time commitments and responsibilities of each role, in line with those provided by similarly sized companies.	Cash fee normally paid on a monthly basis. Non-Executive Directors' fees are determined by the Executive Directors having regard to the need to attract high calibre individuals with the right experience, the time and responsibilities entailed, and comparative fees paid in the market in which the Group operates. Taxable benefits may be provided where appropriate including the reimbursement of expenses.	There is no prescribed maximum individual fee or fee increase. The Board (excluding Non-Executive Directors) is guided by the general increase for the broader employee population, time commitment, scope and responsibility of the role and/or relevant market movements.	Not applicable.	Not applicable.

Notes:

1. Below Board level, a lower or no annual bonus may apply. In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals, together with the fact that remuneration of the Executive Directors and senior executives typically has a greater emphasis on performance related pay.
2. The choice of the performance metrics applicable to the annual bonus scheme reflects the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of financial targets and specific individual objectives.
3. The performance conditions applicable to the LTIP are selected by the Committee on the basis that they reward the delivery of long-term returns to the Group's shareholder and are consistent with the Company's objective of delivering superior levels of long-term value.
4. The Committee operates the LTIP in accordance with the plan rules and the Committee, consistent with market practice, and retains discretion over a number of areas relating to the operation and administration of the plan.

Remuneration Committee report continued

Chief Executive's remuneration

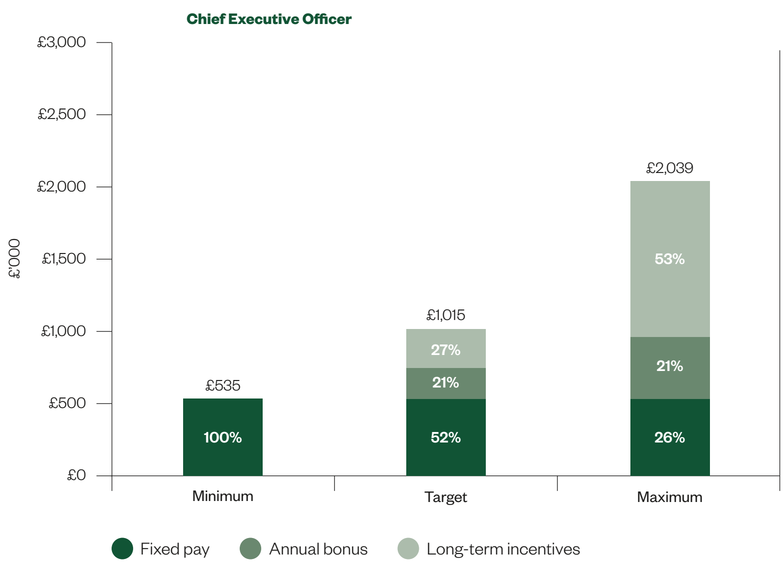
The table below presents the remuneration figures for the Chief Executive for the years ended 30 September 2021 and 30 September 2020.

	Basic salary		Benefits[1]		Bonus		Long-term incentives[2]		Pension[3]		Total fixed		Total variable		Total	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Nigel Hugill	**431**	431	**39**	34	**388**	—	**359**	835	**65**	65	**535**	530	**747**	835	**1,282**	1,365

1. Includes a fully expensed company car or cash alternative and private medical insurance.
2. The 2020 long-term incentive disclosure refers to the awards granted in February 2018 which had a performance period which ran from 1 October 2017 to 30 September 2020. The amount disclosed above does not include the effects of the Wellcome Trust acquisition on such awards, which was considered a non-adjusting post-year-end event and therefore accounted for in the current financial year.
3. Pension payments equivalent to 15 per cent of salary are made as a cash supplement to the Chief Executive.

Chief Executive reward scenarios

The chart below show how the composition of the Chief Executive's remuneration package varies at different levels of performance under the policy, as a percentage of total remuneration opportunity and as a total value.



Notes:

1. The minimum performance scenario comprises the fixed elements of remuneration only, including:
   - salary, as set out in the Annual Report on remuneration;
   - pension (15 per cent of salary); and
   - approximated benefits.
2. The on-target level of bonus is taken to be 50 per cent of the maximum bonus opportunity, and the on-target level of LTIP vesting is assumed to be 25 per cent of the face value of the LTIP award. These values are included in addition to the components/values of minimum remuneration.
3. Maximum remuneration assumes full bonus pay-out (100 per cent of salary only) and the full face value of the LTIP (i.e. 300 per cent of salary for the CEO), in addition to fixed components of minimum remuneration.
4. LTIP award sizes are shown as 240 per cent of base salary for the CEO. This level was the average of two LTIP awards in 2021, one of which was in recognition of no award being granted in 2020 due to the Wellcome Trust acquisition. The first issue was set at 225 per cent of base salary and the second was set at 255 per cent of base salary. Both were within the policy maximum of 300 per cent for the CEO.

Non-Executive Directors

All Non-Executive Directors (excluding Wellcome employees) have a remuneration agreement for an initial period of 12 months and thereafter on a rolling basis subject to three months' notice by either the Non-Executive Director or the Company, given at any time. In addition, temporary additional day rates can be provided to certain Non-Executive Directors.

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

Payments to past Directors or payments for loss of office

There were no payments to past Directors or payments for loss of office (other than contractual fees paid to Non-Executive Directors prior to their resignation on Wellcome Trust's acquisition of Urban&Civic).

Peter Pereira Gray
Chair of the Remuneration Committee
16 December 2021

6

Principle 6
Stakeholder relationships and engagement

Strong stakeholder engagement

Stakeholder engagement is central to Urban&Civic's business model and a separate section on this matter is set out on pages 28 to 31. These pages identify who the Group's key stakeholders are, details as to why they are important to Urban&Civic, what they expect from the Company, how we engage with them and the key matters arising in the year.

The Group continues to have regard to the interests of the Company's wider stakeholders, in accordance with section 172 of the Companies Act 2006.

Directors' report

Additional disclosure

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

Introduction

The Directors present their report together with the audited accounts for the year ended 30 September 2021. The principal activities of the Group during the year continue to be property development and investment, both directly and through joint venture arrangements.

Company status and branches

Urban&Civic plc is incorporated in the UK and registered in Scotland. Its registered office is in Scotland and its head office is in London. It has no branches. Urban&Civic plc delisted from the London Stock Exchange Main Market, following its acquisition by the Wellcome Trust (through its corporate trustee The Wellcome Trust Limited) on 21 January 2021.

Basis of preparation of the Annual Report

Following the Wellcome Trust takeover, and to align with the accounting framework of the Group's new ultimate parent company (the Wellcome Trust), Urban&Civic adopted Financial Reporting Standard 102 (FRS 102). The date of transition was 1 October 2019, the beginning of the comparative period. The transition from IFRS complies with section 35 of FRS 102, with a full retrospective restatement back to the date of transition, as required by the standard. Further details on the transition are provided in note 28 to the consolidated financial statements.

Results and dividends

The Group reported a profit for the year of £25.2 million (2020: restated loss of £7.2 million) as shown in the consolidated statement of comprehensive income on page 100. No dividends were paid during the year (2020: 2.5p per share). The total dividend paid during 2020 amounted to £3.6 million, which represented the 2019 final dividend.

Directors

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

Current Directors	
Chairman	
Peter Pereira Gray	Appointed 21 January 2021
Executive Directors	
Nigel Hugill	Chief Executive
Robin Butler	Managing Director
David Wood	Group Finance Director and Company Secretary
Independent Non-Executive Directors	
Rosemary Boot	Reappointed 18 February 2021
Bill Holland	Reappointed 18 February 2021
Other Non-Executive Directors	
Lisha Patel	Appointed 21 January 2021
Former Directors (when listed)	
Chairman	
Alan Dickinson	Resigned 21 January 2021
Independent Non-Executive Directors	
Ian Barlow	Resigned 21 January 2021
June Barnes	Resigned 21 January 2021
Rosemary Boot	Resigned 21 January 2021
Jon Di-Stefano	Resigned 21 January 2021
Bill Holland	Resigned 21 January 2021
Sanjeev Sharma	Resigned 21 January 2021

Biographical details of the Directors are contained on page 75.

Directors' liability insurance and indemnity

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

Charitable and political donations

Charitable donations during the year were £42,000 (2020: £64,000). In addition, together with its joint venture partners, the Group made further charitable donations of £14,000 (2020: £12,000). The Group supported a number of charities including national and local charitable organisations. These covered a range of causes, including local youth, sports and social clubs, charities that help train the unemployed back into work and community environment charities. Following the Wellcome Trust takeover, ongoing charitable donations are expected to be in respect of the Group's development sites and their associated communities and organisations.

The Group made no political donations during the year (2020: £Nil).

Directors' report continued

Group structure

Details of the Group's subsidiary undertakings and joint ventures are set out in note 9 to the Company's financial statements.

Share capital

Details of the Company's issued share capital are shown in note 20 to the consolidated financial statements. As at 30 September 2021, there were 146,889,368 ordinary shares of 20p each in issue, each carrying one vote and all fully paid. There is only one class of share in issue.

Auditor

BDO LLP is willing to be reappointed as the external auditor to the Company and Group, and its reappointment has been considered by the Audit Committee and recommended to the Board. A resolution to reappoint BDO LLP as auditor of the Group will be proposed at the 2022 Urban&Civic plc Annual General Meeting.

Going concern

In assessing going concern, the Directors have reviewed the Group's cash flow forecasts, loan maturities, undrawn facilities and loan covenants (including headroom). Additional sensitivities have also been considered, reflecting the Group's risk profile, as have facilities that are due to expire in the period to March 2023. For expiring facilities, the Directors have considered the progress made on their extension (or renewal) to date and/or the Group's ability to repay from Group resources. The Group's key risks are set out in the risk review on pages 64 to 69.

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

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that:

- as far as they are aware, there is no relevant audit information of which the auditor is unaware; and
- each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant information and to establish that the auditor is aware of that information.

Post balance sheet events

On 1 October 2021, Gower Place Investments Limited, a Wellcome Trust subsidiary, transferred the ownership of Farmcare Trading Limited to Urban&Civic Group Limited, a subsidiary of Urban&Civic plc. The consideration, which is subject to final valuation sign off by Wellcome Trust, totalled £186.0 million which will be satisfied through the issue of Urban&Civic plc shares to Gower Place Investments Limited once the valuation has been confirmed. Farmcare Trading Limited owns around 17,000 acres of arable land, which continues to be farmed.

Also on 1 October 2021, Urban&Civic KL Limited (also a subsidiary of Urban&Civic plc) entered into a conditional agreement to acquire a 380-acre site in Kings Langley for a consideration that will be confirmed by the Wellcome Trust on completion. Completion is conditional upon Charity Commission approval.

The Directors' report was approved by the Board on 16 December 2021 and signed on its behalf by:

David Wood
Group Finance Director
Urban&Civic plc
16 December 2021

Company number: SC149799

Directors' responsibility statement

Statement of Directors' responsibilities in respect of the accounts

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

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

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

In preparing these financial statements, the Directors are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and accounting estimates that are reasonable and prudent;
- for the Group and Company financial statements, to state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the Group and/or Company financial statements; and
- to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

Responsibility statement

Each of the Directors confirms that, to the best of their knowledge:

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

The Directors' responsibility statement was approved by the Board.

