Urban&Civic

Annual Report and Accounts 2022

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 12 years, our business has delivered on this belief and become trusted as the leading Master Developer of large-scale Strategic Sites.

Our purpose, vision and values distinguish our approach, are woven deep within the DNA of our business and are embedded throughout the communities we are delivering. We continue to keep these under review and embed them throughout the business.

Values

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

Integrity
We keep our promises and do the right things

Purpose
We work at scale and with partners who value quality, to create 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 place making we are delivering and the challenges that we are overcoming through shared innovation and passion. We believe that doing things right means creating value for our shareholder and for our wider stakeholders. We are committed to keeping our promises, maximising our investment and delivering across an increasing range of sites.

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

Putting care at the district heart of the community – Priors Hall

www.urbanandcivic.com/media-library/case-studies/putting-care-district-heart-community/

Wealds on the bus clock up 10,000 trips

www.urbanandcivic.com/media-library/case-studies/wealds-bus-clock-10000-trips/

S

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

Partnership
We build strong relationships based on trust and shared values

Innovation
We are unafraid to do things differently

A bumper harvest of interest in Houlton's first crop of allotments

www.urbanandcivic.com/media-library/case-studies/bumper-harvest-interest-houltons-first-crop-allotments/

Calling all cycling smoothies

www.urbanandcivic.com/media-library/case-studies/calling-all-cycling-smoothies/

Waterbeach's first primary school goes green

www.urbanandcivic.com/media-library/case-studies/waterbeachs-first-primary-school-goes-green/

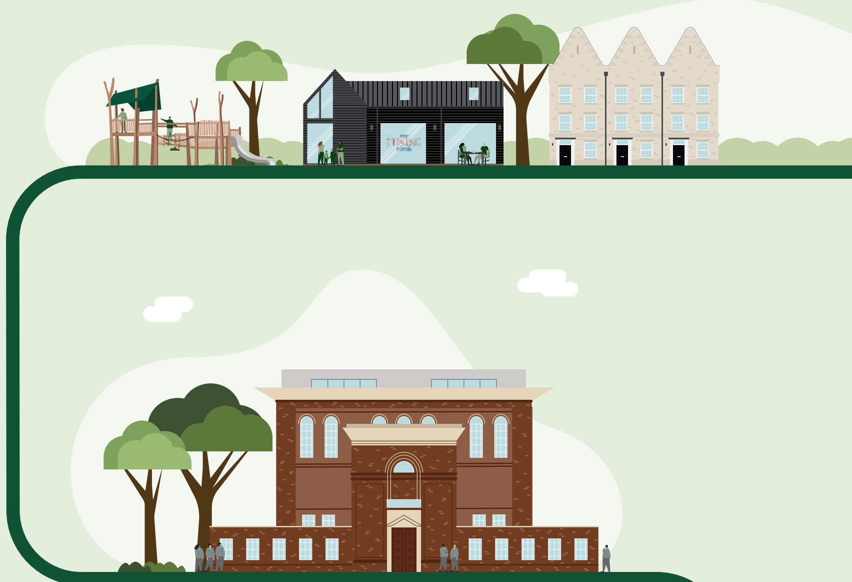
Read more case studies online at **www.urbanandcivic.com**

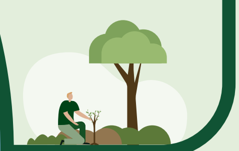
Strategic report

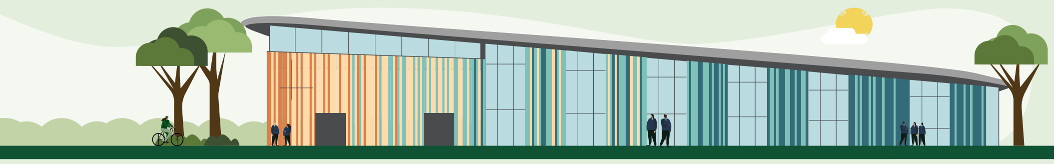
Houlton School, Houlton, Rugby

The UK's leading Master Developer

We are the UK's leading Master Developer having been specifically created 12 years ago to disrupt the established approach to the promotion and delivery of large scale residential led Strategic Sites. Now owned by the Wellcome Trust we are committed to delivering on our purpose, vision and values and achieving our strategic objectives.







Our Strategic Sites

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

14
Strategic Sites with 7 in delivery

33,000
consented homes

8m sq. ft.
employment floorspace

2,000+
acres of open space

18
new primary schools

5
new secondary schools

28km
cycle ways

Our partners

Read more on pages 28 to 29

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

Our stakeholders

Read more on pages 28 to 29

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

Our customers

Read more on pages 28 to 29

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

In addition to our Strategic Sites:

Catesby

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

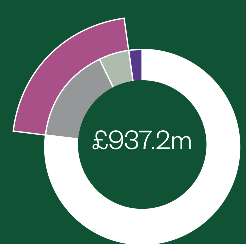
No. of sites	Total acres
58	4,695

Commercial

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

No. of sites	Total acres
6	12,050

Portfolio value by segment
At 30 September 2022



- Strategic Sites: £721.0m 77%
- Farming operations: £153.9m 16%
- Commercial development: £40.3m 5%
- Commercial: £194.2m 21%
- Catesby: £22.0m 2%

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

Our business model

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

Our key resources

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

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

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

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

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

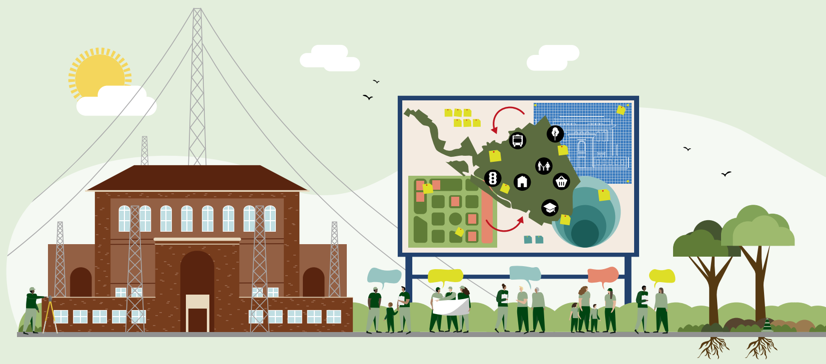
The Master Developer Approach – Infrastructure Led Sustainable Communities

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

Raw land
Large blocks of land acquired directly or through partnerships

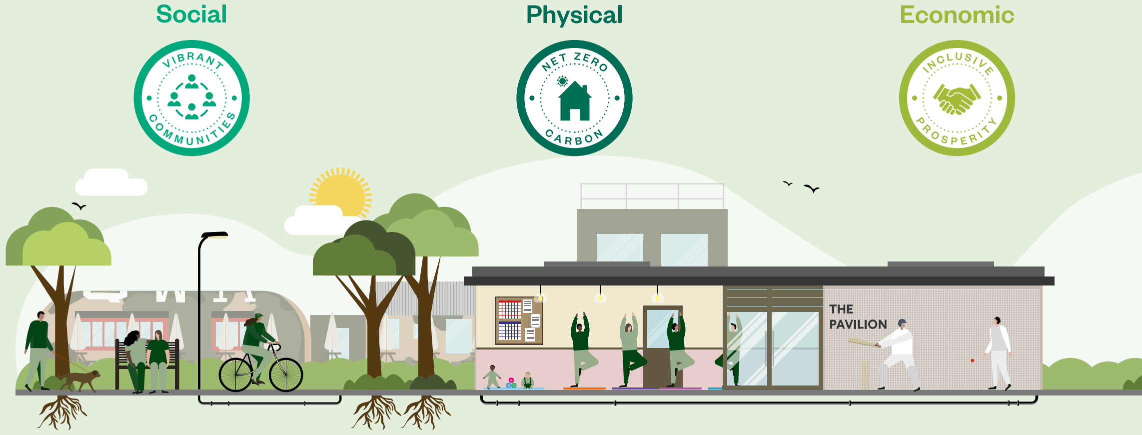
1,170
acres of raw land

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



Universal challenges:
CLIMATE CHANGE
BIODIVERSITY

Social
Physical
Economic



Delivery

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

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

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

Serviced land (product)

Housebuilders add the homes, businesses add the commercial spaces

We work with:

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

15
acres serviced land

HEALTH & WELLBEING

Natural

Human

Sustainability Framework

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

Read more on our approach to sustainability and environmental outcomes on page 40 and via our website: **www.urbanandcivic.com**

Stakeholder outcomes

Shareholder
EPRA NTA adjusted
£756.9m
(+6.7%)

Employees
% of staff undertaking ten or more hours of non-mandatory learning and development
75%

Customers
Plot completions
1,221
(+0.2%)

Suppliers and contractors
Average Considerate Contractors Scheme score by contractors employed by Urban&Civic
42 points
(representing "excellent")

Partners
Property valuation uplift for joint venture partners since start of partnerships
42%

Local communities
% by total value of direct contracts placed with local contractors
47%

Government
Number of site visits hosted by Urban&Civic
79

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Seeing is believing. Ours is an organisation that lives its values.

PETER PEREIRA GRAY —
CHAIRMAN

Meeting the needs of new and existing communities

Introduction

This is the second time I write as Chairman of Urban&Civic, and I am delighted to report on solid progress across the business in the first full financial year of ownership by the Wellcome Trust.

We pride ourselves at Urban&Civic on being amenity creators, with a steadfast belief that business results and positive societal and environmental impacts can be mutually reinforcing. That conviction is shared absolutely with our parent the Wellcome Trust with its broad societal mission, built on the commercial platform of its investment portfolio and the team that runs it. Sustainability means different things to different people, but at Urban&Civic and at Wellcome, we aspire to optimise the mutually reinforcing effects of combining social, natural, physical, human and economic capital for the greater human advantage.

This report provides so many good illustrations of the Urban&Civic approach to creating new social amenity and then providing ongoing support to that amenity. We aspire to be an organisation that lives its values.

You will find many references to sustainability, including a feature on Richard Quartermaine who leads into the Board. There can be no understating the importance of grounding sustainable futures into Urban&Civic placemaking. An integral part of keeping faith with our values in doing things right. With that philosophical commitment comes the practical recognition that large sites are able to make a contribution to direct environmental improvement that we feel infill projects never will.

My colleagues and I are cheered that our organisation can point to so many practical initiatives and examples. Wellcome continues to encourage us to push boundaries whilst at the same time, as in all good scientific research, quantifying the empirical impacts and outcomes. We are pleased that so many of the objectives stated in last years' Annual Report have been met by a resolute and steadfast team of experts in their fields of development and master planning. I firmly believe there is no better team in the UK doing what it does at this time.

Large site Master Development

Requiring the provision of uplifted amenity value and improved public access and enjoyment as clear preconditions for releasing land for new residential construction, we feel that our approach offers a practical basis for development in areas of housing shortage. 'Infrastructure led' is the more familiar descriptor, without quite capturing the full breadth of what we believe. Hence, we prefer 'amenity led' as a description of our distinctive approach. Building necessary roads, thousand year flood defences, new pipes, new wires, super fast broadband for sure, but also new nurseries, schools, health, and civic facilities. We plant proper trees, create protected green routes for crested newts as well as people, build playgrounds from replenished wood, include allotments alongside parks, and design housing layouts that meander happily like a river carving its course over time rather than staying rigid and straight.

Award winning schools

We regard new schools as fundamental to enhancing amenity value on Urban&Civic projects: building community relations, recognition and pride. They form part of what is necessarily a two-way contract in large site housing delivery, where Master Development can bring a range of social and community benefits that it is again frankly unrealistic to expect infill development to be able to achieve. The Urban&Civic investment is in trust and values, just as much as in financial capital.

We set corresponding stall by our schools and are used to picking up design and industry honours. Notwithstanding, the stature and scale of commendations for Houlton School, which forms the centrepiece of our independently award-winning development on the outskirts of Rugby in Warwickshire, does warrant more than passing comment. At the time of writing, the number of received major awards is up to seven, with more in the offing. Whilst invidious to select between that number, the two standouts are the Construction Awards: Building Project of the Year and, my personal favourite, Planning Awards: Best Use of Heritage in Placemaking, for which the Runner Up was Battersea Power Station!

SEEING IS BELIEVING

Houlton School sweeps the awards

www.urbanandcivic.com/media-library/case-studies/houlton-school-awards/

Award winning schools continued

Recognition does not stop with industry plaudits. Houlton School had its second intake of first form students in September 2022, which was heavily over-subscribed on first preferences and, most unusually for a new school outside London, ahead of an OFSTED rating. Applications are being made for September 2023 and will be still further over-subscribed on first preferences. The pupils that are guaranteed a place are those living on the Houlton development. They currently account for about one third of the six forms of intake, a proportion that should climb steadily over coming years as new amenity reinforces the fast growing Houlton community.

There is also a serious point that underscores the industry applause and the local demand for places. Houlton School is terrifically well run but it was also exceptionally well designed and constructed. The contractors, Morgan Sindall, worked tirelessly and safely through the Covid pandemic to keep to programme as set by the instructing client, which was Urban&Civic not the Local Education Authority. The heart of the school is formed from the old transmitter complex. Brick built with an Edwardian metropolitan confidence and sturdy round arches. The complex was listed but identified as at risk through lack of use. Much ingenuity and architectural engineering was needed to convert it to twenty first century student standards. We can lay claim to more direct expertise than any other private developer in the country, and we were prepared to shoulder an amount of preplanning and contractual risk at Houlton that went well beyond that which any Local Education Authority could feasibly be expected to take. Clear lines of authority and this wealth of school building experience enable us to design more ambitiously and procure more efficiently. We are proud of what we have achieved and aspire to repeat this again and again where we can.

A realistic way forward

The initial Urban&Civic projects were brownfield in well-connected suburban or semi rural locations. The early creation of demonstrable and popular amenity value in order to facilitate and support the construction of new housing in areas of strong demand was our first and maintaining objective.

The levels of resident satisfaction on Urban&Civic projects are unusually high. The Quality of Life Foundation has undertaken surveys to which the responses are significantly more positive than those on conventional new build development. Moreover, pertinent to housing policy in areas of limited land supply, Urban&Civic developments become regarded progressively more favourably over time within the broader communities that they inhabit. The benefits of adding amenity are visible and valuable.

We wish that there were more Alconbury, Houlton and Waterbeach brownfield equivalents. Our hat would be straight in the ring. The designation for Houlton was as much by historic accident and only as a consequence of the Rugby Radio Station transmitting wave communication to the world. Towering 250 metre high masts but with sheep grazing contentedly underneath and a pattern of open field ridge and furrow farming that dated back to the Middle Ages. But not a single public footpath. This was all surrounded by a closed wire fence to keep out prying eyes and enthusiastic walkers. Perhaps the defining feature was not that the Radio Station land was brownfield but that it lacked any meaningful amenity.

The transformation is only part complete but has been acknowledged enthusiastically by residents on and off the development, environmentalists, educationalists, public transport experts, local politicians and parliamentarians alike. 1,500 new houses are now occupied or in the course of construction in less than five years, but we have achieved much more than that; there are now publicly accessible natural assets, some new some exceedingly old; great play facilities; Rugby Borough's first bus lane; two new schools both over subscribed and a sports hall built to Sports England standards that is booked out every night of the week. That list is by no means exhaustive. Those are the exacting standards against which a Master Developer can rightfully be judged. This is how to encourage existing community support for new housebuilding.

It is not the case that there are sufficient brownfield sites in areas of high demand to even make a dent in housing numbers. The changing shape of our business reflects that geographical fact. There is clear scope to shape new and existing communities through the ambitious provision of civic amenity led housebuilding that better meets the needs of both. We are demonstrating what can be achieved.

I would like to thank the executive team for their sterling efforts in a world of increasing challenge and change, the team for diligently following through, the board for their committed involvement and attention, and our shareholder for its continued investment in the business.

Kaizen is the old Japanese term meaning change for the better, or self-improvement, and has come to mean in business circles 'continuous improvement'. It captures our mood precisely. We have achieved much, but we aspire to do more.

Peter Pereira Gray
Chairman
14 December 2022

SEEING IS BELIEVING

Hands on help for our communities

U&C's first corporate volunteering month saw over 50 employees getting out into our communities, supporting local projects and learning new skills, whilst also giving employees the chance to work with other team members from across our sites and business functions.

The Communities, Communications and Partnerships team organised the volunteering days at three of our sites; Manydown in Basingstoke, Wintringham in Cambridgeshire and Middlebeck in Newark. Each day was co-ordinated with the help of one of our local partners, further strengthening relationships and improving our understanding of the issues important to those communities.

At Manydown the focus was on removing a plant called dogwood which had been so successful that it was pushing out some of the rare arable flora crucial to the bio-diversity success of the land at Old Down. Old Down is very close to, and similar to, the land which will form the 250-acre countryside park at Manydown, and the volunteers day here also gave us the chance to work with the rangers from Basingstoke & Deane Borough Council.

In Wintringham the team was set to work preparing the crucial community hub that is St Neots Town Football Club for the start of the new season. The club offers a lot to the community alongside football, including a space for community events and a home for the 1st St Neots Scouts group, so this was a great day spent supporting the community.

The team in Newark endured the least favourable weather but showed great team spirit working with the charity SUSTRANS, regardless of the pouring rain, to maintain the beautiful local cycle way, clearing vegetation, picking up litter and even installing bird and bat boxes along the route. To top the day off volunteers were treated to an educational talk from SUSTRANS national lead ecologist Jim Whiteford as well as some much needed hot soup from our on site café Gannets.

Every member of the Urban&Civic team is able to take three paid days a year to take part in volunteering activities. This year's organised volunteering days were such a success that September is now set to become our annual corporate volunteering month with the aim of increasing employee volunteering participation and finding creative ways to give more back to our communities.

Kathryn Milward, Head of HR said "I've enjoyed learning new skills during my volunteering experience. I've never used a saw before but colleagues helped me with an on-the-spot lesson. The day made a huge difference to the landscape as we took away excess vegetation and bags of rubbish. I also loved showing my children what I had been helping to do."

Link to values:

Passion Partnership

Link to sustainability capitals:

Social Natural

www.urbanandcivic.com/media-library/case-studies/hands-help-our-communities/

S

> New housing cannot be rammed down the throats of South East England voters. Amenity gains need to be positively demonstrated.

NIGEL HUGILL —
CHIEF EXECUTIVE

Ten major awards for a new secondary school at Houlton speaks to just what can be achieved

Summary of 2022 results

Urban&Civic was able to deliver another strong set of results for the year to 30 September 2022. Operating profits were down only a little on last year at £19.3 million (September 2021: £22.6 million). Higher tax add backs in 2021 meant that reported pre-tax profits for the year to September 2022 came out at £21.9 million, compared with £26.7 million for the equivalent period 12 months previous. The September 2022 monthly number of houses in construction or completed ahead of sale across all our working sites came in at a highest ever 1,210.

Plot completions and land sales together aggregated 1,221 new build plots, little altered from the 1,219 in FY September 2021. Significantly, our share of cash generated from plot sales during the year was strongly up at £76.1 million (FY September 2021: £70.4 million), representing higher pricing across Urban&Civic sites in delivery.

Net asset growth, with appropriate EPRA adjustments, remains the core barometer of progress. The overall balance sheet net was substantially enlarged by the transfer of ownership from our parent, the Wellcome Trust, of 17,000 acres of agricultural land in Farmcare Trading Limited and a further 380 acres that adjoins the M25 at Kings Langley in Hertfordshire. The agreed aggregate consideration for the transferring assets was £194.4 million, payable by an issue of 56.35 million new Urban&Civic shares, with a corresponding step up on the £514.8 million EPRA NTA reported at 30 September 2021. September FY 2022 EPRA NTA adjusted of £756.9 million, or 372.4p per share, represented a 6.7 per cent like-for-like increase.

Summary of 2022 results continued

Catesby enjoyed another strong year, despite the various water neutrality hurdles, as well as sometimes chronically slow local government administration. Continued competition amongst housebuilders for sites that are eventually consented gave rise to pre tax profits in our land promoting subsidiary of £8.6 million, or £2.4 million after the reversal of previously recognised EPRA adjustments on sales.

Large site discount and consented plot carrying values

Our Strategic Site valuers, CBRE, faced a particularly tough task in trying to make sense of the exceptional year end circumstances, just one week after the now infamous Mini Budget, as well as having regard for continuing construction cost pressures, both on our own future civils work and the impact upon our housebuilding customers. The spectre of house price falls provided a further overlay. As a contra to those negatives, the innate shortage of consented land is such that we were able to achieve record prices for our serviced land parcels, including a sale of 15.8 acres for 261 units at Alconbury to a listed major that completed on 30 September 2022 and for a consideration materially above equivalent serviced carrying value.

In the event, the FY 2022 valuations for consented sites came out broadly flat over those 12 months earlier. Reversing the previous trend, CBRE pushed out discount rates on average 25 basis points to range between 5.75 and 9.5 percent to reflect prevailing uncertainties and higher long term interest costs. The discount rates applied at Newark were higher at between 6.25 and 12 per cent on account of the high relative capital spend attaching to the new link road. The resulting year end plot carrying values before servicing were £21,200 at Waterbeach; (September 2021: £21,800); £36,600 at Alconbury (September 2021: £32,400); £41,800 at Wintringham (September 2021: £36,300); £25,600 at Houlton (September 2021: £25,700); £18,900 at Priors Hall (September 2021: £16,600); and £12,800 at Newark (September 2021: £8,100).

The resulting large site discount (being the bridge between current land sales and balance sheet valuations) was calculated at £204 million at September 2022, up from £201 million at September 2021. The discount only applies to consented or allocated strategic projects in delivery

SEEING IS BELIEVING

What a way to make your mark

Waterbeach hosted its first Make Your Mark event in October which was designed to promote the wide range of careers and opportunities available for women in the development, property and built environment industries and to inspire them to follow a career in these fields.

We hosted 85 pupils from years 8–10 from a number of local schools; Bottisham, Impington and Cottenham Village Colleges, and Northstowe Secondary College, who got the chance to learn more about the development at Waterbeach and how to launch a career in the development industry.

The day was supported by representatives from organisations including David Lock Associates (DLA), Bradley Murphy Design (BMD), South Cambs District Council, Make Spaces for Girls, Stonebond, Jupiter Play and more. Two sessions were organised for the attendees; the first, hosted by DLA, gave attendees the opportunity to masterplan their own 'perfect town' using the CHLOE software. The second activity was led by BMD and Make Spaces for Girls and encouraged the pupils to use their creativity to design their own female-friendly playspace or public space with a range of craft and collaging materials.

Make Your Mark also offered talks from leading female figures within the industry, including Julia Foster and Laura Bradley from DLA and BMD respectively, and provided a Q&A where the attending girls could ask questions and provide feedback on what they would like to see in their ideal development. This session was remarkably well received and ended running over schedule as a result of engagement from the pupils. The ideas we received included providing charging points in play equipment, creating rope swings that fly directly into the lake, and more accessible spaces for people of all ages and ability levels, amongst many others.

Link to values:

- Passion
- Partnership
- Integrity
- Innovation

Link to sustainable capitals:

- Human

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

CAROLINE FOSTER, DEVELOPMENT DIRECTOR AT WATERBEACH SAID:

"Make Your Mark brought some of our key people together with leading female role models from across the various sectors in which we operate and hopefully will have inspired the next generation of women to really make a difference in development. This is the first in a series of events that we'll be offering to local schools to promote careers for young women, so it's fantastic that we started off on such a positive note."

HELEN SCULLY, CAREERS COORDINATOR AT COTTENHAM VILLAGE COLLEGE, ONE OF THE PARTICIPATING SCHOOLS, SAID:

"Cottenham students were fully engaged in this unique experience and were inspired by the people that they met at this event. The key speakers and activities opened up a world of opportunities that they may otherwise have not encountered. The students also found it empowering to see women working in planning and development and taking leadership roles. One student said, "It was really great because it made sure that women have a voice in the designing world."

and excludes the Wellcome Genome Research Campus at Hinxton in Cambridgeshire, where Urban&Civic is leading as Development Manager but without underlying economic interest. Hinxton aside, each successive new project moving from pipeline into delivery will lift the quantum of what is effectively a store of future value to be realised. As such, the figure is expected to rise as our joint venture with Hertfordshire County Council at Baldock progresses.

Sale of Coldham and Goole agricultural estates out of Farmcare

The sale of approximately 8,000 acres of agricultural land and buildings on two large estates at Coldham on the Cambridgeshire Fens and Goole in Yorkshire has now been completed. After adjustment for minor retentions, the net receipts will be a minimum of £100 million, which are being retained for reinvestment. The estates formed part of the Farmcare portfolio acquired for a further issue of new shares to Wellcome. The sales were completed soon after the September 2022 year end such that the proceeds and realised profits are not included in these accounts but an EPRA adjustment was made to recognise the significant uplift over acquisition cost.

A separate sale was made within the year to the tenants of fruit farms at Tillington and Marden in Herefordshire. The net consideration of £9.1 million was marginally above acquisition cost.

> "The existing sclerotic planning system requires a real shake with proper weight attaching to improving amenity, not just chasing empty numbers.

Newark

Breakthrough progress at Newark merits specific note. After a lengthy legal process, a grant funding agreement has been executed. The agreement sets out the drawdown framework for the pledged £31 million of grant from Newark & Sherwood District Council, D2N2 as local enterprise partnership and the Department for Levelling Up, Housing and Communities, the latter providing £20 million from its Levelling Up Fund. Credit approval has also been secured for a new £25 million facility from Homes England to Urban&Civic. Drawdown of grant is conditional upon Urban&Civic entering into a contract to extend a southern link road joining the A1 to the south of Newark across to the A46.

Construction of the link road and associated works enables the build out of a further 2,000 consented homes in the centre and west of the scheme, as well as 1.18 million sq. ft. of well positioned commercial space with approved flexible uses, including B8, on 110 acres close to the A1. To date 646 houses have been occupied or are in the course of construction, along with the new Christ Church primary school that opened on site in September 2021 under another direct build by Urban&Civic. Tender returns for the link road are in the process of being interrogated with a view to entering into contract Spring 2023. As with Houlton previously, the road contracts have been divided into two separate sections and will be fixed price such that the risk transfers from Urban&Civic to the contractor. The level of support from both local and central Government is testimony to the extent of policy alignment and the confidence in the quality of our delivery.

Baldock

Urban&Civic is far and away the leading and most active Master Developer in the UK. Including Hinxton, we are responsible for 7 projects in successful delivery with a total of 33,000 new homes, 8.0 million sq. ft. of employment and no less than 23 new schools.

Whilst we now enjoy clear platform advantage, there is no ducking that taking Strategic Sites through planning has become harder. Publication of the 2021 Census data suggested that the forecast population growth on which individual district housing requirements were partly based had been set too high. A swing away from the Conservatives of over 25 per cent in June 2021, in the previously safe Buckinghamshire seat of Chesham and Amersham, attributed as a response to overly prescriptive housing policies, did not do much for Government resolve. Against a backdrop of scepticism, the most effective differentiator for Urban&Civic is being seen to be true to our values in creating projects which not only score highly with our residents but also within the broader locality as the extent of the amenity value beyond the simple provision of new housing becomes recognised.

I am correspondingly delighted that our project at Baldock has taken a major step forward with North Hertfordshire electing to adopt a new Local Plan when other authorities are sitting on their hands. Urban&Civic was selected in open competition by Hertfordshire County Council in June 2021 as Master Developer partner on 527 acres of land predominately adjoining Baldock railway station to the immediate north of the town that has strong medieval roots. The Plan includes an allocation of up to 3,300 new homes, alongside 600,000 sq. ft. of commercial space, new primary and secondary schools and a significant country park. Baldock is the first Urban&Civic project to involve a release of land from the Green Belt and our closest to London. Our approach to new amenity creation will be the same. We are already working with Network Rail on additional pedestrian and vehicular bridging over the railway lines, as well as improved access into Baldock Station, which sits on the London Kings Cross to Cambridge line. Our proposal is that the envisaged country park forms part of a new green ring providing pedestrian and cycle routes around the entirety of the town.

Outlook

Sentiment can shift quickly and the immediate prognosis on the broader housing market affords little cause for optimism. Higher mortgage rates and predictions of a lengthy recession are predictably holding back buyers. Data from Rightmove, Halifax and Nationwide Building societies all show prices now trending down. The average time taken to sell a property is now 18 weeks, up from 16 weeks before the summer. Expect that figure to move out further in the early part of next year as the number of overall residential transactions falls dramatically.

Similarly, the recent commentaries from the listed majors describe reservations dropping as much as 50 per cent since the end of September. Cancellations are also up especially at the lower end. This accords with our own experiences, where average sales of what were pretty reliably 0.8 houses per housebuilder per week are currently not much more than half that running average. Cancellations across our sites appear to be lower, most likely because of the higher proportion of family housing and the parental pull of the highly ranked schools on all Urban&Civic sites. There are the first signs of our housebuilders slowing down on further groundworks and new foundations but no dramatic cutbacks.

