27 May 2015

Urban&Civic plc

("Urban&Civic", the "Company" or the "Group")

RESULTS FOR THE SIX MONTHS TO 31 MARCH 2015

EARLY CYCLE ACHIEVEMENTS

Urban&Civic plc (LSE: UANC) announces its unaudited results for the six months to 31 March 2015, which effectively represents the second half of the Group's first year of trading as a listed company.

Highlights:

- Profit before tax for the six months to March 2015 £6.0 million
- EPRA Net Assets up 14.6% over May 2014 Listing (March 2015: £371.1 million; May Listing 2014: £323.8 million)
- EPRA Net Assets per Share up 12.1% (March 2015: 259p; May Listing 2014: 231p)
- Total 10 month shareholder return since listing of 11.3%
- Dividend for the period of 1.0 pence per share for shareholders on the register on 5 June for payment on 26 June 2015
- Total dividend 2.5 pence per share to March 2015 represents 12 month acceleration from guidance on coming to market
- Listing proceeds rapidly being put to work: £105 million deployed during six month period
- £34 million purchase of Catesby Property Group demonstrably proving worth only three months since acquisition, providing:
  - an additional 2,600 strategic site in Nottinghamshire
  - strong near term profitability
  - robust pipeline
- Group now holds interests in 25,000 residential plots in areas of strong housing demand
- Housebuilder constructions to have commenced on all three consented strategic sites during 2016
- Earlier start at Alconbury where Hopkins Homes has been selected as first delivery partner
- Terrace Hill integration now fully complete

In commenting on the results, Nigel Hugill, Executive Chairman described himself as "fully content" with progress since Listing

"We have been able to create a powerful delivery machine with a strong regional project base, just as we envisaged on coming to market last May. EPRA net asset value per share shows a 12 per cent increase over the ten months since Listing, which affords good confidence for forthcoming performance. Strategic site delivery has now started in earnest with programmed infrastructure at Alconbury well underway and Hopkins Homes selected as our first residential partner. Catesby is demonstrably proving its worth only three months since acquisition. Altogether, this is early cycle for us: having assembled core holdings in high employment areas where improving real incomes, supported by *Help to Buy*, saw the Conservatives recently register some of their strongest gains."

For further information, please contact:

Urban&Civic plc	**+44 (0)20 7569 1600**
Nigel Hugill / Jon Austen	
FTI Consulting	**+44 (0)20 3727 1000**
Giles Barrie / Dido Laurimore / Ellie Sweeney	urban&civic@fticonsulting.com

Chairman’s statement

Introduction

I can report considerable further advancement in the six months to 31 March 2015, concluding what is effectively our first year of trading as a listed company. EPRA net assets per share moved approaching 4 per cent higher over the six months, reflecting only modest appraised upward movement in our strategic assets and high cash holdings in the course of rapid deployment. The acquisition of Catesby brings another major housing site into the portfolio, as well as strengthening near term operating revenues. We are continuing to source consumer facing investments, capable of being sustained by real income growth in the UK regions. Strategic site delivery has now started in earnest with programmed infrastructure at Alconbury well underway and Hopkins Homes (www.hopkinshomes.co.uk) selected as our first residential partner.

We have been able to create a powerful delivery machine with a strong regional project base, just as we envisaged on coming to market. The extent of progress has been recognised by industry peers in various awards and in prospective new project selections. The reported March 2015 EPRA net asset value of £371.1 million or 259p per share compares with the adjusted pro forma on Listing in May 2014 of £323.8 million, or 231p per share. This 12 per cent increase over the ten months since Listing and during what for us is likely to be early in the cycle, affords confidence for forthcoming performance. The thriving land promotion activities of Catesby will remain functionally separate but the integration of Terrace Hill operations is now fully complete. The pace of cash investment further highlights the prevailing level of Group activity. In addition to drawing down £54.6 million of cash balances over the six months, we committed a further £50.6 million to investment in our strategic projects, new asset purchases and developments under construction. The total actual amount of investment during the period therefore amounted to more than £105 million.

The locations of Urban&Civic’s residential interests, including those acquired via Catesby, are in parts of the UK where real earnings are growing most strongly and often where the Conservatives registered large voting gains in the recent Election. The underlying level of demand for family housing up to and around £250,000 in high employment areas, boosted by the success of the *Help to Buy* initiative and the more recent realignment of stamp duty, ought to sustain both absorption levels and pricing.

Accordingly and in line with revised expectations, the Board has approved the payment of an interim dividend of 1.0p per share, payable on 26 June 2015 to shareholders on the register on 5 June 2015. Together with the maiden dividend of 1.5p per share paid in February 2015, this amounts to a payment to shareholders of 2.5p for a short first full year as a Listed company and an acceleration of 12 months relative to original indications given in the May 2014 Listing Particulars.

Commentary

The recent election outcome may increase the level of Departmental consideration and intervention on housing referrals and development generally. The high success rates in favour of applicants at appeal could well drop. The trend is already down for the past six months and may fall further. Moreover, the Conservatives also made strong municipal and district council gains that went largely unremarked in the post parliamentary inquisition into how the pollsters were proved so wrong. Following the move out of Coalition and strengthened shire representation, the reasonable expectation is for higher regard to local sensitivities, albeit tempered by a real priority to achieve increased housing numbers in the current Parliament.

It is not the case historically that the aggregate number of consented houses is lower under Conservative Governments; although it is true that there is a tendency for the homes to be delivered via a smaller number of larger applications. If anything, therefore, we can expect further pressure towards the implementation of larger sites. By way of central encouragement, we may also see extensions to large site funding, such as the £11.2 million advance from the Homes and Communities Agency (HCA) to finance link road construction to the Catesby consented urban extension at Newark in Nottinghamshire. The facility is repayable only out of realised plot sales proceeds.

Meanwhile, the *Help to Buy* equity loan assistance, which currently underpins approximately 5 per cent of new UK mortgages and is only available on new build properties, can be expected to remain strongly supportive in our target markets. Official figures suggest that the value of equity loans advanced since the scheme introduction in 2013 totalled £2.0 billion through to March 2015 on £10.0 billion of related housing purchases. The average house purchase price was reported as around £215,000, with a mean equity loan of approaching £43,000 - very close to the maximum assistance level of 20 per cent. Whilst not restricted to first time buyers, that category accounts for above 80 per cent of all *Help to Buy* purchases. Largely driven by the extent of demand for the scheme, the number of first time buyers climbed above 300,000 in 2014, a figure not previously reached since 2007.

Figures on first home ownership are strongly correlated with employment levels and perceived job security. Whilst implied loan-to-income ratios mean that a recovery to past levels appears unlikely (between 1985 and 2000 first time housing purchases averaged approximately 500,000 per year), the absolute levels of employment and population growth, combined with relative loan servicing affordability on housing outside of London suggest that first time buyer activity will continue to grow, particularly in high employment areas. Huntingdonshire (Alconbury) - south Warwickshire (Rugby) and the southern part of the East Midlands (Newark), all register claimant count percentages below the national average. The trio are also characterised by well balanced private sector employment.

Forecasted 2015 UK GDP is expected to grow between 2.5 and 3 per cent but the impact on disposable income is likely to be higher. Assuming mortgage interest rates remain at current levels (if anything, competitive short term pressures appear downward), in combination with the impact of lower petrol and energy costs and reviving private sector wage increases, the growth in real net disposable income for existing and would-be home owners will underpin housing demand.

As an offset, it may be that the major quoted housebuilders' determination to recover margin has near term impact on output and, thereby, demand for land acquisition. The country went into recession with the most concentrated housebuilder configuration in the world and emerged with a still greater concentration. In 2014 for the first time ever, the seven largest housebuilders accounted for more than half national housing output. Notwithstanding, the extent of competitive bidding on two consented sites marketed by Catesby since acquisition (Balsall Common, near to Solihull and Haywards Heath in West Sussex) demonstrates the continued requirement in good areas with short commissioning periods. Equally, we expect to have housebuilders on site and primary schools being constructed across all three of our consented urban extensions by early Summer 2016. Serviced plot purchases are highly capital efficient to incoming housebuilders, which carries the corollary advantage of broadening the range of prospective participants, thereby encouraging smaller but well established and highly regarded companies such as Hopkins Homes to build on our developments.