On behalf of the Board

David Wood
Group Finance Director
16 December 2021

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Urban&Civic plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise the consolidated statement of comprehensive income, consolidated and Company balance sheet, consolidated and Company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the strategic report and the Directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work included agreeing the financial statement disclosures to underlying supporting documentation, review of Board minutes, enquiries with management, enquiries of external advisers, review of correspondence with external legal advisers, and review of press releases.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries, in particular unusual account combinations or those posted by senior management. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
16 December 2021

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

for the year ended 30 September 2021

	Notes	Year ended 30 September 2021 £'000	Restated to FRS 102 Year ended 30 September 2020 £'000
Revenue	4	**76,579**	58,340
Direct costs	4	**(43,667)**	(46,487)
Gross profit	4	**32,912**	11,853
Administrative expenses		**(22,589)**	(17,947)
Surplus/(deficit) on revaluation of investment properties	11	**3,666**	(6,090)
Surplus/(deficit) on revaluation of receivables	16	**219**	(286)
Share of post-tax profit from joint ventures	13	**8,409**	4,358
Impairment of loans to joint ventures	13	**—**	(718)
Loss on disposal of investment properties	11	**—**	(863)
Operating profit/(loss)	5	**22,617**	(9,693)
Finance income	6	**5,187**	4,465
Finance costs	6	**(1,127)**	(1,624)
Profit/(loss) before taxation		**26,677**	(6,852)
Taxation expense	9	**(1,526)**	(320)
Total comprehensive income/(loss)		**25,151**	(7,172)

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

The notes on pages 104 to 129 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 30 September 2021

	Notes	30 September 2021 £'000	Restated to FRS 102 30 September 2020 £'000
Non-current assets			
Investment properties	11	**58,060**	47,562
Property, plant and equipment	12	**4,130**	4,256
Investments in joint ventures	13	**132,465**	126,104
Deferred tax assets	14	**3,320**	3,236
Trade and other receivables	16	**15,127**	32,691
		213,102	213,849
Current assets			
Trading properties	15	**333,421**	311,481
Trade and other receivables	16	**32,391**	36,059
Cash and cash equivalents	27	**34,097**	14,065
		399,909	361,605
Total assets		**613,011**	575,454
Non-current liabilities			
Borrowings	18	**(146,080)**	(136,990)
Deferred tax liabilities	14	**(10,543)**	(8,772)
		(156,623)	(145,762)
Current liabilities			
Borrowings	18	**—**	(6,227)
Trade and other payables	17	**(38,781)**	(31,391)
		(38,781)	(37,618)
Total liabilities		**(195,404)**	(183,380)
Net assets		**417,607**	392,074
Equity			
Share capital	20	**29,378**	29,036
Share premium account		**168,938**	169,268
Capital redemption reserve		**849**	849
Own shares		**—**	(3,585)
Other reserve		**113,785**	113,785
Retained earnings		**104,657**	82,721
Total equity		**417,607**	392,074
NAV per share	22	**284.3p**	270.0p
EPRA NAV per share	22	**379.7p**	343.3p
EPRA NTA per share	22	**350.4p**	324.4p

The financial statements were approved by the Board and authorised for issue on 16 December 2021 and were signed on its behalf by:

Nigel Hugill
Director

David Wood
Director

The notes on pages 104 to 129 form part of these financial statements.

Registered in Scotland No. SC149799

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

Restated to FRS 102	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2019	29,030	169,163	849	(4,086)	113,785	91,981	400,722
Shares issued under scrip dividend scheme	6	105	—	—	—	—	111
Deferred bonus award and share option exercise satisfied out of own shares	—	—	—	2,246	—	(2,230)	16
Purchase of own shares	—	—	—	(1,745)	—	—	(1,745)
Share-based payment expense	—	—	—	—	—	3,733	3,733
Total comprehensive loss for the year	—	—	—	—	—	(7,172)	(7,172)
Dividends paid	—	—	—	—	—	(3,591)	(3,591)
Balance at 30 September 2020	**29,036**	**169,268**	**849**	**(3,585)**	**113,785**	**82,721**	**392,074**
Shares issued	**342**	**(330)**	**—**	**—**	**—**	**—**	**12**
Deferred bonus award and share option exercise satisfied out of own shares	**—**	**—**	**—**	**3,585**	**—**	**(4,139)**	**(554)**
Share-based payment expense	**—**	**—**	**—**	**—**	**—**	**924**	**924**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**25,151**	**25,151**
Balance at 30 September 2021	**29,378**	**168,938**	**849**	**—**	**113,785**	**104,657**	**417,607**

	Notes	Year ended 30 September 2021 £'000	Restated to FRS 102 Year ended 30 September 2020 £'000
Cash flows from operating activities			
Profit/(loss) before taxation		**26,677**	(6,852)
Adjustments for:			
(Surplus)/deficit on revaluation of investment properties	11	**(3,666)**	6,090
(Surplus)/deficit on revaluation of receivables		**(219)**	286
Share of post-tax profit from joint ventures	13	**(8,409)**	(4,358)
Impairment of loans to joint ventures	13	**—**	718
Finance income	6	**(5,187)**	(4,465)
Finance costs	6	**1,127**	1,624
Depreciation charge		**209**	726
Write down of trading properties	15	**1,192**	1,909
Loss on disposal of investment properties	11	**—**	863
Loss on disposal of property, plant and equipment	12	**32**	1
Share-based payment expense	24	**924**	3,733
Profit on sale of own shares		**(550)**	—
Cash flows from operating activities before change in working capital		**12,130**	275
Increase in trading properties		**(18,740)**	(7,010)
Decrease in trade and other receivables		**26,319**	1,767
Increase/(decrease) in trade and other payables		**7,318**	(2,445)
Cash flows from/(absorbed by) operations		**27,027**	(7,413)
Finance costs paid		**(838)**	(1,224)
Finance income received		**107**	64
Tax paid		**—**	(2,553)
Net cash flows from operating activities		**26,296**	(11,126)
Investing activities			
Additions to investment properties		**(6,832)**	(3,856)
Additions to property, plant and equipment		**(115)**	(138)
Loans advanced to joint ventures		**(2,037)**	(2,778)
Loans repaid by joint ventures		**2,750**	—
Profits distributed from joint ventures		**1,335**	960
Proceeds from disposal of investment properties		**—**	1,496
Net cash flows from investing activities		**(4,899)**	(4,316)
Financing activities			
New loans		**21,844**	20,054
Issue costs of new loans		**—**	(150)
Repayment of loans		**(23,221)**	(9,088)
Repayment of lease liabilities		**—**	(525)
Purchase of own shares		**—**	(1,745)
Issue of new equity		**12**	—
Dividends paid		**—**	(3,480)
Net cash flows from financing activities	27	**(1,365)**	5,066
Net increase/(decrease) in cash and cash equivalents		**20,032**	(10,376)
Cash and cash equivalents at 1 October		**14,065**	24,441
Cash and cash equivalents at 30 September		**34,097**	14,065

1. Basis of preparation

General information

Urban&Civic plc is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 140 and the nature of the Group's operations and principal activities are set out in the strategic report. These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) the Financial Reporting Standard applicable in the United Kingdom issued by the Financial Reporting Council. The figures for the prior year to 30 September 2020 have been restated having previously been prepared under International Financial Reporting Standards as adopted by the European Union (IFRS). FRS 102 has been adopted in order to align the Group's accounting framework to that of the ultimate parent company. A reconciliation to previously published figures is presented in note 28.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and certain other receivables. The Company has prepared its individual financial statements, on pages 130 to 136, in accordance with FRS 102. No separate parent company profit and loss account has been presented as equivalent disclosures have been provided in respect of the Group as a whole. The Company has also taken advantage of the disclosure exemption available to it in respect of not disclosing a separate cash flow statement.

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

Functional and presentation currency

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

Basis of consolidation

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

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

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

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue to meet its liabilities as they fall due.

The Directors continue to assess going concern through reviewing Group business plans, which are presented periodically at Board meetings, focusing on the period to 31 March 2023.

During the year the Group varied a number of milestones and extended the maturities of the Manchester New Square loans and the Newark infrastructure loan with Homes England. Further changes to the terms of the Newark and Alconbury Homes England facilities provided an additional £12.3 million of loan recycling capability. That said, cash generation has been above expectations this year (cash balances were £53.9 million on a look-through basis at 30 September 2021).

Taking these loan variations into account, the Group now benefits from £83.2 million of undrawn facilities on a look-through basis (U&C's share is £82.5 million). This is in addition to £126.0 million of forward contracted sales at the Group's Strategic Sites.

The Group's net debt position at 30 September 2021 totalled £112.0 million (30 September 2020: £129.1 million), producing a net gearing ratio of 26.8 per cent (30 September 2020 (restated): 32.9 per cent) on a UK GAAP NAV basis and 20.1 per cent (30 September 2020: 25.9 per cent) on an EPRA NAV basis. Look-through gearing levels are higher due to the shorter-term borrowings used to fund development expenditure in respect of the Manchester New Square and Homes England borrowings within the Rugby and Wintringham joint ventures.

Homes England now accounts for 87.8 per cent of all borrowings on a look-through basis with local authorities and other Government bodies accounting for a further 1.0 per cent. The weighted average loan maturity at 30 September 2021 was 6.9 years (30 September 2020: 5.8 years) and weighted average cost of borrowing on drawn debt was 3.2 per cent (30 September 2020: 3.4 per cent).

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

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

1. Basis of preparation continued

Going concern continued

The Group was covenant compliant in the 12 months to 30 September 2021 and is forecast to remain so throughout the going concern review period. LTV covenant headroom has also been assessed. Stress testing scenarios and mitigating actions have been identified and particular attention has been paid to the Group's assumptions around non-contractual receipts and non-committed expenditure.

The Group had one loan maturing over the next 12 months at the year end: the £10.5 million drawn under the Manchester New Square senior facility. This sum is owed by a joint venture with the Greater Manchester Pension Fund and is forecast to be repaid from sale proceeds.

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

2. Summary of significant accounting policies

Joint ventures and associates

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

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

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

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

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

Investment properties

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

Investment properties are recognised as an asset when:

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

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

An investment property undergoing redevelopment or refurbishment for continued use as an investment property will remain as an investment property measured at fair value and is not reclassified.

An investment property is classified as held for sale when it is available for immediate sale, management is committed to a plan to sell, an active programme to locate a buyer has been initiated and a sale is expected to occur within 12 months.

A transfer of a property from investment properties to trading properties will be made where there is a change in use such that the asset is to be developed or held with a view to sale.

Trading properties

Trading properties comprise both direct interests in property and indirect beneficial interests in property held through land promotion agreements or other contractual arrangements. They are classified as inventory and are included in the consolidated balance sheet at the lower of cost and net realisable value. Net realisable value is the expected net sales proceeds of the developed property in the ordinary course of business less the estimated costs to completion and associated selling costs. A provision is made to the extent that projected costs exceed projected revenues.

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

2. Summary of significant accounting policies continued

Trading properties continued

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

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

Leases

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

Property, plant and equipment

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

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

Freehold property	—	shorter of expected period to redevelopment and 2 per cent straight line
Leasehold improvements	—	shorter of term of the lease and 10 per cent straight line
Furniture and equipment	—	20–33 per cent straight line

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised at the fair value of the consideration receivable, including the fair value of any residential properties received in part exchange, excluding VAT. The following revenue recognition policies have been applied in respect of each of the Group and joint ventures' principal revenue streams.