Meanwhile stock on estate agents' books remains severely limited, particularly of mid priced family housing. Despite an increased cost of mortgage refinancing, it is hard to see that situation changing very much. Rentals are at the very top end of long term affordability ratios and do not constitute an attractive alternative. Forced sellers take some time to work through the system, mortgage delinquencies and repossessions longer again. The price of five year mortgages is already starting to come down and can be expected to settle still below long term trend rates. Most likely is a Mexican standoff between sellers reluctant to part with their house for less than they perceive it to be worth and buyers not prepared to overstretch themselves financially or being seen to have overpaid. In contrast with the aftermath of the Global Financial Crisis in 2008, nor are the UK housebuilders weak sellers. The level of forward sales into the summer of 2022 was exceptionally strong, with the majors all boasting large cash balances. As the market adjusts to higher borrowing costs, the housebuilders will offer more in the way of incentives and probably show greater flexibility on part exchange but a material reduction in the price of new properties looks unlikely. The more rational approach will be to cut output. Even then, the shortage of existing family housing is such that maximum choice will be in new built stock. That would suggest that the proportion accounted by new build within a reduced number of overall transactions will actually go up. Even so, the number of new houses looks set to fall dramatically short of reaffirmed Government building targets.

Urban&Civic will not be immune but remain relatively well protected. The structure of our licence contracts provides considerable security, as evidenced by the manner in which our income held up following an almost entire shutdown in UK residential construction from April 2020 onwards. This time around we are facing slow down not shutdown. We are currently the equivalent of 2.5 years forward sold on our sites in delivery. Not many commentators expect the downturn to last as long as that. Most immediately, housebuilders will look to conserve cash and maintain margin. One listed major announced a halving of its land buying rate. They will be back. Their landbanks are simply not long enough to stay out of the market for any extended period. When the pandemic offered few attractive land buying opportunities, the housebuilders risked being caught short in the latter half of 2020 and instead found themselves bidding prices up to secure new raw material. The existing sclerotic planning system requires a real shake with proper weight attaching to improving amenity, not just chasing empty numbers. That will take more than 12 months. In the meantime, buildable consents look set to stay at a premium.

Continuing thanks

First to our parent and single shareholder, the Wellcome Trust, that has been unstinting in its support; financially, by handing over ownership of a substantial portfolio of new assets; reputationally, through the strong backing given to our reinforcing sustainability initiatives and via Urban&Civic taking on stewardship for the world renowned Wellcome Genome Research campus and individually, with the Chairman, Peter Pereira Gray and Wellcome colleagues, obviously specifically citing Lisha Patel, who contribute so much to and away from our Board. The recent stand down from full time Wellcome duties affords our Chairman more time to devote to Urban&Civic affairs, which can only be a positive for us.

Second, to other Non Executive Board Members, Rosemary Boot and Bill Holland, who have carried the same astute counsel and attention to the significant detail seamlessly into the private forum. Their considerable specialist knowledge and ready cross referencing is invaluable.

Third and not least to an extraordinary team that has come together at Urban&Civic, many from the early days, fortified by a maintaining infusion of bright, highly motivated and mostly young, new recruits. We shall continue to live our values and lead from the front. It is the only way that we know.

Nigel Hugill
Chief Executive
14 December 2022

Strategic objectives

Our strategy reflects our scalable business model and has proved consistent and resilient throughout economic cycles. The Master Developer approach generates alignment with stakeholders across the entire lifecycle of delivery and is therefore capable of responding to both opportunities and challenges. As shareholder, the Wellcome Trust fully endorses our objectives and collectively we are committed to:

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 2022:

- We completed contracts on our joint operation with Hertfordshire County Council as landowner for the strategic extension of Baldock and have put in place planning performance agreements with both North Herts and Hertfordshire Council Councils to progress the planning. Stakeholder engagement is ongoing and the local plan was approved for adoption on 8 November 2022 allowing applications to be progressed next year.
- Of the sites transferred to Urban&Civic by the Wellcome Trust, we are progressing Stoughton in Leicestershire and Kings Langley in Hertfordshire through the local planning process by engaging with key stakeholders. Uncertainties around national housing targets and wider changes to the planning system have slowed local plan progress generally.
- We have materially progressed the first key phase and technical approvals for Manydown.
- We have assumed delivery responsibility for the development and expansion of the Wellcome Trust's Genome Campus at Hinxton.

Objectives for 2023:

- As new the new planning landscape emerges, we believe that the fundamentals of high quality placemaking, early delivery of infrastructure and long term sustainability will not only endure but strengthen. We are therefore well placed to identify and pursue opportunities which emerge from current uncertainties around the planning and land market.
- Submit and progress an outline planning application at Baldock.
- Obtain Tier 2 planning consent for new key phases at Alconbury and Wintringham.
- Gain outline planning consent for a 1,500 unit extension at Alconbury Weald on Grange Farm and commence the access works in the South and the primary link road construction.
- Commence development at Manydown.
- Commence development at Hinxton.
- Be responsive to the evolving planning system and support stakeholders seeking to progress local plans.
- Continue to engage with national and local stakeholders to improve planning and environmental regulation.

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 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 2022:

- 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 1,447 additional units across nine serviced land parcel releases to housebuilders across five sites.
- Our flexible site offices at Wintringham were opened providing additional space on site for the team.
- £20 million of Levelling Up funding was secured for the Southern Link Road through Middlebeck connecting A1 and A46.

Objectives for 2023:

- Achieve Key Phase and reserved matters approvals necessary to facilitate start on site at Manydown.
- Achieve Key Phase and reserved matters approvals necessary to facilitate development for new key phases at Alconbury Weald and Wintringham.
- Enter into contracts for over 1,750 additional units across 11 serviced land parcel releases to housebuilders at Houlton, Waterbeach, Middlebeck, Priors Hall and Alconbury.
- Complete earthwork movement from Key Phase 1 to Key Phase 4 at Houlton.
- Complete the demolition of the barracks and carry out the earthworks for the extension to Key Phase 1 at Waterbeach.
- Appoint a main contractor and commence delivery of the Southern Link Road at Middlebeck following the completion of the design and necessary technical approvals.
- Commence works to bury 2km of overhead power cables across Key Phase 2 and 3 at Middlebeck.
- Identify further Build to Rent parcels across our portfolio of sites.

3 Enhancing the quality of sustainable placemaking

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

Progress by the end of 2022:

- Houlton School has won seven awards including the Best Use of Heritage in Placemaking in the Planning Awards 2022 and the Pineapple for Best Creative Retrofit in the Festival of Place Awards 2022. Wintringham Primary Academy was also a winner this year taking home both the Regional Award and the Sustainability Prize in the 2022 RIBA East Regional Awards.
- We have commenced construction of the local centre at Alconbury which will include a Co-op food store due for opening in Summer 2023 and we are at an advanced stage in the planning of our new local centre at Wintringham and our district centre at Houlton.
- The woodland playground at Waterbeach together with a lakeside walkway and temporary café have been completed and are due to open in early 2023.
- Our first cycle hub was opened at Middlebeck working in partnership with local businesses and SUSTRANS.
- We launched Urban&Civic's Sustainability Framework together with toolkits for carbon, biodiversity and health and wellbeing and have been actively engaging with all stakeholders to embed these into our delivery. We have also worked with the Quality of Life Foundation to assess community views on three of our most advanced sites.

Objectives for 2023:

- Complete and open the initial stages of the local centre at Alconbury.
- Gain planning permission for the local centre at Wintringham.
- Open the additional teaching block at St Gabriel's Church Academy at Houlton that was completed this year.
- Complete and open the transport hub at Waterbeach.
- Complete and open the Exchange Co-Working facility at Houlton.
- Complete the 5km green walking loop around Wintringham.
- Complete delivery of Mere Way cycle route and bridge across the A10 at Waterbeach.
- Develop Net Zero Plans for Scope 1 and 2 emissions.

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 2022:

- Following transfer of the Farmcare portfolio from the Wellcome Trust to Urban&Civic, two farming estates at Coldham and Goole totalling c.8,000 acres have been marketed and contracted for sale.
- Catesby is continuing to build pipeline with terms settled on 10 new sites (1,265 acres) prospectively totalling over 5,119 new homes.
- Catesby has relocated from Warwick to new build offices at Houlton which is shared with the Urban&Civic project team.
- Manchester New Square is now 58 per cent sold.

Objectives for 2023:

- It is anticipated that 2023 will present both challenges and opportunities in the land market. We will continue to seek a strong pipeline of new land to promote.
- Minimise future business risk by continually evolving the planning and community engagement strategies to promote sites through the Local Plan process, seeking allocations and gaining consents at a local level where possible.
- Continue to build brand awareness and relationships with identified key influencers within the sector, helping to ensure we are land promoter of choice for those landowners seeking land promotion partnerships.
- Review the residual Farmcare portfolio for further short and long term opportunities.

5 Delivering returns for shareholder 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 2022:

- Financial results show favourable movements across all but one of the Group's key performance indicators, including:
  - EPRA NTA adjusted up 6.7 per cent.
  - Gearing (EPRA NAV) reduced to 16.3 per cent.
  - Land sales and plot completions equivalent to 1,221 plots (target 1,630 plots) generating total cash of £109 million (Urban&Civic's share £76 million).
  - Profit after tax of £20.1 million (2021: £25.2 million).
- Farmcare business fully integrated with sites identified for long term development potential and disposals contracted for farming land.

Objectives for 2023:

- Infrastructure funding to be secured at Manydown to accelerate delivery.
- Homes England debt finance for Middlebeck.
- Achieve first residential sales at Waterbeach.
- Completion of farming land sales.

SEEING IS BELIEVING

Understanding the science behind play spaces

www.urbanandcivic.com/media-library/case-studies/understanding-science-behind-play-spaces/

Measuring our progress

The Group's key performance indicators have evolved from 2021 to now include three sustainability metrics and one regarding employee engagement. This is as a result of formalising our sustainability framework which has allowed us to measure and adopt clear key performance indicators. Plot completions and large site discount are no longer deemed necessary key performance indicators as the Group matures.

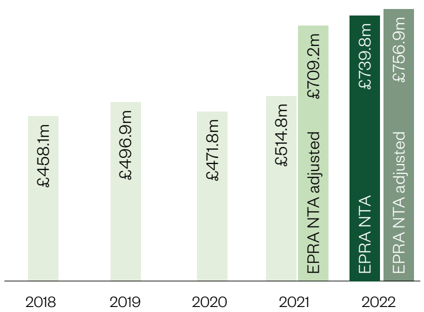
Financial

EPRA NTA

+43.7%

EPRA NTA adjusted

+6.7%



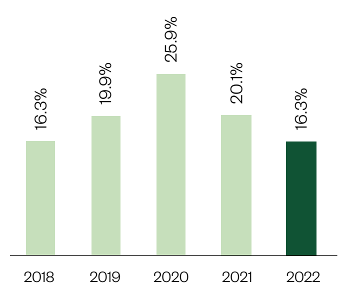
Link to strategy 1 2 3 4 5

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

Performance
EPRA NTA increased 43.7 per cent over the last year, largely as a result of the acquisition of Farmcare from the Wellcome Trust and EPRA NTA adjusted shows a 6.7 per cent increase in the year.

Gearing – EPRA NAV

16.3%



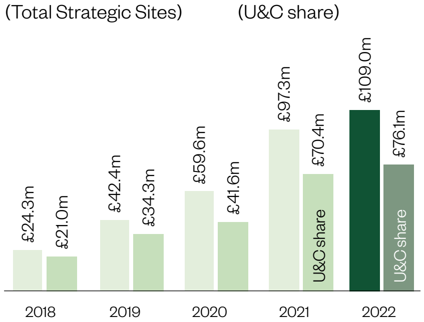
Link to strategy 1 2 3 4 5

Definition
Urban&Civic has imposed on itself a gearing limit of 30 per cent on an EPRA NAV basis (current third party loan covenants are above this threshold). This ensures the Group does not take on more borrowing than it can afford to service but allows some borrowing capacity if required. The Group does not intend to borrow to acquire land or fund the cost of constructing infrastructure at its Strategic Sites; except where these borrowings are from Government sources.

Performance
At 30 September 2022 the Group's net debt position is £127.6 million comprising external borrowings of £164.7 million and cash reserves of £37.1 million, producing a net gearing ratio of 16.3 per cent on non look-through EPRA NAV basis. Of the external borrowings, £164.5 million (or 98.8 per cent) gross of borrowing cost is with Homes England.

Cash flow generation from plot completions

£109.0m (Total Strategic Sites) **£76.1m** (U&C share)



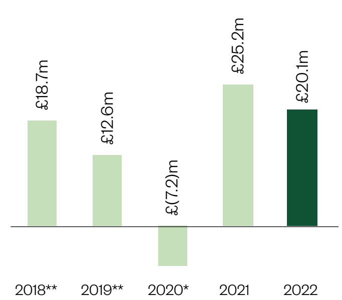
Link to strategy 1 2 3 4 5

Definition
Strategic Sites account for 77 per cent of the Group's property portfolio value so cash generated from these sites is important in respect of overhead coverage and future growth strategies. This measure is often combined with plot completions in order to assess profitability on a per plot basis, which is also used to consider how current economics might impact property valuations.

Performance
Cash generation on residential completions has increased each year since 2016. This financial year £109.0 million was generated by 1,221 completions (U&C share: £76.1 million).

Profit after tax

£20.1m



Link to strategy 1 2 3 4 5

Definition
The Group's profit now gives a better indication of performance alongside other metrics due to the increase in the number and maturity of the Group's Strategic Sites. Farmcare and Catesby now contribute significantly to gross profit.

Performance
Profit after tax was down to £20.1 million (30 September 2021: £25.2 million). Farmcare contributed profits for the first time in this financial year.

* 2020 restated to FRS 102.

** Reported under IFRS.

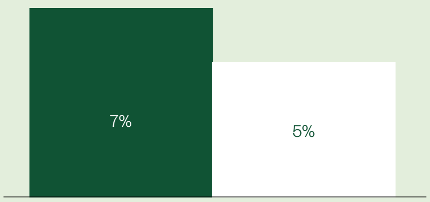
Link to strategy: 1 Secure sites 2 Accelerate delivery 3 Sustain quality 4 Identify opportunities 5 Deliver returns

Non-Financial

Carbon footprint

5%

Annual reduction in Scope 1 and 2 carbon emissions



Annual target

Actual 2022

Link to strategy

1 2 3 4 5

Definition

Reducing our absolute carbon footprint is important to de-couple business growth from our carbon emissions. So as our business activities increase across the sites, we will continually aim to reduce the carbon emissions directly in our control, known as our Scope 1 and 2 emissions. Although these emissions represent only 4% of a Strategic Site's total carbon footprint, this is the area where we can demonstrate that we are 'getting our own house in order'.

Performance

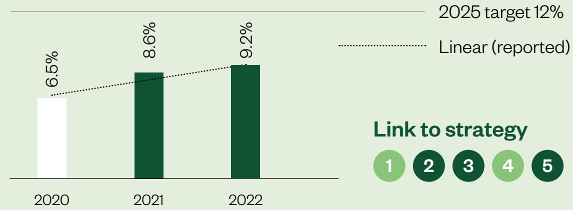
We have set a target to achieve an annual reduction of 7% in absolute Scope 1 and 2 emissions as per SECR reporting (tonnes CO2e). This equates to a 35 per cent reduction compared to 2021 data.

We made some progress in the past year towards this target, due to our energy efficiency initiatives on our sites however we didn't go far enough. We will continue to drive down our carbon emissions across our sites to achieve our 2025 target by reducing energy consumption, increasing renewable energy provision and removing gas. We will put a plan in place during 2023 for each asset to get to Net Zero for Scope 1 and 2 emissions by 2030.

Enhance biodiversity

9.2%

Average biodiversity net gain performance across seven sites in delivery



Link to strategy

1 2 3 4 5

Definition

Our commitment to increasing the ecological value on our developments to deliver stronger and more resilient local ecosystems is not new. To demonstrate this we continue to use biodiversity net gain (BNG) as the metric to measure our performance. In 2021 we increased our 2025 target to 12%, above the proposed legislative requirement of 10%, to further stretch ourselves beyond the mandatory minimum.

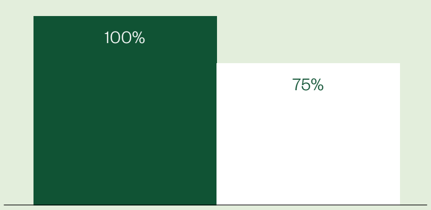
Performance

In the past year we saw a small increase of 0.6% in our average BNG performance across our seven sites in delivery. However, this increase was based on the revised BNG performance at two sites only – Waterbeach and Wintringham – where we submitted a Reserved Matters Application which included detailed habitat and landscape designs for the relevant key phases. When considering the average for Waterbeach and Wintringham only, the BNG score shows better performance having increased from 7.2% to 9.2% over the past year.

Health and wellbeing

75%

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



2025 target

2022

Link to strategy

1 2 3 4 5

Definition

Good health and wellbeing is essential to our placemaking and community building activities. To obtain a sense of how we were meeting this ambition, we identified the Quality of Life Foundation as our partner to develop and deliver a robust pilot survey at three of our sites in 2020/21 – Houlton, Alconbury Weald and Priors Hall. The target is to then rollout to other sites with over 200 homes occupied and revisit on each site every two years.

Performance

In the past year we have received the findings from the three pilot surveys, which were refined and subsequently disseminated across the business for inclusion into business planning and community development activities for 2023. A key finding from the pilot survey was that 100 homes was too low a threshold to provide a good sample of responses so this has now been increased to 200 homes and hence why no further surveys were conducted in 2022.

Employee engagement

91%

Measure of employee engagement

Key indicator	Question	Response favourability		
Pride	I am proud to say I work for U&C	93%	6%	1%
Care	I care about the future of U&C	96%	3%	1%
Longevity	I would still like to be working at U&C in two years' time	89%	7%	4%
Advocacy	If asked, I would recommend to friends and family that U&C is a good place to work	89%	10%	1%
Endeavour	Working for U&C makes me want to do the best I can	88%	11%	1%

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

Link to strategy

1 2 3 4 5

Definition

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

Performance

93% of employees took part in the survey and we achieved a top quartile engagement score of 91% earning an Outstanding Workplace Award from People Insight.

> We are committed to our core values and to working through the challenges ahead, recognising the opportunities and emerging stronger.

ROBIN BUTLER —
MANAGING DIRECTOR

Growing in both scale and diversity

This year has tested our operational and delivery model like no other. The business has continued to grow in both scale and diversity, in rapidly changing market conditions, whilst maintaining both the quality of project delivery and the discipline of prudent governance.

The Urban&Civic business model, established in the teeth of the Global Financial Crisis, contemplated that large scale, long dated projects would face many challenging economic conditions and variable planning systems during their lifecycle. It also recognised that to be commercially sustainable and "best in class" the business needed to be fully scalable and always maintain a resilience in delivery and quality. This year has both tested and proven the importance of this approach once again.

Planning and global economic uncertainties have stretched the patience and supply chains of customers and suppliers alike.

As an established long term partner, regular and open conversations with all our stakeholders have enabled our teams to continue to progress planning applications and agree both strong land sales and sensible construction pricing and we are grateful to all involved for their calm heads and continuing commitment.

In relation to land sales, the oven baked nature of our serviced parcels on either licence deals or a sale basis have continued to prove attractive to customers across the spectrum of housebuilders. We have concluded transactions from the largest of quoted builders to a number of small private SMEs. The state of uncertainty in the planning system has created a shortage of permissions and we anticipate that, as the market further tightens, delivery by housebuilders on our sites will become an increasing percentage of their overall land budgets.

SEEING IS BELIEVING

An Away Day in In-tents conditions

The 2022 Employee Away Day was the first two day full team event since 2019.

Building on the success of the 2019 Manchester Away Day, the 2020 online 'In Day', and the 2021 Houlton One Day Event, Johanne Thomas and Katie Yates were once again tasked with leading the coordination and delivery of the day with assistance from across the business.

Held at Waterbeach, with over 100 people in attendance, the Employee Away Day brought together employees from across the business. Being based lakeside, in a substantial tipi, the venue gave employees an opportunity to view some of the key public open space and ecology works that were taking place on the site in readiness to welcome new residents.

Day 1 key themes included sustainability interspersed with wider business and finance messaging and a Waterbeach site update, along with a lively housebuilder discussion panel including Cala Homes, Stonebond and Morris Homes.

As ever, the in person sessions were interspersed with creative videos and employee participation activities. Based on the Krypton Factor TV show, teams competed in observation, physical, intelligence, mental agility and response rounds to win points for their team.

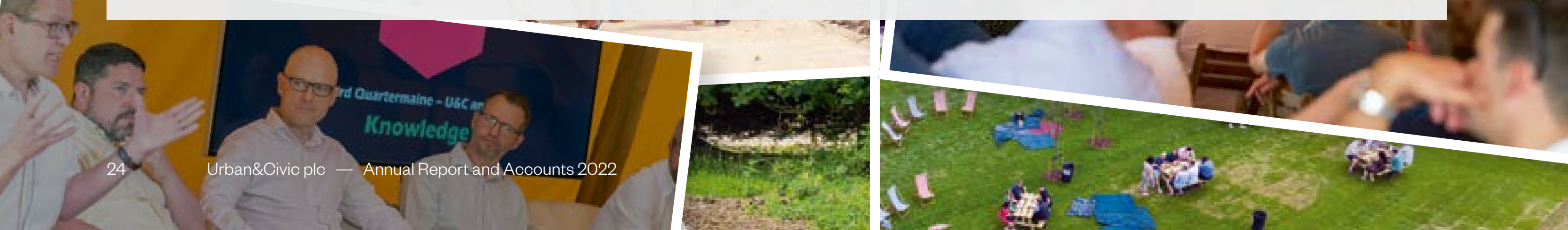
The second day was all about health and wellbeing with a range of activities on offer for employees to try. From the stand-up paddleboarding and getting to grips with the repurposed onsite military assault course, to the more genteel with yoga and mindfulness and watercolour classes with a local artist.

Given the outdoor venue, the team were particularly impressed that the working group managed to arrange wall to wall sunshine for both days in September.

Link to values: Passion, Partnership

Link to sustainability capitals: Social, Natural

www.urbanandcivic.com/media-library/case-studies/away-day-tents-conditions/



SEEING IS BELIEVING

Urban&Civic and Catesby come together in the new office at Houlton

www.urbanandcivic.com/media-library/case-studies/urbancivic-and-catesby-come-together-new-office-houlton/

The market positioning and acknowledged quality of our sites in delivery have also retained their prime location attraction for home owners and we have seen continuing strength in reservations and sales, with a consequential material uplift in both house and land prices. Since the summer reservation levels have softened in line with national market trends and mortgage rate volatility but so far land pricing has remained firm and construction price increases have thankfully shown signs of moderation.

As part of our commitment to innovation, we completed our first parcel of 38 volumetric MMC (Modern Methods of Construction) houses this year, with TopHat delivering under our Civic Living brand at Houlton. Whilst the delivery was challenging, it is clear there is a future for this process and product especially for self-delivery of future build to rent parcels.

Housing delivery numbers remain a natural market focus but the increasing maturity of our sites has also witnessed marked growth in the range of the commercial and community offer. At Alconbury both MM Foods and Cambridgeshire County Council have sought more space and David Lloyd have commenced delivery at Houlton. Local centres at Priors Hall and Houlton are now well established and at Alconbury we have commenced delivery of a new Co-op store with additional plans for Wintringham's local centre in progression.

Recognition for the increasing number of schools on site has been particularly rewarding with both the Houlton School and Wintringham Primary Academy winning several national awards. We are committed to working with our partners to deliver the very best schools and where possible we are keen to take on the procurement and delivery risk in doing so.

The increasing maturity of sites also requires the evolution of our Communications, Community and Partnerships function in creating management structures which will be self-sustaining for the longer term. This emerging independence is already noted at Priors Hall and, as we look ahead to the future when we will ultimately step back from a completed site, we are seeking to understand and refine our approach.

Our forward pipeline of sites remains strong but the planning uncertainties have undoubtedly slowed Local Plan processes as Local Authorities have paused to see where and how the government settles with housing targets. The continuing progression of Baldock, Manydown and Hinxton are notable exceptions to this trend. We believe that, whilst this wider pause has delayed the pipeline, the logic for large site delivery in Local Plans will only strengthen when they resume. Rowan Moore's recent article in the Observer was testament to the "seeing is believing impact" of our sites in delivery and has already triggered a number of wider local authority conversations.

Catesby has had another strong year which predominantly reflects a realistic and targeted site selection as opposed to the more scatter gun approach of competitors. We were also delighted to welcome the Catesby team to their new office at Houlton which has strengthened integration but also provided the distraction of Tuning Fork cakes on their doorstep.

The absorption of the Farmcare business and other assets following their transfer from Wellcome last year has demonstrated the team's ability to adapt and effectively manage new sectors. During the year, we not only carried out a detailed review of the portfolio, identified assets with long term development potential but have successfully contracted for the disposal of those assets that are clearly best suited for ongoing agricultural use. Our team are also working alongside the estate managers to maximise the farming income from the residual land as part of our commercial activities.

One year on from our acquisition by Wellcome, our corporate structure continues to perform well with the board, management committees and employee representation providing visibility and a voice throughout the business. Good and effective governance remains a core focus and we have further strengthened our approach to risk management and issues like GDPR as well as seeing new appointments joining the business dedicated to health and safety and sustainability.

Internal communications remain strong with All Staff briefings happening every two weeks, a triumphal and informative Away Day by the lake at Waterbeach and a packed learning and development programme. Our employee engagement survey highlighted a very high level of engagement and also gave us a number of areas of improvement which we have been working on. High employee retention in an extremely competitive market is further testament to the approach.

Whilst recent events have taught us that it is not wise to predict too far ahead, the spirit, structure and ambition of Urban&Civic remains undimmed. We are committed to our core values and to working through the challenges ahead, recognising the opportunities and emerging stronger. My thanks to all the team and our multitude of divergent stakeholders for journeying with us thus far.

"One year on from our acquisition by Wellcome, our corporate structure continues to perform well with the board, management committees and employee representation providing visibility and a voice throughout the business.

Growing projects, people and policy

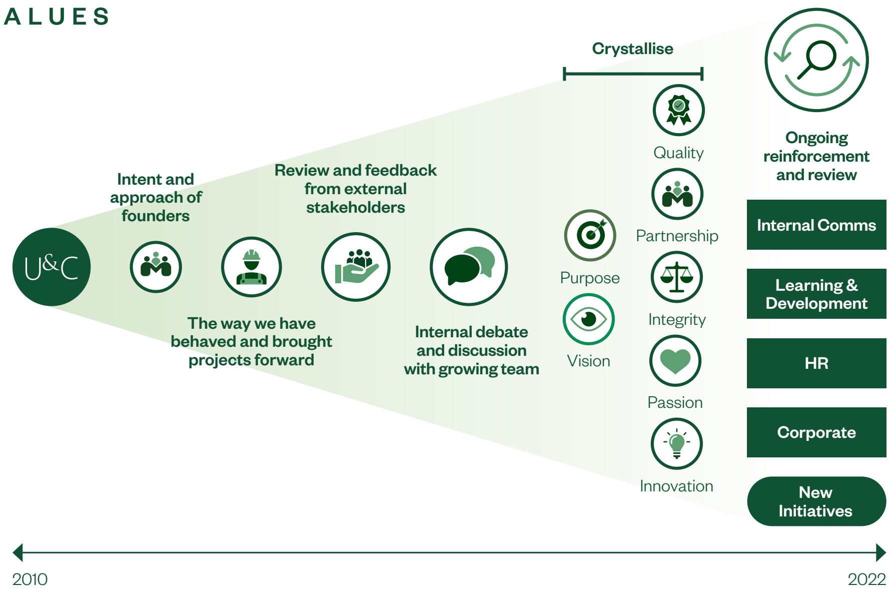
As we have grown, we have evolved the way we work to ensure that both the values and objectives that we set out as a small team to achieve, together with the diversity and scale that we now embody, are harnessed and celebrated.

Over the last 12 years we have moved from being a single asset, private equity backed market disrupter to the leading Master Developer of large scale Strategic Sites as both a Plc and now the wholly owned subsidiary of the Wellcome Trust.

Managing that growth and change in status has been a challenge in itself and we continue to learn and review as we go. These are some of the key lessons we have learned along the way and how we structure things today.

VISION, PURPOSE AND VALUES

We have always believed in doing things right but over the last 12 years we have refined and honed our purpose, vision and values and continue to keep them under review. We seek to embed and test these at every level of the business from inductions to employee surveys and at exit interviews as well as through our actions and our approach. We were delighted that our Engagement Survey showed that we have a 91 per cent employee engagement score which makes us a People Insight "Outstanding Workplace". This year we have continued to innovate with the introduction of our Values Awards, the first round of which have been nominated by the team and handed out in December.



GOVERNANCE

Our governance structure was embedded and refined during our growth as a Plc and was a significant factor for the Wellcome Trust in acquiring the business in 2021. As a private company, we continue to operate according to the WATES principles explained on page 63 and believe that it is important to report in this form each year. Our diverse board has continued to maintain a clear division of responsibilities between the leadership of the board and executive leadership which crucially incorporates views from across the business as well as a top down and bottom up assessment of risk. Board members attend Executive Management Committee meetings further enhancing visibility of issues and opportunities.

STRUCTURE

The three strands to the structure of our business are Strategic Sites, Commercial and Catesby. The core focus of our business has always been as Master Developer of large scale strategic land opportunities which we classify as being over 1,500 units and are within 100 miles of London. We will also consider standalone commercial opportunities on a site by site basis where these form part of a Strategic Site or there is a trading opportunity from doing so. Residual farming operations are also considered as commercial. Catesby operates as a stand alone land promotion business which is a market leader for smaller scale sites under 1,000 units. This structure has allowed us to maintain core focus but deliver market opportunities.