Catesby

Catesby is patently proving its worth only three months since acquisition. The February 2015 RNS announcement included the expectation that the £34 million acquisition would be materially earnings and asset enhancing in the current year. To that end, the £4.7 million credit to the income statement in these March 2015 half year results reflects a discount on purchase based upon an acquisition value of £19.3 million for Newark, with all other interests (other than Haywards Heath) being fair valued at cost. Haywards Heath received outline consent in January 2015 with sales completion anticipated in September 2015. Catesby's participation in the site was fair valued on acquisition, with an additional £1 million EPRA uplift included at 31 March 2015 to reflect the positive evidence from subsequent marketing. Our policy will be to include an EPRA adjustment on land owned or under option only where resolutions to grant or outline consents were secured prior to the accounting date but proceeds have not yet been received. Accordingly, an EPRA uplift of £2.7 million has been taken on Catesby's ownerships at Balsall Common, for which resolution to grant was obtained in March of this year, with sales completion scheduled for the end of June.

The business was founded 19 years ago with an absolute emphasis on technical analysis and working with planning officers. Closer involvement has only served to reinforce our positive estimation. The team are disciplined, highly focussed and well set up to take advantage of prevailing presumptions within a planning system that will continue to place considerable reliance on the ability of Local Authorities to show 5 and 15 year sustainable housing supply. The maintaining number of planning officer recommendations to approve is testament to their approach. The conversion rate on applications has been consistently high, reflected in annual pre-tax profits of £6.2 million and £7.0 million in the twelve months to December 2013 and 2014 respectively.
Fair valuing on acquisition and moving to a September year end militates against actual 2015 comparisons. Nevertheless, the underlying pre-tax profits for the twelve months to December 2015 look set to at least match those of last year with a future pipeline that appears robust. The integration of financial reporting and management systems is progressing well and the pooled information systems are already proving invaluable across the Group.

The acquired holdings in Newark comprise an 82 per cent interest in 2,600 new homes, with associated commercial development land. Netting off the value of the latter, the acquisition cost of the housing equates to £8,300 per unserviced plot. The intention is that Newark will be developed in accordance with the Urban&Civic business model of realising value from serviced plot parcels, having invested in physical infrastructure and high quality public realm. The nature of the area (which increasingly houses workers from Nottingham and is on the periphery of a daily commute to London) is that sales drop markedly in periods of weak demand but recover quickly and on a stepped basis. Local new house sales are around £175-180 per sq. ft., so land values are exceedingly leveraged into relatively modest price increases and associated absorption rates.

We have said consistently that our policy is not to bank borrow against land or infrastructure on strategic sites. However, if the bidding on Balsall Common and Haywards Heath is evidence of the prevailing desire for marketable sites, the approach to Newark demonstrates the resolve of Central Government on a more strategic scale. Within four weeks of the acquisition of Catesby, the Group had drawn down on the £11.2 million HCA facility, which almost fully funds the construction cost for the first phase of a southern link road that accesses the site and will ultimately join the A1 to the A46. As well as only being repayable out of realised sales proceeds, the loan is non-recourse, limited default, interest accrued and at a European Community referenced rate. There are now good prospects of an additional £9.5 million of grant funding of which £2.5 million is already confirmed by the district council.

The headline consideration for Catesby comprised £22 million in cash and £12 million of consideration and employee shares. Depending on the outcome of outstanding planning applications (one of which is already approved and awaiting only statutory confirmations), there is now a good probability that the cash portion of the consideration will be fully repaid before the end of 2015 calendar year.

Strategic sites

The agreement with Hopkins Homes at Alconbury represents an important milestone in the large site monetisation, which is key to maintaining operating momentum and net asset growth for the Group. Hopkins is a highly reputed, privately owned, medium sized builder operating principally in Cambridgeshire, Norfolk and Suffolk which is committed to helping us establish price and quality thresholds from the outset. They were one of four potential delivery partners that we approached, all of which made firm proposals. The basis of the arrangements (which cover the first 128 units in Key Phase 1 but are not exclusive) is for a minimum serviced value per plot and, thereafter, for a joint share of realised profits. Phase 1 residential infrastructure works are now on site and construction of the new Church of England operated primary school will commence in July, along with a new Amenity building to include a gym, bar, restaurant and community accommodation for both incoming residents and Enterprise Zone tenants. Meanwhile detailed housing designs are the subject of pre application discussions that are progressing well. These applications will be treated as Reserved Matters and are expected to be submitted within the next eight weeks.

The current programme sees Hopkins starting physical construction in November 2015 with first occupations expected in summer 2016. This is approximately three months behind the timetable and valuation assumptions to which we were working at the time of Listing. The delay mostly reflects documenting the first agreement but is necessarily reflected in the CBRE valuation which is little changed at March 2015 from the September 2014 full year figures beyond intervening spend, since the initial delivery arrangements were not signed at that date. Accordingly, the carrying value per unserviced plot at Alconbury in the March 2015 interim balance sheet is £16,170 (September 2014: £15,400). The arrangements with Hopkins are expected to realise more than twice that amount back to the Group in first instance.

A number of significant milestones have also been passed at Rugby. The commercial purchase from BT and land transfer into a 50/50 joint venture with Aviva Investors was recognised at 31 March 2015, although the £17.5 million of total outstandings were only paid subsequently given the tripartite nature of the new commercial agreements. Part of the arrangements significantly simplified the interrelationship between the Sustainable Urban Extension, including 6,200 new dwellings connecting back into Rugby town centre for which we obtained outline planning consent last year, as distinct from the construction of DIRFT III Logistics Park on the other side of the A5, for which Prologis retain responsibility.

We continued to make good progress with the planning, infrastructure and habitats licences whilst the legals were being finalised. Natural England have granted the necessary licence to relocate our great crested newt population within Key Phase 1 into specially constructed holding areas and this work is underway. Rugby Borough Council and Warwickshire County Council have also approved the introduction of an additional entrance into the site, which will create an attractive arrival point for early residential sales and we are working with key stakeholders and utility providers to commence infrastructure works once the newts have been successfully relocated. A detailed masterplan design for Key Phase 1 has progressed sufficiently to allow formal marketing of first parcels to housebuilders to commence early next month. Initial discussions are already taking place, including with some parties disappointed not to have been selected at Alconbury.

First residential delivery at Rugby is probably running around four months later than Alconbury, with on-site infrastructure works commencing October 2015 through to March 2016 and housing starts from the first quarter of 2016 onwards. Unserviced plot carrying values of £12,125 are up from £11,500 at September 2014. The consolidated interim uplift was a little lower due to expensed corporate completion costs.

Newark has been described previously but to complete the monetisation chronology; first phase residential delivery is scheduled to follow after the completion of current road works from June 2016 onwards. Initial discussions with Nottinghamshire County Council over the initial primary school are taking place, again with the prospect of a Church of England run operation.

Notice was received last week that the Inspectors examining the Cambridge and South Cambridgeshire Local Plans (of which the proposed development at Waterbeach forms an integral part), had suspended the Examination in Public pending further work by the two authorities to demonstrate the soundness of their existing proposals. The brownfield nature of the former barracks at Waterbeach confers an independent presumption in favour of sustainable development. Discussions will be initiated with South Cambridgeshire District Council as to the manner in which the barracks land can assist in creating five year housing supply whilst maintaining the integrity of the longer term proposals to include adjoining lands.

Commercial and City Centre Projects

The objective of assembling income to cover Group running costs whilst generating development profits where proceeds can better be reinvested elsewhere maintains. Topping out has taken place at the Feethams Leisure scheme in Darlington with completion on schedule for March 2016. Offers are out on the two remaining unlet restaurant units which will take annual rent to almost £1.5 million per year on average 15 year leases and on undemanding terms. The externally appraised gross development value of £23.1 million represents a yield on cost of approximately 8 per cent. Off-site works are about to commence on the Sainsbury's store at Herne Bay, near Canterbury in Kent where the lease agreement is for a 25 year term with RPI uplifts subject to cap and collared increases of 4 per cent and 2 per cent respectively. Store completion is scheduled for March 2016. with an initial passing rent of £2.2 million per year. Funding yields have softened a little on large foodstores but this is a best in class defensive finance lease on account of the guaranteed minimum uplifts. Good progress continues to be made on our new on-terminal hotel at Stansted airport, where we are signing a headline 22 year franchise arrangement with our preferred brand and a separate (and shorter) operating agreement. The hotel size has been redesigned to accommodate an initial 357 rooms with the potential to enlarge if, as we expect, trading demand supports such expansion. Construction contracts are close to being settled with total projected outturn costs, including land, of £38 million for completion early in 2017. Current advice is for stabilised annual EBITDA of £3.4 million to be reached within three years of opening.