Trading property sales

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

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

Revenue on construction contracts

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

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

Rental and other property income

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

2. Summary of significant accounting policies continued

Revenue recognition continued

Hotel income

Hotel income comprises revenues derived from hotel operations, including the rental of rooms and food and beverage sales. Revenue is recognised at the point in time when rooms are occupied and services are rendered.

Project management fees and other income, including recoverable property expenses

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

Taxation

Current tax

The charge for current taxation is based on the results for the year as adjusted for items that are non-taxable or disallowed. It is calculated using rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

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

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

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

Deferred tax balances are not discounted.

Gift Aid

The distribution of the Gift Aid donation is expected to be equal to the estimated taxable profits of the Company at the time of the approval of the financial statements and is recognised only at the time of payment.

Share-based payments

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

Employee Benefit Trust

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

Retirement benefits

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

Government grants

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

2. Summary of significant accounting policies continued

Dividends

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

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

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

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

Financial instruments

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

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

Trade and other payables

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

Borrowings

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

Borrowing costs

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

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

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

3. Significant areas of judgement and estimation uncertainty

The preparation of financial statements in accordance with FRS 102 requires the use of certain judgements and estimation uncertainty. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

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

Accounting estimates

Valuation of investment and trading properties

For the purposes of calculating the fair value of its investment property portfolio and the net realisable value (and, for EPRA reporting purposes, the fair value) of its trading property portfolio, the Group uses valuations carried out by either independent valuers or the Directors on the basis of market value in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuations are based upon assumptions including future rental income, sales prices and rates, estimates of typical profit margins and finance costs, anticipated maintenance costs, development costs, inflation forecasts and appropriate discount rates. Assumptions used in the valuations of the Group's significant investment property interests carried at valuation and trading properties valued for EPRA reporting purposes at 30 September 2021 are disclosed later in note 3. Details of the Group's trading properties that are measured at net realisable value are disclosed in note 15. The valuers and Directors also make reference to market evidence for comparable property transactions and principal inputs and assumptions.

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

Revenue

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

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

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

Discount rates – the onward sale of constructed homes by housebuilder customers will occur over a number of years. Consequently, the time value of money and the credit risk of the housebuilder must be taken into account when measuring the present value of the consideration receivable. The Directors consider the WACC of the housebuilder, or third party cost of borrowing where WACC is not available, to be an appropriate rate at which to discount deferred consideration for the sale of the land. These discount rates are kept under review in the event of indications of a significant change in circumstance of the housebuilding customer.

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

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

Cost of trading property sales

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

3. Significant areas of judgement and estimation uncertainty continued

Accounting estimates continued

Taxation

There are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve judgements about future events. The Directors have also exercised their judgement in relation to the recognition of certain deferred tax assets and liabilities. In order to assess whether the Group should recognise a deferred tax asset or liability and the tax rate at which that asset or liability should be measured, the Directors consider the timing and likelihood of expected future profits along with how these expected future profits match up with the existing tax losses within specific Group entities. The proportion of the Group's estimated available tax losses for deferred tax has been disclosed in note 14.

Share-based payments

The value of share-based payments is estimated using an option pricing model as at the date of grant and using certain assumptions that are disclosed in note 24.

Judgements

Distinction between investment properties and trading properties

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

Property value assumptions

Significant unobservable inputs

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

	30 September 2021	30 September 2020
House price – private (£psf)	**225–374**	220–385
House price – affordable (£psf)	**135–245**	125–243
House price inflation (per cent)	**2.5–3.0**	2.5
Cost price inflation (per cent)	**2.0**	2.0
Residential land prices (£'000 per NDA)	**735 –1,570**	700–1,690
Commercial land value (£'000 per acre)	**150–425**	150–400
Risk-adjusted discount rate (per cent)	**5.5–10.0**	6.0–10.0

Inter-relationship between significant unobservable inputs and fair value measurement

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

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

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

3. Significant areas of judgement and estimation uncertainty continued

Joint ventures

The Group is party to a joint operation in respect of Waterbeach. During the prior year, the first asset sale on the Waterbeach site was sold to a third party. Under the terms of the joint operation contract, the Group was entitled to retain 100 per cent of the sales proceeds, being £18.2 million. Proceeds of future asset sales will be split between the Group and the DIO based on a waterfall agreement as set out in the contract. This results in the Group retaining a high proportion of sales proceeds on early sales and a smaller proportion on later sales.

Judgement was involved in determining how much of the sales proceeds retained should be recognised as revenue. Management considered that the output sold in the first sale included both an asset of the DIO and an asset of the Group. For this reason management concluded that, despite the Group's entitlement to retain all proceeds, it is appropriate to recognise only a proportion of the proceeds as revenue. This resulted in the recognition of £7.3 million of revenue in the prior period being equal to the cost of the Group's share of output plus estimated profit margin based on the contract. The remaining proportion of proceeds was recognised on the balance sheet as deferred income. The deferred income will be recognised as revenue in future years as further asset sales are made and when the Group retains a smaller proportion of the sales proceeds. No further sales were made in the current year.

4. Revenue and gross profit

for the year ended 30 September 2021

	Strategic Sites £'000	Land promotion £'000	Commercial £'000	Total £'000
Trading property sales	22,710	22,240	19,000	63,950
Revenue on construction contracts	—	4,525	—	4,525
Rental and other property income	2,801	—	757	3,558
Hotel income	—	—	31	31
Project management fees and other income	4,189	—	326	4,515
Revenue	29,700	26,765	20,114	76,579
Cost of trading property sales	(11,970)	(5,638)	(17,139)	(34,747)
Costs of construction contracts	—	(3,959)	—	(3,959)
Direct property expenses	(3,410)	—	(103)	(3,513)
Cost of hotel trading	—	—	(256)	(256)
Write down of trading properties	(200)	—	(992)	(1,192)
Direct costs	(15,580)	(9,597)	(18,490)	(43,667)
Profit on trading property sales	10,740	16,602	1,861	29,203
Profit on construction contracts	—	566	—	566
Rental and other property (losses)/profits	(609)	—	654	45
Hotel losses	—	—	(225)	(225)
Project management fees and other income	4,189	—	326	4,515
Write down of trading properties	(200)	—	(992)	(1,192)
Gross profit	14,120	17,168	1,624	32,912

4. Revenue and gross profit continued
for the year ended 30 September 2020

Restated to FRS 102	Strategic Sites £'000	Land promotion £'000	Commercial £'000	Total £'000
Trading property sales	34,822	7,803	1,038	43,663
Revenue on construction contracts	—	5,463	—	5,463
Rental and other property income	2,692	51	678	3,421
Hotel income	—	—	3,271	3,271
Project management fees and other income	2,431	—	91	2,522
Revenue	39,945	13,317	5,078	58,340
Cost of trading property sales	(30,608)	(1,860)	(740)	(33,208)
Costs of construction contracts	—	(4,299)	—	(4,299)
Direct property expenses	(2,627)	—	(340)	(2,967)
Cost of hotel trading	—	—	(4,104)	(4,104)
Write down of trading properties	—	(860)	(1,049)	(1,909)
Direct costs	(33,235)	(7,019)	(6,233)	(46,487)
Profit on trading property sales	4,214	5,943	298	10,455
Profit on construction contracts	—	1,164	—	1,164
Rental and other property profits	65	51	338	454
Hotel losses	—	—	(833)	(833)
Project management fees and other income	2,431	—	91	2,522
Write down of trading properties	—	(860)	(1,049)	(1,909)
Gross profit	6,710	6,298	(1,155)	11,853

	Year ended 30 September 2021	Year ended 30 September 2020
Number of construction contracts	**1**	1

The above construction contract includes a further £100,000 (2020: £500,000) estimated gross profit which will be recognised over time in future periods as performance obligations are satisfied. The full amount is expected to be recognised within the next financial year at which point the construction contract will come to an end.

5. Operating profit/(loss)

Is arrived at after charging/(crediting):	**Year ended 30 September 2021 £'000**	Restated to FRS 102 Year ended 30 September 2020 £'000
Depreciation of property, plant and equipment	**209**	726
Loss on disposal of property, plant and equipment	**32**	1
Impairment of trade receivables	**(84)**	49
Operating lease charges – rent of properties	**651**	684
Share-based payment expense	**924**	3,733
Capitalisation of administrative expenses to investment properties	**(345)**	(393)
Capitalisation of administrative expenses to trading properties	**(3,914)**	(3,664)
Fees paid to BDO LLP[1] in respect of:		
– audit of the Company	**216**	236
Other services:		
– audit of subsidiaries and associates	**101**	108
– audit related assurance services	**—**	44

1. Total fees for 2021 payable to the Company's auditor are £317,000 (2020: £387,500). Of this, £317,000 (2020: £343,500) relates to audit services and £Nil (2020: £44,000) to assurance services for the review of the Interim Report.

6. Finance income and finance costs

	Year ended 30 September 2021 £'000	Restated to FRS 102 Year ended 30 September 2020 £'000
Interest receivable from cash deposits	**1**	64
Unwinding of discount applied to long-term receivables	**4,731**	3,935
Other interest receivable	**455**	466
Finance income	**5,187**	4,465
Interest payable on borrowings	**(4,302)**	(4,886)
Amortisation of loan arrangement costs	**(845)**	(716)
Finance costs pre-capitalisation	**(5,147)**	(5,602)
Finance costs capitalised to trading properties	**4,020**	3,978
Finance costs	**(1,127)**	(1,624)
Net finance income	**4,060**	2,841

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

7. Employee benefit expenses

Employee benefit expenses (including Directors) are as follows:	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Wages and salaries (including discretionary bonus)	**14,621**	9,697
Employer's National Insurance contributions and similar taxes	**1,830**	1,423
Defined contribution pension cost	**806**	795
Share-based payment expense	**924**	3,733
Total staff costs (including Directors)	**18,181**	15,648
Amount capitalised to investment and trading properties	**(3,288)**	(2,040)
Amount included within operating profit/(loss)	**14,893**	13,608

	Year ended 30 September 2021 Number	Year ended 30 September 2020 Number
Average number of employees during the year (including Directors)	**96**	96

8. Directors' remuneration

Directors' remuneration	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Directors' emoluments	**2,296**	1,242
Amounts receivable under Long Term Incentive Plan	**871**	2,196
Company contributions to defined contribution pension schemes	**174**	174
Total	**3,341**	3,612

Highest paid Director	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Directors' emoluments	**858**	465
Amounts receivable under Long Term Incentive Plan	**359**	835
Company contributions to defined contribution pension schemes	**65**	65
Total	**1,282**	1,365

9. Tax on profit/(loss) on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 September 2021 £'000	Restated to FRS 102 Year ended 30 September 2020 £'000
Current tax:		
UK corporation tax on profits for the year	—	455
Adjustments in respect of previous periods	(161)	(200)
Total current tax	**(161)**	255
Deferred tax:		
Origination and reversal of timing differences	435	65
Changes in tax rates	1,740	—
Adjustments in respect of previous periods	(488)	—
Total deferred tax	**1,687**	65
Total tax charge	**1,526**	320

(b) Factors affecting the tax charge for the year

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

	Year ended 30 September 2021 £'000	Restated to FRS 102 Year ended 30 September 2020 £'000
Profit/(loss) attributable to the Group before tax	26,677	(6,852)
Profit/(loss) multiplied by the average rate of UK corporation tax of 19 per cent (2020: 19 per cent)	5,069	(1,302)
Expenses not deductible for tax purposes	810	813
Differences arising from taxation of chargeable gains and property revaluations	(1,359)	1,055
Gift Aid	(3,180)	—
Changes in tax rates	1,740	561
Tax losses and other items	(1,554)	(807)
Total tax charge	**1,526**	320

The tax charge arising in the year is considered unlikely to crystallise because of the Group's intention to Gift Aid to the Wellcome Trust the profit that gives rise to the charge.