OPERATION

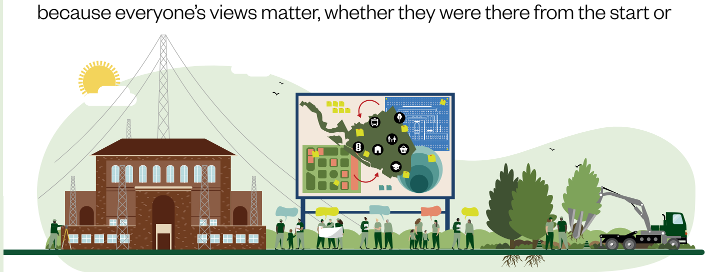
Operationally, our Master Developer teams are organised within knowledge sharing departments (development, project management, Communications, Communities and Partnerships, asset management and corporate finance) with individuals having responsibilities for a specific project or projects. Commercial development projects are managed by individuals within the Master Developer teams but Catesby has its own dedicated team. Farming and estate matters are supported by external managing agents. Our long-standing executive team provide direction, consistency and oversight and everyone is supported by our focused finance and HR teams.

Our structure and commitment to lifelong learning ensures that there is a significant knowledge sharing both within and across departments and within and across strands of the business. This helps with both practical delivery, innovation and crucially the national and local stakeholder awareness necessary to navigate schemes through to delivery.

PROJECTS

Our approach has always been project centred. We believe in crafting great communities which have their own identities based on local character rather than creating cookie cutter replicas in different places. As such, we seek to establish an individual identity for a project early on by understanding the surrounding context, nurturing local landscape and embracing historical references, archaeology and structures.

Engagement underpins our approach throughout planning and delivery because everyone's views matter, whether they were there from the start or became a resident recently. The delivery of green, grey and community infrastructure which is sustainable and supportive of the people, flora and fauna that live there, as well as meeting the requirements of our housebuilding customers, has always been mutually reinforcing.



Reflecting the fact that we will eventually exit once the development is complete, we also seek to ensure that the community develops the knowledge and champions to manage the unadopted community spaces and infrastructure through the management structures we have established.

MORE THAN THE DAY JOB

Our teams work hard but we are also a Company where people have fun, contribute to the communities within and around our projects and can take pride in delivering on our values. From Away Days to Volunteering Days we enjoy getting together as a team and having a clear sense of purpose.






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.

SEEING IS BELIEVING

Youth Games return to the Amphitheatre

www.urbanandcivic.com/media-library/case-studies/youth-games-return-amphitheatre/

Green skills remain a part of the landscape at Wintringham

www.urbanandcivic.com/media-library/case-studies/green-skills-remain-part-landscape-wintringham/

An adventure isn't worth telling if there aren't any dragons in it

www.urbanandcivic.com/media-library/case-studies/adventure-isnt-worth-telling-if-there-arent-any-dragons-it/

Community and heritage at the heart of a new place

www.urbanandcivic.com/media-library/case-studies/community-and-heritage-heart-new-place/

A buzzing community event

www.urbanandcivic.com/media-library/case-studies/buzzing-community-event/

Catesby's commitment to education

www.urbanandcivic.com/media-library/case-studies/catesbys-commitment-education/

Shareholder

As our sole shareholder since January 2021, the Wellcome Trust has been both engaged and supportive. Collectively, we have reviewed and aligned our governance processes, reaffirmed our commitment to Urban&Civic's purpose, vision and values and identified a clear business strategy as well as launched our Sustainability Framework and set out our roadmap to zero carbon. Our board has two representatives of the Wellcome Trust including our Chairman. Following the transfer of the former Farmcare assets from the Wellcome Trust into Urban&Civic we have sold two large estates with proceeds retained for reinvestments. We have also assumed project management responsibilities for the extension of the Wellcome Trust funded Genome Campus at Hinxton. This year we have gift aided £17.1 million to the Wellcome Trust.

EPRA NTA adjusted

£756.9m (+6.7%)

Employees

Our team has continued to grow in size and diversity this year. The HR Information System (HRIS) and intranet have increased the availability of online employee resources and we've had a full programme of learning and development to support our Commitment to Lifelong Learning; topic specific lunch and learns and Mental Health training, our Urban&Civic Stepping up to Management Programme and Parental Coaching. We have continued to broadcast online our fortnightly All Staff Briefings led by our Chief Executive and Managing Director and sharing key updates across the business and our Waterbeach Away Day successfully combined business briefings with employee health and wellbeing. Our volunteering initiative supported three site events where employees engaged in projects to benefit the local communities. Our Employee Advisory Group (meeting four times a year) brings forwards the views of our employees on their employment experience. Our first externally benchmarked employee survey resulted in a positive engagement score of 91 per cent but also gave useful insight for future focus.

% of staff undertaking ten or more hours of non-mandatory training

75%

Customers

We continue to 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. We have completed 9 parcel contracts this year to 8 housebuilders with sales levels remaining strong throughout the year. Following the launch of our Sustainability Framework we have been actively engaging with our customers to promote best practice and explain what we, as Master Developer, are doing. Local Authority stakeholders have also attended a few of these meetings to help them structure Local Plan requirements going forward and a number of our housebuilders also attended our Away Day to brief our team on their approach to sustainability. We continue to hold regular health and safety meetings with our customers and monitor performance.

Plot completions

1,221 (+0.2%)

Suppliers and contractors

Strong relationships with our contractors, consultants and suppliers are built on clear and open communication, regular work flow and timely payment. The long term nature of our projects also establishes relationships which extend over a number of years and the shared knowledge of and commitment to the objectives is key. This has enabled us to navigate the inflationary environment and benefit from more consistent third party costs as we forward plan as well as providing certainty of work flow. We seek to use local companies and suppliers for our projects which means that investment in a project benefits the local economy as well as getting involved with local jobs and skills programs.

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

42 points (representing "excellent")

Partners

Our partners include local authorities, landed estates, Government bodies, Homes England and investment funds. The long term nature of our projects means that they are structured to navigate through changing economic environments which create challenges and opportunities for different partners in different ways. Our partners understand that the uncertainties within the Local Plan environment has slowed the progression of early stage projects whereas for projects in delivery we have worked together, identifying issues and finding opportunities to forward commission work, maximise cash flow and provide more certain shorter term returns.

Property valuation uplift for joint venture partners since start of partnerships

42%

Local communities

Engaging with local communities at every stage from pre planning through to delivery is fundamental to the Master Developer model. Our Communications, Communities and Partnerships team work closely with local residents and stakeholders and this year we asked the Quality of Life Foundation to survey residents on three of our most advanced sites. The findings have helped us refine our approach and alongside additional research we are doing on play areas and hang out spaces. Student engagement has also been key this year with the Houlton School students helping us plan their future district centre and at Waterbeach where we held a "Make your Mark" event, with a range of stakeholder partners, designed to promote the wide range of careers and opportunities available for women in the development, property and built environment industries and to inspire them to follow a career in these fields.

% by total value of direct contracts placed with local contractors

47%

Government

Throughout the year, we have worked with the Government, its agencies (like Homes England and Natural England), combined authorities, county councils and local authorities. Via presentations, site tours, consultation responses and just generally working together, we have sought to show how the delivery of large scale Strategic Sites can address both housing need as well as the inherent concerns about schools, health centres, community facilities, infrastructure and landscape. Given the changes and uncertainties that we have all faced, the trusted relationships we have established have been particularly important this year.

Number of site visits hosted by Urban&Civic

79

Maturing framework that can accommodate new projects

Risk signpost

Board risk oversight

pages 76 to77

Audit Committee activities on risk framework and internal control

page 72 to 73

Principal risks

pages 34 to 39

Risk environment

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

- a significant proportion of the Group's operations facilitate regional housing development and delivery in the UK;
- housing markets, and therefore land markets, are typically cyclical;
- Urban&Civic's customers (housebuilders), and the housebuilders' customers (homebuyers), are influenced by mortgage availability, job security and disposable income (amongst other matters) when deciding to buy (or build) homes;
- the political environment surrounding residential delivery is often in a state of flux, particularly in respect of planning consents, which is heavily influenced by planning policy, which is set by Government and implemented by Local Authorities;
- 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 not only land availability (which tends to be more evident in times of distress), but also our in-house skillset meaning that a high quality and stable workforce is a key part of Urban&Civic's business model; and
- disrupting factors, such as the war in Ukraine, Covid-19, as well recent increases in interest rates, materials prices and energy charges, 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 delivers its strategic objectives (on behalf of its stakeholders) through operating a Board-led risk management framework that:

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

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, SSG, SMC, CDC, NSC, Catesby and Farmcare), employees, joint venture partners and third party consultants (such as Bidwells – Farmcare, The Final Step – IT and Systems Concepts – health and safety)

Control

Design and implement mitigation: Executive Directors and EMC

Embedded through: Subcommittees (SDC, CDC, NSC and Catesby and Farmcare), employees, Joint Venture Boards and third party consultants (such as Bidwells – Farmcare, The Final Step – IT and RPS Group and Systems Concepts – health and safety)

Test

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

Assistance from: Third party consultants (such as Grant Thornton and Systems Concept – internal auditors and BDO – external auditor)

Review and refine

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

Bottom-up input from: Subcommittees (SDC, SSG, SMC, CDC, NSC, Catesby and Farmcare), employees, joint venture partners and third party consultants Bidwells (Farmcare)

Principal areas of focus in 2022

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

- Board monitored the political and economic environment at each Board meeting. Consideration was given as to the effects of war in Ukraine, Covid-19, as well as recent increases in interest rates, materials prices and energy charges. These reviews considered short, medium and longer term time horizons.
- Board, Executive Management Committee (EMC), and where applicable Business Segment or Joint Venture Boards, reviewed a summary of corporate and project/business segment level risks (including emerging risks) at each meeting, focusing on those risks that exceeded risk appetite or were designated red risks post mitigation. All reviewers had access to supporting risk registers.
- Following the transfer of Farmcare into the Group by the Wellcome Trust, Farmcare's risk management framework (including their risk reporting structure) was realigned to Urban&Civic's. Separate consideration of risk papers is undertaken by the Farmcare Business Segment Board (which is attended by our third party farming managers, Bidwells, as well as expert consultants) prior to review by the EMC and Board. Kings Langley, another farming asset transferred to the Group by the Wellcome Trust during the year, is also included within this review.
- The subcommittee structure continues to expand (with the addition of the Baldock and Hinxton sites in the year). Although the same processes and procedures are adopted for any new site, there may be additional governance through further reviews by Joint Ventures Boards or other management boards (which will be the case with Baldock and Hinxton). These additional reviews help to provide another point of view and can lead to further improvements to the Group's risk management framework (which has been notably the case with the Manydown project, where Local Authority involvement has resulted in a more detailed review of political risk).
- The new heatmap format (which includes further subdivisions of the external environment and operations risk areas) was introduced at the end of last year. This clearer presentation has resulted in more focused discussions and a better analysis as to how the risks have moved in the period under review.
- Audit Committee continues to oversee the internal audit programme (carried out by Grant Thornton and Systems Concepts – Farmcare health and safety), with four internal audits being undertaken during the year (health and safety, project management, budgeting and forecasting and IT general controls). The Audit Committee agreed the scope for each audit and the Wellcome Trust's own inhouse internal audit department will, in the future, be consulted before scopes are finalised.

Principal areas of focus in 2022 continued

- Audit Committee agreed the internal audit plan for 2022/23, 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 2022/23 programme will see sustainability, purchase to pay, governance and Farmcare reviewed by Grant Thornton or Systems Concepts.
- Audit Committee reviewed and commented on the framework underpinning the Executive Directors' assurance on internal controls. This review included oversight of the Group's '3 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.
- Head of Health and Safety at Urban&Civic and third party consultants (RPS Group and Systems Concepts) continued to be employed to oversee periodic reviews of the health and safety practices at the Group's sites and offices.
- A dedicated Head of Sustainability has been appointed in the year to manage the Group's approach to sustainability and ensure it complies with all applicable laws and regulations as it continues to implement current and emerging best practices.
- Continuation of employee induction programmes, Away Days and Learning and development have helped to reinforce the Group's risk appetite and frameworks.

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 page 33).
- Risk heatmap (see below).
- Risk register overview commentary and table – which highlights the principal risks across the Group, the changing risk profiles and emerging risks over time. This also highlights risks that exceed the risk appetite.
- Risk registers (and associated scoring matrices) – encompassing top-down risk registers, project/business segment risk registers and corporate risk registers (including separate health and safety, tax risk and cyber registers and a non-project register that captures the remaining corporate risks).
- 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.

There have been no changes to the divisions and subdivisions of the risks in the current financial year, allowing for greater comparability. The Group's appetite across all key risk descriptions (into which all risks are classified) has also remained unchanged since last year, which given the Group's long-dated model, is in line with expectations.

Risk after mitigation

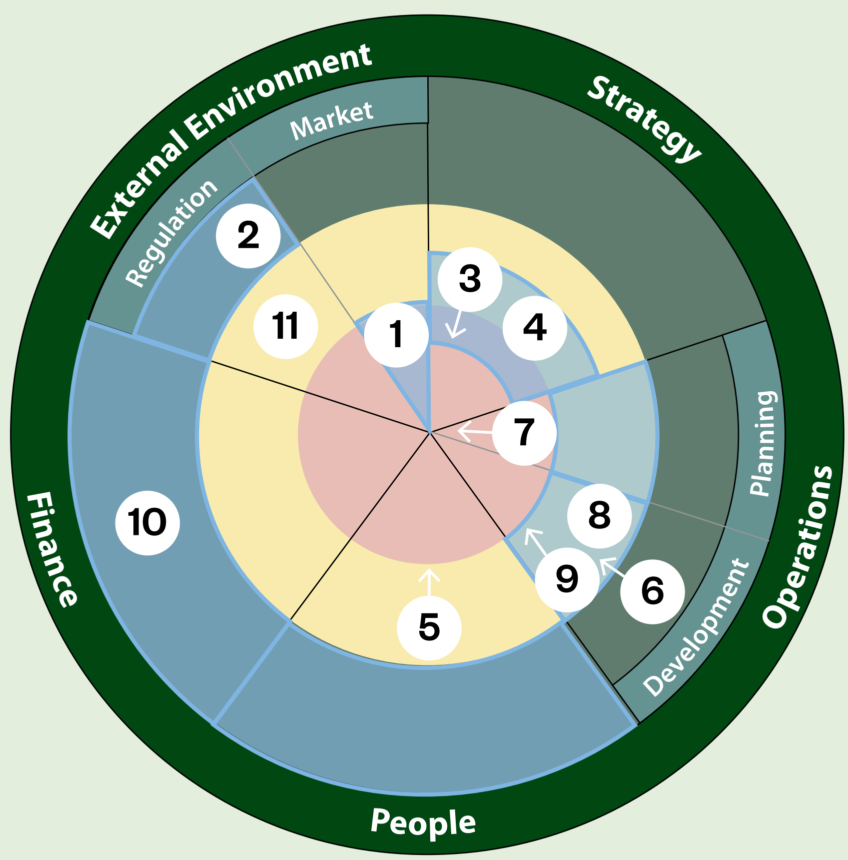
High   Medium   Low

Movement in the year

Risk appetite attaching to risk area

Key

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



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, plan and evolve its business model and operations to accommodate emerging relevant legislation and regulations.	
Operational strategy		Pursuit of incorrect operational strategies could lead 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, in 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 non or limited 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 highly competent workforce; ensuring a succession plan is in place.	

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 Sustainable quality

4 Identify opportunities

5 Deliver returns

Read more on our strategy pages 18 and 19

Risk rating after mitigation:

Low

Medium

High

Change during the year:

Increase in risk

No change

Decrease in risk

N New risk

Read more on our KPIs pages 20 and 21

External environment

R1. Market risk (including political environment)

Strategic objectives 1 2 3 4 5

KPIs EPRA NTA; Cash flow generation from plot completions; Gearing – EPRA NTA; carbon footprint; enhance biodiversity; health and wellbeing.

Impact of risk

The business model may be affected by external market factors such as the war in Ukraine, Covid-19, Brexit and other economic conditions as well as the property market, international events and UK political and legislative factors, for instance climate change, tax or planning policy. Adverse movements in these external market factors increase the risk of lower stakeholder returns, although investment opportunities may be more evident.

Controls and mitigation/action

- Strategy and 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.
- Sales contracts with contractual annual minimum receipts in respect of the Group's most prominent segment: strategic land.
- Upfront land parcel sales at a full premium in periods of high expenditure (ensuring receipts are contracted ahead of cost commitments).
- Prior to investment, detailed due diligence and financial appraisals are carried out and flexed to establish the financial outcome on a downside-case basis.
- Close monitoring of exposure to single counterparty.
- Business plan (one-year) and rolling long-term cash flow forecasts (one, two, five and ten-years) with sensitivity analysis are maintained.
- Ongoing monitoring with the assistance of appropriate professional advisers (tax, accounting, regulatory and legal).
- Other tenures (such as Build to Rent) to help compensate for any falls in private housing market demand.
- Forward sales contracts.

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.
- Variable crop prices (in respect of farming operations).

Movement description

- The UK's political and economic environment has recently witnessed prime ministerial and cabinet changes, significant inflation, exchange rate reduction and interest rate rises. Although the impact of Covid-19 and Brexit is now better understood, the war in Ukraine remains a disrupting event, although our Farmcare operations benefited in the year (as grain prices hit record highs).
- Market risk factors underpin many of the shorter term risk focus areas previously highlighted.
- Farming operations have benefitted from high crop prices and farm land prices during the financial year (reflecting strong demand).

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

Operational strategy

R2. Regulation and compliance

Strategic objectives

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

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

Impact of risk

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

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. This includes internal and external auditors.
- Calendar/diary of important dates is maintained.
- Key reports and announcements reviewed in draft by the Board/Audit Committee.
- Learning and development and continuing professional development undertaken.
- Regular Board/Audit Committee updates and training on regulatory obligations.
- 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

- The transfer of Farmcare by the Wellcome Trust to Urban&Civic means that Urban&Civic now needs to comply with UK farming regulations in respect of these operations. The Wellcome Trust's historic expert consultants in farming have been retained to ensure this takes place. A significant proportion of farming operations were sold post year end (see post balance sheet events note on page 118).
- Internal auditors reviewed the key processes and controls for development project management, budgeting and forecasting, health and safety and IT general controls. All reports were rated 'amber' or better.
- External auditors performed additional testing on processes around revenue recognition as required by new auditing standards (ISA 315, which is not required to be fully adopted this year).
- Sustainability (ESG) regulation continues to evolve quickly, although employment of a Head of Sustainability in the year has helped to manage this important and increasingly significant area.
- Governance checklists help ensure compliance with legislation.
- Ongoing use of electronic 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 remained at last year's banding and within risk appetite.

R3. Strategic risk

Strategic objectives

1 2 3 4 **5**

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

Impact of risk

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

Controls and mitigation/action

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

Typical risk indicators

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

Movement description

- Land acquisitions are currently challenging, as discussed elsewhere in this section.
- Reduced profitability of the housebuilders may cause Urban&Civic to review serviced land sales strategies if bid pricing is not maintained or bettered.
- There is a potential reduction in the quality of SME customers following several private equity takeovers in this area and current economic conditions.
- Credit worthiness and concentration risk of customers and contractors will need monitoring given current market volatilities.
- Contract tendering strategies are under review given the inflationary environment.

The risk rating has increased from green to amber although it remains 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; Large site discount; Plot completions; Cash flow generation from plot completions.

Impact of risk

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

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.
- Lost bids.
- Low rates of return.

Movement description

- Pre Covid-19 trend of increased competition from institutions entering the Master Developer space appears to have abated in recent months.
- Recent buyouts of land promoters by housebuilders and private equity might increase competition for Catesby, however there has been no evidence to date.

The risk rating 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; Cash flow generation from plot completions; employee engagement.

Impact of risk

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

Controls and mitigation/action

- Dedicated Head of HR.
- The Group offers competitive remuneration packages including both long and short-term incentives, which are 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 employees feel they are contributing to the success of the Group.
- Nomination and Governance Committee, and Board review succession planning.
- Appropriate notice periods to minimise disruption.
- Adequate resourcing.
- Performance reviews with a development focus.
- 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 an elevated focus within the Group).

Typical risk indicators

- High or increasing employee turnover.
- Critical appraisal or exit interview feedback.
- Negative comments fed back through either the EAG or employee surveys.
- Complaints or grievances.
- Absenteeism or underperformance.

Movement description

- The 'cost of living crisis' is cause for concern amongst employees.
- The transfer into the Group of Farmcare and the agreement with the Wellcome Trust to project manage the development of the new science campus at Hinxton could mean that human resources are spread too thinly, which may result in increased workloads for existing Urban&Civic employees; especially if recruitment proves challenging in the current environment.
- The active EAG, competitive remuneration, succession planning, performance reviews, recruitment and training will all be used to bring the risk within appetite.

The risk rating has been increased from green to amber banding. It is now above 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.

Reduced operational capability.

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.
- Mobile Data Management on all devices.
- USB devices/ storage media now outlawed.
- Internal audit of IT general controls undertaken.

Typical risk indicators
- Server downtime.
- Loss or corruption of data.
- GDPR complaints/penalties.
- Volume of IT support calls.
- Increased volume of attempted 'hacks' or phishing communications.
- Ransom demand.

Movement description
- More frequent cyber-attacks and phishing emails.
- Hardware and software cyclical upgrades completed.
- Data recovery processes tested in the year.
- Vulnerability testing undertaken 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 remained at last year's banding and within risk appetite, albeit the rating has increased.

R7. Planning risk

Strategic objectives
1 2 3 4 5

KPIs EPRA NTA; Cash flow generation from plot completions.

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

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

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 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
- Difficulties in the planning system (and mitigations) are explained above and identified as a near term area of focus.

The risk rating has been increased from amber to red banding. It is now above 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; Large site discount; Plot completions; Cash flow generation from plot completions; health and wellbeing.

Impact of risk

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

Controls and mitigation/action

- Dedicated Head of Health and Safety.
- Review in the year by third party internal auditors (Grant Thornton and Systems Concepts).
- 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.
- 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.
- Board adopted and monitored policies and procedures.
- Safety log (internal whistleblowing policy).

Typical risk indicators

- Incidents (reportable and non-reportable), including near misses.
- 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 policies and procedures).
- RPS Group role (around health and safety reviews/site audits and general advisory) now established.
- Induction process for new employees includes health and safety matters with health and safety booklet periodically issued to all staff.
- Bidwells have been retained to manage Kings Langley and Farmcare's farming and property activities, providing expert operational farming expertise.
- Third party internal auditor reviews (Grant Thornton and Systems Concept) in respect of health and safety have provided additional assurance to the Executive Directors, Board and Audit Committee.
- 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; Cash flow generation from plot completions; carbon footprint; enhance biodiversity; health and wellbeing; employee engagement.

Impact of risk

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

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 (including procurement).
- 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.
- Delay delivery if economic conditions are not favourable.

Typical risk indicators

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

Movement description

- Due to high inflation rates and supply chain issues, the Group is facing an increased likelihood that project delivery could be delayed. Difficulties in delivery (and mitigations) are explained above and identified as a near term area of focus.
- Third party internal auditor reviews in respect of project management have provided additional assurance to the Executive Directors, Board and Audit Committee.

The risk rating has increased from green to amber but remains 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 Cash flow generation from plot completions; carbon footprint; enhance biodiversity.

Impact of risk

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

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.
- Review of principal terms of prospective loans prior to documentation.
- Ongoing monitoring of covenants/requirements to ensure compliance.
- Investment funding from the Wellcome Trust (subject to the usual permissions and appraisals).

Typical risk indicators

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

Movement description

- Further land parcels sold in the year as well as contracts entered into for the disposal of two farming assets for a consideration in excess of £100 million (sales completed post year end).
- All due contractual minimums and deferred sales receipts from housebuilders have been received in the year.
- Increased headroom in respect of corporate facility.
- The Wellcome Trust acquisition provides Urban&Civic with faster and more reliable route to investment funding (subject to the usual permissions and appraisals).
- Third party internal auditor reviews in respect of budgeting and forecasting have provided additional assurance to the Executive Directors, Board and Audit Committee.
- Covenant compliant on a look-back and look forward basis.
- Manchester New Square loan facility extended two years post year end.

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

External environment

R11. Climate change risk

Strategic objectives

1 2 3 4 5

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

Impact of risk

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

Controls and mitigation/action

- Developing a Net Zero plan with delivery milestones.
- 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.
- Embed the Sustainability Framework (with its clear metrics) to ensure business wide compliance and continuous improvement.
- Work with housebuilder customers and other third party stakeholders to direct influence and encourage consistent and congruent stakeholder best practice.
- Identify, interrogate and trial innovations and then promote and adopt where they make a difference (modular housing for example).
- Recruitment of a sustainability support team and create network of sustainability "champions" across the business.
- Horizon scanning for future expected legislation, regulatory controls and industry best practices.
- Plan for greater number of '1 in 100' flooding events.

Typical risk indicators

- Flooding.
- Heat damage to structures and overheating discomfort in extreme temperatures.
- Community complaints.
- Reduced sales levels.
- Regulatory costs, challenges or fines.
- Negative press comment and public perception.
- Premature obsolescence of buildings and infrastructure.

Movement description

- Head of Sustainability recruited during the year and additional sustainability resource to support implementation and data gathering for the business being recruited.
- Sustainability Framework finalised and launched setting out strategy, commitments, Capitals, targets and metrics to be reported against annually.
- Supporting Carbon, Biodiversity and Health and Wellbeing toolkits finalised and issued to key consultants and contractors only.
- Progress against all sustainability targets and metrics reported through each SDC and specific actions embedded in Business Plans for 2022/23.
- Metric performance verified annually by third party (Hoare Lea).
- Initial map to Net Zero report issued (Scope 1 and 2). Expanding to Scope 3.
- Draft carbon budget for each Strategic Site issued along with draft Carbon Management Framework setting out process to implement data capture and reporting process in the business. Carbon sequestration benefit of retained and new trees and habitats on each Strategic Site measured.
- Biodiversity Net Gain (BNG) measured on all sites using Defra 3.1 metric (the proposed methodology to demonstrate compliance with the mandatory BNG target in the Environment Act 2021) to understand performance and opportunities for future Strategic Sites.

Due to the increasing legislation and growing stakeholder sentiment (that is seeking real improvement in company sustainability credentials), this risk has been held at amber, which is above risk appetite.

Risk rating after mitigation:

Low Medium High

Change during the year:

Increase in risk No change Decrease in risk N New risk

> "Urban&Civic's commitment to sustainability permeates through everything the business does and critically, to deliver great places that meet the ambitious sustainability goals that are set in the Sustainability Framework.

RICHARD QUARTERMAINE —
HEAD OF SUSTAINABILITY

Formalising our approach to sustainability

Doing the right thing, responsibly

During the last 12 months we have been able to move our corporate sustainability strategy from governance and structure planning into direct and impactful implementation. Underpinning our approach to sustainability is the need to respond to the interrelated universal challenges of climate change, biodiversity loss and improving health and wellbeing in society coupled with addressing the UN Sustainable Development Goals at the local level. We operate and subsequently report performance in accordance with our established five sustainability Capitals – Physical, Social, Economic, Natural and Human – where we have set an overarching objective for each. These Capitals ensure that we address sustainability in its broadest sense within everything we do at U&C and that objective setting provides us with the confidence that we will help deliver additional long-term value for the business, our stakeholders, wider society and the planet.

Our approach to sustainability took a significant step forward in 2021/22 in two notable ways. Firstly, we publicly launched our Sustainability Framework which formalises our long-term strategy and commitments against which we will demonstrate our performance on an annual basis. Secondly, we appointed U&C's first Head of Sustainability, Richard Quartermaine, who is providing the dedicated lead on the implementation and evolution of the Sustainability Framework and will continue to embed sustainability even further throughout the business. An introduction to our new Head of Sustainability and key priorities for the role are explored through the Q&A on page 43.


In partnership with
NEWARK &
SHERWOOD
DISTRICT COUNCIL
BROM
01
02
03
04
07
08

Doing the right thing, responsibly continued

This year we have undertaken extensive analysis to further understand our impact and improve performance against our universal challenges. As more evidence of a changing climate is presented, both in the UK and globally, understanding our carbon footprint and how we reduce it has continued to be a critical focus. This has been amplified by the necessary contribution that we need to make to reduce our energy consumption and improve energy security for all in response to the European energy crisis and increased cost of living affecting our residents and tenants. We have made great strides in understanding the positive impact we can bring in restoring biodiversity and have started to empirically measure our contribution to health and wellbeing across our development sites. This work is showcased on the following pages.

We have taken a different approach in our reporting this year in that much of the analysis and discussion of performance is set out on our website (https://www.urbanandcivic.com/sustainability/) with only the key highlights and core focus areas contained here. We have again ensured the data and our performance against each metric has been independently validated and confirmed.

SEEING IS BELIEVING

The launch of our new Sustainability Framework

We were proud to publicly launch our Sustainability Framework in June at Houlton. The framework formalises our commitment to sustainable business practices and continuous environmental and social improvements across our portfolio. It provides a set of minimum standards for the business to meet and set out our long term ambition to achieve sustainable excellence. An initial five-year horizon with targets set for 2025 will enable the evaluation of our strategic sustainability performance and an important step towards our long-term goals.

Journalists were treated to a tour of Houlton, including the award-winning Houlton School, to see how the Sustainability Framework is being delivered. This brought to life how we are responding to our universal challenges of climate change, biodiversity and health and wellbeing and demonstrated the ways in which we are fulfilling our ambitious commitments under each. See the following pages for further insight into these commitments.