We are also looking to buy consumer facing investments where we are able to identify value and increase income through active management. We exchanged contracts in March and completed in April on an £11.5 million purchase of the Gallagher Retail Park, situated between Bradford and Leeds. The 75,000 sq. ft. leisure park, on approximately 8 acres of utilisable area including 840 car parking spaces, was bought on a net initial yield of 8.6 per cent, rising to an income of £1.1 million and a yield of 9.3 per cent following fixed rental uplift in September 2016. The unit divides between an over-sized Odeon multiplex cinema and Pure Gym who have recently taken an underlease from the original tenant, Virgin Active. All leases expire in 2025. The layout gives rise to a number of asset management opportunities, including the construction of two new drive-thru units and a rearrangement of the existing space. Our expectation is that implementation of these proposals will lift the yield on cost above 10 per cent and extend existing average lease lengths to 15 years.

The recent release of the first phase of 40 units at the Bridge Quay waterside development in Bristol could not have gone better. Construction works on the former Terrace Hill office property are screened by a near 50 foot high pop art image of Bridget, an enthusiast for central city living. Bridget basked in substantial local press coverage and we enjoyed the free publicity. More importantly, the entire release was reserved over a single weekend. The remaining 19 units fronting onto the water on the higher floors have been kept back. The forecast surplus of £2.7 million over March 2015 EPRA value ought to be comfortably exceeded, with realisations in the next financial year.

The completed retail and commercial development in Conduit Street, London W1 in which, sadly, the Group holds only an incentivised legacy management contract, is likely to command rents above £140 per sq. ft. We might only have wished for a more significant financial interest.

Design work continues on both our prime city centre sites in Manchester with Princess Street expected to be the first to be developed. At Deansgate the existing hotel is trading well and provides useful additional income.

Personal thanks
Continuing personal thanks to Board and staff colleagues; the pulling together and sense of identification established both within and outside the organisation in less than a year as a public company has been little short of remarkable. It is not something that we are about to squander, nor take for granted, as we collectively strive to work to the benefit of shareholders and stakeholders alike.

Nigel Hugill
Executive Chairman
27 May 2015

Finance review

Introduction

Highlights

The Group has had a successful six months of trading to 31 March 2015 with its IFRS NAV growing to £347.0 million (242.2 pence per share) from £335.1 million (238.5 pence per share, as of 30 September 2014).

KPIs

The Group considers the following to be its key performance indicators:

EPRA NAV – the Group considers EPRA NAV per ordinary share and changes in such value to be the most important indicator of the Group's performance. The EPRA NAV includes the fair value of all the Group's assets and liabilities. Under IFRS, the Group cannot reflect in its financial statements the fair value of its trading properties, which are carried in the financial statements at the lower of cost and net realisable value. Most analysts and shareholders compare the performance of property companies using EPRA NAV and this indicator is therefore of considerable importance to us.

The EPRA NAV at 31 March 2015 and 30 September 2014 was £371.1 million (259.0 pence per share) and £350.8 million (249.7 pence per share) respectively.

Total Shareholder Return – During the period we paid a dividend of 1.5 pence per share in respect of the period to 30 September 2014 and at 31 March 2015 the share price was 258.5 pence, resulting in an 11.34 per cent total shareholder return in the 10 months since Listing.

Transaction during the period

On 27 February 2015, the Group announced the acquisition of Catesby for an aggregate consideration of £34.0 million, payable as £22.0 million in cash and £12.0 million satisfied through the issue of 4,248,553 new, fully paid-up shares and 178,669 performance share awards, all valued at 263.50 pence per share. In accordance with IFRS, the value of the performance share awards issued as part of the transaction are being accounted for as a post-acquisition expense. Of the £12.0 million satisfied through the issue of new shares, 3,509,446 shares were issued and admitted to trading during March and the balance of 739,107 are expected to be issued on the first anniversary of the transaction. These outstanding shares have been included in equity as at 31 March 2015.

The Group has accounted for the transaction in accordance with IFRS 3 "Business Combinations" (revised) with both the consideration and assets and liabilities of Catesby having been fair valued as at the date of acquisition. A note explaining the determination of the fair values is included in note 2 to these condensed financial statements. As predicted in the announcement of the transaction, negative goodwill (described in the consolidated statement of comprehensive income as discount on acquisition) of £4.7 million has arisen as a consequence of the fair value exercise and this has been credited to the consolidated statement of comprehensive income. The negative goodwill has been calculated as follows:

	£m
Fair value of the consideration given	33.2
Fair value of the net assets acquired	37.9
Negative goodwill arising	4.7

Consolidated statement of comprehensive income

The consolidated statement of comprehensive income includes the results of the Urban&Civic Group for the six months from 1 October 2014, including the results of Catesby for the period from its acquisition on 27 February 2015, to 31 March 2015. The comparative figures represent the six months' results of the Urban&Civic Group, prior to its acquisition of the Terrace Hill Group (on 22 May 2014) and Catesby, and therefore comparison with the current period results is not considered meaningful.

A commentary on significant items is set out below:

Revenue

Revenue for the period of £12.2 million includes £8.0 million in respect of the Sainsbury's foodstore development at Middlesbrough, which was forward sold during the period ended 30 September 2014, and the amount recognised reflects the progress on the project during the six month period under review. Rental income for the period included within revenue includes £1.2 million in relation to the Alconbury site, and £0.9 million in relation to commercial office assets in Teesside and London. We also recognised £1.6 million in respect of the hotel operations at our Deansgate, Manchester site.

Direct costs

Direct costs include £7.3 million relating to the Sainsbury's foodstore development mentioned above and £1.8 million directly related to the rental income for the period.

Administrative expenses

Administrative costs of £6.3 million were incurred in the period, reflecting six months of the combined Urban&Civic and Terrace Hill businesses and approximately one month of Catesby. We have capitalised administrative costs of £2.4 million into various projects, the majority of which has been added to the Alconbury project. Included within administrative expenses is £0.9 million of costs relating to the acquisition of Catesby, £0.9 million of share based remuneration that is credited to retained earnings and therefore has no impact on net asset value and £0.5 million of non-recurring costs.

Other

The £4.7 million discount on acquisition has arisen on the purchase of Catesby, as noted earlier.

The surplus on revaluation of investment properties of £1.7 million reflects the proportion of the increase in value of the Alconbury project relating to that element of Alconbury that is categorised as an investment property.
CBRE's valuation of Alconbury including both the investment and trading element has increased from £119.0 million at 30 September 2014 to £129.0 million at 31 March 2015. The principal reasons for the increase in value of this asset were:

- Expenditure on the site, predominantly demolition and infrastructure, of £8.0 million;
- Valuation uplift of £2.0 million;

As noted above, the Group has recognised £1.7 million of the £2.0 million valuation uplift through the income statement and the remaining £0.3 million is attributable to the element included within trading properties which is an adjustment for EPRA purposes.

Share of post-tax profit of joint venture

The Group has recognised £0.7 million representing its share of the post-tax profits of joint ventures. This represents our share of profit from the Rugby joint venture. During the period the Rugby joint venture recognised the transaction to acquire the Rugby site, albeit the consideration was paid over after 31 March 2015.

Surplus arising on revaluation of other investment

The Group has recognised £1.2 million arising from a revaluation to reflect proceeds received after the period end in respect of its investment in the entity which developed the office and mixed use scheme at Howick Place, London.

Release of other liabilities
The Group has recognised £1.9 million as a consequence of an acquired contingent tax liability which was accounted for as a fair value adjustment on the reverse acquisition of Terrace Hill in 2014. The tax investigation was settled in the Group's favour during the period under review and the fair value provision has therefore been reversed.

Net finance income
The amount of £0.3 million of net finance income relates to interest earned on bank deposits. For the majority of the period under review the Group had no bank borrowings.