(c) Joint ventures

The Group's share of tax on the joint ventures is £Nil (2020: £Nil).

10. Dividends

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Final dividend of 2.5p per share proposed and paid February 2020	—	3,480
Final dividend of 2.5p per share granted via scrip dividend	—	111
	—	3,591

11. Investment properties

(i) Carrying amount reconciliation

	£'000
Valuation	
At 1 October 2019	52,937
Additions at cost	3,970
Disposals	(3,255)
Deficit on revaluation	(6,090)
At 1 October 2020	47,562
Additions at cost	6,832
Surplus on revaluation	3,666
Carrying value and portfolio valuation at 30 September 2021	**58,060**

(ii) Operating lease arrangements

Refer to note 25 for details of the operating leases related to investment properties.

(iii) Items of income and expense

During the year ended 30 September 2021, £2,149,000 (2020: £2,653,000) was recognised in the consolidated statement of comprehensive income in relation to rental and ancillary income from investment properties. Direct operating expenses, including repairs and maintenance, arising from investment properties that generated rental income amounted to £2,297,000 (2020: £2,615,000).

(iv) Restrictions and obligations

At 30 September 2021 and 2020 there were no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

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

(v) Historical cost and capitalisation

The historical cost of investment properties as at 30 September 2021 was £38,511,000 (2020: £31,679,000). There was no interest capitalised during the current or prior year. During the year staff and administrative costs of £345,000 (2020: £393,000) have been capitalised and are included within additions.

(vi) Fair value measurement

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

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

Valuation technique

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

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

12. Property, plant and equipment

Restated to FRS 102	Freehold property £'000	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 October 2019	5,425	757	1,757	7,939
Additions	—	—	138	138
Transfer from trading property (note 15)	887	—	—	887
Disposals	—	—	(19)	(19)
At 1 October 2020	6,312	757	1,876	8,945
Additions	—	—	115	115
Disposals	(2,000)	—	(152)	(2,152)
At 30 September 2021	**4,312**	**757**	**1,839**	**6,908**
Depreciation				
At 1 October 2019	2,197	569	1,215	3,981
Charge for the year	150	172	404	726
Released on disposal	—	—	(18)	(18)
At 1 October 2020	2,347	741	1,601	4,689
Charge for the year	86	12	111	209
Released on disposal	(2,000)	—	(120)	(2,120)
At 30 September 2021	**433**	**753**	**1,592**	**2,778**
Net book value				
At 30 September 2021	**3,879**	**4**	**247**	**4,130**
At 30 September 2020	3,965	16	275	4,256

13. Investments

Investments in joint ventures

	Restated to FRS 102 Total £'000
Cost or valuation	
At 1 October 2019	120,646
Share of post-tax profit from joint ventures	4,358
Impairment of loans to joint ventures	(718)
Profits distributed	(960)
Loans advanced	2,778
At 30 September 2020	126,104
Share of post-tax profit from joint ventures	8,409
Profits distributed	(1,335)
Loans advanced	2,037
Loans repaid	(2,750)
At 30 September 2021	**132,465**

13. Investments continued

Investments in joint ventures continued

At 30 September 2021 the Group's interests in its joint arrangements were as follows:

Joint ventures		
SUE Developments LP	50%	Property development
Wintringham Partners LLP	33%	Property development
Manydown Development Vehicle LLP	25%	Property development
Achadonn Limited	50%	Property development
Altira Park JV LLP	50%	Property development
Manchester New Square LP	50%	Property development

Joint operations	
Waterbeach	Property development

Waterbeach is a joint arrangement with a landowner that is structured through a contractual arrangement, rather than a separate entity. Decisions about relevant activities in relation to the Waterbeach development require unanimous consent by the Group and the landowner. When the development assets are sold to a third party, the Group will have a right to a proportion of the sales proceeds under a waterfall agreement which will include recovery of costs incurred and a 9 per cent share of residual proceeds.

All of the Group's interests in joint arrangements have their principal place of business in the UK. The registered offices and country of incorporation of the joint ventures are disclosed in note 9 of the notes to the Company financial statements on pages 135 and 136. Refer to note 3 for further details on the judgements used when recognising revenue for the joint ventures.

Summarised information on joint ventures 2021

100%	SUE Developments LP £'000	Wintringham Partners LLP £'000	Manydown Development Vehicle LLP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Manchester New Square LP £'000	Total 2021 £'000
Revenue	57,819	45,149	—	—	1,029	49,544	
Finance income	2,486	2,426	216	—	—	—	
Finance expense	(688)	(1,661)	(483)	—	—	(3,555)	
Profit/(loss) after tax	10,983	8,905	—	—	302	(396)	
Cash and cash equivalents	28,596	15,796	216	—	19	337	
Current assets	222,700	74,998	6,559	4,146	4	65,878	
Non-current assets	13,091	17,464	—	—	—	—	
Current financial liabilities	—	—	—	—	—	—	
Other current liabilities	(111,212)	(4,823)	(200)	(6,660)	(23)	(2,384)	
Non-current financial liabilities	(35,293)	(93,188)	(6,576)	—	—	(64,227)	
Other non-current liabilities	(35,558)	—	—	—	—	—	
Net assets/(liabilities)	**82,324**	**10,247**	**(1)**	**(2,514)**	**—**	**(396)**	
The Group's carrying value consists of:							
Group's share of net assets	41,163	3,414	—	—	—	(198)	44,379
Loans	51,036	18,998	1,495	1,392	—	15,165	88,086
Total investment in joint ventures	**92,199**	**22,412**	**1,495**	**1,392**	**—**	**14,967**	**132,465**

SUE Developments LP holds the RadioStation Rugby site.

13. Investments continued

Investments in joint ventures continued

Summarised information on joint ventures 2020

100%	SUE Developments LP £'000	Wintringham Partners LLP £'000	Manydown Development Vehicle LLP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Manchester New Square LP £'000	Total 2020 £'000
Revenue	32,638	19,844	—	—	791	—	
Finance income	2,685	2,243	—	—	—	—	
Finance expense	—	—	—	—	—	—	
Profit/(loss) after tax	6,270	3,597	—	(2,489)	7	—	
Cash and cash equivalents	28,795	4,334	449	—	—	101	
Current assets	200,114	56,614	4,268	4,146	1,070	113,446	
Non-current assets	16,843	30,138	—	—	—	—	
Current financial liabilities	—	—	—	—	—	—	
Other current liabilities	(116,160)	(62,583)	(4,717)	(6,660)	(204)	(41,930)	
Non-current financial liabilities	(39,894)	(24,903)	—	—	—	(71,615)	
Other non-current liabilities	(17,462)	—	—	—	—	—	
Net assets/(liabilities)	72,236	3,600	—	(2,514)	866	2	
The Group's carrying value consists of:							
Group's share of net assets	35,671	1,200	—	—	433	1	37,305
Loans	53,786	17,446	1,010	1,392	—	15,165	88,799
Total investment in joint ventures	89,457	18,646	1,010	1,392	433	15,166	126,104

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

A complete list of the Group's subsidiaries is included in note 9 of the notes to the Company financial statements on pages 135 and 136.

14. Deferred tax

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

	Year ended 30 September 2021 £'000	Restated to FRS 102 Year ended 30 September 2020 £'000
At 1 October	**(5,536)**	(5,471)
Movement in the year (see note 9)	**(1,687)**	(65)
At 30 September	**(7,223)**	(5,536)

The deferred tax balances are made up as follows:

	At 30 September 2021 £'000	Restated to FRS 102 At 30 September 2020 £'000
Deferred tax assets		
Tax losses	**3,320**	3,236
	3,320	3,236
Deferred tax liabilities		
Revaluation surpluses	**10,543**	8,772
	10,543	8,772

14. Deferred tax continued

At 30 September 2021, the Group had unused tax losses of £19,765,000 (2020: £20,689,000), of which £13,280,000 (2020: £17,030,000) has been recognised as a deferred tax asset. £6,348,000 (2020: £3,284,000) has been applied to reduce the Group's deferred tax liability recognised at the balance sheet date in respect of tax potentially payable on the realisation of investment properties at fair value at the balance sheet date. No deferred tax asset is recognised in respect of realised or unrealised capital losses if there is uncertainty over future recoverability. Deferred tax assets are only recognised where there is a reasonable assumption of future profits.

Tax losses of £137,000 (2020: £375,000) have not been recognised as it is not considered sufficiently certain that there will be appropriate taxable profits available in the foreseeable future against which these losses can be utilised.

The UK corporation tax rate reduced to 19 per cent from 1 April 2017. However, it was announced in 2021 that the UK corporation tax rate would increase to 25 per cent from 1 April 2023, which was substantively enacted on 24 May 2021. The Group's deferred tax balances have been measured at 25 per cent (2020: 19 per cent), being the enacted rate of corporation tax in the UK at the balance sheet date against which the temporary differences giving rise to the deferred tax are expected to reverse.

15. Trading properties

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
At 1 October	**311,481**	306,998
Additions at cost	**61,404**	42,220
Costs written down	**(1,192)**	(1,909)
Disposals	**(38,272)**	(34,941)
Transfer to property, plant and equipment (note 12)	**—**	(887)
Carrying value at 30 September	**333,421**	311,481

Trading properties by class of property	**At 30 September 2021 £'000**	At 30 September 2020 £'000
Direct interests in completed and development properties	**295,937**	283,184
Indirect interests held through land promotion, option or other contractual agreements	**37,484**	28,297
	333,421	311,481

During the year staff and administrative costs of £3,914,000 (2020: £3,664,000) have been capitalised and are included within additions.

Capitalised interest of £13,677,000 is included within the carrying value of trading properties as at 30 September 2021 (2020: £9,671,000), of which £4,020,000 (2020: £3,978,000) was capitalised during the year. Included within disposals is £14,000 (2020: £240,000) of interest previously capitalised and written off on disposal.

The carrying value of trading properties at 30 September 2021 includes £3,913,000 (2020: £2,023,000) measured at net realisable value. The remaining assets have been measured at cost. In arriving at their net realisable value assessments, the Directors have had regard to the current valuations of the properties (where relevant) and the future expected profitability of the asset.