We also formally launched our three sustainability "toolkits" which provide detailed design and delivery guidance for our teams to help meet our universal challenges. The Carbon, Biodiversity and Health and Wellbeing Toolkits reflect both wider best practice and our more specific experience to date, using our historic successes and lessons learned to support our development activities going forward. The toolkits set the standard we expect to see in the development of our sites and act as an immediate guide for our employees, consultant teams, contractors and other stakeholders. The toolkits aren't intended to be static and will evolve to capture future innovation and technology to enable us to maintain our high quality approach to sustainable development. Whilst the toolkits are not public documents, they are issued to our consultants, contractors and others who we are working with.

Our Sustainability Framework

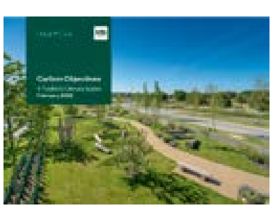
Universal Challenges

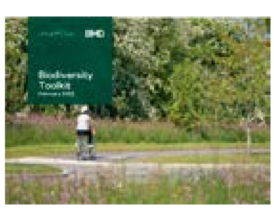
UN Sustainable Development Goals (SDGs)

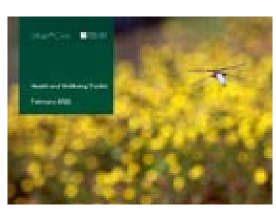
Sustainability Capitals

Sustainability Governance

The Journey Forward







The launch was coupled with the 'go live' of the revamped sustainability section of the website which provides a clear, distilled summary of the Sustainability Framework and reports progress against each Capital and corresponding Action Area. The website provides a detailed account of performance for each sustainability metric in 2021/22 and is intended to be complementary to the results presented here.

Download the full report at:
https://www.urbanandcivic.com/sustainability/

Q&A with our new Head of Sustainability

SEEING IS BELIEVING

Sharing sustainability knowledge at Houlton

www.urbanandcivic.com/media-library/case-studies/sharing-sustainability-knowledge-houlton/

This year saw the appointment of Richard Quartermaine as the Head of Sustainability at U&C. We posed some questions to him to get his insights into this new position for the business and the journey ahead.

Q. After a number of years working in the commercial sector, why did you decide to work in the residential sector?

A. I switched sectors because I am passionate about the need to build good quality homes and communities that are also sustainable environmentally, socially and economically. It is essential to do this if we want to meet global and national climate goals and the needs of society. I therefore wanted to apply my skills and experience to make a difference in this sector.

Q. What attracted you to join U&C?

A. U&C are the leading master developer and have demonstrated an impressive record to date of delivering long-term sustainable developments. With the formulation of the Sustainability Framework and Toolkits and bold future commitments, it was a great opportunity to lead the realisation of these ambitions with the backing of a business dedicated to doing the right thing.

Q. What key challenges and opportunities does the sustainability agenda present to U&C?

A. U&C have already identified the universal challenges of climate change, biodiversity loss and the health and wellbeing crisis as being material risks to the business, the residential industry and wider society.

There are also future challenges we need to be cognisant of such as water availability and climate resilience, which we are addressing and mitigating their potential impacts. Our approach to sustainability is another way we can demonstrate our commitment to delivering high quality places and this in turn adds value to what we do at a number of levels. In addition, our approach to low carbon design and resource efficiency does offer us the opportunity to help rationalise infrastructure provision and reduce energy demands meaning there is a financial advantage too.

Q. What are the key aspects of your role?

A. U&C have already put sustainability firmly on their agenda and developed an ambitious long term strategy. It's now about delivering sustainable residential development based upon the corner stones the business have already put in place. Although I will be directing and leading the delivery against the U&C commitments, everyone in the business will be required to contribute and my role is to support this from a technical, behavioural and cultural perspective. In addition, horizon scanning for new industry best practice and disseminating it across U&C is also key to ensure we are continuously stretching ourselves and being ambitious and innovative.

Q. How are you working with U&C's partners and housebuilders?

A. Engagement on sustainability is critical with our partners, local authorities, supply chain and housebuilders to deliver our committed outcomes. An example of this is working with our consultant teams and contractors to help develop our carbon management framework during the past year, because we recognise they will be a critical part of the implementation process and will provide the data we need to assess and report against our carbon footprint.

Working with housebuilders to understand mutual challenges and how we can work together to achieve better outcomes is also important. We are therefore hosting a housebuilder sustainability forum every six months with some of our key housebuilding partners to understand progress being made and to explore how we can help them move faster on this agenda.

Q. What are your priorities for the year ahead?

A. U&C recognise the severity of the climate challenge and therefore we are developing a plan towards being a Net Zero business by 2040 (Scope 1, 2 and 3). This requires significant action to reduce our carbon emissions. We have undertaken a lot of work in the past year to measure our carbon footprint across all sites, set that benchmark and then determine how we can reduce it. We need to further embed this work in the business and ensure it's reflected in all decision making. This includes looking at how resilient U&C are to the physical and transitional risks posed by climate change on our sites and within the wider business strategy.

Another priority is to continually engage employees and our supply chain to develop the culture of sustainability so that it becomes second nature in everything we do, akin to our health and safety culture. We will do this through the establishment of sustainability champions across the business, regular performance updates and including sustainability in project business plans and business unit performance reviews.

Now that we have launched the Sustainability Framework we need to continue working towards our 2025 targets and that will be a focus for the year ahead.

Our sustainability performance: a review

Our Sustainability Framework is structured around Five Capitals that are the key opportunity areas for the business to potentially make a positive difference on society. The Capitals were developed following deep analysis of our core business values, objectives and risks, our engagement with key stakeholders and our approach to community engagement. The Capitals model promotes a holistic and interdisciplinary approach to sustainability by the business and our supply chain.

Each Capital sets a headline objective relevant and critical to U&C and which steers us in our strategic approach to sustainability. This is explained opposite. Beneath each objective sits three specific Action Areas which represent both opportunities and challenges for us and are supported by detailed performance targets and metrics to enable ongoing measurement, reporting and validation which in turn leads to lessons learned and continuous improvement. Headline performance against the targets is reported here with further analysis and commentary on our website.

Read more on our approach to sustainability and environmental outcomes via our website:
www.urbanandcivic.com/sustainability

Physical

Objective

NET ZERO CARBON

The Physical Capital relates to the community and commercial buildings as well as green, grey and blue infrastructure that we retain and manage.

Action areas

- Carbon footprint
- Resilience
- Connectivity

Why it matters

'Net zero' is reached when the amount of greenhouse gas released into the atmosphere is no more than the amount removed. In response we have put a strong emphasis on reducing the whole life carbon footprint of our Strategic Sites in line with a Net Zero approach by 2040. This will be achieved through the minimisation of embodied carbon in the design and construction of infrastructure and buildings, a flexible energy strategy prioritising highly efficient sources to reduce operational carbon and the deployment of renewable energy to future-proof our sites. Our visionary design guides for the physical works we obtain planning consents for support this objective by focusing on increased sustainable transport and water resilience through our master planning design activities.

Key highlights

5%

2025 target 35% -7% per annum

reduction in absolute Scope 1 and 2 emissions as per SECR reporting compared to 2020/2021 data

134

2025 target 90

litres of water consumed per person per day in all new properties constructed from October 2021

99%

2025 target 100% – reducing to 95% in 2022/23 to reflect absolute nature of target difficult to achieve in practice

of all occupied buildings constructed within 200m of a high-quality cycle way as specified by SUSTRANS

Social

Objective

VIBRANT COMMUNITIES

The Social Capital relates to the networks of relationships amongst people and the role of placemaking in the integration of our communities.

Action areas

- Placemaking
- Engagement and consultation
- Community investment

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.

Our vision for creating vibrant communities begins with the master planning and the embedding of social space within the built form and delivering health and wellbeing opportunities from the outset. This is continued through the building phase by baking in a set of measurable goals that we expect all our contractors to respond to and then validating our effort with those who pick up the baton of the community from the time of occupation.

Key highlights

85%

2025 target 100% – reducing to 95% in 2022/23 to reflect absolute nature of target difficult to achieve in practice

of homes are within 300m linear distance (five minutes' walk) of a publicly accessible green and blue space which is at least 2 hectares in size

42

2025 target 39

average scored by contractors employed by Urban&Civic under the Considerate Constructors Scheme (CCS) scheme, representing "excellent"

100%

2025 target 100%

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

Economic

Objective

The Economic Capital relates to the long-term viability of our organisation and the Strategic Sites we retain and operate.

Action areas
- Good quality employment
- Economic inclusion
- Promotion of local economic growth

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.

Within our metrics, we have chosen to focus on key areas including the generation of good-quality employment, contracting with local and regional contractors, collaboration with local small and medium-sized businesses and promotion of agile innovation.

Key highlights

100%

2025 target 100%

of contractors directly employed by Urban&Civic and housebuilders employed under licence paid the Real Living Wage

47%

2025 target 80%

of the total value of direct contracts was placed with principal contractors whose offices are within 25 miles of the site – increasing to 40 miles in 2022/23 to reflect more realistic one hour travel time

97%

2025 target 100%

of Strategic land Sites in delivery have implemented Urban&Civic's six initiatives to actively promote local businesses and start-ups

Natural

Objective

The Natural Capital relates to the protection and enhancement of the environment, both within the local context and through contributing to wider climate and biodiversity challenges.

Action areas
- Enhanced landscaping
- Enhanced biodiversity
- Resource efficiency

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. The re-use and re-purposing of the land we develop seeks at all times to provide environmental net gain for the communities we create.

This includes early tree planting to maximise sequestration potential and improve health and wellbeing attributes within our sites, creating usable and sustainable green landscape, effective surface water management and the responsible use of natural resources.

Key highlights

32

2025 target 25

average trees planted for each house occupied to date

9.2%

2025 target 12% – increasing to 25% in 2022/23 using Defa 3.1 metrics

average biodiversity net gain score across all our sites

100%

2025 target 92% – increasing to 95% in 2022/23 to be more stretching

average construction and demolition waste diverted from landfill

Human

Objective

The Human capital relates to the application of a people-centric approach considering the diversity of human experiences to create a culture of inclusivity and balance.

Action areas
- Wellbeing
- Health & Safety
- Commitment to lifelong learning

Why it matters
Our aim is to create distinctive spaces that enhance physical and mental health, improve quality of life and cultivate successful communities. Starting with land acquisition and consolidation through planning and delivery we always operate with human needs in mind.

This translates into key areas of action including the delivery of opportunities for leading an active lifestyle and supporting healthy eating habits, whilst continuously monitoring and seeking to improve the manner in which we deliver health and safety on our sites, both through our direct and indirect contracts. 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.

Key highlights

75%

2025 target 100%

of sites with over 200 homes occupied have a robust biannual survey in place which records residents' sense of quality of life and health and wellbeing

4.2

2025 target 2.0 – assessment method to change to be a more realistic measure of performance

average safety logs per dwelling recorded for housebuilders across all our sites

75%

2025 target 100% – reducing to 95% in 2022/23 to reflect absolute nature of target difficult to achieve in practice

of employees undertaking non-mandatory company provided or sponsored learning, training or professional study

Our map towards Net Zero

The climate crisis we are currently facing now more than ever reinforces our strong belief that any new residential-led development must make every effort to minimise its carbon footprint, quickly and decisively. Arguably, the impact of one tonne of carbon released now will be greater than one realised in 10 years, so immediate action is therefore required.

That is why we are working towards becoming Net Zero for both our direct and indirect carbon emissions which is embedded within our Sustainability Framework. Our current targets are:

1. by 2030, to be Net Zero for the emissions from U&C controlled sources such as office facilities and vehicles (Scopes 1 and 2); and
2. by 2040, aiming for Net Zero for the indirect emissions in the U&C value chain by significantly reducing the embodied carbon in buildings and infrastructure built by U&C (Scope 3). Carbon offsetting and insetting will be considered for remaining emissions.

Achieving Net Zero is not only about the outcome but also the journey. We won't get there without engaging all our stakeholders on what we need to do and by when. We are developing the 'Urban&Civic Map to Net Zero' to support and communicate this both within the business and externally. The Map sets out the headline actions we as a business need to implement along with our value chain to achieve both the long-term targets and also the nearer term 2025 and then 2030 interim targets.

SUSTAINABILITY FRAMEWORK LAUNCHED

2022

2024

PLANNED SCIENCE BASED TARGETS (SBTs) INITIATIVE COMMITMENT

Full roll-out of carbon management framework in 2023/2024 and establish baseline year for SBTs

What are SBTs?
A clearly defined pathway for companies to reduce Greenhouse Gas (GHG) emissions in line with the Paris Agreement in pursuing efforts to limit global warming to 1.5°C

Scope 3 emissions
13% reduction compared to 2020/21 data

Scope 1 & 2 emissions
35% reduction compared to 2020/21 data

INTERIM CARBON REDUCTION TARGETS:

2025

Which carbon emissions are included in U&C's targets?

SCOPES 1&2:
Emissions from U&C controlled sources such as office facilities and vehicles

4% of U&C Carbon Footprint

2030

TARGETING NET ZERO FOR SCOPE 1 & 2 EMISSIONS – ACTIONS:

- Improve energy efficiency of U&C assets
- Eliminate gas and other fossil fuel uses
- Electric vehicles in U&C fleet
- Install renewable energy systems
- Offsetting/insetting remaining emissions once reduction initiatives implemented

2040

DEVELOPING A PLAN TO BE NET ZERO INCLUDING SCOPE 3 EMISSIONS – ACTIONS:

- 'Lean' building and infrastructure design and construction to reduce material use and waste
- Optimise master-planning design
- Use zero or low embodied carbon materials
- Minimise contractors' site emissions
- Build 'Net Zero' embodied and operational carbon non-residential buildings
- Procure 'local' materials to reduce transport emissions and labour
- Re-use of buildings and land
- Selection of sites to minimise additional infrastructure needs
- Offsetting/insetting remaining emissions once reduction initiatives implemented

Read more about our approach to climate change here: **www.urbanandcivic.com/sustainability/universal-challenges**

SCOPE 3 (INCLUDED):
Indirect emissions in the U&C value chain such as embodied carbon in building and infrastructure built by U&C and operational energy used by those assets

96% of U&C Carbon Footprint

SCOPE 3 (EXCLUDED):
Housebuilders embodied carbon and resident's emissions however working collaboratively to influence and reduce where possible

Striving to minimise our carbon footprint

To reduce our carbon footprint, we must over the short-term comprehensively assess our carbon impacts across the business and implement a robust and rigorous management framework for collecting, analysing and reporting carbon performance data going forward. We will then understand the likely impact of our planned carbon reduction actions.

Once we have undertaken this footprinting and targeting work, we will look to commit to the Science Based Targets Initiative in 2024. This will formalise and externally verify our direction of travel and reporting processes.

Throughout the year we made substantial progress towards meeting these short-term objectives highlighted as follows.

Carbon baselining and budgeting

We have assessed what we would need to do to reduce our direct and indirect carbon emissions by in order to achieve our Net Zero ambitions. This was calculated across all three scopes with reference to a detailed analysis of one site, Houlton, and extrapolated for the whole portfolio out to 2050. This work set a 'carbon budget' for the business that we would need to stay within as we develop our Strategic Sites in order to align with a carbon reduction pathway to limit global warming to 1.5°C. The emphasis is therefore on not exceeding the available carbon budget as we build out our sites rather than the target date to achieve Net Zero.

During the past year we have been developing a carbon budget for each of our Strategic Sites in delivery with reference to baseline 'business-as-usual' emissions and the overall carbon budget for the business. Each project team now has a clear carbon budget, akin to a financial budget, that each development needs to work to and measure performance against. This work also identified where the carbon 'hotspots' in each element of the development were, whether buildings, roads or other infrastructure, and the key actions required to ensure the element is delivered within 'budget'.

The annual carbon expended at each site will be measured and compared to their respective carbon budgets, which in aggregate will determine if U&C are on track to sufficiently reduce emissions to achieve our Net Zero ambitions.

Carbon management framework

The Carbon Management Framework (CMF) was developed to provide guidance for U&C and our value chain partners to work collaboratively to stay within the carbon budget for each Strategic Site. It describes the carbon reduction process and requirements within each design and construction stage, and the role and responsibilities of the relevant value chain partner. The framework is based on four pillars:

- **Engage & Collaborate** – multidisciplinary design approach and early engagement.
- **Low Carbon Design (Optimise & Innovate)** – integrate carbon as an essential and early design consideration alongside cost, quality and time.
- **Measure & Monitor** – regular carbon design reviews and robust monitoring and reporting of construction activity.
- **Feedback & Influence** – create feedback loops to ensure progress and knowledge is shared across all sites and project teams.

The CMF will be embedded across all U&C sites during 2022/23 as the 'trial year' in order to upskill project teams and address any lessons learnt ahead of the expected full roll-out in 2023/24. Tools, procedures and guidance will also be developed during the trial year to support the implementation of the framework enabling all parties to take action.

Other initiatives

Other carbon related initiatives developed in the past year by the business included:

- The carbon storage and sequestration benefits of the retained, planted and proposed trees across the sites were assessed together with the impact of soil disturbance during earthworks. The results of the study will inform our landscape strategies and how we may minimise loss of sequestered carbon in soil through our Biodiversity and Carbon Toolkits as these are updated.

- In 2021/22, we recognise that we were only able to reduce our Scope 1 and 2 carbon emissions by 5% which falls short of our 7% per annum reduction target. To ensure we stay on track to meet our 2025 target and beyond, we have included a number of carbon reduction actions in the 2022/23 business plans for all Strategic Sites. This also includes a target to develop site specific plans to achieve Net Zero for Scope 1 and 2 emissions by 2030. We'll continue to implement the energy saving opportunities as outlined in our ESOS (Energy Saving Opportunity Scheme) Phase 2 compliance report and will prepare for our ESOS Phase 3 submission in 2023 by undertaking detailed energy audits. Specific reduction actions will include:
  - Adopt more energy efficient behaviours in our occupied spaces
  - Replace building services with more energy efficient equipment when end-of-life
  - Phase out gas and other fossil fuel uses
  - Continue transformer consolidation at Alconbury
  - Install renewable energy systems where viable to do so.
- During 2022/23 we will update our plan for the business to fulfil its Net Zero ambitions (encompassing Scope 3) including the expected initiatives we'll need to implement.
- Continue our detailed assessment of the resilience of the business to future climate change scenarios with a view to publicly reporting against the Task Force on Climate-related Financial Disclosures framework.

SEEING IS BELIEVING

Collaboration to slash CO_2 emissions

U&C and contractor Buckingham Group Contracting Ltd agreed an innovative, collaborative cost sharing agreement for the additional cost of using 1 million litres of Hydrotreated Vegetable Oil (HVO) instead of diesel for this season's earthmoving at Priors Hall, Corby.

Buckingham is delivering the bulk earthworks for the second phase of Priors Hall over several seasons. Having successfully completed seasons 1, 2 and 3 totalling circa 3,000,000 m^3 of earthworks, the planned volume of works in 2022 was circa 1,500,000 m^3. The plant on site includes six 50-tonne primary movers, and at peak production we will be moving more than 100,000 m^3 per week.

For such a major project, it was imperative for both parties to work together to save carbon associated with plant movements on site. The use of responsibly sourced HVO at Priors Hall was an obvious way to do this in that it would eliminate circa 2,750 tonnes of CO_2e representing a 90 per cent saving compared to using red diesel. This saving is not just a great example of how on-site direct Scope 1 emissions can be cut for a contractor such as Buckingham but also benefits Urban&Civic in the reduction of wider value chain Scope 3 carbon emissions. Sharing the additional cost of switching fuel types was critical to ensure that the initiative was taken up rather than either party solely carrying the additional cost.

Urban&Civic recognise that collaborating and partnering with our value chain can unlock a range of solutions to drive down carbon emissions to help achieve our Net Zero goal and this is something we can start doing immediately.

Link to values: Partnership, Innovation

Link to sustainability capitals: Physical, Economic

www.urbanandcivic.com/media-library/case-studies/uc-and-buckingham-collaborate-slash-co2-emissions/

Understanding the importance of health and wellbeing

Urban&Civic aim to create distinctive places with high ecological and social value emdedded within which also serve to enhance physical and mental health and improve quality of life for all. Health and wellbeing is one of our universal challenges and last year we introduced a 2025 target to ensure that Urban&Civic comprehensively measures achievement of this aim.

Our journey to ensure our new communities support and drive health and wellbeing can be traced back to early engagement with Sport England on Active Design principles for Alconbury Weald and Houlton; and developed as NHS England reviewed the learnings from the Healthy New Town pilots. Lockdowns during Covid also powerfully proved the point of how layout and design influences people's levels of physical activity and more resilient mental health.

Urban&Civic were keen to set out a strategy to embed this into the delivery of our sites and with health and wellbeing such a clear priority within national and international frameworks, it was established as one of three universal challenges within the Sustainability Framework. Delivery is then supported through the setting of the Quality of Life metric.

Quality of Life

Working with the Quality of Life Foundation, the Urban&Civic Communications, Communities and Partnerships team, developed a pilot to support the community to reflect on aspects of their day to day lives which forms part of the Quality of Life metric. The measures developed by the foundation break down into the following themes:

1. Control
2. Health
3. Nature
4. Wonder
5. Movement
6. Belonging

The pilot involved Quality of Life Resident Review Surveys in three of our more developed communities – Alconbury Weald, Houlton and Priors Hall. The survey has been developed with both 'core' and 'additional context' questions, with ONS benchmark questions included against each theme to enable a comparison with the national average. Another key strength of the foundation's approach is the analysis of the survey by both statisticians and sociologists who compare the results with the benchmarks and develop recommendations and priority areas.

The process was supported by the local Communities teams and included:

- online and face-to-face surveys;
- flyers, incentives, social media targeted ads, attendance at community events; and
- community team promotion and endorsement.

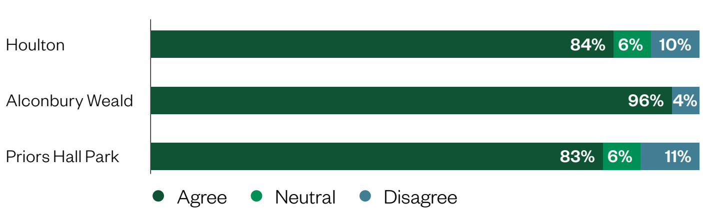
It was a great endorsement that each development surveyed marked above ONS on all standards, bar one, which given the early stage of the developments studied, was highlighted by the Foundation as "a phenomenal achievement".

Other key areas highlighted by the survey findings for Urban&Civic to take forward included:

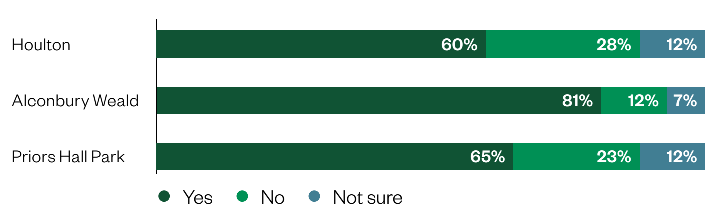
- greater public transport connections and active travel initiatives;
- understanding cost and quality that goes into ongoing maintenance of local green spaces;
- intergenerational provision of play and community space, especially for teenagers and older people;
- opportunities for residents to influence decisions in the local area; and
- increased provision of shops and services, which residents acknowledged would come in future phases of the developments.

The detailed findings of the surveys have been analysed by the Urban&Civic project teams and a commitment made to develop an action plan for each site and share with residents to respond to some of the issues raised. This is part of our commitment to building a continued engagement cycle with residents, shaping and influencing the development around them and ensuring we continue to improve our places and put the community at the heart of that process. We have also committed to repeating the surveys every two years to ensure we can continue to monitor the outcomes, and create truly empowered, sustainable and healthy communities.

I have access to an adequate amount of public or shared green space close to my home



Are you happy with the standard of green space in your area?



Developing stronger and more resilient ecosystems

Delivering Biodiversity Net Gain

Urban&Civic have had a long-term commitment to improving the ecological value of our sites, recognising the benefit this has in terms of the resilience of local ecosystems, the prevention of species decline, benefits to human health, carbon sequestration and high quality placemaking for local communities.

We've been measuring Biodiversity Net Gain (BNG) to demonstrate the positive impact we have through our investment in green infrastructure on our sites for a number of years. There have been a number of differing metrics used for gauging the BNG potential for any development, and Urban&Civic have to date used the Warwickshire County Council (WCC) metric to achieve uniformity of comparison across our portfolio.

Following the publication of the draft Environment Act 2021, the Government consulted on implementing a proposed BNG regulation and measuring it using the biodiversity accounting tool known as Defra 3.1, therefore making all previous metrics redundant.

Throughout the year Urban&Civic embarked on a conversion of all previous BNG assessments undertaken for the Strategic Sites using the Warwickshire County Council metric to Defra 3.1. The two calculation methodologies are not comparable and so in effect the remeasured BNG scores have reset the baseline for each site.

In 2020/21, the predicted average post development BNG score for six Strategic Sites was 8.6 per cent, below our current 2025 target of 12 per cent. Following the conversion to the Defra 3.1, the equivalent average is 21.2 per cent, the substantial difference reflecting the calculation tools used and not changes to the biodiversity approach across the sites.

Last year we committed to reporting on progress on at least two sites. In 2021/22 detailed Reserved Matters Applications (RMA) were developed for the first Key Phase at both Waterbeach and Wintringham which enabled a comparison with the 2020/21 position.

To ensure direct comparability, the pre and post RMA position was measured using both Warwickshire and Defra 3.1 metrics and the impact on all site averages are presented below.

	WCC Metric		3.1 Metric	
Sites	Sept 2021 Pre RMA	Sept 2022 Post RMA	Sept 2021 Pre RMA	Sept 2022 Post RMA
All site average	8.6 per cent	9.2 per cent	21.2 per cent	23.0 per cent

There was a significant improvement in the BNG scores for both sites under both metrics once the detailed RMAs had been factored in. The improved scores can be attributed to the close attention paid to the inclusion of biodiverse habitats in the design of the RMAs and the detailed habitat information available to measure from rather than making broad habitat assumptions. For example, known quantities and species of urban trees can be picked up, which contributes to the overall net gain for the site.

Over time, we expect that as further RMAs come forward across the sites, the BNG scores will trend upwards. Given the average score for all sites measured using metric Defra 3.1 significantly exceeds our 12 per cent target, Urban&Civic will set a more challenging 2025 BNG target of 25 per cent to ensure biodiversity remains a key focus during the detailed design of our developments.

SEEING IS BELIEVING

Gulley opening unlocks nature trail for residents

www.urbanandcivic.com/media-library/case-studies/gulley-opening-unlocks-nature-trail-residents/

Record residential, land promotion and farming sales prices have produced positive contributions from all our business segments.

DAVID WOOD —
GROUP FINANCE DIRECTOR

Maintained customer demand and positive contributions

Introduction

Despite the well-publicised cost of living crisis, war in Ukraine and recent political turmoil, record residential, land promotion and farming sales prices have produced positive contributions from all our business segments this financial year. Demand from customers remained strong since the first Covid-19 national lockdown, although there is no doubting the headwinds that they, and the UK economy are currently facing. This maintained customer demand has resulted in all but one of our key performance indicators moving favourably.

The Group's profit after tax for the year to 30 September 2022 equated to £20.1 million compared to £25.2 million last year, reflecting fewer strategic land parcel sales and fewer Catesby land promotion disposals (as opposed to lower pricing points).

The Group's EPRA NTA adjusted has risen by 6.7 per cent for the full year, compared to 9.1 per cent last year (which benefited from a Covid-19 bounce back, following 2020's 4.5 per cent fall). Although Strategic Sites continue to yield value increases and growing profitability, farming land assets (which were transferred to the Group by Wellcome at 1 October 2021 fair values) accounted for 5.1 per cent of the headline 6.7 per cent growth. Underpinning valuations (of which around 79 per cent were subject to valuation by the Group's independent valuers CBRE and Strutt & Parker) increased on the back of higher contracted sales prices. Although CBRE, in respect of our Strategic Sites, reduced short term serviced land value growth and increased discount rates and cost inflation within their valuation models (reflecting market uncertainties) this reduces the impact of strong sales prices on the year end valuation).

The Group's forward contracted sales at its Strategic Sites totalled £95.3 million at 30 September, receivable over an average period of 2.5 years (30 September 2021: £126.0 million and 2.7 years). These forward contracts specify minimum annual sums which the housebuilders are required to pay whether houses are built or not. The minimums due in the next financial year amount to £16.9 million and all such sums to date have been settled without default or delay.

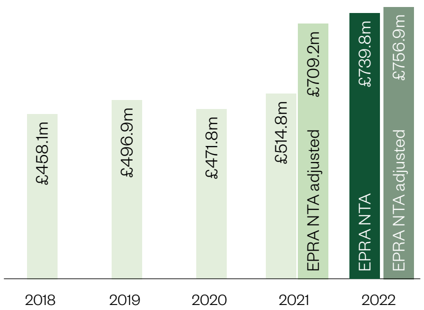
Residential sales equivalent to 1,221 plots were made in the year, generating £76.1 million of cash for the Group. This total is marginally higher than last year's 1,219 plots, which was lower than expectations and follows a quieter last quarter at our Strategic Sites and delayed Build to Rent sales contract completions.