Taxation expense
The tax charge for the period of £0.1 million includes a movement in deferred tax predominately in respect of the revaluation on Rugby of £0.1 million.

Dividend
The Group paid its maiden dividend in February 2015 at the rate of 1.5p per share, representing 0.67 per cent of the placing share price and amounting to £2.1 million. The Directors have approved plans to pay an interim dividend of 1.0 pence per share in respect of this six month period to shareholders on the register on 5 June 2015 with a payment date of 26 June 2015.

Consolidated balance sheet
Non-current assets
Investment properties
Included in investment properties is the Group's investment in Alconbury that the Group intends to retain as a long term investment, which comprises the commercial element of the land and 25 per cent of the residential land. The Alconbury site in its entirety has been valued by CBRE at 31 March 2015 at £129.0 million. The value of the investment property element of the site is £70.2 million. Also included in investment properties on the balance sheet is the Group's investment in the leisure scheme at Darlington which is currently under construction and has been valued by the Directors at £6.7 million. The Group had unconditionally exchanged on a retail park in Bradford at the interim date and this is included in investment properties at £11.6 million.

Investment in equity accounted joint ventures and associates
The Group's investment in its 50 per cent share of the Rugby joint venture has been included in the balance sheet at £15.8 million, which effectively represents its share of the external valuation of the Rugby site less amounts due to complete the transaction to acquire the site. The Group also includes here its £3.3 million investment in a joint venture that owns a strategic land site in Scotland.

Other investment
The Group's minority equity interest in the entity that owns the office investment at Howick Place, London is included in the balance sheet at a fair value of £6.6 million.

Deferred tax assets
The Group has recognised an asset of £8.4 million in respect of the Group's tax losses which are expected to be utilised against future profits of the Group.

Current assets

Trading properties

Trading properties have increased significantly during the period, from £78.1 million at 30 September 2014 to £144.3 million at 31 March 2015. The principal reasons for the increase and the principal properties included within trading properties are as follows:

	Expenditure in the period £m	Carrying value at 31 March 2015 £m
Alconbury – trading property element	2.4	51.5
Purchase of Catesby Property group and subsequent expenditure	36.9	36.9
Purchase of Manchester sites	23.8	23.8
Expenditure at Bridge Quay and Herne Bay	2.0	9.3
Other commercial sites	1.1	9.9
Scottish land sites	-	12.9
Total	66.2	144.3

We have apportioned the CBRE valuation of the Alconbury site between the trading and investment property elements and we have determined that the trading element is valued at £58.8 million, which is £7.3 million above its £51.5 million carrying value in the balance sheet. The increase in value cannot be reflected in the accounts but is included as a fair value adjustment in arriving at the EPRA NAV. The trading element of the Alconbury site increased in carrying value by £2.4 million due to expenditure during the period. The biggest increases in the Group's trading properties have been due to the purchase of the Manchester sites and Catesby. The Manchester sites at Deansgate and Princess Street in the heart of the city were acquired in December 2014 for a combined consideration of £22.4 million. The Group also accounted for SDLT of £1.0 million and further expenditure of £0.4 million in the period to 31 March 2015. The site at Deansgate includes the Marriott Renaissance Hotel which has generated a net income for the Group of £0.1 million since acquisition, which has been included in the consolidated statement of comprehensive income. The assets of Catesby included a strategic land site at Newark on Trent, a commercial office building at Doncaster and a number of land promotion interests. Collectively these have been fair valued at £34.1 million with subsequent expenditure of £2.8 million. Trading properties also include £19.2 million in respect of the Group's commercial development sites and £12.9 million in respect of other strategic land sites. All trading properties are carried in the balance sheet at the lower of cost (or acquisition date fair value) and net realisable value.

Trading and other receivables

Trading and other receivables are largely represented by £9.3 million due in respect of sales of land promotion sites which were executed by Catesby before its acquisition by the Group and which are due on a staged basis, £6.2 million recoverable under the construction contract in respect of the Sainsbury's foodstore at Middlesbrough, £1.7 million of accrued income under the same foodstore development and £1.3 million of recoverable VAT.

Cash

Cash balances were £107.6 million at the period end, down from £162.8 million at the end of September 2014. The principal expenditure in the period has been due to the continued expenditure at Alconbury (£8.9 million), the Manchester sites referred to above (£23.8 million), the cash element of the consideration paid for the acquisition of the Catesby Property Group (£18.7 million) and expenditure on the investment and development sites at Feethams, Darlington, Herne Bay, Kent and Bridge Quay, Bristol (£5.5 million). The total cash amount invested in our assets during the period was over £54.6 million with a further £50.6 million committed at the period end. The Group continues to manage its cash balances conservatively with security of deposit being a more important consideration than investment returns.

Non-current liabilities

Borrowings

Having taken advantage of certain banks' willingness to accept discounted payments in return for early settlement of bank loans during the period to 30 September 2014, resulting in no external debt at that date, the Group now has one external loan of £11.2 million as at 31 March 2015. This is a loan from the Homes and Communities Agency which has been drawn down to finance the construction of a link road at the Newark on Trent site, a site that formed part of the acquisition of Catesby. The loan has a final maturity date of March 2021 with repayments being made only out of land sales before that date. Interest is charged at 2.2 per cent over the EC reference rate which for the UK is currently 1.02 per cent and interest is compounded and added to the loan principal on a quarterly basis. The site at Newark on Trent provides the security for the loan.

Deferred tax liabilities

The deferred tax liability at 30 September 2014 largely reflects deferred tax on the valuation uplift reflected on the Group's interest in the site at Rugby.

Current liabilities

Trade and other payables include £3.3 million of deferred cash consideration which is due to the vendors of Catesby, £4.8 million of trade payables, £4.7 million relating to a deferred payment that was acquired with Catesby and £20.5 million of accruals, of which £9.5 million primarily relates to unpaid development costs and £11.0 million relates to the amount payable to complete the acquisition of the retail park at Bradford.

Equity attributable to equity holders of the parent

The movements in equity attributable to equity holders of the parent are set out in detail in the consolidated statement of changes in equity.

EPRA Net Asset Value

The EPRA NAV of the Group has been determined as follows:

	£'000	Number of ordinary shares '000	Pence per ordinary share
Net Asset Value (NAV)	**347,008**	**143,260**	**242.2p**
Revaluation of property held as current assets	20,272		
Deferred tax liability on revaluation of property	3,778		
EPRA NAV	**371,058**	**143,260**	**259.0p**
Deferred tax liability on revaluation of property	(7,832)		
EPRA NNNAV	**363,226**	**143,260**	**253.5p**

Financial resources and capital management

The Group's net cash position at 31 March 2015 was £96.4 million. The Group expects to continue to invest its cash balances pursuant to its strategy of developing its strategic land and commercial development properties over the coming years. The Group expects to increase its external borrowings on a conservative basis and maintains strong relationships with a number of banks with whom it will expect to do business in the future. The Group monitors bank lending and interest rate markets closely and maintains a detailed five year business plan which it uses to predict its usage of its cash balances on a project by project basis.

Principal risks and uncertainties

The principal risks of the business are set out on pages 66 to 69 of the 2014 Report and Accounts and include commentary on their potential impact, link to the Group's strategic priorities and the relevant mitigation factors. Since the publication of the 2014 Report and accounts, the Board believes that there has been no material change to the principal risks and the existing mitigation actions remain appropriate to manage the risks.