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

16. Trade and other receivables

Non-current	At 30 September 2021 £'000	Restated to FRS 102 At 30 September 2020 £'000
Trade receivables	15,127	32,457
Other receivables	—	234
	15,127	32,691

Current	At 30 September 2021 £'000	At 30 September 2020 £'000
Trade receivables	25,014	21,558
Less: provision for impairment of trade receivables	(48)	(132)
Trade receivables (net)	24,966	21,426
Other receivables	3,098	5,721
Amounts recoverable under contracts (contract assets)	—	2,149
Prepayments and accrued income	4,327	6,763
	32,391	36,059

Trade receivables include minimum and overage amounts due from housebuilders on strategic land parcel sales which are payable on the completion of the onward sale of completed units by the respective housebuilders, subject to certain minimum amounts that are payable annually over a four to five-year period post sale. Other receivables include an amount of £280,000 (2020: £688,000) relating to overage entitlements that were acquired with the Priors Hall asset in the prior year and attributed a purchase price allocation of £9,366,000. This asset is measured at fair value through profit and loss using a discounted cash flow model. The key assumptions applied in the valuation are current expectations over future house price values, the timing of housebuilder delivery and a discount rate of 12.9 per cent (30 September 2020: 12.9 per cent). The fair value movement in the year is a £219,000 increase (2020: £286,000 decrease) which has been credited (2020: charged) to the income statement. Amounts totalling £10,173,000 have been collected by 30 September 2021 (2020: £9,546,000).

17. Trade and other payables

Current	At 30 September 2021 £'000	Restated to FRS 102 At 30 September 2020 £'000
Trade payables	2,861	5,310
Taxes and social security costs	4,140	1,861
Other payables	1,933	5,074
Accruals	17,089	7,223
Deferred income	12,758	11,923
	38,781	31,391

Deferred income includes £10,896,000 (2020: £10,896,000) in relation to the sale of the Papworth Barracks at Waterbeach which completed in June 2020. It represents income that will be recognised in the future when further land parcels are sold.

18. Borrowings

	At 30 September 2021 £'000	At 30 September 2020 £'000
Bank loans and overdrafts	3,674	26,685
Other loans	142,406	116,532
	146,080	143,217

18. Borrowings continued

Maturity profile	At 30 September 2021 £'000	At 30 September 2020 £'000
Less than one year	—	6,227
Between one and five years	18,588	84,766
More than five years	127,492	52,224
	146,080	143,217

Other loans comprise borrowings from Homes England and Huntington District Council. Interest on borrowings from Homes England is charged at between 2.2 and 4.0 per cent (2020: between 2.2 and 4.0 per cent) above the EC Reference Rate and the facilities are secured against specific land holdings.

There is one bank loan, the revolving credit facility, which is secured against specific property holdings.

The Group's undrawn loan facilities at 30 September 2021 were:

	At 30 September 2021 £'000	At 30 September 2020 £'000
Expiring in less than one year	—	—
Expiring between one and five years	36,000	24,676
Expiring in greater than five years	45,800	56,700
	81,800	81,376

19. Financial instruments

Details of the Group's significant accounting policies, including the basis on which income and expenses are recognised through the income statement and the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Financial assets measured at amortised cost	At 30 September 2021 £'000	Restated to FRS 102 At 30 September 2020 £'000
Cash and cash equivalents	34,097	14,065
Trade and other receivables	42,910	58,916
Loans advanced to joint ventures (note 13)	88,086	88,799
	165,093	161,780

Financial assets measured at fair value	At 30 September 2021 £'000	Restated to FRS 102 At 30 September 2020 £'000
Trade and other receivables	280	688
	280	688

19. Financial instruments continued

Financial liabilities measured at amortised cost	**At 30 September 2021 £'000**	Restated to FRS 102 At 30 September 2020 £'000
Trade payables	**2,861**	5,310
Taxes and social security costs	**4,140**	1,861
Other payables	**1,933**	5,074
Accruals	**17,089**	7,223
Deferred income	**12,758**	11,923
Loans gross of unamortised loan arrangement costs	**148,252**	145,848
	187,033	177,239

20. Share capital

Urban&Civic plc	**At 30 September 2021 £'000**	At 30 September 2020 £'000
Issued and fully paid		
146,889,368 (2020: 145,179,582) shares of 20p each (2020: 20p each)	**29,378**	29,036

Movements in share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2019	29,030	145,148,088
Shares issued under scrip dividend scheme	6	31,494
At 1 October 2020	29,036	145,179,582
Shares issued	342	1,709,786
At 30 September 2021	**29,378**	**146,889,368**

21. Reserves

The movement on reserves in the year is set out in the consolidated statement of changes in equity on page 102.

The nature and purpose of the Group's reserves are:

- Share premium account: represents the excess of the value of shares issued over their nominal amount.
- Capital redemption reserve: represents the amount paid to purchase issued shares for cancellation at their nominal value.
- Own shares: represents the amount paid to purchase issued shares in connection with the employee share-based payment plan.
- Other reserve: represents a non-distributable capital reserve arising on the acquisition of subsidiary undertakings.
- Retained earnings: represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income less dividends paid and reserve movements in relation to share-based payments.

22. Net asset value, EPRA net asset value and EPRA NTA value per share

Net asset value, EPRA net asset value and EPRA NTA per share are calculated as the net assets or EPRA net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue at that date, adjusted for own shares held and the dilutive effect of outstanding share options.

	At 30 September 2021	Restated to FRS 102 At 30 September 2020
Number of ordinary shares in issue	**146,889,368**	145,179,582
Own shares held	**—**	(1,182,023)
Dilutive effect of share options	**—**	1,434,095
	146,889,368	145,431,654
NAV per share	**284.3p**	270.0p
Net asset value (£'000)	**417,607**	392,074
Revaluation of trading property held as current assets (£'000)		
– Alconbury Weald	**54,211**	39,927
– RadioStation Rugby	**11,153**	1,861
– Priors Hall	**9,559**	9,495
– Waterbeach	**26,334**	19,055
– Wintringham St Neots	**15,825**	12,894
– Land promotion sites	**12,266**	17,142
– Newark	**(1)**	(3,211)
– Manchester sites	**480**	1,169
– Other	**(279)**	101
	129,548	98,433
Deferred tax liability (£'000)	**10,543**	8,772
EPRA NAV (£'000)	**557,698**	499,279
EPRA NAV per share	**379.7p**	343.3p
Deferred tax (£'000)	**(42,930)**	(27,474)
EPRA NTA (£'000)	**514,768**	471,805
EPRA NTA per share	**350.4p**	324.4p

23. Contingent liabilities, capital commitments and guarantees

The parent company has given guarantees totalling £98,105,000 (2020: £112,709,000) as part of the Group's development obligations.

Capital commitments relating to the Group's development sites, including the Group's share of joint ventures, are as follows:

	At 30 September 2021 £'000	At 30 September 2020 £'000
Contracted but not provided for	**31,182**	35,702

There is a current claim in respect of one of our Strategic sites. We have provided £0.2m in respect of this matter in 2021.

24. Share-based payments

Prior to the acquisition of the Group by the Wellcome Trust on 21 January 2021, the Company operated an equity settled share-based payment scheme for all Executive Directors and certain employees.

All options held under the scheme either lapsed or were exercised on the acquisition of the Group by the Wellcome Trust.

Prior to the acquisition of the Group by the Wellcome Trust, options were granted over the Company's shares that were capable of vesting in accordance with the rules of the Performance Share Plan. Shares usually vested on the third anniversary of issue dependent on certain performance conditions having been met. In the year ended 30 September 2021, options over nil shares (including nil in place of dividends) were awarded to Directors and other participating staff (30 September 2020: 1,723,250 shares). The performance conditions attached to these awards were as follows:

- EPRA net asset value must increase by greater than 5.0 per cent (4.0 per cent for the 2019 awards) per annum for 25 per cent vesting and must increase by greater than 12.0 per cent (11.0 per cent for the 2019 awards) per annum for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis for outperformance between 5.0 per cent (4.0 per cent for the 2019 awards) per annum and 12.0 per cent (11.0 per cent for the 2019 awards) per annum; and
- total shareholder return must increase by more than 5.0 per cent (4.0 per cent for the 2019 awards) per annum for 25 per cent vesting and must increase by more than 12.0 per cent (11.0 per cent for the 2019 awards) per annum for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis for outperformance between 5.0 per cent (4.0 per cent for the 2019 awards) per annum and 12.0 per cent (11.0 per cent for the 2019 awards) per annum.

Awards will lapse if not vested at the end of the vesting period.

The performance conditions are for the awards granted in the period from 1 October 2018 to the point of acquisition by Wellcome Trust (21 January 2021).

	Year ended 30 September 2021			
	Number of share awards granted	Weighted average exercise price	Fair value of award at date of grant	Share price at date of grant
Awards outstanding at 1 October 2020	**6,283,611**	**0.00p**		
Awards lapsed	**(3,604,711)**	**0.00p**		
Awards exercised	**(2,678,900)**	**0.00p**		
Awards granted	**—**	**N/A**	**N/A**	**N/A**
Awards outstanding at 30 September 2021	**—**	**—**		

	Year ended 30 September 2020			
	Number of share awards granted	Weighted average exercise price	Fair value of award at date of grant	Share price at date of grant
Awards outstanding at 1 October 2019	6,162,336	0.00p		
Awards lapsed	(859,761)	0.00p		
Awards exercised	(742,214)	0.00p		
Awards granted (date of grant: 6 December 2019)	1,723,250	0.00p	139.00p–330.00p	330.00p
Awards outstanding at 30 September 2020	6,283,611	0.00p		

The fair value of the awards in the year ended 30 September 2020 was calculated by using an option pricing model involving six variables: share price, exercise price, expected term, expected dividend yield, expected volatility and risk free interest rate. The values assigned to those variables were: 330.00p grant date share price, nil exercise price, expected term of three years, nil per cent expected dividend yield, 20.96 or nil per cent expected volatility and 0.53 or nil per cent expected risk free interest rate.

For each valuation, the expected volatility was determined by reference to historical volatility over a period of time commensurate with the remainder of the performance period immediately prior to the date of grant.

This value is charged to the consolidated statement of comprehensive income over the vesting period. The charge to the consolidated statement of comprehensive income for the year was £924,000 (2020: £3,733,000).

The weighted average share price on the date of exercise was 345p (2020: 344p).

24. Share-based payments continued

Employee Benefit Trust

	Number	Cost £'000
At 1 October 2019	1,491,248	4,086
Share purchase	510,302	1,745
Transferred to employees on share option exercises and deferred bonus share arrangements	(819,527)	(2,246)
At 1 October 2020	1,182,023	3,585
Transferred to employees on share option exercises and deferred bonus share arrangements	(1,182,023)	(3,585)
At 30 September 2021	**—**	**—**

The Company established the Urban&Civic plc Employee Benefit Trust (the 'Trust') to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company. The Trust purchases shares in the Company to satisfy the Company's obligations under its share-based payment plans.

On 30 September 2021 the Trust held nil (2020: 1,182,023) ordinary shares of 20p each in Urban&Civic plc. The market value of these shares at 30 September 2021 was £Nil (2020: £2,494,000).

25. Lease commitments

Maturity analysis – contractual undiscounted cash flows

	At 30 September 2021 £'000	At 30 September 2020 £'000
In one year or less	**111**	106
Between one and five years	**2,571**	1,888
In five years or more	**2,353**	2,955
	5,035	4,949

Where the Group is the lessor, the future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

Land and buildings (including investment property)	**At 30 September 2021 £'000**	At 30 September 2020 £'000
In one year or less	**1,702**	1,770
Between one and five years	**2,745**	2,772
In five years or more	**2,670**	2,973
	7,117	7,515

26. Related party transactions

Key management personnel

The Directors of the Company who served during the year are considered to be key management personnel. The combined emoluments for the key management personnel (relating to the period they were a Director), based upon amounts included in the Group financial statements, are set out below.