EPRA NTA

+43.7%

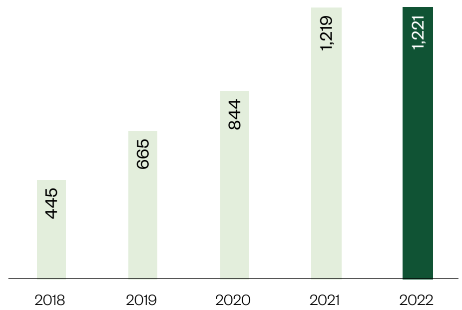
EPRA NTA adjusted

+6.7%



Plot completions

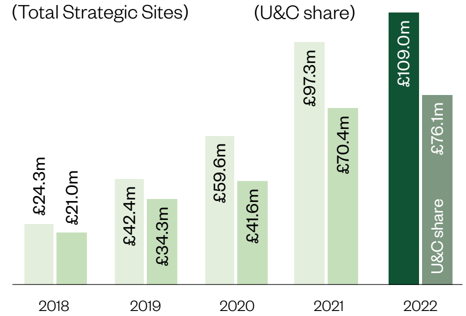
1,221



Cash generations from plot completions

£109.0m (Total Strategic Sites)

£76.1m (U&C share)



Key performance indicators

The Group's key performance indicators for the year to 30 September 2022 have evolved from 2021 as discussed on page 20. Following the Wellcome Trust's acquisition of Urban&Civic in January 2021, EPRA NTA and EPRA NTA adjusted have become the predominant measures used to assess the Group's growth in value (and in part bonuses and Long Term Incentive Plans).

A more detailed reconciliation between UK GAAP NAV, EPRA NAV (now a non-standard EPRA metric) and EPRA NTA is provided in note 23.

	Year ended 30 September 2022	Year ended 30 September 2021	Annual increase/(decrease)
EPRA NTA (EPRA net tangible assets)	**£739.8m**	£514.8m	43.7%
EPRA NTA per share	**364.0p**	350.4p	3.9%
EPRA NTA adjusted (EPRA net tangible assets – a non-standard metric)[1]	**£756.9m**	£709.2m	6.7%
EPRA NTA adjusted per share[2]	**372.4p**	349.0p	6.7%
EPRA NAV Adjusted (EPRA net assets adjusted – a non-standard metric)	**£798.9m**	£752.1m	6.2%
Gearing – EPRA NAV basis[3]	**16.3%**	20.1%	
Strategic Site plot completions[4,5]	**1,221 plots**	1,219 plots	0.2%
Cash flow generation from plot completions (U&C share)[6]	**£76.1m**	£70.4m	8.1%
Profit after tax	**£20.1m**	£25.2m	£(5.1)m

1. The current year balance adds back £17.1 million of gift aid payments made to the Wellcome Trust and the comparative period adds back £194.4 million of capital introduced by the Wellcome Trust on the transfer of Farmcare and Kings Langley into the Group (contracts were entered into for the transfer to occur at 1 October 2021, subject to Charity Commission approval in respect of Kings Langley).
2. The numbers of shares used in the prior year calculation represents the number set out in note 21, uplifted by 56,345,809 shares (being the number of shares issued on the £194.4 million transfer of Farmcare and Kings Langley; equivalent to an issue price of £3.45 per share).
3. The covenant applicable to the Group's revolving credit facility with HSBC.
4. Includes 643 actual plot completions (30 September 2021: 953) and land sales equivalent to 578 plots, comprising: Alconbury: 62; Houlton: 34; Priors Hall: 350; Middlebeck: (39); Wintringham: 161; Waterbeach: 10 (30 September 2021: 266 plots).
5. Actual plot completions include 155 plots at Alconbury (30 September 2021: 212); 198 at Houlton (30 September 2021: 375); 118 at Middlebeck (30 September 2021: 173); 64 at Priors Hall (30 September 2021: 136); 86 at Wintringham (30 September 2021: 57); and 22 at Waterbeach (30 September 2021: Nil).
6. Represents Urban&Civic's share of cash generated by Strategic Site plot completions only.

Given the importance of the Group's EPRA metrics we continue to engage CBRE Limited to provide Red Book valuations for all our consented strategic land sites (as well as certain other assets) and Strutt & Parker in respect of our farming assets. These farming assets were transferred to Urban&Civic by the Wellcome Trust at 1 October 2022 fair values and have been classified as commercial assets within our segmental analysis in note 4. At 30 September 2022 around 79 per cent of the Group's property interests were subject to valuation CBRE and Strutt & Parker.

Net asset value – UK GAAP and EPRA

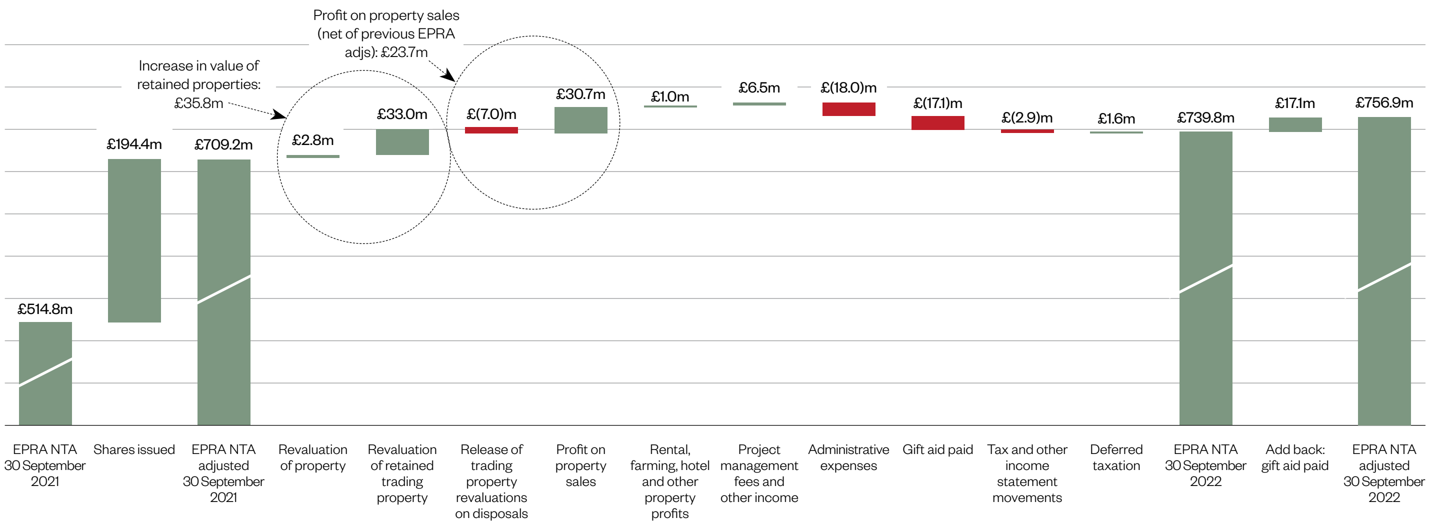
Presented below is a non-statutory table detailing the movements in UK GAAP NAV and EPRA metrics (standard and non-standard over the last two years), together with a bridge graphic highlighting the main components driving the movement in EPRA NTA (over the last financial year).

From both the table and graphic, you will note that of the £225.0 million (+43.7 per cent) increase in EPRA NTA in the year, £194.4 million (or 86.4 per cent of the movement) relates to shares issued to the Wellcome Trust on their transfer of farming assets to the Group, £35.8 million is attributable to property revaluations with £(5.2) million other movements (including £30.7 million of profit on property sales and net administrative expenses of £18.0 million.

	Year ended 30 September 2022				Year ended 30 September 2021	
	Group £m	Joint ventures £m	Total £m	Pence per share	Total £m	Pence per share
Profit on property sales[1,2]	**24.3**	**6.4**	**30.7**	**15.1**	45.0	30.6
Rental, farming, hotel and other property profits/(losses)	**2.4**	**(1.4)**	**1.0**	**0.4**	(1.5)	(1.0)
Project management fees and other income	**6.5**	**—**	**6.5**	**3.2**	4.5	3.1
Revaluation of property[3,4]	**2.8**	**—**	**2.8**	**1.4**	2.7	1.8
Administrative expenses	**(18.0)**	**—**	**(18.0)**	**(8.9)**	(22.7)	(15.5)
Tax and other income statement movements	**(1.7)**	**(1.2)**	**(2.9)**	**(1.3)**	(2.8)	(1.9)
Total comprehensive income movement	**16.3**	**3.8**	**20.1**	**9.9**	25.2	17.1
Gift aid paid	**(17.1)**	**—**	**(17.1)**	**(8.4)**	—	—
Shares issued	**194.4**	**—**	**194.4**	**95.7**	—	—
Other equity movements	**—**	**—**	**—**	**—**	0.4	0.3
UK GAAP movement	**193.6**	**3.8**	**197.4**	**97.2**	25.6	17.4
Revaluation of retained properties[4]	**34.6**	**(1.6)**	**33.0**	**16.2**	44.3	30.1
Release of trading property revaluations on disposals[2]	**(7.0)**	**—**	**(7.0)**	**(3.4)**	(13.3)	(9.1)
Deferred taxation[5]	**0.7**	**—**	**0.7**	**0.3**	1.8	1.2
Effect of shares and dilutive options	**—**	**—**	**—**	**(97.1)**	—	(3.2)
EPRA NAV movement	**221.9**	**2.2**	**224.1**	**13.2**	58.4	36.4
Deferred taxation[5]	**0.9**	**—**	**0.9**	**0.4**	(15.4)	(10.4)
EPRA NTA movement	**222.8**	**2.2**	**225.0**	**13.6**	43.0	26.0
EPRA NTA at start of year			**514.8**	**350.4**	471.8	324.4
EPRA NTA at end of year			**739.8**	**364.0**	514.8	350.4
Memo: property revaluations (sum of superscript 4)			**35.8**	**17.6**	47.0	31.9

1. Comprises profit on trading property sales (£24.9m: £21.3 million within subsidiaries and £3.6 million within joint ventures), profit on disposal of investment property and freehold land and buildings (£0.5 million), as well as unwinding of discount applied to long-term residential property sales receivables (£5.3 million: £2.5 million within subsidiaries and £2.8 million within joint ventures).
2. Total classified as profit on property sales for the purposes of the above EPRA NTA growth commentary and bridge graphic.
3. Comprises surplus on the revaluation of investment properties (£4.3 million), impairment of freehold land and buildings (£(0.6) million) and trading property write downs (£(0.9) million).
4. Total classified as property revaluations for the purposes of the above EPRA NTA growth commentary and EPRA NTA bridge graphic. Property interests include trading, properties held by the Group and the Group's share of joint ventures and farming assets classified as freehold property within property, plant and equipment.
5. 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

Profit after tax fell £5.1 million in the year to £20.1 million, predominantly as a result of reduced transactions rather than reduced pricing points. Profits on trading property sales reduced by £12.0 million, with Catesby contributing £4.4 million lower land promotion profits (total profits for the year: £12.2 million), residential property sales generating £5.7 million less (total profits for the year: £12.7 million) and the sale of the Deansgate hotel generating £1.9 million profit last year.

Against this reduction in trading, project management fees (earned for services provided to our joint ventures) rose by £2.0 million (to £6.5 million) as development activities grew. Administrative expenses fell by £4.8 million (to £18.0 million), which given last year's £4.3 million of one-off costs incurred in respect of the Wellcome Trust acquisition, was in line with expectations.

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

	Year ended 30 September 2022			Year ended 30 September 2021		
	Group £m	**Joint ventures £m**	**Total £m**	Group £m	Joint ventures £m	Total £m
Revenue	**154.5**	**29.1**	**183.6**	76.6	69.2	145.8
Profit on trading property sales[1]	**21.3**	**3.6**	**24.9**	29.8	7.1	36.9
Rental, farming, hotel and other property profits/(losses)	**2.4**	**(1.4)**	**1.0**	(0.2)	—	(0.2)
Project management fees and other income[2]	**6.5**	**—**	**6.5**	4.5	—	4.5
Write down of trading properties[3]	**(0.9)**	**—**	**(0.9)**	(1.2)	—	(1.2)
Gross profit	**29.3**	**2.2**	**31.5**	32.9	7.1	40.0
Administrative expenses	**(18.0)**	**—**	**(18.0)**	(22.6)	(0.2)	(22.8)
Profit on disposal of investment property and freehold land and buildings[1]	**0.5**	**—**	**0.5**	—	—	—
Surplus on revaluation of investment properties[3]	**4.3**	**—**	**4.3**	3.7	—	3.7
Impairment of freehold land and buildings[3]	**(0.6)**	**—**	**(0.6)**	—	—	—
Share of post-tax profit from joint ventures and impairment of loans to joint ventures	**3.8**	**(3.8)**	**—**	8.4	(8.4)	—
Unwinding of discount applied to long-term residential property sales receivables[1]	**2.5**	**2.8**	**5.3**	4.7	2.0	6.7
Tax and other income statement movements	**(1.7)**	**(1.2)**	**(2.9)**	(1.9)	(0.5)	(2.4)
Profit after tax	**20.1**	**—**	**20.1**	25.2	—	25.2

1. Included within profit on property sales in the EPRA movement table above.
2. Recurring project management fees comprise £3.4 million of the total (30 September 2021: £3.0 million) and are earned through recharging administrative expenses to joint venture partners where Group employees are engaged in joint venture activities.
3. Included within revaluation of property in the EPRA movement table above.

Dividends and gift aid

The last dividend that the Group paid was in February 2020 (being the 2019 final dividend of 2.5p per share costing £3.6 million) and now that the Group is owned by the Wellcome Trust, gift aid payments will commonly replace dividends (given their tax efficiency to charities). In the financial year, Urban&Civic paid £17.1 million of gift aid to the Wellcome Trust.

Consolidated balance sheet

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

Overview

	At 30 September 2022			At 30 September 2021		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Investment properties	81.7	—	81.7	58.1	—	58.1
Trading properties	321.5	138.2	459.7	333.4	140.4	473.8
Properties within PPE	150.3	—	150.3	3.9	—	3.9
Properties[1]	553.5	138.2	691.7	395.4	140.4	535.8
Investment in joint ventures and associates	134.9	(134.9)	—	132.5	(132.5)	—
Inventory	8.9	—	8.9	—	—	—
Trade and other receivables						
Non-current property[1]	53.4	23.7	77.1	15.1	30.6	45.7
Current-property[1]	21.4	16.8	38.2	7.8	13.2	21.0
Current – other	44.8	6.0	50.8	20.1	2.5	22.6
	119.6	46.5	166.1	43.0	46.3	89.3
Cash	37.1	16.1	53.2	34.1	19.8	53.9
Borrowings	(164.7)	(38.0)	(202.7)	(146.1)	(48.1)	(194.2)
Deferred tax liability (net)	(9.0)	—	(9.0)	(7.2)	—	(7.2)
Trade and other payables – property[1]	(25.4)	—	(25.4)	(10.9)	—	(10.9)
Other net assets/(liabilities)	(39.9)	(27.9)	(67.8)	(23.2)	(25.9)	(49.1)
UK GAAP NAV	615.0	—	615.0	417.6	—	417.6
EPRA NAV adjustments – property[1]	129.8	25.8	155.6	102.1	27.5	129.6
EPRA NAV adjustments – deferred tax	11.2	—	11.2	10.5	—	10.5
EPRA NAV	756.0	25.8	781.8	530.2	27.5	557.7
EPRA NTA adjustments	(42.0)	—	(42.0)	(42.9)	—	(42.9)
EPRA NTA	714.0	25.8	739.8	487.3	27.5	514.8
UK GAAP NAV per share			302.6p			284.3p
EPRA NTA per share			364.0p			350.4p

1. Total property interests: £937.2 million (30 September 2021: £721.2 million).

Property interests

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

The Wellcome Trust's transfer of farming assets to the Group, together with revaluations are mostly responsible for the movement in property interests (given additions and disposals are of similar scale).

As previously highlighted CBRE (strategic land sites and certain other assets) and Strutt & Parker (farming assets) have valued 79 per cent of the Group's property interests and, after taking into account additions and disposals, these valuations have resulted in property values increasing by circa 3.2 per cent (on the back of record land prices). Farming assets have increased 21.1 per cent (which reflects the high demand for farmland and high crop prices – as evidenced by our post year end sales detailed below in post balance sheet matters) and other assets, which comprise predominantly strategic land have decreased by around 1.0 per cent.

Simplification

	At 30 September 2022		
	UK GAAP NAV £m	EPRA adjustments £m	EPRA NTA £m
Property interests	781.6	155.6	937.2
Net debt	(149.5)	—	(149.5)
Other	(17.1)	(30.8)	(47.9)
At 30 September 2022	**615.0**	**124.8**	**739.8**

Movement in property interests in year

	UK GAAP £m	EPRA adjustments £m	EPRA £m
At 1 October 2021	591.6	129.6	721.2
Farming assets transferred from the Wellcome Trust	177.4	—	177.4
Capital expenditure and additional receivables	111.1	—	111.1
Disposals, depreciation, write downs, receipts and other	(102.8)	—	(102.8)
Revaluation of property	4.3	33.0	37.3
Release of trading property revaluations on disposals	—	(7.0)	(7.0)
At 30 September 2022	**781.6**	**155.6**	**937.2**

Financial resources and capital management

Cash balances have remained at similar levels to last year on a look-through basis (£53.2 million at the year end compared to £53.9 million at 30 September 2021). Cash generation from plot completions (£76.1 million on a look-through basis), additional cash received from the Wellcome Trust (£10.2 million was received on the transfer to the Group of a subsidiary holding farming assets) and new loans (£23.4 million in subsidiaries and £0.8 million in respect of Urban&Civic's share of new joint venture borrowings) have been used to fund £110.4 million of capital expenditure, £17.1 million of gift aid payments to the Wellcome Trust and repay loans of £22.9 million (£10.5 million in respect of subsidiaries and £12.4 million for Urban&Civic's share of joint venture borrowings).

As cash generation builds, the Group seeks to maintain sufficient and supportive funding lines to maintain construction activities. At the year end, Urban&Civic benefitted from £64.2 million of undrawn facilities (on a look-through basis), £95.3 million of forward contracted sales (at the Group's Strategic Sites) and £100 million of post year end farming asset sales receipts (see post balance sheet matters below).

The Group's net debt position at 30 September 2022 totalled £127.6 million (30 September 2021: £112.0 million), producing a net gearing ratio of 19.2 per cent (30 September 2021: 26.8 per cent) on a UK GAAP NAV basis and 16.3 per cent (30 September 2021: 20.1 per cent) on an EPRA NAV basis. Look-through gearing levels are higher due to the shorter-term borrowings used to fund development expenditure in respect of the Manchester New Square development and Homes England borrowings within the Houlton and Wintringham joint ventures. The improvement in gearing measures is largely the result of the Wellcome Trust's transfer to the Group of £194.4 million of farming assets in exchange for shares.

Homes England now accounts for 92.5 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 2022 was 6.8 years (30 September 2021: 6.9 years) and weighted average cost of borrowing on drawn debt was 4.5 per cent (30 September 2021: 3.2 per cent).

	At 30 September 2022				
	Group £m	Proportion of Group borrowings	Joint ventures[1] £m	Look-through £m	Proportion of look-through borrowings
Homes England	164.5	98.8%	24.7	189.2	92.5%
Corporate RCF	—	—	—	—	—
Manchester New Square	—	—	13.4	13.4	6.5%
Huntington District Council	2.0	1.2%	—	2.0	1.0%
Borrowings before loan arrangement costs	166.5	100.0%	38.1	204.6	100.0%
Loan arrangement costs	(1.8)		(0.1)	(1.9)	
Borrowings after loan arrangement costs	**164.7**		**38.0**	**202.7**	
Cash	(37.1)		(16.1)	(53.2)	
Net debt	**127.6**		**21.9**	**149.5**	
EPRA NAV (note 23)	781.8			781.8	
EPRA NAV gearing	**16.3%**			**19.2%**	

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

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

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

The Group was covenant compliant in the 12 months to 30 September 2022 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 £26.8 million drawn under the Manchester New Square Mezzanine facility. This has been refinanced subsequent to the year end (as set out below).

Post balance sheet matters

On 1 October 2022 and 1 November 2022, Urban&Civic completed the sale of two farms at Goole and Coldham. Both sales were contracted prior to the year end and EPRA uplifts were taken at 30 September 2022, reflecting the £100 million sales price (net of sales costs). Sales proceeds were received on completion.

On 31 October 2022, the Manchester New Square joint venture refinanced the expiring mezzanine development facility (which had been provided by our partner, the Greater Manchester Pension Fund). Following completion of the construction of the 351 apartment scheme in Manchester City Centre, a new two year, £25.8 million loan, has been advanced by the Greater Manchester Combined Authority (the former senior lender on the project), to cover the expected sales period for the remaining apartments.

David Wood

David Wood
Group Finance Director
14 December 2022

The strategic report contained on pages 4 to 59 was approved by the Board on 14 December 2022.

On behalf of the Board

Nigel Hugill
Chief Executive

CGI of Deneia Primary Academy, Waterbeach

Governance

“

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

Corporate governance review

This section of the Annual Report contains the following reports:

Chairman’s introduction

The Board remains committed to high standards of corporate governance, which not only benefits our shareholder, the Wellcome Trust, but also the wider stakeholders that Urban&Civic work with. For the year ended 30 September 2022, under The Companies (Miscellaneous Reporting) Regulations 2019, the Company has continued to apply 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

The Board believes these six Principles provide our stakeholders with a framework that can help them understand how the Group operates and helps to build confidence and trust in Urban&Civic.

Creating the right environment to achieve the Group’s purpose, vision and values requires good governance and the Principles set a framework in which the Group can identify where it is falling short or where the bar can be raised higher.

We have been fortunate to have benefitted from a stable Board this year, which has allowed new practices and procedures to be embedded with a greater level of understanding from both the Wellcome Trust and Urban&Civic perspective.

Operationally, the biggest change during the financial year happened when the Wellcome Trust and subsidiaries transferred £194 million of land assets to Urban&Civic. These assets included around 17,000 acres of arable land, which we continue to farm where retained. Expert consultants, that had previously managed the farming assets for Wellcome, continue to manage the sites and have assisted in realigning governance processes and procedure to the Group’s governance framework.

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

Peter Pereira Gray
Non-Executive Chairman
14 December 2022

The six Wates Corporate Principles

1

THE NORTH STAR

Purpose and leadership

Read more on page 64

2

CHARACTERISTICS OF GOVERNANCE

Board composition

Read more on pages 65 and 66

3

CHARACTERISTICS OF GOVERNANCE

Director responsibilities

Read more on pages 67 to 75

4

SPECIFIC MATTERS

Opportunity and risk

Read more on pages 76 and 77

5

SPECIFIC MATTERS

Remuneration

Read more on page 78 to 82

6

SPECIFIC MATTERS

Stakeholder relationships and engagement

Read more on pages 83 and 84

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 29 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 62 to 87.

1

Principle 1
Purpose and leadership

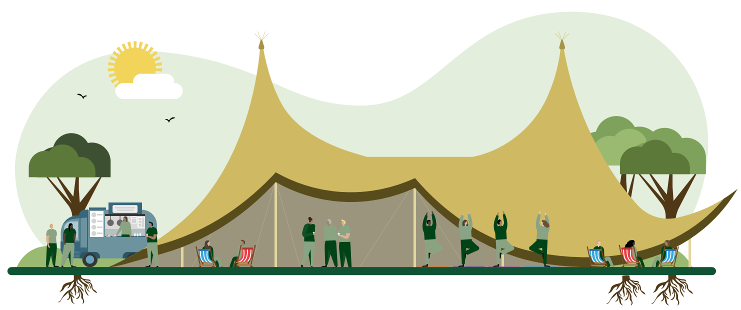
Corporate governance and the Board

Introduction

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

Purpose, vision and values are now key points of focus for the Board at the annual Strategy Day and they are internally reinforced by management through induction programmes, annual away days, training courses and employee surveys. For the first time in December, employee awards will be given in recognition to those employees that have demonstrated a particular value in their role, as nominated by their peers. Generally, when Urban&Civic issues corporate documentation (such as bids or tenders), our purpose, vision and values have an upfront, context setting role.

The Board ensures that in pursuit of the Group's aims and objectives (pages 18 and 19), it complies with all regulatory and governance requirements and guidelines in relation to its activities, including financial reporting and accounting matters, refreshment and diversity of the Board, succession planning, remuneration and sustainability.



Membership and meetings

The Board held four scheduled meetings during the year and also held three ad hoc Board meetings, two Board committee meetings, a strategy meeting and a further briefing meeting. The unscheduled Board and Board committee meetings were convened to approve two share issues (in relation to the Wellcome Trust's transfer of Farmcare and Kings Langley to Urban&Civic), the entering into a Development Management Agreement at Hinxton (Wellcome's Genome Campus), the 2021 Annual Report and final refinancing documentation associated with a Manchester New Square development loan. In addition to these meetings, the Board regularly undertakes site visits.

Current Directors		Date of appointment	Date of resignation	Tenure as at 30 September 2022	Meeting attendance[2]
Peter Pereira Gray	Chair	21 January 2021		1 year 8 months	**7/7**
Nigel Hugill	Chief Executive	22 May 2014		8 years 4 months	**7/7**
Robin Butler	Managing Director	22 May 2014		8 years 4 months	**7/7**
David Wood	Finance Director	1 July 2016		6 years 3 months	**7/7**
Rosemary Boot[1]	Independent Non-Executive Director	18 February 2021/ 10 May 2019	21 January 2021	3 years 4 months	**7/7**
Bill Holland[1]	Independent Non-Executive Director	18 February 2021/ 6 February 2020	21 January 2021	2 years 7 months	**7/7**
Lisha Patel	Non-Executive Director	21 January 2021		1 year 8 months	**7/7**

1. Rosemary Boot and Bill Holland resigned on the Wellcome Trust's takeover of Urban&Civic, but were subsequently reappointed.
2. Scheduled and ad hoc Board meetings only.

G

2

Principle 2
Board composition

Board overview

Introduction

The Board comprises three Executive Directors and four Non-Executive Directors, two of whom two sit on the Wellcome Trust subsidiary Boards and two of whom are independent of both Urban&Civic and the 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.

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

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

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

■ High skillset ■ Good skillset ■ Limited skillset

BOARD OF DIRECTORS

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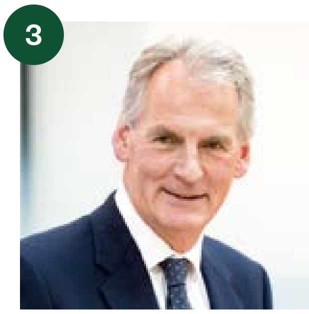

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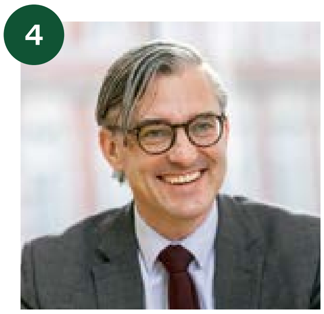

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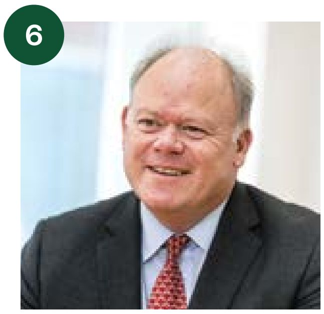

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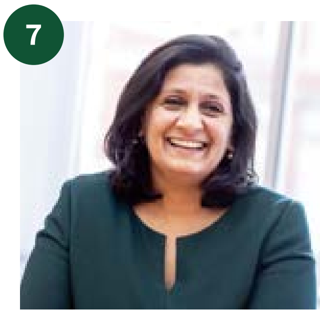


PRINCIPLE 2 – BOARD COMPOSITION CONTINUED

1. Peter Pereira Gray
N A R

Non-Executive Chairman

Date of appointment 21 January 2021

Career Peter Pereira Gray retired from his executive responsibilities at Wellcome at the end of September, becoming Emeritus Partner, where he will continue to advise Wellcome, especially on the development of the Genome Campus at Hinxton. He continues to serve as Chairman of Premier Marinas Limited and Wellcome's 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 a committee member of the Royal Institution of Chartered Surveyors and Deputy Chair of the Bank of England Residential Property Forum.

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 35 years, including serving as special policy adviser to Sir Bob Kerslake at the HCA. He was chief executive officer of Chelsfield plc from 1992 to 2005 and executive chairman of Lend Lease Europe from 2005 to 2008, having joined the company through the joint acquisition of the residential developer Crosby. Nigel was a founding director, along with Robin Butler, and executive chairman of Urban&Civic Limited, which was established in 2009 and was a precursor to Urban&Civic plc. He was presented with the Estates Gazette Lifetime Achievement Award in 2016 and was awarded an Honorary Fellowship by the London School of Economics in 2020.

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

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.

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.

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 Transition 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. 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 for Direct Private and Commercial Property Investments; she sits on Wellcome's Investment Committee and has worked across multiple asset classes since joining Wellcome in 2006. 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.