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting”;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

Signed on behalf of the Board on 27 May 2015

Jon Austen
Group Finance Director

Consolidated statement of comprehensive income

For the six month period ended 31 March 2015

	Notes	**Six months to 31 March 2015 Unaudited £'000**	Six months to 31 March 2014 Unaudited £'000	Nine months to 30 September 2014 Audited £'000
Revenue	3	**12,243**	1,397	23,227
Direct costs	3	**(10,816)**	(853)	(17,292)
Gross profit	3	**1,427**	544	5,935
Acquisition and listing costs		**(857)**	—	(2,775)
Other administrative expenses		**(5,487)**	(827)	(5,194)
Administrative expenses	5	**(6,344)**	(827)	(7,969)
Other operating income		**187**	—	—
Discount on acquisition	2	**4,731**	—	—
Surplus on revaluation of investment properties	10	**1,674**	31,026	5,925
Share of post-tax profit from joint venture	11	**700**	—	11,297
Surplus on revaluation of other investment	11	**1,208**	—	1,114
Release of other liabilities provision	17	**1,922**	—	—
Operating profit	4	**5,505**	30,743	16,302
Finance income	6	**314**	—	3,534
Finance costs	6	**(4)**	(729)	(672)
Profit before taxation		**5,815**	30,014	19,164
Taxation expense	7	**(124)**	(63)	(4,158)
Total comprehensive income		**5,691**	29,951	15,006
Basic earnings per share	8	**4.1p**	330.1p	20.8p
Diluted earnings per share	8	**4.1p**	330.1p	20.8p

The Group had no amounts of other comprehensive income for the current period or prior periods and the profit for the respective periods is wholly attributable to equity shareholders.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated balance sheet

As at 31 March 2015

	Notes	**31 March 2015 Unaudited £'000**	31 March 2014 Unaudited £'000	30 September 2014 Audited £'000
Non-current assets				
Investment properties	10	**88,489**	55,447	66,291
Property, plant and equipment		**186**	49	124
Investments in joint ventures and associates	11	**19,608**	—	17,018
Other investment	11	**6,602**	—	5,394
Deferred tax assets	12	**8,376**	—	8,285
		123,261	55,496	97,112
Current assets				
Trading properties	13	**144,318**	46,968	78,115
Trade and other receivables	14	**26,028**	1,470	12,004
Cash and cash equivalents		**107,624**	4,248	162,762
		277,970	52,686	252,881
Total assets		**401,231**	108,182	349,993
Non-current liabilities				
Borrowings	16	**(11,221)**	(85,779)	—
Derivative financial instruments		—	(10)	—
Deferred tax liabilities	12	**(3,778)**	(8)	(1,296)
		(14,999)	(85,797)	(1,296)
Current liabilities				
Trade and other payables	15	**(37,237)**	(1,881)	(11,713)
Corporation tax		**(1,987)**	(53)	—
Other liabilities	17	—	—	(1,922)
		(39,224)	(1,934)	(13,635)
Total liabilities		**(54,223)**	(87,731)	(14,931)
Net assets		**347,008**	20,451	335,062
Equity				
Share capital	18	**28,801**	1,500	28,099
Share premium account		**168,186**	—	168,186
Equity shares to be issued	19	**1,948**	—	—
Capital redemption reserve		**849**	—	849
Own shares		**(3,951)**	—	(254)
Other reserve		**111,985**	—	103,442
Retained earnings		**39,190**	18,951	34,740
Total equity		**347,008**	20,451	335,062
NAV per share	20	**242.2p**	225.4p	238.5p

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

For the six month period ended 31 March 2015

	Share capital £'000	Share premium account £'000	Equity shares to be issued £'000	Capital redemption reserve £'000	Own shares £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2014	**28,099**	**168,186**	—	**849**	**(254)**	**103,442**	**34,740**	**335,062**
Shares issued in part consideration for the acquisition of Catesby Property Group plc	702	—	1,948	—	—	8,543	—	11,193
Purchase of own shares	—	—	—	—	(3,697)	—	—	(3,697)
Share-based payment expense	—	—	—	—	—	—	866	866
Total comprehensive income for the period	—	—	—	—	—	—	5,691	5,691
Dividends paid	—	—	—	—	—	—	(2,107)	(2,107)
Balance at 31 March 2015 (Unaudited)	**28,801**	**168,186**	**1,948**	**849**	**(3,951)**	**111,985**	**39,190**	**347,008**
Balance at 1 October 2013	**1,485**	**—**	**—**	**—**	**—**	**—**	**(11,000)**	**(9,515)**
Proceeds from shares issued	15	—	—	—	—	—	—	15
Total comprehensive income for the period	—	—	—	—	—	—	29,951	29,951
Balance at 31 March 2014 (Unaudited)	**1,500**	**—**	**—**	**—**	**—**	**—**	**18,951**	**20,451**
Balance at 1 January 2014	**1,500**	**—**	**—**	**—**	**—**	**—**	**19,180**	**20,680**
Shares in Urban&Civic Holdings S.à.r.l. acquired	(1,500)	—	—	—	—	1,500	—	—
Fair value of consideration on acquisition of Urban&Civic Holdings S.à.r.l.	4,239	18,208	—	849	(254)	34,037	—	57,079
Shares issued in consideration for the acquisition of Urban&Civic Holdings S.à.r.l.	8,617	—	—	—	—	67,905	—	76,522
Proceeds from shares issued	15,243	156,242	—	—	—	—	—	171,485
Fee and expenses associated with share issues	—	(6,264)	—	—	—	—	—	(6,264)
Share-based payment	—	—	—	—	—	—	554	554

expense								
Total comprehensive income for the period	—	—	—	—	—	—	15,006	15,006
Balance at 30 September 2014 (Audited)	**28,099**	**168,186**	**—**	**849**	**(254)**	**103,442**	**34,740**	**335,062**

Consolidated cash flow statement

For the six month period ended 31 March 2015

	Six months to 31 March 2015 Unaudited £'000	Six months to 31 March 2014 Unaudited £'000	Nine months to 30 September 2014 Audited £'000
Cash flows from operating activities			
Profit before taxation	**5,815**	30,014	19,164
Adjustments for:			
Surplus on revaluation of investment properties	**(1,674)**	(31,026)	(5,925)
Share of post-tax profit from joint venture	**(700)**	—	(11,297)
Surplus on revaluation of other investment	**(1,208)**	—	(1,114)
Finance income	**(314)**	—	(3,534)
Finance costs	**4**	729	672
Depreciation charge	**32**	9	29
Release of other liabilities provision	**(1,922)**	—	—
Goodwill written off	—	—	455
Discount on acquisition	**(4,731)**	—	—
Share-based payment expense	**866**	—	554
Cash flows from operating activities before change in working capital	**(3,832)**	(274)	(996)
(Increase)/decrease in trading properties	**(32,477)**	(1,597)	12,306
(Increase)/decrease in trade and other receivables	**(4,881)**	157	4,299
Increase/(decrease) in trade and other payables	**922**	123	(2,301)
Cash (absorbed by)/generated from operations	**(40,268)**	(1,591)	13,308
Finance costs paid	**(4)**	(127)	(533)
Finance income received	**338**	—	254
Tax paid	**(27)**	(88)	(108)
Net cash flows from operating activities	**(39,961)**	(1,806)	12,921
Investing activities			
Acquisition of subsidiaries net of cash acquired	**(12,134)**	—	1,518
Additions to investment properties	**(8,523)**	(2,727)	(2,895)
Additions to property, plant and equipment	**(27)**	(33)	(70)
Investment in joint ventures	**(1,925)**	—	(2,104)
Receipts from associates	—	—	2,000
Net cash flows from investing activities	**(22,609)**	(2,760)	(1,551)
Financing activities			
Proceeds from issuance of ordinary shares	—	15	171,485
Costs of issuance of ordinary shares	—	—	(5,025)
New loans	**11,221**	5,468	4,985
Issue costs of new loans	—	—	(56)
Grant income received	**2,015**	—	1,000
Repayment of loans	—	—	(22,185)
Purchase of own shares	**(3,697)**	—	—
Dividends paid	**(2,107)**	—	—
Net cash flows from financing activities	**7,432**	5,483	150,204
Net (decrease)/increase in cash and cash equivalents	**(55,138)**	917	161,574
Cash and cash equivalents at start of period	**162,762**	3,331	1,188
Cash and cash equivalents at end of period	**107,624**	4,248	162,762

Notes to the condensed consolidated interim financial statements
For the six month period ended 31 March 2015

1. Basis of preparation
These condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2014 Report and accounts. The financial information for the six months ended 31 March 2015 and 31 March 2014 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The statutory annual accounts of Urban&Civic plc for the nine month period ended 30 September 2014 have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The independent auditors' report on the annual accounts for 2014 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Significant accounting policies
The same accounting policies, presentation and method of computation are followed in these condensed interim financial statements as were applied in the Group's latest audited financial statements and using accounting policies that are expected to be applied for the financial year ending 30 September 2015. Although there are a number of IFRS and IFRIC amendments or interpretations issued since the 2014 annual accounts were published, none are expected to have a material impact on the Group's reporting, other than in respect of presentation and disclosure.