The total compensation of key management personnel was £3,718,000 (2020: £4,115,000), which comprised short-term benefits of £3,190,000 (2020: £1,946,000), post-employment benefits of £174,000 (2020: £174,000) and share-based payments of £354,000 (2020: £1,995,000).

Fees, other income and amounts due from joint ventures and associates

The following amounts are due from the Group's joint ventures and associates. These sums relate to loans provided to those entities and form part of the net investment in that entity.

	At 30 September 2021 £'000	At 30 September 2020 £'000
SUE Developments LP	**51,036**	53,786
Manchester New Square LP	**15,165**	15,165
Manydown Development Vehicle LLP	**1,495**	1,010
Wintringham Partners LLP	**18,998**	17,446
Achadonn Limited	**3,353**	3,353
	90,047	90,760

The total provision at 30 September 2021 against amounts due from Achadonn Limited was £1,961,000 (2020: £1,961,000).

Fees charged by the Group to SUE Developments LP during the year were £2,284,000 (2020: £1,218,000). Included in trade debtors at 30 September 2021 was £491,000 (2020: £378,000) in respect of these fees.

Fees charged to Wintringham Partners LLP during the year were £719,000 (2020: £892,000). Included in prepayments and accrued income at 30 September 2021 was £175,000 (30 September 2020: £175,000) and included in trade debtors at 30 September 2021 was £217,000 (2020: £Nil).

Fees charged to Manydown Development Vehicle LLP during the year were £716,000 (2020: £155,000) and £89,000 was included in trade debtors at 30 September 2021 (2020: £27,000).

Loans advanced are interest free with the exceptions of:

- Manydown Development Vehicle LLP, where interest is earned at 9.5 per cent; and
- Wintringham LLP, where interest is earned at 12.5 per cent on £3,586,000 (2020: £2,441,000) and the balance is interest free.

27. Cash flow information

Net debt reconciliation

At 30 September 2021 £'000	2020	Cash flows	Rolled up interest	Amortisation of issue and arrangement costs	Other movements	Loans and borrowings reclassified in 2021	2021
Non-current loans and borrowings	136,990	(1,365)	3,780	448	—	6,227	146,080
Current loans and borrowings	6,227	—	—	—	—	(6,227)	—
Total borrowings	143,217	(1,365)	3,780	448	—	—	146,080
Cash and cash equivalents	(14,065)	(20,032)	—	—	—	—	(34,097)
Net debt	**129,152**	**(21,397)**	**3,780**	**448**	**—**	**—**	**111,983**

At 30 September 2020 £'000	2019	Cash flows	Rolled up interest	Amortisation of issue and arrangement costs	Other movements	Loans and borrowings reclassified in 2020	2020
Non-current loans and borrowings	128,265	14,200	3,543	216	—	(9,234)	136,990
Current loans and borrowings	1,000	(3,234)	227	—	(1,000)	9,234	6,227
Total borrowings	129,265	10,966	3,770	216	(1,000)	—	143,217
Cash and cash equivalents	(24,441)	10,376	—	—	—	—	(14,065)
Net debt	104,824	21,342	3,770	216	(1,000)	—	129,152

28. Adoption of FRS 102

FRS 102 has been adopted in order to align the Group's accounting framework to that of the ultimate parent company. The date of transition is 1 October 2019, the beginning of the comparative period. The transition complies with section 35 of FRS 102 and involves a full retrospective restatement back to the date of transition, as required by the standard.

The following tables reconcile the figures for 30 September 2020 as presented in last year's IFRS accounts to the restated FRS 102 figures included within these accounts.

	Notes	IFRS previously reported 30 September 2020 £'000	Reversal of IFRS adjustments £'000	Restated to FRS 102 30 September 2020 £'000
Non-current assets				
Investment properties		47,562	—	47,562
Property, plant and equipment	(ii)	8,194	(3,938)	4,256
Investments in joint ventures and associates	(i)	126,551	(447)	126,104
Deferred tax assets		3,236	—	3,236
Trade and other receivables	(i)	33,961	(1,270)	32,691
		219,504	(5,655)	213,849
Current assets				
Trading properties		311,481	—	311,481
Trade and other receivables		36,059	—	36,059
Cash and cash equivalents		14,065	—	14,065
		361,605	—	361,605
Total assets		581,109	(5,655)	575,454
Non-current liabilities				
Borrowings		(136,990)	—	(136,990)
Trade and other payables	(ii)	(3,705)	3,705	—
Deferred tax liabilities	(i)	(9,098)	326	(8,772)
		(149,793)	4,031	(145,762)
Current liabilities				
Borrowings		(6,227)	—	(6,227)
Trade and other payables		(31,771)	380	(31,391)
		(37,998)	380	(37,618)
Total liabilities		(187,791)	4,411	(183,380)
Net assets		393,318	(1,244)	392,074
Equity				
Share capital		29,036	—	29,036
Share premium account		169,268	—	169,268
Capital redemption reserve		849	—	849
Own shares		(3,585)	—	(3,585)
Other reserve		113,785	—	113,785
Retained earnings		83,965	(1,244)	82,721
Total equity		393,318	(1,244)	392,074

Of the adjustment to retained earnings, £1,067,000 related to comprehensive income in the year ended 30 September 2020 shown below and (£2,311,000) related to retained earnings prior to 1 October 2019.

The adjustments in respect of investments in joint ventures, receivables and deferred tax figures above relate to the difference in accounting for revenue under IFRS 15 and FRS 102.

The adjustments in respect of property, plant and equipment and payables relate to the difference in accounting for leases under IFRS 16 and FRS 102.

28. Adoption of FRS 102 continued

	Notes	IFRS previously reported 30 September 2020 £'000	Reversal of IFRS adjustments £'000	Restated to FRS 102 30 September 2020 £'000
Revenue	(i)	57,241	1,099	58,340
Direct costs		(46,487)	—	(46,487)
Gross profit		10,754	1,099	11,853
Administrative expenses	(ii)	(17,933)	(14)	(17,947)
Deficit on revaluation of investment properties		(6,090)	—	(6,090)
Deficit on revaluation of receivables		(286)	—	(286)
Share of post-tax profit from joint ventures	(i)	4,189	169	4,358
Impairment of loans to joint ventures		(718)	—	(718)
Loss on disposal of investment properties		(863)	—	(863)
Operating (loss)/profit		(10,947)	1,254	(9,693)
Finance income	(i)	4,661	(196)	4,465
Finance costs	(ii)	(1,780)	156	(1,624)
(Loss)/profit before taxation		(8,066)	1,214	(6,852)
Taxation expense	(i)	(173)	(147)	(320)
Total comprehensive (loss)/income		(8,239)	1,067	(7,172)

The adjustments in respect of revenue, joint venture profits, finance income and taxation expense figures above relate to the difference in accounting for revenue under IFRS 15 and FRS 102.

The adjustments in respect of administrative expenses and finance costs relate to the difference in accounting for leases under IFRS 16 and FRS 102.

The following table reconciles the equity balances as at 1 October 2019 and 30 September 2020 as presented in previous IFRS accounts to the restated FRS 102 figures included within these accounts.

	Notes	At 1 October 2019	At 30 September 2020
Capital and reserves (as previously stated)		403,033	393,318
Effect of no longer adopting IFRS 15	(i)	(2,311)	(1,390)
Effect of no longer adopting IFRS 16	(ii)	—	146
Capital and reserves (as restated)		400,722	392,074

The following notes are relevant to the reconciliations above:

(i) IFRS 15 was adopted in the previous financial statements but will no longer be applied under FRS 102. Under FRS 102, variable revenue is only recognised to the extent that it can be reliably measured; therefore, revenue relating to overages on sales of land parcels to housebuilders is typically only recognised when there has been an onward sale of the properties being developed on the relevant parcel. Under IFRS 15, overage revenue from certain of these sales was recognised earlier, at the point of sale, to the extent that it was considered that such revenue was not subject to a future significant reversal.

(ii) IFRS 16 was adopted in the previous financial statements but will no longer be applied under FRS 102. Under IFRS 16, the Group recognised a right-of-use asset and liability on the balance sheet, initially at the present value of all future lease payments for any leases for which it was the lessee. The right-of-use asset was subsequently depreciated over its useful economic life, and the discount on the lease liability was unwound. Under FRS 102, where the Group is the lessee and the lease is considered to be an operating lease, rental payments under such leases are charged to the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

29. Post balance sheet events

On 1 October 2021, Gower Place Investments Limited, a Wellcome Trust subsidiary, transferred the ownership of Farmcare Trading Limited to Urban&Civic Group Limited, a subsidiary of Urban&Civic plc. The consideration, which is subject to final valuation sign off by Wellcome Trust, totalled £186.0 million which will be satisfied through the issue of Urban&Civic plc shares to Gower Place Investments Limited once the valuation has been confirmed. Farmcare Trading Limited owns around 17,000 acres of arable land, which continues to be farmed.

Also on 1 October 2021, Urban&Civic KL Limited (also a subsidiary of Urban&Civic plc) entered into a conditional agreement to acquire a 380-acre site in Kings Langley for a consideration that will be confirmed by the Wellcome Trust on completion. Completion is conditional upon Charity Commission approval.

30. Ultimate parent company and controlling party

The Company is a company limited by shares. The immediate parent company is Gower Place Investments Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party of the company is the Wellcome Trust through its corporate trustee, The Wellcome Trust Limited.

The largest accounts which consolidate the results of the Company are those of Urban&Civic plc. These financial statements are not consolidated at a higher level, as they are measured at fair value through profit or loss in the financial statements of the ultimate undertaking and controlling party.

Copies of the Wellcome Trust Annual Report and Financial Statements are available from Wellcome Trust's website (www.wellcome.org/news-and-reports/reports) or from the Company Secretary.

COMPANY BALANCE SHEET

as at 30 September 2021

	Notes	30 September 2021 £'000	30 September 2020 £'000
Fixed assets			
Investments	3	**468,204**	467,280
		468,204	467,280
Current assets			
Debtors due within one year	4	**48,415**	45,500
Cash at bank and in hand		**38**	55
		48,453	45,555
Creditors: amounts falling due within one year	5	**(176,071)**	(184,419)
Net current liabilities		**(127,618)**	(138,864)
Total assets less current liabilities		**340,586**	328,416
Capital and reserves			
Share capital	6	**29,378**	29,036
Share premium account		**168,938**	169,268
Capital redemption reserve		**849**	849
Own shares		**—**	(3,585)
Merger reserve		**97,025**	97,025
Retained earnings		**44,396**	35,823
Shareholders' funds		**340,586**	328,416

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group consolidated financial statements include a profit after tax for the year of £1,391,000 (2020: £7,223,000) attributable to the Company. At 30 September 2021, the balance of £16,999,000 (2020: £15,608,000) in retained earnings represents distributable reserves.

The financial statements were approved by the Board and authorised for issue on 16 December 2021 and were signed on its behalf by:

Nigel Hugill
Director

David Wood
Director

The notes on pages 132 to 136 form part of these parent company financial statements.