Committee key

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

1. Not a Board Committee.

3

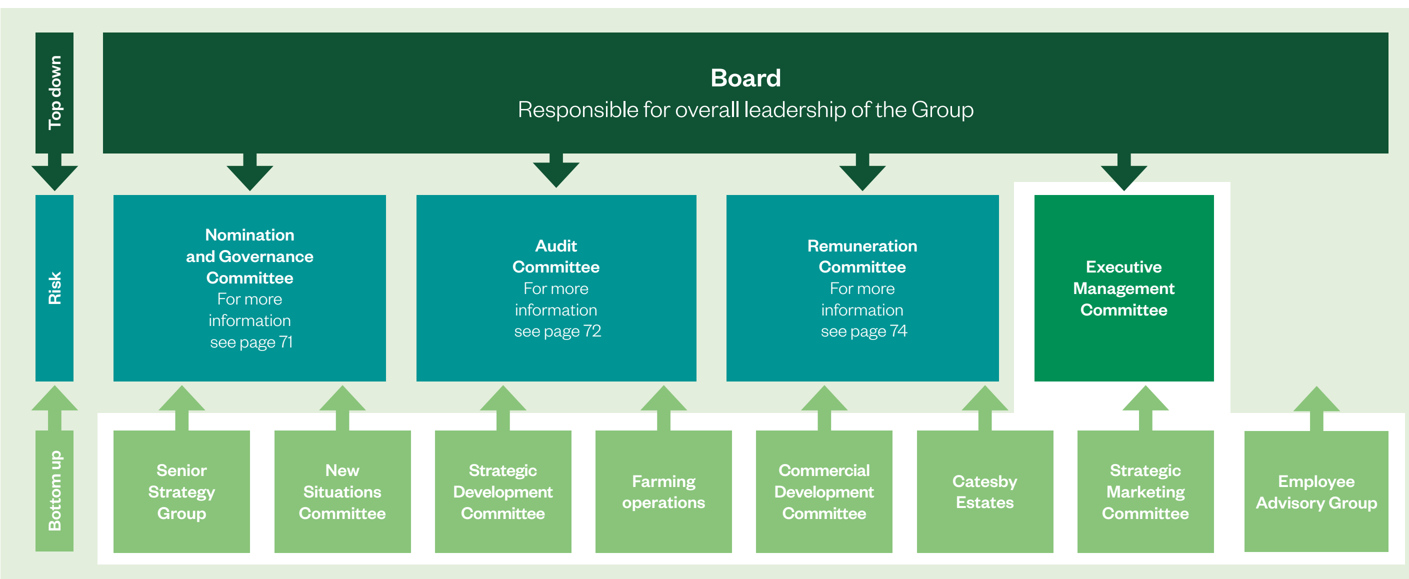
Principle 3
Director responsibilities

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 29.

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

Division of responsibilities continued

Board of Directors continued

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. 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)

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

The key function of the EMC, which is chaired by the Managing Director, is to oversee the implementation of Board strategy and policies and to provide feedback and recommendations from the executive team and the workforce to the Board. The EMC's role is to support the Board in the performance of its duties within the authority set out in its terms of reference, which cover areas such as strategy, operational plans, policies (including HR and 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
Farmcare	Oversight and reporting on the Group's farming assets
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.
- 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, internal controls and health and safety.
- 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 necessary.

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.
- 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 Head of HR).

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). Non-Executives all have the opportunity to attend an EMC meeting in any year.

Minutes of Board and committee meetings are circulated to all Directors after each meeting and are included in the following Board or committee pack. 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 2021/22

Strategy/operations

- Continued to monitor the impact of the Ukraine war, Covid-19, Brexit and economic uncertainties on the Group's strategy.
- Managed the transfer in of £194 million worth of farming assets from the Wellcome Trust and then contracted on the sale of 8,500 acres (out of approximately 17,000 acres of arable land). Contracts completed after the year end.
- Monitored the Group's purpose vision and values.
- Oversaw the roll out of the Group's Sustainability Framework and introduction of sustainability goals into business plans and remuneration targets (bonus and LTIP).
- 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

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

Legal and regulatory/governance

- Continued to focus on and evolve the risk management framework and internal controls (increasing communications with the Wellcome Trust's in-house internal audit department).
- Reviewed and approved updated policies (including a new recruitment and selection policy).
- Reviewed the compliance processes in place in relation to modern slavery regulations and approval of the modern slavery statement (incorporating Farmcare by the year end).
- Reviewed conflicts/potential conflicts of interest of the Directors.

Culture

- Encouraged management to find ways to embed culture throughout the Group (such as induction programmes and employee awards).
- Reviewed EAG minutes and employee survey takeaways.

Risk governance, internal controls and assurance

- Continued to focus on and evolve the risk management framework and internal controls (in response to the ongoing expansion of the number and scale of active projects).
- Reviewed reports covering the Group's risk processes for the identification, management and mitigation of risk and emerging risk.
- Reviewed top-down (key risks) and bottom-up (project and corporate risks) registers (and associated heatmaps) and considered alignment with risk appetite.
- Received regular reports on the Group's GDPR compliance.
- Oversight of internal audit outcomes (by external adviser) on health and safety, budgeting and forecasting, project management and IT general controls.

Financial planning and performance

- Oversaw financial and operational performance (and all related reporting) during the year.
- Continued to monitor the impact of the Ukraine war, Covid-19, Brexit and economic uncertainties on the Group's financial performance.
- Approved 2022/23 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

Nomination and Governance Committee

Roles and responsibilities

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

Membership and meetings

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

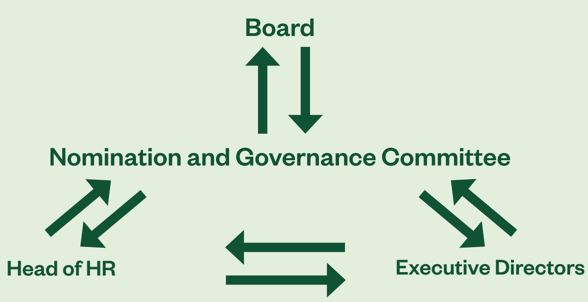
Members of the Committee attend all meetings, and their attendance at the two scheduled meetings held during the year ended 30 September 2022 is shown below.

Current members		Independent	Date of appointment to the Committee	Committee tenure as at 30 September 2022	Meeting attendance[1]
Peter Pereira Gray	Chair	No	21 January 2021	1 year 8 months	**2/2**
Rosemary Boot	Member	Yes	18 February 2021	1 year 7 months	**2/2**
Bill Holland	Member	Yes	18 February 2021	1 year 7 months	**2/2**
Lisha Patel	Member	No	21 January 2021	1 year 8 months	**2/2**

1. Scheduled meetings. Note one additional ad hoc meeting (to reconfirm Bill Holland and Rosemary Boot's appointment) was held in the year.

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

Key information flows



Operation of the Committee

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

Key activities in 2021/22

The Committee's key activities in the financial year to 30 September 2022 included:

- reviewed and ratified Bill Holland and Rosemary Boot's continuing appointment as Non-Executive Directors (a contractual requirement);
- reviewed and agreed composition of main Board committees and Business Segment committees (Catesby and Farmcare);
- reviewed skill matrix pertaining to all directors;
- reviewed workforce diversity statistics and organogram; and
- reviewed succession plans for Executive Directors and senior management and oversaw additional workstreams around personal development of successors (including a gap analysis exercise) and identification of 'flight' risks.

Key 2022/23 priorities

Oversee succession planning with regards to identified personal development and ensure the Head of HR's active training plans are consistent with the succession plan. The annual review of Bill Holland and Rosemary Boot's appointment will also need to be undertaken. Other matters are expected to follow the usual annual programme.

Committee members

Bill Holland (Chair)

Rosemary Boot

Lisha Patel

Peter Pereira Gray

Audit Committee

Roles and responsibilities

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

Membership and meetings

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

Members of the Committee attend all meetings, and their attendance at the four scheduled meetings held during the year ended 30 September 2022 is shown below. Typically, the Company will hold three scheduled meetings each year. The additional meeting in 2021/22 was a consequence of the number of outstanding workstreams in respect of last year's audit (which necessitated a further meeting in December 2021.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2022	Meetings attended/ eligible to attend
Bill Holland[1]	Chair	Yes	18 February 2021/ 6 February 2020	21 January 2021	2 years 7 months	**4/4**
Rosemary Boot[1]	Member	Yes	18 February 2021/ 23 May 2019	21 January 2021	3 years 4 months	**4/4**
Lisha Patel	Member	No	21 January 2021		1 year 8 months	**4/4**
Peter Pereira Gray	Member	No	21 January 2021		1 year 8 months	**4/4**

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

Key information flows

Operation of the Committee

- Following any Committee meetings, the Board receives a verbal update summarising the discussions and conclusions of the Committee. Should any areas require discussion by the full Board, adequate background information is provided.
- The Committee meets privately with the internal and the external auditors at least once a year, allowing for open discussion of any items if required in the absence of executive management. This also enables the highlighting of issues of key importance and the identification of emerging areas requiring debate.
- The Executive Directors attend all meetings along with senior members of the finance team, the internal auditor and the external auditor attend by invitation only. This enables a comprehensive discussion of all agenda items with the experience, engagement and contribution of all participants welcomed.
- The open culture of the Group means that members of the Committee have the opportunity to spend time with senior management outside the scheduled Committee meetings and can therefore seek additional information and guidance on any issues as required.

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

Key activities in 2021/22

The Committee's key activities in the financial year to 30 September 2022 included:

Year-end financial reporting

- Oversaw and reviewed the acquisition accounting entries in respect of the transfer in of Farmcare by the Wellcome Trust (including the 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 and Strutt and Parker) valuation report and Directors' valuation report. Non-Executive Directors met CBRE and Strutt and Parker to discuss key valuation judgements.
- Reviewed the application of the revenue and profit recognition policy.
- Discussed and assessed, with the external auditor, significant areas of judgement and 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 (further details on pages 101 to 102.
- 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 Ukraine war, Covid-19, Brexit and economic uncertainties.

Risk management

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

Further details on the Group's key risks and our approach to risk management are found in the risk review on pages 30 to 39.

Internal controls and internal audit

- Reviewed the effectiveness of the internal audit function.
- Oversaw interactions with the Wellcome Trust's in-house internal audit department.
- Agreed the programme of audits for 2022/23.
- Reviewed updates on the progress of the ongoing internal audit programme and reviewed the findings of completed audits (relating to budgeting and forecasting. health and safety, project management and IT general controls) including recommended action points and progress against the implementation of action points.
- Worked with management on improving the form of reporting from the Executive Directors to the Board giving assurance over the effectiveness of those internal controls that were not the subject of an internal audit in the year.
- Reviewed 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.
- Oversaw interactions with the Wellcome Trust's external auditors, Deloitte.

Governance and compliance

- Reviewed the membership of the Committee.
- 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 covering the following areas:

- the CBRE and Strutt and Parker valuation process;
- impact of new accounting standards; and
- specific accounting issues covering: the acquisition of Farmcare and Kings Langley, Waterbeach revenue recognition, the Foxchurch joint venture arrangements, the Baldock Development Management Agreement and the Newark grant.

Key 2022/23 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, capital allocation and managing and developing the risk management framework will also be key considerations in 2022/23, especially as ISA 315 (Revised) becomes fully effective. ISA 315 (Revised), issued by the International Audit and Assurance Standards Board, deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements, through understanding the entity and its environment, including the entity's internal controls. It is anticipated additional audit work on controls will be required as a result.

Committee members

Peter Pereira Gray (Chair)

Rosemary Boot

Bill Holland

Lisha Patel

Remuneration Committee

Roles and responsibilities

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

Membership and meetings

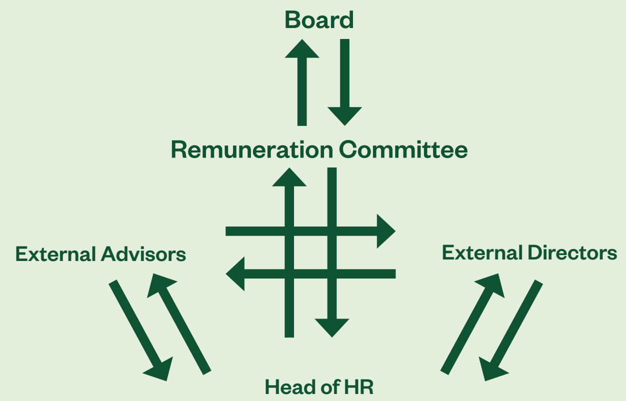
The have been no changes to the composition of the Committee during the year.

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 2022 is shown below.

Current members		Independent	Date of appointment to the Committee	Date of resignation	Committee tenure as at 30 September 2022	Meetings attended/ eligible to attend
Peter Pereira Gray	Chair	No	21 January 2021		1 year 8 months	**4/4**
Rosemary Boot[1]	Member	Yes	18 February 2021/ 23 May 2019	21 January 2021	3 years 4 months	**4/4**
Bill Holland[2]	Member	Yes	18 February 2021		1 year 7 months	**4/4**
Lisha Patel	Member	No	21 January 2021		1 year 8 months	**4/4**

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

Key information flows



Operation of the Committee

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

Key activities in 2021/22

The Committee's key activities in the financial year to 30 September 2022 included:

Executive remuneration

- Approved remuneration arrangements for Executive Directors and Senior Executives.
- Assessed the achievement of the EPRA NTA, cash generation, personal and sustainability objectives relating to the Executive Directors' bonus awards for the year ended 30 September 2022 (following the year end).
- Approved the bonus objectives for Executive Directors for the year ended 30 September 2023 (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.
- Reviewed other HR policies.
- 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

- Finalised new LTIP scheme rules and issued two sets of awards under the new rules.
- Monitored progress of performance conditions pertaining to the two new LTIP issues (the end of the first issue's performance period will be 30 September 2023).

Engagement

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

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.
- Reviewed EAG minutes and employee survey takeaways.
- Reviewed a schedule of workforce joiners and leavers to ensure any matters relating to remuneration are addressed appropriately.
- Reviewed the continuing evolution of governance standards and best practice.
- Approved any Group disclosures relating to remuneration.

4

Principle 4
Opportunity and risk

Introduction

The Board seeks out opportunities that are aligned to the Group's risk appetite and meet Board approved investment criteria (see page 30 onwards for details of the Group's risk framework).

Below is an overview of how the Group generates opportunities, what the principal sources of these opportunities are and also how the opportunities are appraised.

How are opportunities generated?

Urban&Civic has a dedicated team, reporting into the Chief Executive, Managing Director and New Situations Committee, which has responsibility for bringing forward new opportunities to the EMC and ultimately Board for review and approval if appropriate. Additionally, the Non-Executive Directors and Shareholder, on occasion, generate leads through day to day connections and operations.

Principal sources of opportunities

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

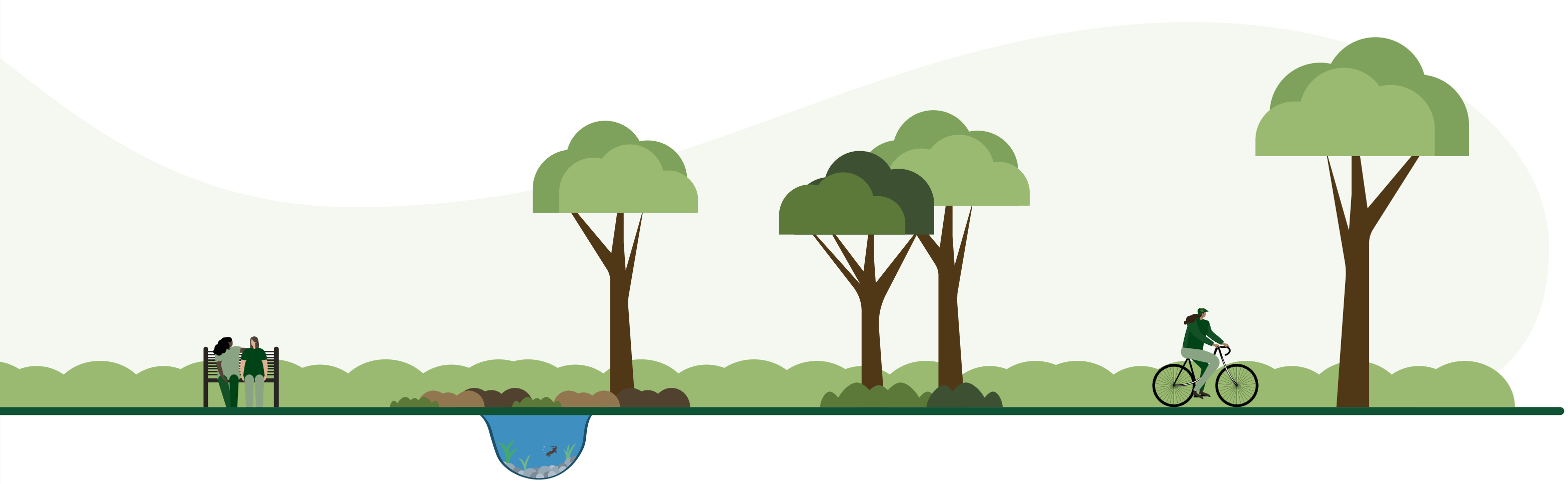
Description	Engagement/bidding process/advantages/disadvantages	Frequency of flow
Government (for example Local Authorities)	Often conducted through 'value for money' bidding processes, which although efficient and reassuring for the vendor, can be lengthy and costly for the bidder. The outcome of such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

How are opportunities appraised?

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

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

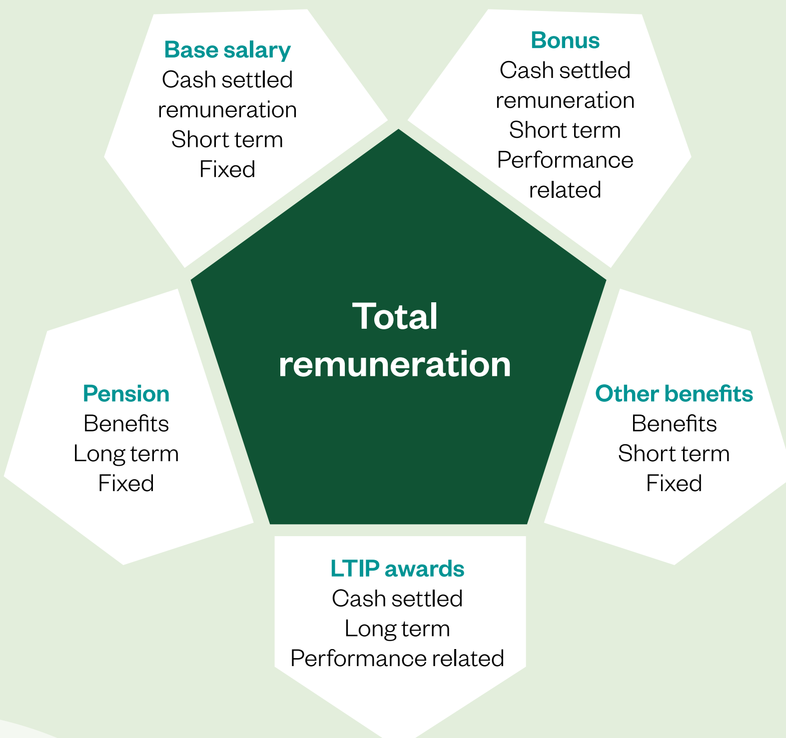
Read more on purpose and leadership on page 64

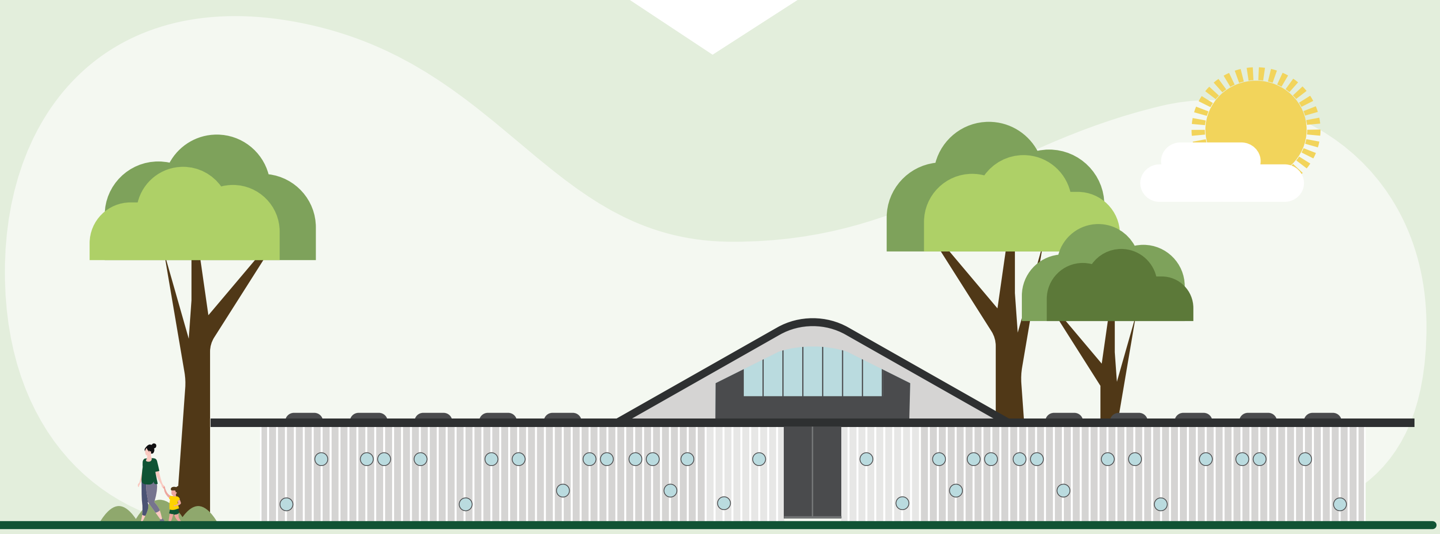


5

Principle 5
Remuneration

Remuneration at a glance





Group performance in 2022

EPRA NTA adjusted

£756.9m +6.7%

Profit after tax

£20.1m -20%

Cash flow generation from U&C's share of plot completions

£76.1m +8.1%

Remuneration across the Group

Total spend on pay

£15.1m -13%

96%

of employees received an annual increase in total remuneration[1] (2021: 94 per cent)

1. Employees other than Executive Directors.

Salary increase for Chief Executive

2.0% (2021: 2.5%)

100%

of employees received a bonus in respect of the year ended 30 September 2022[1] (2021: 99 per cent)

Average salary increase for employees[1]

6.3% (2021: 5.0%)

82%

of employees were granted LTIP awards during the year ended 30 September 2022[1] (2021: Nil per cent)

Chief Executive remuneration

Salary

£0.4m

Annual bonus

£0.3m

Total remuneration

£0.8m -37%

Chief Executive Officers pay ratio (total remuneration)

25th Percentile

9.6:1

50th Percentile

6.5:1

75th Percentile

4.0:1

Remuneration Committee

Directors' remuneration policy table

The Directors' remuneration policy below sets out the current position.

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 on page 82.	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 with the shareholder.	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; and • 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.	No change.
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 continued

Chief Executive's remuneration

The table below presents the remuneration figures for the Chief Executive for the years ended 30 September 2022 and 30 September 2021.

	Basic salary		Benefits[1]		Bonus		Long-term incentives		Pension[2]		Total fixed		Total variable		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Nigel Hugill	442	431	35	39	265	388	—	359	66	65	543	535	265	747	808	1,282

1. Includes a fully expensed company car or cash alternative and private medical insurance.
2. Pension payments equivalent to 15 per cent of salary were made as a cash supplement to the Chief Executive during 2022 and 2021.

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 above;
   - pension (10 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 255 per cent of base salary for the CEO. This level is in line with the award size for the 2022 LTIP grant. This is within the policy maximum of 300 per cent for the CEO.

Non-Executive Directors

All Non-Executive Directors (excluding Wellcome connected employees) have a remuneration agreement that rolls every 12 months, subject to three months' notice by either the Non-Executive Director or the Company, given at any time. In addition, temporary additional day rates can be provided to certain Non-Executive Directors.

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

Payments to past Directors or payments for loss of office

There were no payments to past Directors or payments for loss of office (other than contractual fees paid to Non-Executive Directors prior to their resignation on the Wellcome Trust's acquisition of Urban&Civic).

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Principle 6
Stakeholder relationships and engagement

Strong stakeholder engagement

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 and this section together with the matters set out on pages 28 and 29 and the information available at https://www.urbanandcivic.com/master-developer/who-we-work-master-developer explains who the Group's key stakeholders are, details why they are important to Urban&Civic, what they expect from the Company, how we have engaged with them and the key matters arising in the year.

Stakeholder engagement takes place throughout the business. Below we have sought to illustrate the information provided to the board and how it addresses stakeholder considerations as well as describing a number of key decisions/matters for the Board which impact upon our various stakeholders by way of illustration.

Stakeholder information

Soft information (Monitoring)

- Attendance at EMC
- Access to all staff briefings
- Review of staff away day
- Site visits
- Stakeholder discussions
- Valuer meeting

Hard information (Review)

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

Stakeholder considerations impact

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

PRINCIPLE 6 – STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT CONTINUED

Stakeholders

- Shareholder
- Partners
- Employees
- Environment
- Customers
- Local communities
- Suppliers and contractors

Section 172 considerations

1. Likely long-term consequences
2. Employee interests
3. Relationships with customers, suppliers and others
4. The impact on the community and environment
5. Maintaining a reputation for high standards of business conduct
6. Acting fairly between members of the Group

Decision 1: Health and Safety

Matter for discussion	Section 172 considerations 2 3 5	Actions and outcomes
Each Board meeting includes an active review of health and safety matters across the Group including the performance of direct contractors and suppliers, incident rates, trends, housebuilder customer performance and training for employees.	These reviews allow the Board to specifically focus on the health and safety of employees including matters of mental health, build strong relations with our contractors and customers and ensure the business and those that work with us maintain high standards of business conduct.	The frequency of cable strikes and the actions taken by our project teams, direct contractors and housebuilders have been extensively reviewed. A non-executive Board member has also attended the annual executive management health and safety training.

Decision 2: Culture, values and employee engagement

Matter for discussion	Section 172 considerations 1 2 5	Actions and outcomes
The Board have sought a range of opportunities and information to assess employee engagement, the culture within the business and the continuing applicability of U&C's values. There is a specific session on this at the annual strategy day and the minutes of the Employee Advisory Group are discussed at each Board meeting.	There is a strong employee focus from the Board, recognising that long term success of the business rests upon building and maintaining an engaged and positive team.	The Board encouraged carrying out the employee engagement survey and a detailed report was presented to and discussed at the Board. A number of specific factors have informed future decisions including the value award process which was proposed by the Employee Advisory Group.

Decision 3: Integration and rationalisation of Farmcare

Matter for discussion	Section 172 considerations 1 5 6	Actions and outcomes
Following the shareholder decision to transfer its Farmcare business into Urban&Civic, the Board have been actively engaged with management in its review, rationalisation and integration of a farming business into the commercial operations and governance of Urban&Civic.	The division of the Farmcare portfolio into potential development opportunities and ongoing farming land has underpinned the Board's approach whilst ensuring that both risks and opportunities are managed effectively.	The Board endorsed management's recommendation to sell two farms from the portfolio given the strength of the agricultural land market. The residual portfolio continues to be managed by external agents with overview from senior management and governance is being harmonised to conform with wider Urban&Civic policies.

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:

	Note to the consolidated financial statements	Pages
Strategic report		
Business model and strategy		6 and 7, 18 and 19
Key performance indicators		20 and 21
Principal risks		30 to 39
Future business developments		18 and 19
Environmental matters		40 to 51
Emissions and energy consumption		40 to 51, and 126
Engagement with suppliers, customers and others		28 and 29
Governance		
Corporate governance		62 to 87
Financial statements		
Capitalised interest	6	104
Financial instruments	20	112 and 113
Contracts of significance	24	114
Details of long-term incentive schemes	18	111
Related party transactions	28	116 and 117

Introduction

The Directors present their report together with the audited accounts for the year ended 30 September 2022. 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) last year. The date of transition was 1 October 2019. The transition from IFRS complied with section 35 of FRS 102, with a full retrospective restatement back to the date of transition, as required by the standard.

Results and dividends

The Group reported a profit for the year of £20.1 million (2021: profit of £25.2 million) as shown in the consolidated statement of comprehensive income on page 96. No dividends were paid during the year (2021: £Nil), although gift aid donations to the Wellcome Trust totalled £17.1 million (2021: £Nil).

Directors

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

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

Biographical details of the Directors are contained on page 66.

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 £40,000 (2021: £42,000). In addition, together with its joint venture partners, the Group made further charitable donations of £26,000 (2021: £14,000). Given the Wellcome Trust is a charity in its own right, Urban&Civic's charitable donations are typically linked to the Group's development sites and their associated communities and organisations.

The Group made no political donations during the year (2021: £Nil).

The Group made £17,057,000 of gift aid payments to the Wellcome Trust during the year (2021: £Nil).

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 21 to the consolidated financial statements. As at 30 September 2022, there were 203,235,177 ordinary shares of 20p each in issue, each carrying one vote and all fully paid. There is only one class of share in issue.

Auditor

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

Going concern

In assessing going concern, the Directors have reviewed the Group's cash flow forecasts, cash reserves, loan maturities, undrawn facilities and loan covenants (including headroom). Additional sensitivities have also been considered, reflecting the Group's risk profile, as have facilities that are due to expire in the period to March 2024. For expiring facilities (including two loans amounting to £22.4 million at 30 September 2022 on a look-through basis), 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 30 to 39.

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 18 months from the balance sheet date, 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 2022 and 1 November 2022, Urban&Civic completed the sale of two farms at Goole and Coldham. Both sales were contracted prior to the year end and EPRA uplifts were taken at 30 September 2022, reflecting the £100 million sales price (net of sales costs). Sales proceeds were received on completion.

On 31 October 2022, the Manchester New Square joint venture refinanced the expiring mezzanine development facility (which had been provided by our partner, the Greater Manchester Pension Fund). Following completion of the construction of the 351 apartment scheme in Manchester City Centre, a new two year, £25.8 million loan, has been advanced by the Greater Manchester Combined Authority (the former senior lender on the project), to cover the expected sales period for the remaining apartments.