Use of estimates and judgements
There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the 2014 accounts.

Going concern
The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern. The Directors have given this matter due consideration and have concluded that it is appropriate to prepare the interim financial information on a going concern basis.

2. Business combination during the period
On 27 February 2015 the Group acquired the entire issued share capital of Catesby Property Group plc, the parent company of a well established, planning led, strategic land group. The acquisition increased the Group's interest in land holdings in areas of high housebuilder demand and land promotion capability. The purchase consideration was satisfied through a combination of £21,997,000 of cash and by the issue of 4,248,553 new ordinary shares of 20p each in the Company.

Details of the fair value of the identifiable assets and liabilities acquired, the purchase consideration and the discount arising on the purchase are as follows:

	Fair value £'000
Non-current assets	
Property, plant and equipment	**67**
Investments in joint venture	**17**
Deferred tax assets	**23**
	107
Current assets	
Trading properties	**34,077**
Trade and other receivables	**9,549**
Cash and cash equivalents	**6,582**
	50,208
Total assets	**50,315**
Non-current liabilities	
Deferred tax liabilities	**(2,295)**
Corporation tax	**(2,003)**
	(4,298)
Current liabilities	
Trade and other payables	**(8,094)**
	(8,094)
Total liabilities	**(12,392)**
Net assets acquired	**37,923**
Fair value of consideration given	
Fair value of cash consideration at 27 February 2015	**21,997**
Fair value of consideration shares at 27 February 2015	**11,195**
Total consideration	**33,192**
Discount on acquisition	**4,731**

The fair value of the share consideration given has been calculated by reference to the Company's share price at the time of the acquisition. Of the amounts disclosed above, payment of £3,281,000 of the cash consideration and £1,948,000 of the share consideration is deferred until 27 February 2016. These amounts are therefore included within other payables and shares to be issued, respectively.

Fair value adjustments to the net assets acquired relate to property revaluations and deferred tax thereon.

The Directors have considered the resultant discount arising on the purchase and have revisited the fair value of the net assets acquired and the consideration paid. They have concluded that they are a fair assessment. The discount on acquisition has been taken to the consolidated statement of comprehensive income. The discount on acquisition is not subject to corporation tax.

The Group has completed its fair value assessment and therefore the fair values disclosed are considered to be final.

Acquisition costs of £857,000 have been recognised in administrative expenses in the consolidated statement of comprehensive income.

Since 27 February 2015 the acquiree group has contributed £43,000 to the revenues of the Group and accounted for a £244,000 loss before taxation. If the acquisition had occurred on 1 October 2014, the revenue of the Group would have been increased by £14,700,000 and the Group's profit before taxation for the period would have been increased by £10,542,000.

3. Revenue and gross profit

	Six months to 31 March 2015 £'000	Six months to 31 March 2014 £'000	Nine months to 30 September 2014 £'000
Trading property sales	**1,647**	—	18,305
Revenue on construction contracts	**7,978**	—	1,714
Rental income	**2,401**	1,397	2,240
Recoverable property expenses	—	—	227
Project management fees and other income	**217**	—	741
Revenue	**12,243**	1,397	23,227
Cost of trading property sales	**(1,712)**	—	(15,038)
Cost of construction contracts	**(7,316)**	—	(987)
Direct property expenses	**(1,788)**	(853)	(1,040)
Recoverable property expenses	—	—	(227)
Direct costs	**(10,816)**	(853)	(17,292)
Gross profit	**1,427**	544	5,935

4. Operating profit

Operating profit is arrived at after allocating £2,441,000 of administrative expenses to the cost of investment and trading properties (six months to 31 March 2014: £1,075,000; nine months to 30 September 2014: £3,165,000).

5. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and the 2014 Report and accounts. The chief operating decision-maker has been identified as the Board of Directors. The business combination in February 2015 is being reported to the chief operating decision maker under the strategic land segment.

Segmental information is reported in the table that follows in respect of the current period. In the six month period ended 31 March 2014 the Group operated in one business segment, being strategic land, and this therefore comprises the results for that period and the balance sheet at 31 March 2014.

Consolidated statement of comprehensive income
For the six month period ended 31 March 2015

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	**1,460**	**10,783**	—	**12,243**
Direct costs	**(982)**	**(9,834)**	—	**(10,816)**
Gross profit	**478**	**949**	—	**1,427**
Acquisition costs	—	—	**(857)**	**(857)**
Non-recurring administrative expenses	—	—	**(477)**	**(477)**
Share-based payment expense	—	—	**(866)**	**(866)**
Other administrative expenses	—	—	**(4,144)**	**(4,144)**
Administrative expenses	—	—	**(6,344)**	**(6,344)**
Other operating income	**45**	**142**	—	**187**
Discount on acquisition	—	—	**4,731**	**4,731**
Surplus on revaluation of investment properties	**1,674**	—	—	**1,674**
Share of post tax profit from joint venture	**700**	—	—	**700**
Surplus on revaluation of other investment	—	**1,208**	—	**1,208**
Release of other liabilities provision	**—**	**1,922**	**—**	**1,922**
Operating profit/(loss)	**2,897**	**4,221**	**(1,613)**	**5,505**
Net finance income	**6**	**304**	—	**310**
Profit/(loss) before tax	**2,903**	**4,525**	**(1,613)**	**5,815**

The segmental results that are monitored by the Board include all the separate lines making up the segmental IFRS operating profit. This excludes central overheads and taxation which are not allocated to operating segments.

Consolidated balance sheet
As at 31 March 2015

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	**70,223**	**18,266**	—	**88,489**
Property, plant and equipment	—	—	**186**	**186**
Investments in joint ventures and associates	**15,792**	**3,816**	—	**19,608**
Other investment	—	**6,602**	—	**6,602**
Deferred tax assets	**2,319**	**6,057**	—	**8,376**
Non-current assets	**88,334**	**34,741**	**186**	**123,261**
Trading properties	**88,631**	**55,687**	—	**144,318**
Trade and other receivables	**11,330**	**14,698**	—	**26,028**
Cash and cash equivalents	—	—	**107,624**	**107,624**
Current assets	**99,961**	**70,385**	**107,624**	**277,970**
Borrowings	**(11,221)**	—	—	**(11,221)**
Trade and other payables	**(11,213)**	**(26,024)**	—	**(37,237)**
Corporation tax	**(1,987)**	—	—	**(1,987)**
Deferred tax liabilities	**(3,778)**	—	—	**(3,778)**
Total liabilities	**(28,199)**	**(26,024)**	—	**(54,223)**
Net assets	**160,096**	**79,102**	**107,810**	**347,008**

6. Finance income and finance costs

	Six months to 31 March 2015 £'000	Six months to 31 March 2014 £'000	Nine months to 30 September 2014 £'000
Interest receivable from cash deposits	**314**	—	294
Discount received on early repayment of loans	—	—	3,235
Fair value gain on non-hedging derivative financial instruments	—	—	5
Finance income	**314**	—	3,534
Interest payable on borrowings	**(4)**	(2,656)	(529)
Interest capitalised	—	1,937	202
Fair value loss on non-hedging derivative financial instruments	—	(10)	—
Charges relating to early repayment of loans	—	—	(345)
Finance costs	**(4)**	(729)	(672)
Net finance income/(costs)	**310**	(729)	2,862

Interest is capitalised at the same rate as the Group is charged on respective borrowings. There were no interest swaps in the current period.

7. Tax on profit on ordinary activities

	Six months to 31 March 2015 £'000	Six months to 31 March 2014 £'000	Nine months to 30 September 2014 £'000
Current tax:			
UK corporation tax on profits of the period	**—**	53	48
Adjustments in respect of previous periods	**28**	5	—
Total current tax	**28**	58	48
Deferred tax:			
Origination and reversal of timing differences	**96**	5	4,110
Total deferred tax charge	**96**	5	4,110
Total tax charge	**124**	63	4,158

8. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on a profit of £5,691,000 (six months to 31 March 2014: £29,951,000; nine months to 30 September 2014: £15,006,000) and on 140,499,086 (six months to 31 March 2014: 9,072,886; nine months to 30 September 2014: 72,138,247) ordinary shares, being the weighted average number of shares in issue during the period.