Registered in Scotland No. SC149799

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2019	29,030	169,163	849	(4,086)	97,025	30,688	322,669
Shares issued under scrip dividend scheme	6	105	—	—	—	—	111
Share option exercise satisfied out of own shares	—	—	—	2,246	—	(2,230)	16
Purchase of own shares	—	—	—	(1,745)	—	—	(1,745)
Share-based payment expense	—	—	—	—	—	3,733	3,733
Total comprehensive income for the year	—	—	—	—	—	7,223	7,223
Dividends paid	—	—	—	—	—	(3,591)	(3,591)
Balance at 30 September 2020	**29,036**	**169,268**	**849**	**(3,585)**	**97,025**	**35,823**	**328,416**
Shares issued	**342**	**(330)**	**—**	**—**	**—**	**—**	**12**
Share option exercise satisfied out of own shares	**—**	**—**	**—**	**3,585**	**—**	**6,258**	**9,843**
Share-based payment expense	**—**	**—**	**—**	**—**	**—**	**924**	**924**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**1,391**	**1,391**
Balance at 30 September 2021	**29,378**	**168,938**	**849**	**—**	**97,025**	**44,396**	**340,586**

1. Accounting policies

Accounting convention

The financial statements of the Company have been prepared under FRS 102 and the historical cost convention and in accordance with the Companies Act 2006.

The Company has taken the following exemptions as permitted by FRS 102:

- no cash flow statement is presented. A consolidated cash flow statement is presented on page 103 of the Group financial statements;
- certain financial instruments disclosure as equivalent disclosure has been provided in respect of the Group as a whole; and
- related party transactions with wholly owned members of the Group.

Share-based payments

The fair value of granting share awards under the performance share plan and the other share-based remuneration of the Directors and other employees is recognised through the profit and loss account. The fair value of shares awarded is calculated by using an option pricing model. The resulting fair value is amortised through the profit and loss account on a straight line basis over the vesting period. The charge is reversed if it is likely that any non-market-based criteria will not be met. The charge is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the Company grants rights in its equity directly to an employee of a subsidiary, the transaction is accounted for as an equity settled transaction. In the financial statements of the Company, the grant of rights is recognised as a capital contribution made to the subsidiary.

Employee Benefit Trust

The Company is deemed to have control of its Employee Benefit Trust (EBT) and it is therefore treated as a subsidiary and is consolidated in the Company's accounts. The EBT's investment in the parent company's shares is deducted from equity in the Company balance sheet as if they were treasury shares. Other assets and liabilities of the EBT are recognised as assets and liabilities of the Company.

Investments

The investments in subsidiaries are included in the Company's balance sheet at cost less provision for impairment.

Where the Company has a legal obligation to a third party in relation to the losses of an associate, the Company fully provides for its share and the charge is recognised in the profit and loss account of the Company.

Dividends

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

Financial instruments

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

Trade and other debtors

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

Financial liabilities

Financial liabilities including trade creditors, other creditors, accruals and amounts due to Group undertakings are originally recorded at fair value and subsequently stated at amortised cost under the effective interest method.

2. Directors' and auditor's remuneration

Directors' remuneration is disclosed in the Directors' remuneration report on pages 86 to 93. Details of the remuneration paid to the Company's auditor, BDO LLP, for audit and non-audit services provided are given in note 5 to the Group financial statements on page 112.

There are no employees other than the Directors who are remunerated by a fellow Group company. The Directors are considered to be the Company's key management personnel.

3. Investments

	£'000
Cost	
At 1 October 2020	493,418
Capital contribution on grants of share scheme options to employees of subsidiaries	924
At 30 September 2021	**494,342**
Amounts written off	
At 1 October 2020	26,138
At 30 September 2021	**26,138**
Net book value	
At 30 September 2021	**468,204**
At 30 September 2020	467,280

A complete list of the Company's subsidiaries is included in note 9 of these Company financial statements.

4. Debtors

	At 30 September 2021 £'000	At 30 September 2020 £'000
Amounts due within one year:		
Amounts due from subsidiaries	**48,250**	45,465
Other debtors	**—**	35
Prepayments and accrued income	**165**	—
	48,415	45,500

5. Creditors

	At 30 September 2021 £'000	At 30 September 2020 £'000
Amounts due within one year:		
Bank overdraft	**3,674**	15,545
Trade creditors	**119**	105
Amounts due to subsidiaries	**171,323**	167,929
Other creditors	**200**	100
Accruals and deferred income	**755**	740
	176,071	184,419

6. Share capital

	At 30 September 2021 £'000	At 30 September 2020 £'000
Issued and fully paid		
146,889,368 (2020: 145,179,582) shares of 20p each (2020: 20p each)	**29,378**	29,036

Movements in ordinary share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2020	29,036	145,179,582
Shares issued	342	1,709,786
At 30 September 2021	**29,378**	**146,889,368**

The Company's merger reserve represents the excess over the nominal value of shares issued to acquire shares in a subsidiary undertaking when the conditions to qualify for merger relief have not been met.

The Company's share scheme reserve represents the cumulative amount of share-based payment awards made to employees of subsidiary undertakings.

A description of the nature and purpose of the Company's other reserves is provided in note 21 to the Group financial statements. The Company's retained earnings reserve is distributable.

7. Share-based payments

Prior to the acquisition of the Group by the Wellcome Trust on 21 January 2021, the Company operated an equity settled share-based payment scheme for all Executive Directors and certain employees of the Group. All options held under the scheme either lapsed or were exercised on the acquisition of the Group by the Wellcome Trust. Details of the options lapsed and exercised during the year are given in note 24 to the Group financial statements. In the prior year, on the basis that all awards made related to employees of subsidiaries, this value was recognised as a capital contribution to those subsidiaries over the vesting period and was added to the cost of the relevant investment. The total capital contribution in the current year was £924,000 (2020: £3,733,000).

Employee Benefit Trust

The Company established the Urban&Civic plc Employee Benefit Trust (the 'Trust') to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company. The Trust purchases shares in the Company to satisfy the Company's obligations under its share-based payment plans. Transactions in the Company's own shares in the year are given in note 24 to the Group financial statements. On 30 September 2021 the Trust held nil (2020: 1,182,023) ordinary shares of 20p each in Urban&Civic plc. The market value of these shares at 30 September 2021 was £Nil (2020: £2,494,000).

8. Contingent liabilities and guarantees

The parent company has given guarantees totalling £98,105,000 (2020: £112,709,000) as part of the Group's development obligations.

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9. Subsidiary undertakings

At 30 September 2021 the subsidiaries, joint ventures and associates held directly or indirectly by the Company were as follows:

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Achadonn Properties Limited[6]	50%	Property development
Altira Park JV LLP[1]	50%	Property development
Alconbury Weald Estate Management Company Limited[1]	100%	Property management
AW Management Company (KP1C) Limited[1]	100%	Property management
AW Management Company (KP1R) Limited[1]	100%	Property management
Catesby Development Land Limited[2]	100%	Property development
Catesby Estates (Developments) Limited[2]	100%	Property development
Catesby Estates (Developments II) Limited[2]	100%	Property development
Catesby Estates (Grange Road) Limited[3]	100%	Property development
Catesby Estates (Hawton) Limited[3]	100%	Property development
Catesby Estates (Newark) Limited[3]	100%	Property development
Catesby Estates (Residential) Limited[3]	100%	Property development
Catesby Estates plc[3]	100%	Property development
Catesby Estates Promotions Limited[2]	100%	Property development
Catesby Land and Planning Limited[2]	100%	Property development
Catesby Land Limited[3]	100%	Property development
Catesby Land Promotions Limited[2]	100%	Property development
Catesby Promotions Limited[2]	100%	Property development
Catesby Strategic Land Limited[3]	100%	Management and administration
Greyhound Inn Developments Limited[3]	100%	Property development
Manchester New Square (General Partner) Limited[1]	50%	Property development
Manchester New Square Limited Partnership[1]	50%	Property development
Manchester New Square Nominee Limited	50%	Holding company
Manydown Development Vehicle LLP[1]	25%	Property development
Manydown Investco LLP[1]	51%	Investment holding company
Newark Commercial Limited[3]	100%	Property development
Priors Hall Park Management Company[1]	100%	Property management
SUE Developments LP[5]	50%	Property development
SUE GP LLP[5]	50%	Property development
SUE GP Nominee Limited	50%	Holding company
T.H (Development Partnership) Limited[1]	100%	Investment holding company
T.H (Development Partnership) General Partner Limited[1]	100%	Investment holding company
Terrace Hill (Awdry) Holdings Limited[1]	100%	Investment holding company
Terrace Hill (Herne Bay) Limited[1]	100%	Property development
Terrace Hill Deansgate Operations Company Limited[1]	100%	Property management
Terrace Hill Foodstore Development Company Parent Limited[1]	100%	Investment holding company
Terrace Hill Foodstore Developments Limited[1]	100%	Property development
Urban&Civic (Bradford) Limited[1]	100%	Property development
Urban&Civic (Management) Limited[2]	100%	Management and administration
Urban&Civic (Property Investment No 1) Limited[1]	100%	Property investment
Urban&Civic (Property Investment No 2) Limited[1]	100%	Property investment
Urban&Civic (Property Investment No 3) Limited[2]	100%	Property investment
Urban&Civic (Secretaries) Limited[2]	100%	Administration
Urban&Civic Alconbury Limited[1]	100%	Property investment and development
Urban&Civic Alconbury S.à.r.l. (incorporated in Luxembourg)[4]	100%	Investment holding company
Urban&Civic Armadale No. 1 Limited[2]	100%	Property development
Urban&Civic Bishop Auckland Limited[1]	100%	Property development
Urban&Civic Buckingham Limited	100%	Property development
Urban&Civic Central Funding Limited[1]	100%	Investment holding company and property development

9. Subsidiary undertakings continued

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Urban&Civic Central Scotland Limited[2]	100%	Property development
Urban&Civic Corby Limited[1]	100%	Property development
Urban&Civic Deansgate Limited[1]	100%	Property development
Urban&Civic Developments Limited[1]	100%	Property development
Urban&Civic Feethams Limited[1]	100%	Property investment and development
Urban&Civic Foodstores Company Limited[1]	100%	Investment holding company
Urban&Civic Galashiels No.2 Limited[1]	100%	Property development
Urban&Civic Group Limited[1]	100%	Investment holding company and property development
Urban&Civic Holdings S.à.r.l. (incorporated in Luxembourg)[4]	100%	Investment holding company
Urban&Civic Houghton Le Spring Limited[1]	100%	Property development
Urban&Civic Howick Place Investments Limited[1]	100%	Investment holding company
Urban&Civic Investments Limited[1]	100%	Investment holding company and property development
Urban&Civic Jobs and Skills Limited[1]	100%	Property development
Urban&Civic K L Limited[1]	100%	Property development
Urban&Civic (Manchester New Square) Limited[1]	100%	Property development
Urban&Civic Manydown Limited[1]	100%	Property development
Urban&Civic Middlehaven Limited[1]	100%	Investment holding company and property development
Urban&Civic Middlehaven Properties Limited[1]	100%	Property development
Urban&Civic Miscellaneous Properties Limited[1]	100%	Property development
Urban&Civic Molesworth Limited[1]	100%	Property development
Urban&Civic North East Limited[1]	100%	Investment holding company and property development
Urban&Civic Northam Limited[1]	100%	Property development
Urban&Civic Penzance Limited[1]	100%	Property development
Urban&Civic Princess Street Limited[1]	100%	Property development
Urban&Civic Projects Limited[1]	100%	Project co-ordination and management services
Urban&Civic Property Developments Limited[1]	100%	Investment holding company
Urban&Civic Property Developments No. 1 Limited[1]	100%	Property development
Urban&Civic Property Developments No. 2 Limited[1]	100%	Property development
Urban&Civic Property Investments No. 4 Limited[1]	100%	Investment holding company
Urban&Civic Redcliff Street Limited[1]	100%	Property development
Urban&Civic Resolution Limited[1]	100%	Property development
Urban&Civic Rugby Limited[1]	100%	Property development
Urban&Civic Rugby (Member) Limited[1]	100%	Property development
Urban&Civic Sandy Limited[1]	100%	Property development
Urban&Civic Stokesley Limited[1]	100%	Property development
Urban&Civic St Neots Limited[1]	100%	Property development
Urban&Civic Tunbridge Wells Limited[1]	100%	Property development
Urban&Civic Tyttenhanger Limited[1]	100%	Property development
Urban&Civic UK Limited[1]	100%	Management and administration
Urban&Civic Victoria Street Limited[1]	100%	Property development
Urban&Civic Waterbeach Limited[1]	100%	Property investment and development
Urban&Civic Westview Investments Limited[1]	100%	Investment holding company and property development
Urban&Civic Wolverhampton Limited[1]	100%	Property development
Wintringham Partners LLP[1]	33%	Property development