The Directors' report was approved by the Board on 14 December 2022 and signed on its behalf by:

David Wood

David Wood
Group Finance Director
14 December 2022

Company number: SC149799

Statement of Directors' responsibilities in respect of the accounts

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

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

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and accounting estimates that are reasonable and prudent;
- for the Group and Company financial statements, to state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the Group and/or Company financial statements; and
- to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

Each of the Directors confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the adoption of a going concern basis for the preparation of the financial statements continues to be appropriate based on a review of the current and projected financial position of the Group, making reasonable assumptions about future trading performance; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The Directors' responsibility statement was approved by the Board.

On behalf of the Board

David Wood
Group Finance Director
14 December 2022

Financial statements


WINTRINGHAM
PRIMARY ACADEMY

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 2022 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 2022 which comprise the consolidated statement of comprehensive income, consolidated and Company balance sheets, consolidated and Company statements 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 or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

As explained more fully in the 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 advisors, 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 represent 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: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
UK
14 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

for the year ended 30 September 2022

	Notes	**Year ended 30 September 2022 £'000**	Year ended 30 September 2021 £'000
Revenue	4	**154,535**	76,579
Direct costs	4	**(125,195)**	(43,667)
Gross profit	4	**29,340**	32,912
Administrative expenses		**(17,958)**	(22,589)
Surplus on revaluation of investment properties	10	**4,342**	3,666
Surplus on revaluation of receivables		**23**	219
Share of post-tax profit from joint ventures	12	**3,778**	8,409
Impairment of loans to joint ventures	12	**(114)**	—
Loss on disposal of investment properties		**(42)**	—
Profit on disposal of property, plant and equipment		**506**	—
Impairment of property, plant and equipment	11	**(557)**	—
Operating profit	5	**19,318**	22,617
Finance income	6	**3,372**	5,187
Finance costs	6	**(819)**	(1,127)
Profit before taxation		**21,871**	26,677
Taxation expense	9	**(1,800)**	(1,526)
Total comprehensive income		**20,071**	25,151

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

The notes on pages 96 to 118 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 30 September 2022

	Notes	30 September 2022 £'000	30 September 2021 £'000
Non-current assets			
Investment properties	10	**81,703**	58,060
Property, plant and equipment	11	**151,304**	4,130
Investments in joint ventures	12	**134,946**	132,465
Deferred tax assets	13	**2,206**	3,320
Trade and other receivables	16	**53,679**	15,127
		423,838	213,102
Current assets			
Trading properties	14	**321,526**	333,421
Inventory	15	**8,940**	—
Trade and other receivables	16	**69,428**	32,391
Cash and cash equivalents	29	**37,108**	34,097
		437,002	399,909
Total assets		**860,840**	613,011
Non-current liabilities			
Borrowings	19	**(164,723)**	(146,080)
Provisions	18	**(270)**	—
Deferred tax liabilities	13	**(11,229)**	(10,543)
		(176,222)	(156,623)
Current liabilities			
Borrowings	19	**—**	—
Trade and other payables	17	**(69,604)**	(38,781)
		(69,604)	(38,781)
Total liabilities		**(245,826)**	(195,404)
Net assets		**615,014**	417,607
Equity			
Share capital	21	**40,647**	29,378
Share premium account		**352,062**	168,938
Capital redemption reserve		**849**	849
Other reserve		**113,785**	113,785
Retained earnings		**107,671**	104,657
Total equity		**615,014**	417,607
NAV per share	23	**302.6p**	284.3p
EPRA NAV per share	23	**384.7p**	379.7p
EPRA NTA per share	23	**364.0p**	350.4p

The financial statements were approved by the Board and authorised for issue on 14 December 2022 and were signed on its behalf by:

Nigel Hugill
Director

David Wood
Director

The notes on pages 96 to 118 form part of these financial statements.

Registered in Scotland No. SC149799.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2022

	Notes	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 2020		29,036	169,268	849	(3,585)	113,785	82,721	392,074
Shares issued	21	342	(330)	—	—	—	—	12
Deferred bonus award and share option exercise satisfied out of own shares		—	—	—	3,585	—	(4,139)	(554)
Share-based payment expense	25	—	—	—	—	—	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**
Share issued	21	**11,269**	**183,124**	**—**	**—**	**—**	**—**	**194,393**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**20,071**	**20,071**
Gift aid paid		**—**	**—**	**—**	**—**	**—**	**(17,057)**	**(17,057)**
Balance at 30 September 2022		**40,647**	**352,062**	**849**	**—**	**113,785**	**107,671**	**615,014**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2022

	Notes	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Cash flows from operating activities			
Profit before taxation		**21,871**	26,677
Adjustments for:			
Surplus on revaluation of investment properties	10	**(4,342)**	(3,666)
Surplus on revaluation of receivables		**(23)**	(219)
Share of post-tax profit from joint ventures	12	**(3,778)**	(8,409)
Impairment of loans to joint ventures	12	**114**	—
Finance income	6	**(3,372)**	(5,187)
Finance costs	6	**819**	1,127
Depreciation charge	11	**710**	209
Write down of trading properties	4	**904**	1,192
(Profit)/loss on disposal of property, plant and equipment	5	**(506)**	32
Loss on disposal of investment properties		**42**	—
Impairment of property, plant and equipment	11	**557**	—
Share-based payment expense	25	**—**	924
LTIP expense	18	**270**	—
Profit on sale of own shares		**—**	(550)
Cash flows from operating activities before change in working capital		**13,266**	12,130
Increase in trading properties		**(18,841)**	(18,740)
(Increase)/decrease in trade and other receivables		**(29,048)**	26,319
Increase in trade and other payables		**27,586**	7,318
Cash flows (absorbed by)/from operations		**(7,037)**	27,027
Finance income received		**57**	107
Finance costs paid		**(676)**	(838)
Tax refunded		**663**	—
Net cash flows (absorbed by)/from operating activities		**(6,993)**	26,296
Investing activities			
Cash acquired on acquisition of subsidiary	26	**10,222**	—
Additions to investment properties		**(12,323)**	(6,832)
Additions to property, plant and equipment		**(635)**	(115)
Loans advanced to joint ventures	12	**(8,729)**	(2,037)
Loans repaid by joint ventures	12	**6,500**	2,750
Profits distributed from joint ventures	12	**3,412**	1,335
Proceeds from disposal of property, plant and equipment		**6,053**	—
Proceeds from disposal of investment properties		**9,700**	—
Net cash flows from/(absorbed by) investing activities		**14,200**	(4,899)
Financing activities			
New loans		**23,364**	21,844
Repayment of loans		**(10,503)**	(23,221)
Issue of new equity		**—**	12
Gift aid paid in the year		**(17,057)**	—
Net cash flows absorbed by financing activities		**(4,196)**	(1,365)
Net increase in cash and cash equivalents	29	**3,011**	20,032
Cash and cash equivalents at 1 October		**34,097**	14,065
Cash and cash equivalents at 30 September		**37,108**	34,097

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 129 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 financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties, LTIP provisions and certain other receivables. The Company has prepared its individual financial statements, on pages 119 to 125, 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 2024.

Cash balances have remained at similar levels to last year on a look-through basis (£53.2 million at the year end compared to £53.9 million at 30 September 2021). Cash generation from plot completions (£76.1 million), additional cash received from the Wellcome Trust (£10.2 million was received on the transfer to the Group of a subsidiary holding farming assets) and new loans (£23.4 million in subsidiaries and £0.8 million in respect of Urban&Civic's share of new joint venture borrowings) have been used to fund £110.4 million of capital expenditure, £17.1 million of Gift aid payments to the Wellcome Trust and repay loans of £22.9 million (£10.5 million in respect of subsidiaries and £12.4 million for Urban&Civic's share of joint venture borrowings).

As cash generation builds, the Group seeks to maintain sufficient and supportive funding lines to maintain construction activities. At the year end, the Group now benefits from £64.2 million of undrawn facilities on a look-through basis (U&C's share is £61.8 million). This is in addition to £95.3 million of forward contracted sales at the Group's Strategic Sites, of which £34.5 million (on a look through basis) is receivable by March 2024, and £100 million of post year end farming asset sales receipts.

The Group's net debt position at 30 September 2022 totalled £127.6 million (30 September 2021: £112.0 million), producing a net gearing ratio of 20.7 per cent (30 September 2021: 26.8 per cent) on a UK GAAP NAV basis and 16.3 per cent (30 September 2021: 20.1 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 Houlton, Rugby and Wintringham joint ventures.

Homes England now accounts for 92.5 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 2022 was 6.8 years (30 September 2021: 6.9 years) and weighted average cost of borrowing on drawn debt was 4.5 per cent (30 September 2021: 3.2 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.

The Group was covenant compliant in the 12 months to 30 September 2022 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.

1. Basis of preparation continued

Going concern continued

The Group had one loan maturing over the next 12 months at the year end: the £26.8 million drawn under the Manchester New Square Mezzanine facility. This has been refinanced after the year end as described in note 30. Two further loan facilities mature within the going concern period. The first, a £9.0 million development loan, matures in December 2023 and will be fully repaid using available cash. The second facility, maturing in March 2024, is the RCF balance which is wholly undrawn at 30 September 2022 and is forecast to remain so throughout the going concern review period. Notwithstanding, discussions have commenced with HSBC regarding an extension beyond existing maturity.

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

2. Summary of significant accounting policies

Joint ventures

The Group is party to joint arrangements where there are contractual arrangements that confer joint control over the relevant activities of the arrangements to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

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

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

In the consolidated financial statements, interests in joint ventures are initially recognised in the consolidated balance sheet at cost and subsequently accounted for using the equity method of accounting whereby the consolidated balance sheet incorporates the Group's share of the net assets of the joint ventures. The consolidated statement of comprehensive income incorporates the Group's share of the joint ventures' profits after tax.

Where there is objective evidence that an investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Investment properties

Investment properties are properties held for long-term rental income and/or for capital appreciation and are measured initially at cost, including related transaction costs, and subsequently at fair value. Changes in fair value of an investment property at the balance sheet date and its carrying amount prior to remeasurement are recorded in the consolidated statement of comprehensive income.

Investment properties are recognised as an asset when:

- it is probable that future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions present that could prevent completion; and
- the cost of the investment property can be measured reliably.

Additions to investment properties in the course of development or refurbishment include the cost of finance and directly attributable internal and external costs incurred during the period of development until the properties are ready for their intended use.

An investment property undergoing redevelopment or refurbishment for continued use as an investment property will remain as an investment property measured at fair value and is not reclassified.

A transfer of a property from investment properties to trading properties will be made where there is a change in use such that the asset is to be developed or held with a view to sale.

Trading properties

Trading properties comprise both direct interests in property and indirect beneficial interests in property held through land promotion agreements or other contractual arrangements. They are classified as inventory and are included in the consolidated balance sheet at the lower of cost and net realisable value. Net realisable value is the expected net sales proceeds of the developed property in the ordinary course of business less the estimated costs to completion and associated selling costs. A provision is made to the extent that projected costs exceed projected revenues.

All external and internal costs, including borrowing costs, directly associated with the purchase, promotion and construction of a trading property are capitalised up to the date that the property is ready for its intended use. Property acquisitions are recognised when legally binding contracts that are irrevocable and effectively unconditional are exchanged.

Properties reclassified to trading properties from investment properties are transferred at deemed cost, being the fair value at the date of reclassification.

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

2. Summary of significant accounting policies continued

Leases

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

Property, plant and equipment

Property, plant and equipment is stated at cost or fair value at the date of transfer less accumulated depreciation and accumulated impairment losses. This includes costs directly attributable to making the asset capable of operating as intended.

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

Freehold property	—	shorter of expected period to redevelopment and 2 per cent straight line
Leasehold improvements	—	shorter of term of the lease and 10 per cent straight line
Furniture and equipment	—	20–33 per cent straight line
Plant and machinery	—	5–33 per cent straight line

Inventory

Biological assets

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

Other inventory

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

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

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

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised at the fair value of the consideration receivable, including the fair value of any residential properties received in part exchange, excluding VAT. The following revenue recognition policies have been applied in respect of each of the Group and joint ventures' principal revenue streams.

Trading property sales

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

Residential property sales

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

Revenue on construction contracts

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

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

2. Summary of significant accounting policies continued

Revenue recognition continued

Rental and other property income

Rental and other property income arising from property is accounted for on a straight line basis over the term of the lease. Lease incentives, including rent free periods and payments to tenants, are allocated to the consolidated statement of comprehensive income on a straight line basis over the lease term as a deduction from rental income.

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.

Farming income

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

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

Taxation

Current tax

The charge for current taxation is based on the results for the year as adjusted for items that are non-taxable or disallowed. It is calculated using rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and the corresponding tax base cost used in computing taxable profit.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is recognised in the consolidated statement of comprehensive income except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recognised within equity.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax balances are not discounted.

Gift aid

The distribution of Gift aid donations are 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.

LTIP

Employees and directors of the Group can be awarded discretionary LTIP awards under the plan described in Principle 5 "Remuneration". A provision for the LTIP is calculated at each year end and held at fair value on the Balance Sheet if a reliable estimate of the Group's obligation at the point of vesting can be made. Movements in the provision are recognised in the Statement of Comprehensive Income.

Retirement benefits

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the period to which they relate.

Government grants

Government grants received in relation to property asset capital expenditure are included within other creditors in the statement of financial position and recognised within other operating income in the income statement in the same period as the related expenditure.

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 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 2022 are disclosed later in note 3. Details of the Group's trading properties that are measured at net realisable value are disclosed in note 14. The valuers and Directors also make reference to market evidence for comparable property transactions and principal inputs and assumptions.

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

Revenue

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

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

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

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

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

Inflation rates – some contractual minimum prices are subject to 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.

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 13.

LTIP

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

3. Significant areas of judgement and estimation uncertainty continued

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

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

	30 September 2022	30 September 2021
House price – private (£psf)	**260–400**	225–374
House price – affordable (£psf)	**160–275**	135–245
House price inflation (per cent)	**Nil**	2.5–3.0
Cost price inflation (per cent)	**2.5**	2.0
Residential land prices (£'000 per NDA)	**980–1,745**	735–1,570
Commercial land value (£'000 per acre)	**200–850**	150–425
Risk-adjusted discount rate (per cent)	**5.8–12.0**	5.5–10.0
Agricultural land value (£'000 per acre)	**7.0–10.5**	—

Inter-relationship between significant unobservable inputs and fair value measurement

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

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

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

Joint operations

The Group is party to a joint operation in respect of Waterbeach. In 2022, two licence sale contracts were entered into. Under the terms of the joint operation contract, the Group is entitled to retain the cash receipts to date (£2.3 million) and recognise minimum debtors, the present value of which was £21.1 million at 30 September 2022. This impacts deferred income and does not all get recognised on the statement of comprehensive income.

Proceeds of asset sales are 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 assets sold in the year included both an asset of the DIO and an asset of the Group. For this reason management concluded that, despite the Group's entitlement to retain all proceeds, it is appropriate to recognise only a proportion of the proceeds as revenue. This resulted in the recognition of £10.3 million of revenue in the year, being equal to the cost of the Group's share of output plus estimated profit margin on the contract. The remaining proportion of proceeds has been recognised on the balance sheet as deferred income. The year-end balance of deferred income in relation to new licence sale contracts at Waterbeach in the year was £13.1 million. 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 2022

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

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

	Year ended 30 September 2022	Year ended 30 September 2021
Number of construction contracts	1	1

No further gross profit is forecast on the above construction contract, which is due to come to an end during the next financial year.

5. Operating profit

Is arrived at after charging/(crediting):	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Depreciation of property, plant and equipment	710	209
(Profit)/loss on disposal of property, plant and equipment	(506)	32
Impairment/(write back) of trade receivables	148	(84)
Operating lease charges – rent of properties	671	651
Share-based payment expense	—	924
LTIP expense	270	—
Capitalisation of administrative expenses to investment properties	(264)	(345)
Capitalisation of administrative expenses to trading properties	(3,706)	(3,914)
Fees paid to BDO LLP[1] in respect of:		
– audit of the Company	369	216
Other services:		
– audit of subsidiaries and associates	113	101

1. Total fees for 2022 payable to the Company's auditor are £482,000 (2021: £317,000).

6. Finance income and finance costs

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Interest receivable from cash deposits	6	1
Unwinding of discount applied to long-term receivables	2,676	4,731
Other interest receivable	690	455
Finance income	**3,372**	5,187
Interest payable on borrowings	(5,595)	(4,302)
Amortisation of loan arrangement costs	(863)	(845)
Finance costs pre-capitalisation	(6,458)	(5,147)
Finance costs capitalised to trading properties	5,639	4,020
Finance costs	**(819)**	(1,127)
Net finance income	**2,553**	4,060

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 2022 £'000	Year ended 30 September 2021 £'000
Wages and salaries (including discretionary bonus)	12,426	14,621
Employer's National Insurance contributions and similar taxes	1,726	1,830
Defined contribution pension cost	956	806
LTIP expense	270	—
Share-based payment expense	—	924
Total staff costs (including Directors)	**15,378**	18,181
Amount capitalised to investment and trading properties	(2,825)	(3,288)
Amount included within operating profit	**12,553**	14,893

	Year ended 30 September 2022 Number	Year ended 30 September 2021 Number
Average number of employees during the year (including Directors)	**102**	96

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8. Directors' remuneration

Directors' remuneration	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Directors' emoluments	**1,986**	2,296
Amounts receivable under LTIP	**—**	871
Company pension contributions	**178**	174
Total	**2,164**	3,341

Highest paid Director	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Directors' emoluments	**742**	858
Amounts receivable under LTIP	**—**	359
Company pension contributions	**66**	65
Total	**808**	1,282

9. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Current tax:		
UK corporation tax on profits for the year	**—**	—
Adjustments in respect of previous periods	**—**	(161)
Total current tax	**—**	(161)
Deferred tax:		
Origination and reversal of timing differences	**1,785**	435
Changes in tax rates	**—**	1,740
Adjustments in respect of previous periods	**15**	(488)
Total deferred tax	**1,800**	1,687
Total tax charge	**1,800**	1,526

(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 2022 £'000	Year ended 30 September 2021 £'000
Profit attributable to the Group before tax	**21,871**	26,677
Profit multiplied by the average rate of UK corporation tax of 19 per cent (2021: 19 per cent)	**4,155**	5,069
Expenses not deductible for tax purposes	**234**	810
Differences arising from taxation of chargeable gains and property revaluations	**223**	(1,359)
Gift aid	**(3,215)**	(3,180)
Changes in tax rates	**—**	1,740
Tax losses and other items	**403**	(1,554)
Total tax charge	**1,800**	1,526

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.

During the year the Group made Gift aid payments of £17,057,000 to the Wellcome Trust.

(c) Joint ventures

The Group's share of tax on the joint ventures is £Nil (2021: £Nil).

10. Investment properties

(i) Carrying amount reconciliation

	£'000
Valuation	
At 1 October 2020	47,562
Additions at cost	6,832
Surplus on revaluation	3,666
At 1 October 2021	58,060
Additions at cost	12,643
Disposals	(9,658)
On acquisition of subsidiary	16,316
Surplus on revaluation	4,342
Carrying value and portfolio valuation at 30 September 2022	**81,703**

Investment properties on the acquisition of Farmcare totalled £16,316,000 (see note 26).

(ii) Operating lease arrangements

Refer to note 27 for details of the operating lease commitments related to investment properties.

(iii) Items of income and expense

During the year ended 30 September 2022, £2,891,000 (2021: £2,149,000) 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 £2,612,000 (2021: £2,297,000).

(iv) Restrictions and obligations

At 30 September 2022 and 2021 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 2022 was £57,812,000 (2021: £38,511,000). There was no interest capitalised during the current or prior year. During the year staff and administrative costs of £264,000 (2021: £345,000) have been capitalised and are included within additions.

(vi) Fair value measurement

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

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

Valuation technique

Discounted cash flows: the valuation models for the Group's Strategic Sites consider the present value of net cash flows to be generated from the site (reflecting the current approach of constructing 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.

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

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

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11. Property, plant and equipment

	Freehold property £'000	Plant and machinery £'000	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost					
At 1 October 2020	6,312	—	757	1,876	8,945
Additions	—	—	—	115	115
Disposals	(2,000)	—	—	(152)	(2,152)
At 1 October 2021	4,312	—	757	1,839	6,908
On acquisition of subsidiary	152,529	824	—	—	153,353
Additions	345	34	—	256	635
Disposals	(5,537)	(10)	—	(219)	(5,766)
At 30 September 2022	**151,649**	**848**	**757**	**1,876**	**155,130**
Accumulated depreciation and impairment					
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 1 October 2021	433	—	753	1,592	2,778
Charge for the year	385	193	—	132	710
Impairment	557	—	—	—	557
Released on disposal	—	—	—	(219)	(219)
At 30 September 2022	**1,375**	**193**	**753**	**1,505**	**3,826**
Net book value					
At 30 September 2022	**150,274**	**655**	**4**	**371**	**151,304**
At 30 September 2021	3,879	—	4	247	4,130

Property, plant and equipment on the acquisition of Farmcare totalled £153,353,000 (see note 26).

12. Investments

Investments in joint ventures

	Total £'000
Cost or valuation	
At 1 October 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
Share of post-tax profit from joint ventures	3,778
Impairment of loans to joint ventures	(114)
Profits distributed	(3,412)
Loans advanced	8,729
Loans repaid	(6,500)
At 30 September 2022	**134,946**

12. Investments continued

Investments in joint ventures continued

At 30 September 2022 the Group's interests in its joint arrangements were as follows:

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

On 26 August 2022, a subsidiary of the Group acquired an additional 25% of Manydown Development Vehicle LLP, increasing the investment to 50 per cent (30 September 2021: 25 per cent).

Joint operations	
Waterbeach	Property development
Baldock	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. Baldock is also a joint arrangement with a landowner that is structured through a contractual arrangement. Decision making is shared 50:50 and the Group will have a right to sales proceeds under a waterfall agreement.

All of the Group's interests in joint arrangements have their principal place of business in the UK. The registered offices and country of incorporation of the joint ventures (and subsidiaries) are disclosed in note 9 of the notes to the Company financial statements on pages 127 to 129. Refer to note 3 for further details on the judgements used when recognising revenue for the joint ventures.

Summarised information on joint ventures 2022

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

SUE Developments LP holds the Houlton, Rugby site.

12. Investments continued

Investments in joint ventures continued

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/(liabilities)	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

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

13. Deferred tax

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

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
At 1 October	**(7,223)**	(5,536)
Movement in the year (see note 9)	**(1,800)**	(1,687)
At 30 September	**(9,023)**	(7,223)

The deferred tax balances are made up as follows:

	At 30 September 2022 £'000	At 30 September 2021 £'000
Deferred tax assets		
Tax losses	**2,206**	3,320
	2,206	3,320
Deferred tax liabilities		
Revaluation surpluses	**(11,229)**	(10,543)
	(11,229)	(10,543)

13. Deferred tax continued

At 30 September 2022, the Group had unused tax losses of £16,250,000 (2021: £19,765,000), of which £8,824,000 (2021: £13,280,000) has been recognised as a deferred tax asset. £7,289,000 (2021: £6,348,000) 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 (2021: £137,000) have not been recognised as it is not considered sufficiently certain that there will be appropriate taxable profits available in the foreseeable future against which these losses can be utilised.

The UK corporation tax rate will 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 (2021: 25 per cent), being the enacted rate of corporation tax in the UK at the balance sheet date against which the temporary differences giving rise to the deferred tax are expected to reverse.

14. Trading properties

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
At 1 October	**333,421**	311,481
Additions at cost	**87,065**	61,404
Write down	**(904)**	(1,192)
Disposals	**(98,056)**	(38,272)
Carrying value at 30 September	**321,526**	333,421

Trading properties by class of property	**At 30 September 2022 £'000**	At 30 September 2021 £'000
Direct interests in completed and development properties	**272,870**	295,937
Indirect interests held through land promotion, option or other contractual agreements	**48,656**	37,484
	321,526	333,421

During the year staff and administrative costs of £3,706,000 (2021: £3,914,000) have been capitalised and are included within additions.

Capitalised interest of £17,997,000 is included within the carrying value of trading properties as at 30 September 2022 (2021: £13,677,000), of which £5,639,000 (2021: £4,020,000) was capitalised during the year. Including within disposals is £1,262,000 (2021: £14,000) of interest previously capitalised and written off on disposal.

The carrying value of trading properties at 30 September 2022 includes £3,832,000 (2021: £3,913,000) measured at net realisable value. The remaining assets have been measured at cost. In arriving at their net realisable value assessments, the Directors have had regard to the current valuations of the properties (where relevant) and the future expected profitability of the asset.

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

15. Inventory

	At 30 September 2022 £'000	At 30 September 2021 £'000
Biological assets	**805**	—
Raw materials and consumables	**1,197**	—
Crops in store	**6,938**	—
	8,940	—

Inventory on the acquisition of Farmcare totalled £6,553,000 (see note 26). As at 30 September 2022, inventory balances relates wholly to Farmcare.

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16. Trade and other receivables

Non-current	At 30 September 2022 £'000	At 30 September 2021 £'000
Trade receivables	**53,679**	15,127
	53,679	15,127

Current	At 30 September 2022 £'000	At 30 September 2021 £'000
Trade receivables	**44,955**	25,014
Less: provision for impairment of trade receivables	**(196)**	(48)
Trade receivables (net)	**44,759**	24,966
Amounts due from related parties	**80**	—
Other receivables	**20,948**	3,098
Prepayments and accrued income	**3,641**	4,327
	69,428	32,391

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

Trade and other receivables on the acquisition of Farmcare totalled £2,643,000 (see note 26).

17. Trade and other payables

Current	At 30 September 2022 £'000	At 30 September 2021 £'000
Trade payables	**18,431**	2,861
Taxes and social security costs	**3,771**	4,140
Other payables	**3,313**	1,933
Accruals	**18,609**	17,089
Deferred income	**25,480**	12,758
	69,604	38,781

Trade and other payables on the acquisition of Farmcare totalled £3,235,000 (see note 26). Deferred income includes £23,947,000 (2021: £10,896,000) in relation to the sale of land and buildings at Waterbeach.

18. Provisions

	£'000
At 1 October 2021	—
Charge for the year	270
Utilised in the year	—
At 30 September 2022	**270**

The provision relates to awards in respect of the Group's Long-term Incentive Plan (LTIP), which is awarded to certain directors and employees. The structure of the LTIP is described in Principle 5 "Remuneration".

19. Borrowings

	At 30 September 2022 £'000	At 30 September 2021 £'000
Bank loans and overdrafts	(192)	3,674
Other loans	164,915	142,406
	164,723	146,080

Maturity profile	At 30 September 2022 £'000	At 30 September 2021 £'000
Less than one year	—	—
Between one and five years	8,813	18,588
More than five years	155,910	127,492
	164,723	146,080

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 (2021: between 2.2 and 4.0 per cent) above the EC Reference Rate and the facilities are secured against specific land holdings.

The revolving credit facility is secured against specific property holdings. The balance on this facility is £Nil at 30 September 2022 (2021: £4,000,000). There are £192,000 of unamortised loan arrangement costs, reflected in a negative balance presented under bank loans and overdrafts.

The Group's undrawn loan facilities at 30 September 2022 were:

	At 30 September 2022 £'000	At 30 September 2021 £'000
Expiring in less than one year	—	—
Expiring between one and five years	40,000	36,000
Expiring in greater than five years	21,811	45,800
	61,811	81,800

20. Financial instruments

Details of the Group's significant accounting policies, including the basis on which income and expenses are recognised through the statement of comprehensive income and the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Financial assets measured at amortised cost	At 30 September 2022 £'000	At 30 September 2021 £'000
Cash and cash equivalents	37,108	34,097
Trade and other receivables	121,933	42,910
Loans advanced to joint ventures	92,701	88,086
	251,742	165,093

Financial assets measured at fair value	At 30 September 2022 £'000	At 30 September 2021 £'000
Trade and other receivables	—	280
	—	280

20. Financial instruments continued

Financial liabilities measured at amortised cost	At 30 September 2022 £'000	At 30 September 2021 £'000
Trade payables	18,431	2,861
Taxes and social security costs	3,771	4,140
Other payables	3,313	1,933
Accruals	18,609	17,089
Loans gross of unamortised loan arrangement costs	166,896	148,252
	211,020	187,033

Financial liabilities measured at fair value	At 30 September 2022 £'000	At 30 September 2021 £'000
Provisions	270	—
	270	—

21. Share capital

Urban&Civic plc	At 30 September 2022 £'000	At 30 September 2021 £'000
Issued and fully paid		
203,235,177 (2021: 146,889,368) shares of 20 pence each (2021: 20 pence each)	40,647	29,378

Movements in 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 1 October 2021	29,378	146,889,368
Shares issued	11,269	56,345,809
At 30 September 2022	**40,647**	**203,235,177**

Shares issued in the year relate to the acquisition of 100% of Farmcare Trading Limited and the freehold title of land and property known as the Kings Langley Estate in exchange for shares in the Company. Details of these transactions are provided in notes 26 and 28 of the Group financial statements.

22. Reserves

The movement on reserves in the year is set out in the consolidated statement of changes in equity on page 94.

The nature and purpose of the Group's reserves are:

- Share premium account: represents the excess of the value of shares issued over their nominal amount.
- Capital redemption reserve: represents the amount paid to purchase issued shares for cancellation at their nominal value.
- Other reserve: represents a non-distributable capital reserve arising on the acquisition of subsidiary undertakings.
- Retained earnings: represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income less dividends paid, gift aid paid and reserve movements in relation to share-based payments.