Diluted earnings per ordinary share

Awards under the Group's long-term incentive plan are anti-dilutive and therefore have no dilution effect on the reported basic earnings per share.

Weighted average number of ordinary shares	**Six months to 31 March 2015 Number**	Six months to 31 March 2014 Number	Nine months to 30 September 2014 Number
In issue at start of period	**140,497,109**	9,068,124	9,074,791
Effect of shares issued in November 2013	**—**	4,762	—
Effect of shares in issue at the date of the reverse acquisition	—	—	10,171,516
Effect of capitalisation of PECs in May 2014	—	—	16,319,656
Effect of placing and employee share offer in May 2014	—	—	36,572,284
Effect of shares issued on acquisition of Catesby Property Group plc	**250,675**	—	—
Effect of own shares purchased	**(248,698)**	—	—
Weighted average number of ordinary shares during the period	**140,499,086**	9,072,886	72,138,247

The number of ordinary shares in issue during the period ended 30 September 2014 and the period ended 31 March 2014 has been calculated by reference to the capital structure of the Company following the share consolidation during the period ended 30 September 2014.

9. Dividends

An interim dividend of 1.0 pence per share was approved by the Board on 19 May 2015 and is payable to shareholders on the register on 5 June 2015. The interim dividend is not recognised as a liability in the interim financial information.

The final dividend in respect of the nine months ended 30 September 2014, of 1.5 pence per ordinary share totalling £2,107,000, was paid in the current period and is included within the consolidated statement of changes in equity.

10. Investment properties

	£'000
Valuation	
At 1 October 2013	65,742
Additions at cost	3,747
Surplus on revaluation	31,026
Transfers to trading properties	(45,068)
At 31 March 2014	55,447
Additions at cost	3,419
Surplus on revaluation	5,925
Transfers from trading properties	1,500
At 30 September 2014	66,291
Additions at cost	20,524
Surplus on revaluation	1,674
At 31 March 2015	**88,489**

The Group's principal investment property, Alconbury Weald, which represents 79 per cent of the period-end carrying value (at 31 March 2014: 100 per cent; at 30 September 2014: 98 per cent), is valued on a semi-annual basis by CBRE Limited, an independent firm of chartered surveyors, on the basis of fair value. The valuation at each period end is carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. The other investment properties are valued by the Directors on the basis of fair value.

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.

As noted above, the Group's investment properties are all carried at fair value and are classified as level 3 within the fair value hierarchy as some of the inputs used in determining the fair value are based on unobservable market data. The valuation technique used in measuring the fair value of the Group's investment properties, as well as the significant unobservable inputs, are summarised below.

Valuation technique

Discounted cash flows: the valuation model considers the present value of net cash flows to be generated from a property (reflecting the current approach of constructing the infrastructure, discharging the section 106 costs obligations and then selling fully serviced parcels of land to house builders for development), taking into account expected house price/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.

Significant unobservable inputs

The key inputs to the valuation included:

- expected annual house price inflation (3.5–4.3 per cent, average 3.5 per cent);
- expected annual cost price inflation (2.0–4.5 per cent, average 2.2 per cent);
- profit on gross development value (20 per cent);
- private residential gross development value (£230–£240 per sq.ft.);
- infrastructure, section 106 and community infrastructure levy (£591,000 per net developable acre); and
- risk adjusted discount rate (10 per cent).

The inter-relationship between the unobservable inputs set out above and the fair value measurement is unchanged from that reported in the 2014 Report and accounts.

11. Investments

(i) Investments in joint ventures and associates

	Joint ventures £'000	Associates £'000	Total £'000
Cost or valuation			
At 1 October 2013 and 31 March 2014	—	—	—
Acquired through business combinations	2,945	2,500	5,445
Additions	476	—	476
Loans advanced	1,800	—	1,800
Share of revaluation uplift on investment property	11,297	—	11,297
Loans repaid	—	(2,000)	(2,000)
At 30 September 2014	16,518	500	17,018
Acquired through business combination (see note 2)	17	—	17
Additions	144	—	144
Loans advanced	1,867	—	1,867
Share of post tax loss excluding investment property revaluation	(53)	—	(53)
Share of revaluation uplift on investment property	753	—	753
Loans repaid	(138)	—	(138)
At 31 March 2015	**19,108**	**500**	**19,608**

At 31 March 2015 the Group’s interests in its joint ventures were as follows:

SUE Developments LP	50%	Property investment
Achadonn Limited	50%	Property development
Catesby Student Living Limited	55%	Property development

At 31 March 2015 the Group's interests in its principal associates are as follows:

Terrace Hill Development Partnership	20%	Property development

	SUE Developments LP £’000	Achadonn Limited £’000	Catesby Student Living Limited £’000	Terrace Hill Development Partnership £’000	Total £’000
The carrying value consists of:					
Group’s share of net assets	12,617	—	17	—	12,634
Loans	3,158	3,316	—	500	6,974
Total investment in joint ventures and associates	**15,775**	**3,316**	**17**	**500**	**19,608**

At 31 March 2015, the Group had a £17.5 million obligation to SUE Developments LP to fund its share of the acquisition costs in respect of the property acquired by SUE Developments LP. This obligation was settled in cash on 16 April 2015 with the result being that the carrying value of the Group’s investment in SUE Developments LP increased by a corresponding sum.

SUE Developments LP’s principal asset is an investment property carried at fair value and classified as level 3 within the fair value hierarchy as some of the inputs used in determining the fair value are based on unobservable market data. The investment property is valued on a semi-annual basis by CBRE Limited, an independent firm of chartered surveyors using the same valuation technique as adopted for the valuation of the Group’s principal investment property, Alconbury Weald (see note 10). The values for the significant unobservable inputs are listed below.

Significant unobservable inputs

- expected annual house price inflation (3.2–3.9 per cent, average 3.3 per cent);
- expected annual cost price inflation (2.0–4.5 per cent, average 2.2 per cent);
- profit on gross development value (20 per cent);
- private residential gross development value (£225 per sq.ft.);
- infrastructure and section 106 costs (£546,000 per net developable acre); and
- risk adjusted discount rate (10.25 per cent).

The inter-relationship between the unobservable inputs set out above and the fair value measurement is unchanged from that reported in the 2014 Report and accounts.

(ii) Other investment

	£'000
At 1 October 2013 and 31 March 2014	—
Acquired through business combination	4,280
Surplus on revaluation	1,114
At 30 September 2014	5,394
Surplus on revaluation	1,208
At 31 March 2015	**6,602**

The other investment represents the fair value of the Group's minority share of the net assets attributable to the equity members of Howick Place JV S.à.r.l.

12. Deferred tax

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

	Six months to 31 March 2015 £'000	Six months to 31 March 2014 £'000	Nine months to 30 September 2014 £'000
At start of period	**6,989**	(3)	(2)
Arising on business combination (see note 2)	**(2,295)**	—	11,101
Movement in the period (see note 7)	**(96)**	(5)	(4,110)
At end of period	**4,598**	(8)	6,989

The deferred tax balances are made up as follows:

	At 31 March 2015 £'000	At 31 March 2014 £'000	At 30 September 2014 £'000
Deferred tax assets			
Tax losses	**8,376**	—	8,285
	8,376	—	8,285
Deferred tax liabilities			
Short-term timing differences	**—**	8	—
Revaluation surpluses	**3,778**	—	1,296
	3,778	8	1,296

At 31 March 2015, the Group has unused tax losses of £48,338,000 (at 31 March 2014: £nil; 30 September 2014: £45,308,000), of which £41,787,000 (at 31 March 2014: £nil; 30 September 2014: £41,425,000) has been recognised as a deferred tax asset. A deferred tax asset in respect of tax losses of £6,551,000 (at 31 March 2014: £nil; at 30 September 2014: £3,883,000) has 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.

Under IAS 12 "Income taxes" deferred tax is recognised for 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 losses if there is uncertainty over future recoverability.