1. Registered address: 50 New Bond Street, London W1S 1BJ.
2. Registered address: 115 George Street, Edinburgh EH2 4JN.
3. Registered address: Catesby House, 5b Tournament Court, Edgehill Drive, Warwick, Warwickshire CV34 6LG.
4. Registered address: 40 Avenue Monterey, L-2163, Luxembourg.
5. Registered address: St Helen's, 1 Undershaft, London EC3P 3DQ.
6. Registered address: Netherton, Langbank, Port Glasgow, Renfrewshire PA14 6YG.

GHG emissions

We measure and report our greenhouse gas (GHG) emissions across our entire portfolio. This annual declaration is made in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is summarised below for the financial year 2020/21 and in comparison to the previous year's declarations.

	Reporting year end 30/09/21 CO_2e tonnes	Reporting year end 30/09/20 CO_2e tonnes	Reporting year end 30/09/19 CO_2e tonnes	Reporting year end 30/09/18 CO_2e tonnes	Reporting year end 30/09/17 CO_2e tonnes	Reporting year end 30/09/16 CO_2e tonnes
Emission source						
Combustion of fuel and operation of facilities (Scope 1)	**468**	896	1,141	1,136	1,068	864
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**1,079**	1,390	1,727	1,707	1,971	1,879
Grey fleet fuel consumption (Scope 3)	**24**	N/A	N/A	N/A	N/A	N/A
Total CO_2e tonnes	**1,571**	2,286	2,868	2,843	3,039	2,743
Financial turnover £k	**£76,579k**	£58,340k	£102,114k	£150,398k	£60,333k	£95,168k
Intensity ratio: CO_2e tonnes/turnover £k	**0.0205**	0.0392	0.0281	0.0189	0.0504	0.0288
Intensity ratio: CO_2e kg/turnover £k	**20.51**	39.18	28.09	18.90	50.37	28.82
Intensity ratio: CO_2e kg/turnover yearly % change	**(47.7)%**	+39.5%	+48.6%	(62.5)%	+74.8%	(41.9)%

All the reported CO_2e emissions for unquoted companies have come from the sources identified in the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within the Urban&Civic Group's consolidated financial statements. The emissions reported are those for which Urban&Civic are operationally responsible for. Therefore, carbon emissions produced from assets that are not owned by Urban&Civic and where they are acting under a development management agreement for the asset's development, are deemed the responsibility of their client and have been excluded from this assessment. The assets will be included when the land is drawn down under that agreement in future periods.

The following methodologies have been used to calculate the above CO_2e emissions:

- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition); and
- HM Government Environmental Reporting Guidelines (2019).

Our overall carbon emissions were calculated to be 1,571 CO_2e tonnes for the financial year 2020/21, a reduction of 31.3 per cent on the previous year. The carbon turnover metric intensity ratio showed a decrease of 47.7 per cent when compared with last year's findings, primarily due to an energy consumption reduction of 26 per cent across our occupied buildings and the sale of a major, albeit unoccupied, asset at Deansgate, Manchester.

With the Covid-19 pandemic continuing to disrupt regular working habits for the 2020/21 financial year, it remained difficult to quantify energy savings generated from implemented initiatives during the financial year. Once regular working patterns return, energy savings can be accurately calculated.

Redevelopment continues at the Alconbury site, with a variety of commercial and residential properties at various stages of construction and development. Consolidation of the old, oversized transformers has continued into 2021 and further studies have been completed into the demand of the main supply. Once these changes have been made, and demand returns to a post-pandemic levels, energy savings from the consolidation and upgrades can be calculated.

The Deansgate Hotel, Manchester, although closed to customers in March 2020, remained as one of Urban&Civic's highest energy consuming assets until 15 January 2021 when the building was officially closed with no further energy consumption for the financial year. The full closure of this unused site has avoided an estimated 585 tonnes of carbon emissions (3,124,909 kWh). The site is now due to be redeveloped into modern office space and hotel by others.

In the 20-21 financial year, Urban&Civic has made it company policy to obtain renewable tariffs wherever viable. Although this is not presented in this report due to the use of 'location based' conversion factors, the conscious switch to renewable tariffs shows the Urban&Civic Group's determination to lower emissions and continue to strive as a climate responsible company.

Our stated recommendations for the current year are:

- site vehicles becoming hybrid/electric;
- decommissioning of further substations and power loss cables at Alconbury;
- decommission and reconnection of new 11kV network to MOD at Alconbury;
- changing all electrical shippers to green tariff provider; and
- establishing the business case for converting any remaining assets from gas energy use.

We have specifically considered both our carbon budget and means of addressing the reduction in our capital carbon expenditure as part of the natural progressions towards our adoption of SBTs.

AGM	Annual General Meeting
BNG	Biodiversity net gain
Catesby/Catesby Estates plc	Catesby Estates plc and subsidiaries, joint ventures and associates
CCS	Considerate Constructors Scheme
CDC or Commercial Development Committee	A subcommittee of senior staff responsible for the delivery of commercial sites. Periodic meetings are held to facilitate cross-site collaboration, risk management, problem solving and lessons learnt reviews
Commercial	One of the Group's business segments that focuses on bespoke city centre developments targeting shorter-term and de-risked returns
Company	Urban&Civic plc
Defence Infrastructure Organisation (DIO)	The estate expert for the Ministry of Defence, supporting the armed forces to enable military capability by planning, building, maintaining and servicing infrastructure
DLUHC	Department for Levelling Up, Housing and Communities
EBT	Urban&Civic Employee Benefit Trust
EC Reference Rate	European Commission Reference Rate
Employee Advisory Group (EAG)	A representative body made up of non-Board or EMC employees, which discusses and reports to the Board workforce matters
Employment land/plots	Land and parcels of land upon which a variety of commercial uses will be delivered in accordance with a planning consent
Environmental, social and corporate governance (ESG)	The three central factors in measuring the sustainability and societal impact of investment
EPRA	European Public Real Estate Association
EPRA NAV gearing	Total debt less cash and cash equivalents divided by EPRA net asset value
EPRA net asset value (EPRA NAV)	Net assets attributable to equity shareholders of the Company, adjusted for the revaluation surpluses on trading properties and eliminating any deferred taxation liability for revaluation surpluses
EPRA net tangible assets (EPRA NTA)	EPRA net asset value adjusted to include deferred tax on property valuations and capital allowances
Estimated rental value (ERV)	Open market rental value that could reasonably be expected to be obtained for a new letting or rent review at a particular point in time
Executive Management Committee (EMC)	Sub-committee of the Board, chaired by the Managing Director, overseeing the implementation of Board strategy and policies
Fair value	The price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurable date (i.e. an exit price)
FRC	Financial Reporting Council
FRS 102	Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'
Gearing	Group borrowings as a proportion of net asset value
Homes England	Homes England is the Homes and Communities Agency (HCA as it was formerly known)
Group	Urban&Civic plc and its subsidiaries and joint ventures
Gross development value (GDV)	Sales value once construction is complete
IFRS	International Financial Reporting Standards
Initial yield	Annualised net rent as a proportion of property value
ISA	International Standards on Auditing
Key performance indicators (KPIs)	Significant areas of Group operations that have been identified by the Board as capable of measurement and are used to evaluate Group performance
LAP	Local Area for Play

Large site discount / wholesale discount / immaturity discount	Represents the difference between the unserviced land values ascribed by CBRE Strategic Site valuations (which take into account site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales
LEAP	Local Equipped Area for Play
Licences	Agreements entered into with housebuilders, which typically comprise a fixed element (the minimums) due to the Group upon reaching unconditional exchange and a variable element (the overage) which is dependent on the final selling price of the house
Listing	The 22 May 2014 transfer of Urban&Civic plc from the Alternative Investment Market (AIM) to the standard listing segment of the Capital Official List and admission to trading on the London Stock Exchange
Look-through gearing	Gearing including the Group's balance sheet attributable to the owners of the Company
LTIP	Long Term Incentive Plan
LTV	Loan to value
Minimums	Contractual right to receive a minimum plot value in respect of a minimum number of plots each year. These minimums are payable on a look-back basis if minimum sales are not achieved
NEAP	Neighbourhood Equipped Area for Play
NSC or New Situations Committee	A subcommittee that functions on the same basis as the CDC, but reviews the Group's new or pipeline Strategic Sites
MOD	Ministry of Defence
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Net gearing	Total debt less cash and cash equivalents divided by net assets
Overage	Variable consideration which applies an agreed percentage to the house sales price and then nets off any minimum already paid. No overage is payable where minimums are not achieved
Private rented sector (PRS)	A sector of the real estate market where residential accommodation is privately owned and rented out as housing, usually by an individual landlord, but potentially by housing organisations
PSP	Performance Share Plan
Resolution to grant (planning consent)	Where a local authority planning committee resolves to grant planning permission subject to the completion of a planning agreement (such as a section 106 agreement)
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences
ROCE	Return on capital employed
SBTi	Science Based Targets initiative
Section 106 agreement	Planning obligations under section 106 of the Town and Country Planning Act. These obligations focus on mitigating site specific impacts of development and include, by way of example, developer contributions to schools and/or highways
SME	Small and medium sized enterprises (in this instance referencing small scale and regional housebuilders)
STEM	A multi-year programme of activities and support for young people to help them discover science, technology, engineering and mathematics subjects and aid their progression to university
Strategic Development Committee (SDC)	A subcommittee that functions on the same basis as the CDC, but reviews the Group's Strategic Sites
Subcommittees	SDC, CDC and Catesby
Total NAV return	The growth in EPRA NAV per share plus dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the period
Total shareholder return (TSR)	Growth in the value of a shareholding, assuming reinvestment of any dividends into shares, over a period
Urban&Civic plc	Parent company of the Group
WACC	Weighted average cost of capital

Key contacts and advisers

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Registered number: SC149799

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Company Secretary
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Independent auditor
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Cover photo of Houlton School – our new secondary school at Houlton incorporating a grade II listed building.

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