23. Net asset value, EPRA net asset value and EPRA NTA value per share

Net asset value, EPRA net asset value (now a non-standard metric) and EPRA NTA per share are calculated as the net assets or EPRA net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue at that date. There are no own shares held nor outstanding share options.

	At 30 September 2022	At 30 September 2021
Number of ordinary shares in issue	**203,235,177**	146,889,368
NAV per share	**302.6p**	284.3p
Net asset value (£'000)	**615,014**	417,607
Revaluation of property interests[1] (£'000)		
– Alconbury Weald	**54,068**	54,211
– Houlton, Rugby	**11,388**	11,153
– Priors Hall	**9,807**	9,559
– Waterbeach	**23,884**	26,334
– Wintringham St Neots	**14,487**	15,825
– Newark	**2,131**	(1)
– Farmcare	**33,030**	—
– Kings Langley	**640**	—
– Land promotion sites	**6,158**	12,266
– Manchester New Square	**(53)**	480
– Other	**—**	(279)
	155,540	129,548
Deferred tax liability (£'000)	**11,229**	10,543
EPRA NAV (a non-standard metric) (£'000)	**781,783**	557,698
EPRA NAV per share	**384.7p**	379.7p
Deferred tax (£'000)	**(42,029)**	(42,930)
EPRA NTA (£'000)	**739,754**	514,768
EPRA NTA per share	**364.0p**	350.4p

1. Property interests include trading properties held by the Group and the Group's share of joint ventures and farming assets classified as freehold property within property, plant and equipment.

24. Contingent liabilities, capital commitments and guarantees

The parent company has given guarantees totalling £100,131,000 (2021: £98,105,000) 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 2022 £'000	At 30 September 2021 £'000
Contracted but not provided for	**38,093**	31,182

There is a current claim in respect of one of our Strategic Sites. The Group has provided £0.9 million in respect of this matter in 2022 (2021: £0.2 million).

25. 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.

A share-based payments charge of £924,000 was recognised in the consolidated statement of comprehensive income in the year ended 30 September 2021, relating to the period in the year before the acquisition by the Wellcome Trust. No awards were made in the current and prior year, and the scheme has not been continued, following the introduction of a new LTIP (see note 18).

26. Business combinations – acquisition of subsidiary

On 1 October 2021, the Group acquired 100% of the ordinary share capital of Farmcare Trading Limited, a UK company which holds a land portfolio which is used for agricultural and farming uses. Consideration consisted of 53,870,124 ordinary shares in Urban&Civic plc, valued at £3.45 per share, giving a total consideration value of £185,852,000.

Having assessed the fair value of Farmcare Trading Limited's net assets on acquisition, no goodwill has arisen.

	Fair value £'000
Non-current assets	
Freehold property	152,529
Plant and machinery	824
Investment properties	16,316
	169,669
Current assets	
Inventory	6,553
Trade and other receivables	2,643
Cash and cash equivalents	10,222
	19,418
Total assets	**189,087**
Current liabilities	
Trade and other payables	(3,235)
	(3,235)
Net assets	**185,852**
Goodwill	—
Purchase consideration	**185,852**

Since the acquisition, Farmcare Trading Limited has contributed £10,872,000 to Group revenue and £5,278,000 to Group profit after tax (comprising gross farming profits of £4,582,000, revaluation of investment properties of £2,386,000, profit on sale of properties of £771,000, net off with administrative expenses and interest of £1,282,000 and Gift aid paid in the year of £1,179,000). Farmcare has contributed a further EPRA NAV uplift of £33,030,000.

27. Lease commitments

Maturity analysis – contractual undiscounted cash flows

All lessee arrangements have been determined as constituting operating leases.

Where the Group is the lessee, the future aggregate minimum rentals payable under non-cancellable operating leases are as follows:

	At 30 September 2022 £'000	At 30 September 2021 £'000
In one year or less	**739**	111
Between one and five years	**2,819**	2,571
In five years or more	**2,105**	2,353
	5,663	5,035

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 2022 £'000**	At 30 September 2021 £'000
In one year or less	**2,730**	1,702
Between one and five years	**5,780**	2,745
In five years or more	**3,136**	2,670
	11,646	7,117

28. Related party transactions

Key management personnel

The Directors of the Company who served during the year are considered to be key management personnel. The combined emoluments for the key management personnel (relating to the period they were a Director), based upon amounts included in the Group financial statements, are set out in note 8 on page 109.

The total compensation of key management personnel was £2,164,000 (2021: £3,341,000), which comprised short-term benefits of £1,986,000 (2021: £2,296,000), post-employment benefits of £178,000 (2021: £174,000) and share-based payments of £Nil (2021: £871,000).

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 2022 £'000	At 30 September 2021 £'000
SUE Developments LP	**48,544**	51,036
Manchester New Square LP	**15,165**	15,165
Manydown Development Vehicle LLP	**5,268**	1,495
Wintringham Partners LLP	**21,300**	18,998
Achadonn Limited	**3,353**	3,353
Altira Park JV LLP	**374**	—
Foxchurch LLP	**772**	—
	94,776	90,047

The total provision at 30 September 2022 against amounts due from Achadonn Limited was £2,075,000 (2021: £1,961,000).

Fees charged by the Group to SUE Developments LP during the year were £1,623,000 (2021: £2,284,000). Included in trade debtors at 30 September 2022 was £499,000 (2021: £491,000) in respect of these fees.

Fees charged to Wintringham Partners LLP during the year were £732,000 (2021: £719,000). Included in prepayments and accrued income at 30 September 2022 was £189,000 (30 September 2021: £175,000) and included in trade debtors at 30 September 2022 was £242,000 (2021: £217,000).

28. Related party transactions continued

Fees, other income and amounts due from joint ventures and associates continued

Fees charged to Manydown Development Vehicle LLP during the year were £900,000 (2021: £716,000). Included in prepayments and accrued income at 30 September 2022 was £77,000 (30 September 2021: £Nil) and £81,000 was included in trade debtors at 30 September 2022 (2021: £89,000).

Loans advanced are interest free with the exceptions of:

- Manydown Development Vehicle LLP where interest is earned at SONIA plus 9.5 per cent; and
- Wintringham LLP where interest is earned at 12.5 per cent on £2,488,000 (2021: £3,586,000) and the balance remaining is interest free.

Other related party transactions

Farmcare Trading Limited ('Farmcare') has an amount owed from a related party, Stemgold Limited, a co-operative of which Farmcare is a member. The outstanding balance at 30 September 2022 is £80,000 (2021: £80,000), which is an interest free unsecured loan repayable on termination of Farmcare's membership. There were no new transactions with Stemgold Limited in the year.

Transactions with immediate and ultimate controlling party

On 1 October 2021, the Group acquired 100% of the ordinary share capital of Farmcare Trading Limited, a UK company which holds a land portfolio which is used for agricultural and farming uses, from Gower Place Investments Limited, a wholly owned subsidiary of the ultimate controlling party, the Wellcome Trust Limited. Consideration consisted of 53,870,124 ordinary shares in Urban&Civic plc, valued at £3.45 per share, giving a total consideration value of £185,852,000.

On 6 May 2022, the Group acquired the freehold title of land and property known as the Kings Langley Estate, from Gower Place Investments Limited, a wholly owned subsidiary of the ultimate controlling party, the Wellcome Trust Limited. Consideration consisted of 2,475,685 ordinary shares in Urban&Civic plc, valued at £3.45 per share, giving a total consideration value of £8,541,000.

On 26 August 2022, Urban&Civic Manydown Limited, a subsidiary of the Group, acquired an additional 25% of Manydown Development Vehicle LLP from Manydown Investco LLP, increasing the Group's investment to 50% (30 September 2021: 25%). At 30 September 2022, the Group has a liability to Gower Place Investments Limited of £2,275,000. This liability will be satisfied through a share issue after the year end.

Farmcare rent land owned by the Wellcome Trust for farming activity and also pay for administration services provided by the Wellcome Trust. Farmcare incurred expenses of £11,000 during 2022 (2021: £69,000) and had a balance with the Wellcome Trust at 30 September 2022 of £Nil (2021: £28,000).

The Group has entered into a Development Management Agreement with the Wellcome Trust to provide master developer services for the Wellcome Genome Campus in Hinxton. As at 30 September 2022, the Group had an other receivable balance of £5,508,000 due from the Wellcome Trust in relation to this.

29. Cash flow information

Net debt reconciliation

£'000	2021	Cash flows	Rolled up interest	Amortisation of issue and arrangement costs	Loans and borrowings reclassified	2022
Non-current loans and borrowings	146,080	12,861	5,392	390	—	164,723
Current loans and borrowings	—	—	—	—	—	—
Total borrowings	146,080	12,861	5,392	390	—	164,723
Cash and cash equivalents	(34,097)	(3,011)	—	—	—	(37,108)
Net debt	**111,983**	**9,850**	**5,392**	**390**	**—**	**127,615**

£'000	2020	Cash flows	Rolled up interest	Amortisation of issue and arrangement costs	Loans and borrowings reclassified	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

30. Post balance sheet events

On 1 October 2022 and 1 November 2022, Urban&Civic completed the sale of two farms at Goole and Coldham. Both sales were contracted prior to the year end and EPRA uplifts were taken at 30 September 2022, reflecting the £100 million sales price (net of sales costs). Sales proceeds were received on completion.

On 31 October 2022, our Manchester New Square joint venture refinanced the expiring mezzanine development facility (which had been provided by our partner, the Greater Manchester Pension Fund). Following completion of the construction of the 351 apartment scheme in Manchester City Centre, a new 2 year, £25.8 million loan, has been advanced by the Greater Manchester Combined Authority (the former senior lender on the project), to cover the expected sales period for the remaining apartments. Interest is charged at 2.3 per cent above the EC Reference Rate.

31. 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 the Wellcome Trust's website (www.wellcome.org/news-and-reports/reports) or from the Company Secretary.

COMPANY BALANCE SHEET

as at 30 September 2022

	Notes	30 September 2022 £'000	30 September 2021 £'000
Fixed assets			
Investments	3	**662,597**	468,204
		662,597	468,204
Current assets			
Debtors due within one year	4	**44,305**	48,415
Cash at bank and in hand		**93**	38
		44,398	48,453
Creditors: amounts falling due within one year	5	**(172,367)**	(176,071)
Net current liabilities		**(127,969)**	(127,618)
Total assets less current liabilities		**534,628**	340,586
Capital and reserves			
Share capital	6	**40,647**	29,378
Share premium account		**352,062**	168,938
Capital redemption reserve		**849**	849
Own shares		**—**	—
Merger reserve		**97,025**	97,025
Retained earnings		**44,045**	44,396
Shareholders' funds		**534,628**	340,586

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 loss after tax for the year of £351,000 (2021: profit after tax of £1,391,000) attributable to the Company. At 30 September 2022, the balance of £16,648,000 (2021: £16,999,000) in retained earnings represents distributable reserves.

The financial statements were approved by the Board and authorised for issue on 14 December 2022 and were signed on its behalf by:

Nigel Hugill
Director

David Wood
Director

The notes on pages 121 to 125 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 2022

	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 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**
Shares issued	**11,269**	**183,124**	**—**	**—**	**—**	**—**	**194,393**
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**(351)**	**(351)**
Balance at 30 September 2022	**40,647**	**352,062**	**849**	**—**	**97,025**	**44,045**	**534,628**

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 95 of the Group financial statements;
- certain financial instruments disclosures are omitted as equivalent disclosures have been provided in respect of the Group as a whole; and
- related party 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.

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.

Trade and other payables

Financial liabilities including trade creditors, other creditors, accruals and amounts due to Group undertakings are originally recorded at fair value and subsequently stated at amortised cost.

Borrowings

Interest bearing loans are initially recorded at fair value, net of any directly attributable issue costs, and subsequently recognised at amortised cost.

Borrowing costs

Finance and other costs incurred in respect of obtaining borrowings are accounted for on an accruals basis using the effective interest method and amortised to the consolidated statement of comprehensive income over the term of the associated borrowings.

2. Directors' and auditor's remuneration

Directors' remuneration is disclosed in Principle 5 "Remuneration". 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 104.

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 2021	494,342
Additions	194,393
At 30 September 2022	**688,735**
Amounts written off	
At 1 October 2021	26,138
At 30 September 2022	**26,138**
Net book value	
At 30 September 2022	**662,597**
At 30 September 2021	468,204

A complete list of the Company's subsidiaries is included in note 9 of these Company financial statements.

Additions in the year comprise the acquisition by subsidiary undertakings of 100% of Farmcare Trading Limited and the freehold title of land and property known as the Kings Langley Estate. Details of these transactions are provided in notes 26 and 28 of the Group financial statements.

4. Debtors

	At 30 September 2022 £'000	At 30 September 2021 £'000
Amounts due within one year:		
Amounts due from subsidiaries	**43,032**	48,250
Other debtors	**1,273**	—
Prepayments and accrued income	**—**	165
	44,305	48,415

5. Creditors

	At 30 September 2022 £'000	At 30 September 2021 £'000
Amounts due within one year:		
Bank loans and overdrafts	**(192)**	3,674
Trade creditors	**113**	119
Amounts due to subsidiaries	**171,744**	171,323
Other creditors	**100**	200
Accruals and deferred income	**602**	755
	172,367	176,071

The revolving credit facility is secured against specific property holdings. The balance on this facility is £Nil at 30 September 2022. There are £192,000 of unamortised loan arrangement costs, reflected in a negative balance presented under bank loans and overdrafts.

6. Share capital

	At 30 September 2022 £'000	At 30 September 2021 £'000
Issued and fully paid		
203,235,177 (2021: 146,889,368) shares of 20 pence each (2021: 20 pence each)	**40,647**	29,378

Movements in ordinary share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2021	29,378	146,889,368
Shares issued	11,269	56,345,809
At 30 September 2022	**40,647**	**203,235,177**

Shares issued in the year relate to the acquisition of 100 per cent of Farmcare Trading Limited and the freehold title of land and property known as the Kings Langley Estate in exchange for shares in the Company. Details of these transactions are provided in notes 26 and 28 of the Group financial statements.

A description of the nature and purpose of the Company's other reserves is provided in note 22 to the Group financial statements.

The Company's merger reserve represents the excess over nominal value of shares issued to acquire shares in a subsidiary undertaking when the conditions to qualify for merger relief have not been met.

At 30 September 2022, £16,648,000 (£16,999,000) of the Company's retained earnings represents distributable reserves.

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.

All options held under the scheme either lapsed or were exercised on the acquisition of the Group by the Wellcome Trust.

A share-based payments charge of £924,000 was recognised in the consolidated statement of comprehensive income in the year ended 30 September 2021, relating to the period in the year before the acquisition by the Wellcome Trust. No awards were made in the current and prior year, and the scheme has not been continued. There is therefore Nil charge recognised in the current year.

8. Contingent liabilities and guarantees

The parent company has given guarantees totalling £100,131,000 (2021: £98,105,000) as part of the Group's development obligations.

9. Subsidiary undertakings

At 30 September 2022 the subsidiaries and joint ventures held directly or indirectly by the Company were as follows:

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Achadonn Properties Limited[6]	50%	Property development
Alconbury Weald Estate Management Company Limited[1]	100%	Property management
Altira Park JV LLP[1]	50%	Property development
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

9. Subsidiary undertakings continued

Incorporated in the United Kingdom, unless otherwise indicated	Proportion of voting rights and ordinary shares held	Nature of business
Catesby Land Limited[3]	100%	Property development
Catesby Land Promotions Limited[2]	100%	Property development
Catesby Promotions Limited[2]	100%	Property development
Catesby Strategic Land Limited[3]	100%	Property development
Farmcare Trading Limited[1]	100%	Farming and agriculture
Foxchurch LLP[7]	50%	Property development
Greyhound Inn Developments Limited[3]	100%	Property development
III Acre Site Management Company Limited[1]	100%	Property management
Manchester New Square (General Partner) Limited[1]	50%	Property development
Manchester New Square Limited Partnership[1]	50%	Property development
Manchester New Square Nominee Limited[1]	50%	Holding company
Manhattan Gate Management Company Limited[1]	100%	Property management
Manydown Development Vehicle LLP[1]	50%	Property development
Manydown Investco LLP[1]	100%	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[5]	50%	Holding company
T.H (Development Partnership) General Partner Limited[1]	100%	Holding company
Terrace Hill (Awdry) Holdings Limited[1]	100%	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[1,9]	100%	Holding company
Terrace Hill Foodstore Developments Limited[1,9]	100%	Property development
Urban&Civic (Bradford) Limited[1]	100%	Property development
Urban&Civic (Management) Limited[2]	100%	Management and administration
Urban&Civic (Manchester New Square) Limited[1]	100%	Property development
Urban&Civic (Property Investment No 2) Limited[1,9]	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)[4,8]	100%	Holding company
Urban&Civic Armadale No. 1 Limited[2]	100%	Property development
Urban&Civic Baldock North Limited[1]	100%	Property development
Urban&Civic Bishop Auckland Limited[1]	100%	Property development
Urban&Civic Buckingham Limited[1]	100%	Property development
Urban&Civic Central Funding Limited[1]	100%	Holding company
Urban&Civic Central Scotland Limited[2]	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%	Holding company
Urban&Civic Galashiels No.2 Limited[1]	100%	Property development
Urban&Civic Group Limited[1]	100%	Holding company
Urban&Civic Hinxton Limited[1]	100%	Property development
Urban&Civic Holdings Limited[1]	100%	Holding company
Urban&Civic Holdings S.à.r.l. (incorporated in Luxembourg)[4,8]	100%	Holding company
Urban&Civic Howick Place Investments Limited[1]	100%	Holding company
Urban&Civic Investments Limited[1]	100%	Holding company

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 Jobs and Skills Limited[1]	100%	Property development
Urban&Civic K L Limited[1]	100%	Property development
Urban&Civic Manydown Limited[1]	100%	Property development
Urban&Civic Middlehaven Limited[1]	100%	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 North East Limited[1]	100%	Holding company and property development
Urban&Civic Northam Limited[1]	100%	Property development
Urban&Civic Penzance Limited[1,9]	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%	Property development
Urban&Civic Property Developments No1 Limited[1]	100%	Property development
Urban&Civic Property Developments No 2 Limited[1,9]	100%	Property development
Urban&Civic Property Investments No. 4 Limited[1]	100%	Holding company
Urban&Civic Redcliff Street Limited[1,9]	100%	Property development
Urban&Civic Resolution Limited[1]	100%	Property development
Urban&Civic Rugby (Member) Limited[1]	100%	Property development
Urban&Civic Rugby Limited[1]	100%	Property development
Urban&Civic Sandy Limited[1]	100%	Property development
Urban&Civic St Neots Limited[1]	100%	Property development
Urban&Civic Stokesley Limited[1]	100%	Property development
Urban&Civic Tunbridge Wells Limited[1,9]	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%	Holding company and property development
Urban&Civic Wolverhampton Limited[1,9]	100%	Property development
Waterbeach Estate Management Company Limited[1]	100%	Property management
Wintringham Partners LLP[1]	33%	Property development

1. Registered address: 50 New Bond Street, London W1S 1BJ.
2. Registered address: 115 George Street, Edinburgh EH2 4JN.
3. Registered address: Orchard House, Papple Close, Houlton, Rugby, United Kingdom CV23 1EW.
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.
7. Registered address: A1 Golf Activity Centre, Rowley Lane, Arkley, Hertfordshire, England EN5 3HW.
8. Liquidation process commenced prior to 30 September 2022.
9. Proposal to strike-off commenced subsequent to 30 September 2022 but before the approval of the annual report and accounts.

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 2021/22 and in comparison to the previous year's declarations.

	Urban&Civic (Management) Limited					Farmcare Trading Limited
	Reporting year end 30/09/22 CO_2e tonnes	Reporting year end 30/09/21 CO_2e tonnes	Reporting year end 30/09/20 CO_2e tonnes	Reporting year end 30/09/19 CO_2e tonnes	Reporting year end 30/09/18 CO_2e tonnes	Reporting year end 30/09/22 CO_2e tonnes
Emission source						
Combustion of fuel and operation of facilities (Scope 1)	**264**	468	896	1,141	1,136	49.4
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**976**	1,079	1,390	1,727	1,707	251.3
Grey fleet fuel consumption (Scope 3)	**29**	24	N/A	N/A	N/A	—
Total CO_2e tonnes	**1,269**	1,571	2,286	2,868	2,843	300.7
Financial turnover £k	**£143,665**	£76,579k	£58,340k	£102,114k	£150,398k	£10,870k
Intensity ratio: CO_2e tonnes/turnover £k	**0.0088**	0.0205	0.0392	0.0281	0.0189	0.028
Intensity ratio: CO_2e kg/turnover £k	**8.83**	20.51	39.18	28.09	18.90	27.7
Intensity ratio: CO_2e kg/turnover yearly % change	**(56.9)%**	(47.7)%	+39.5%	+48.6%	(62.5)%	N/A

Urban&Civic ceased to be a Public Listed Company (plc) on 21 January 2021, following acquisition by The Wellcome Trust. Urban&Civic will be reporting as an unquoted company under the Urban&Civic (Management) Limited entity. This includes all entities previously reported under the Urban&Civic plc banner. Farmcare will be reporting as an unquoted company under the Farmcare Trading Limited entity.

All the reported CO_2e emissions for unquoted companies have come from the sources identified in the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within the Urban&Civic consolidated financial statements. The emissions reported are those for which Urban&Civic are operationally responsible for. Therefore, carbon emissions produced from assets that are not owned by Urban&Civic and where they are acting under a development management agreement for the asset's development, are deemed the responsibility of others and have been excluded from this assessment. The assets will be included when the land is drawn down under that agreement in future periods thereby giving Urban&Civic operational control.

The following methodologies have been used to calculate the above CO_2e emissions:

- the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition); and
- HM Government Environmental Reporting Guidelines (2019).

The carbon emissions for Urban&Civic (excluding Farmcare) were calculated to be 1,269 CO_2e tonnes for the financial year 2021/22, a reduction of 19.2 per cent on the previous year. This was primarily due to the sale of Deansgate, a major asset in Manchester in 2020/21 and an 8.9% reduction in the UK electricity carbon conversion factor for 2022. The carbon/turnover intensity ratio metric showed a significant decrease of 57.2 per cent when compared with last year's findings partly due to an 89% increase in reported revenue.

Farmcare came under Urban&Civic's control as of 1st October 2021 so a comparison of carbon emissions with previous reporting periods is not possible.

In 2022, we continued with the removal of old oversized transformers, substations and cabling at Alconbury. This consolidation is expected to have further reduced the energy consumption at the site. As invoices for the relevant electricity supply are not currently available to Urban&Civic, the savings generated are not quantifiable at this time. Once billing is resumed, the electricity savings as a result of this project can be calculated.

With the sale of the Deansgate Hotel mid-way through the previous reporting period, there was a significant reduction in energy consumption and carbon emissions during the 2022 reporting period. we continue to review their office locations and move or consolidate where viable. A good example of this is the relocation of Catesby Estates from their Warwick office into a purpose-built office at Houlton, Rugby along with the Urban&Civic staff at the site. Offices were also vacated at Millstone Cottage and Princess Street, Manchester, during the financial period.

We are also continuing the transition to move energy supplies across to renewable energy tariffs. Although this SECR report is calculated using location-based conversion factors, and therefore does not show the impact of market-based factors, this decision shows our dedication to reducing our environmental impacts.

We will continue to investigate the business case for greater investment in energy efficiency, the phase out of gas and the increase in renewable energy procurement across all sites. We are also aiming to be Net zero by 2030 for Scope 1 and 2 carbon emissions and in the short-term, targeting a 35% reduction in these emissions across Strategic Sites by 2025.

As a lowland farming organisation working with farming contractors on land under their stewardship, Farmcare's scope for energy efficiency action is limited. However, Farmcare work closely with their chosen contractors to ensure efficient operation of the farms. For example, it was reported that the grain dryer was not used at the Coldham Farm this year as the produce was deemed to be dry enough. This has likely saved circa 160,000kWh or 39 tCO_2e.

With Farmcare now under Urban&Civic's control, the energy and environmental goals for both entities are being aligned for future reporting periods.

Absolute carbon footprint	Absolute Greenhouse Gas emissions comprising Scope 1 (direct emissions from fuel consumption by U&C owned or controlled sources), Scope 2 (indirect emission from the generation of electricity purchased by U&C) and Scope 3 (indirect emissions that occur in the U&C value chain from sources not owned or controlled by the company) as defined by Greenhouse Gas Protocol
AGM	Annual General Meeting
BNG	Biodiversity net gain
Build to Rent	A distinct asset class within the private rented sector, designed specifically for renting rather than for sale
Business segment	A component of a business that generates its own revenues and is reviewed separately from other parts of the business by the Directors
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 and that now includes Farmcare
Company	Urban&Civic plc
Defence Infrastructure Organisation (DIO)	The estate expert for the Ministry of Defence, supporting the armed forces to enable military capability by planning, building, maintaining and servicing infrastructure
Development management agreement (DMA)	A contract to bring together the expertise of development managers with the financial resources of others who wish to bring forward a site
DLUHC	Department for Levelling Up, Housing and Communities
EC Reference Rate	European Commission Reference Rate
Employee Advisory Group (EAG)	A representative body made up of non-Board or EMC employees, which discusses and reports to the Board workforce matters
Environmental, social and corporate governance (ESG)	The three central factors in measuring the sustainability and societal impact of investment
EPRA	European Public Real Estate Association
EPRA NAV gearing	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 freehold land and buildings, and eliminating any deferred taxation liability for revaluation surpluses. This is now a non-standard metric (i.e. it is no longer required by EPRA)
EPRA net tangible assets (EPRA NTA)	EPRA net asset value adjusted to include deferred tax on property valuations and capital allowances
EPRA NTA adjusted	EPRA NTA as above adjusted for exceptional events in the year, such as business acquisitions
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)
Farmcare	A large lowland farming organisation in the United Kingdom, transferred into the Group by the Wellcome Trust, with around 40,000 acres under our stewardship. Farmcare is also run as a sub-committee that functions on the same basis as the CDC, but reviews the Group's farming assets
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
Group	Urban&Civic plc and its subsidiaries and joint ventures
Gross development value (GDV)	Sales value once construction is complete
Homes England	Homes England is the Homes and Communities Agency (HCA as it was formerly known)
IFRS	International Financial Reporting Standards
Initial yield	Annualised net rent as a proportion of property value

ISA	International Standards on Auditing
Joint venture boards	The Board of the managers of the Joint venture
Key performance indicators (KPIs)	Significant areas of Group operations that have been identified by the Board as capable of measurement and are used to evaluate Group performance
Large site discount/wholesale discount/ immaturity discount	Represents the difference between the unserviced land values ascribed by CBRE Strategic Site valuations (which take into account site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales. It is effectively a store of future value to be realised
Licences	Agreements entered into with housebuilders, which typically comprise a fixed element (the minimums) due to the Group upon reaching unconditional exchange and a variable element (the overage) which is dependent on the final selling price of the house
Loan To Value (LTV)	Loan as a proportion of value of the underlying loan security
Long Term Incentive Plan (LTIP)	The Group's LTIP is awarded to certain directors and employees. The structure of the LTIP is described in Principle 5 "Remuneration"
Look-through basis	Balances comprising 100% of both the Group and joint ventures
Look-through gearing	Gearing including the Group's balance sheet attributable to the owners of the Company
Mini budget	An extra budget prepared by a government, usually because there are specific economic problems that need dealing with
Minimums	Contractual right to receive a minimum plot value in respect of a minimum number of plots each year. These minimums are payable on a look-back basis if minimum sales are not achieved
MOD	Ministry of Defence
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Net gearing	Total debt less cash and cash equivalents, divided by net assets
Net zero	When the amount of greenhouse gas released into the atmosphere is no more than the amount removed
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
Office for National Statistics (ONS)	The UK's largest independent producer of official statistics
Overage	Variable consideration which applies an agreed percentage to the house sales price and then nets off any minimum already paid. No overage is payable where minimums are not achieved
Planning performance agreement (PPA)	A project management tool which the local planning authorities and applicants can use to agree timescales, actions and resources for handling particular applications
Private rented sector (PRS)	A sector of the real estate market where residential accommodation is privately owned and rented out as housing, usually by an individual landlord, but potentially by housing organisations
Resolution to grant (planning consent)	Where a local authority planning committee resolves to grant planning permission subject to the completion of a planning agreement (such as a section 106 agreement)
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences
ROCE	Return on capital employed
SBTi	Science Based Targets initiative
Section 106 agreement	Planning obligations under section 106 of the Town and Country Planning Act. These obligations focus on mitigating site specific impacts of development and include, by way of example, developer contributions to schools and/or highways
SME	Small and medium sized enterprises (in this instance referencing small scale and regional housebuilders)
Strategic Development Committee (SDC)	A subcommittee that functions on the same basis as the CDC, but reviews the Group's Strategic Sites
Strategic Marketing Committee (SMC)	A subcommittee that functions on the same basis as the CDC, but reviews Group communications (internal, external and site wide)
Senior Strategy Group (SSG)	A subcommittee that functions on the same basis as the CDC, but reviews Group strategy
Subcommittees	SSG, NSC, SDC, CDC, SMC, Catesby and Farmcare
U&C share	Balances comprising 100% of the Group and the Group's percentage share of joint ventures
Urban&Civic plc	Parent company of the Group
WACC	Weighted average cost of capital
Water neutrality	Development that takes place which does not increase the rate of water abstraction for drinking water supplies above existing levels

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