13. Trading properties

	Six months to 31 March 2015 £'000	Six months to 31 March 2014 £'000	Nine months to 30 September 2014 £'000
At start of period	**78,115**	70	45,545
Additions at cost	**32,674**	1,830	4,362
Acquired through business combination (see note 2)	**34,077**	—	45,948
Transfers (to)/from investment properties	—	45,068	(1,500)
Disposals	**(548)**	—	(16,240)
At end of period	**144,318**	46,968	78,115

During the six month period to 31 March 2015 there were no transfers between trading property and investment property. During the six month period to 31 March 2014 investment properties with a total carrying value of £45,068,000 were transferred to trading properties at fair value following a decision to develop the properties for sale. During the nine month period to 30 September 2014 a trading property with a book value of £1,500,000 was transferred to investment properties following a decision to hold the property for income generation.

Capitalised interest of £307,000 is included within the carrying value of trading properties as at 31 March 2015 (at 31 March 2014: £253,000; at 30 September 2014: £307,000).

14. Trade and other receivables

	At 31 March 2015 £'000	At 31 March 2014 £'000	At 30 September 2014 £'000
Trade receivables	**11,408**	356	492
Less: provision for impairment of trade receivables	—	—	(2)
Trade receivables (net)	**11,408**	356	490
Other receivables	**3,427**	538	2,703
Amounts recoverable under contracts	**6,241**	—	6,453
Prepayments and accrued income	**4,952**	576	2,358
	26,028	1,470	12,004

15. Trade and other payables

	At 31 March 2015 £'000	At 31 March 2014 £'000	At 30 September 2014 £'000
Trade payables	**4,790**	846	2,237
Taxes and social security costs	**307**	—	498
Other payables	**6,345**	92	880
Accruals	**20,489**	626	6,780
Deferred income	**5,306**	317	1,318
	37,237	1,881	11,713

16. Borrowings

Non-current	At 31 March 2015 £'000	At 31 March 2014 £’000	At 30 September 2014 £'000
Bank loan	**—**	9,340	—
Preferred Equity Certificates (PECs)	**—**	76,439	—
Other loans	**11,221**	—	—
	11,221	85,779	—

Maturity profile	At 31 March 2015 £'000	At 31 March 2014 £’000	At 30 September 2014 £'000
Between one and five years	**—**	9,340	—
More than five years	**11,221**	76,439	—
	11,221	85,779	—

Other loans comprise borrowings from the Homes and Communities Agency. The loan was drawn on 27 March 2015 and has a final repayment date of 21 March 2021. Interest is payable at 2.2 per cent above the EC reference rate and the facility is secured against specific land holdings.

On 15 May 2014 Preferred Equity Certificates (PECs) with a nominal value of £45,000, together with accrued interest of £37,000, were redeemed at par.

On 22 May 2014 PECs with a nominal value of £49,114,000, together with accrued interest of £27,408,000, were exchanged for 34,009,665 ordinary shares of 20p each in the Company.

17. Other liabilities

Acquired contingent liabilities	£'000
At 1 October 2013 and 1 April 2014	—
Acquired through business combination	1,922
At 30 September 2014	1,922
Release to profit and loss	(1,922)
At 31 March 2015	**—**

A potential tax liability that was acquired as part of the business combination in the period to 30 September 2014 has been released in the current period following a tribunal ruling in favour of Urban&Civic plc.

18. Share capital

Urban&Civic plc	**At 31 March 2015 £'000**	At 30 September 2014 £'000
Issued and fully paid		
144,006,555 (30 September 2014: 140,497,109) ordinary shares of 20p each	**28,801**	28,099

Urban&Civic Holdings S.à.r.l.	At 31 March 2014 £'000
Issued and fully paid	
1,500,000 ordinary shares of £1 each	1,500

Movements in ordinary share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2013	1,485	1,485,000
Ordinary shares issued	15	15,000
At 31 March 2014	1,500	1,500,000
Shares eliminated on acquisition of Urban&Civic Holdings S.à.r.l.	(1,500)	(1,500,000)
	—	—
Ordinary shares in issue at date of acquisition of Urban&Civic Holdings S.à.r.l.	4,239	21,197,129
Ordinary shares issued in consideration for Urban&Civic Holdings S.à.r.l. shares	1,815	9,074,791
Ordinary shares issued in consideration for Urban&Civic Holdings S.à.r.l. PECs	6,802	34,009,665
Ordinary shares issued in respect of placing	15,111	75,555,556
Ordinary shares issued in respect of employee offer	132	659,968
At 30 September 2014	28,099	140,497,109
Ordinary shares issued in consideration for Catesby Property Group plc	702	3,509,446
At 31 March 2015	**28,801**	**144,006,555**

Transactions in own shares

During the six month period to 31 March 2015 the Company purchased 1,442,709 (31 March 2014 and 30 September 2014: Nil) ordinary 20p shares in Urban&Civic plc at a cost of £3,697,000 (31 March 2014 and 30 September 2014: £Nil). At the end of the period the Trust held 1,485,303 (31 March 2014: Nil; 30 September

2014: 42,594) ordinary 20p shares in Urban&Civic plc at a cost of £3,951,000 (31 March 2014: £Nil; 30 September 2014: £254,000), which had a market value of £3,840,000 (31 March 2014: £Nil; 30 September 2014: £114,000).

Share options

During the six month period to 31 March 2015 the Company granted 635,096 (31 March 2014: Nil; 30 September 2014: 2,145,032) ordinary share options to employees. No share options were exercised (31 March 2014: Nil; 30 September 2014: 59,406) and 149,018 (31 March 2014: Nil; 30 September 2014: 325,703) options lapsed in the period. The number of share options outstanding at the 31 March 2015 was 3,292,096 (31 March 2014: Nil; 30 September 2014: 2,806,018).

19. Equity shares to be issued

Under the terms of the purchase agreement for the Catesby Property Group 739,107 shares are to be issued one year from acquisition date. These have been provided for in equity and the value of £1,948,000 has been calculated with reference to the Company's share price at the time of the acquisition.

20. Net asset value per share

Net asset value per share is calculated as the net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue and to be issued at that date, adjusted for own shares held.

	At 31 March 2015	At 31 March 2014	At 30 September 2014
Net asset value (£'000)	**347,008**	20,451	335,062
Number of ordinary shares in issue	**144,006,555**	9,074,791	140,497,109
Equity shares to be issued	**739,107**	—	—
Own shares held	**(1,485,303)**	—	—
	143,260,359	9,074,791	140,497,109
NAV per share	**242.2p**	225.4p	238.5p

The number of ordinary shares in issue at 31 March 2014 has been calculated by reference to the capital structure of the Company following the share consolidation during the period ended 30 September 2014.

21. Contingent liabilities, capital commitments and guarantees

Capital commitments relating to the Group's development sites are as follows:

	At 31 March 2015 £'000	At 31 March 2014 £'000	At 30 September 2014 £'000
Contracted but not provided for	**39,285**	—	13,810

22. Related party transactions

There have been no material changes in the related party transactions described in the 2014 Report and accounts.

Details of transactions with and amounts owed from joint ventures and associates are given in note 11.

INDEPENDENT REVIEW REPORT TO URBAN&CIVIC PLC

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
London
United Kingdom
27 May 2015

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

Glossary of terms

Company	Urban&Civic plc (formerly known as Terrace Hill Group plc)
Earnings per share (EPS)	Profit after tax divided by the weighted average number of ordinary shares in issue.
EPRA	European Public Real Estate Association
EPRA net asset value (EPRA NAV)	Net assets attributable to equity shareholders of the Company, adjusted for the revaluation surpluses on trading properties and eliminating any deferred taxation liability for revaluation surpluses
EPRA triple net asset value (EPRA NNNAV)	EPRA net asset value, adjusted for deferred taxation on valuation surpluses on investment and trading properties
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 measureable date (i.e. an exit price)
Group	Urban&Civic plc and subsidiaries
Gross development value (GDV)	Sales value once construction is complete
Gearing	Group bank borrowings as a proportion of net asset value
Initial yield	Annualised net rent as a proportion of property value
Key Performance Indicators (KPIs)	Significant areas of Group operations that have been identified by the Board, are capable of measurement and are used to evaluate Group performance
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Preferred Equity Certificates (PECs)	Non-cancellable, fixed interest rate, subordinated loans
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
Total return	Movement in the value of net assets, adjusted for dividends paid, as a proportion of opening net asset value
Total shareholder return (TSR)	Growth in the value of a shareholding, assuming reinvestment of any dividends into shares, over a period
Urban&Civic plc	Parent company of the Group