Urban&Civic plc

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

RESULTS FOR THE SIX MONTHS TO 31 MARCH 2017

Urban&Civic plc (LSE: UANC) announces its unaudited results for the six months to 31 March 2017.

	Six months to 31 March 2017	Year ended 30 September 2016	Six months to 31 March 2016
EPRA NAV (£m)	**424.5**	409.8	390.8
EPRA NAV per share (p)	**293.0**	284.2	270.9
Profit before tax (£m)	**4.2**	25.9	8.4
Dividend per share (p)	**1.2**	2.9	1.1

Financial highlights

- EPRA net asset value of £424.5 million (30 September 2016: £409.8 million)
- EPRA net assets per share up 3.1 per cent to 293.0p from 284.2p at 30 September 2016
- Profit before tax for the six months to 31 March 2017 was £4.2 million (£8.4 million to 31 March 2016) reflecting principally the switch from investment to trading categorisation ahead of sales at Rugby and timing of Catesby realisations
- Maintained low gearing; Homes and Communities Agency to remain largest lender for foreseeable future
- Dividend for the period up 9 per cent to 1.2p per share to recognise continued progress
- Total shareholder return of 6.6 per cent for the six month period

Project highlights

- Advantages of Master Developer to facilitate large-scale residential build now clear. Urban&Civic model is capital efficient with guaranteed quality to retail housebuilder customers with scope for accelerated absorption and delivery
- Hopkins Homes sold or reserved 59 homes in first 12 months at Alconbury; equivalent start made by Davidsons since April 2017 launch at Rugby
- Enlarging pipeline; joint planning application with the Secretary of State for Defence, registered February 2017, for 6,500 new homes at Waterbeach, three miles north of the Science Parks in Cambridge; acquisition of 33 per cent interest in 2,800+ new units at St. Neots, Cambridgeshire, completed in April 2017
- Urban&Civic now has interests in more than 15,000 residential plots around Cambridge and approaching 33,000 nationwide, mostly within 100 miles of London
- EPRA valuation of unserviced plots provides continuing room for growth (31 March 2017: £25,300 at Alconbury; £16,500 at Rugby and £6,200 at Newark). Alconbury 31 March 2017 actual realisations 2+ times current EPRA carrying values
- Large site wholesale discount estimated at £103 million, or 71p over current EPRA NAV per share
- Past peak capital requirement at Alconbury
- Catesby 2017 sales skewed towards second half

In commenting on the results, Nigel Hugill, Chief Executive, said that the competitive position of Urban&Civic as Master Developer on large projects was now clear:

"The election statements only serve to reinforce the importance attached across the political spectrum to additional large-scale housing delivery. Urban&Civic is the most significant new entrant into that market in recent years, with delivery experience honed by over a quarter of a century building infrastructure and critical mass into consistently successful major projects. Our Master Developer model is capital efficient, delivering guaranteed quality for our housebuilder customers. Exactly what they want. Our shareholders enjoy real benefits as well. The business captures an increased premium on serviced land, with contracted annual minimum payments that afford good cash flow security. Expect to see us realising other assets to invest more in strategic projects."

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A presentation for analysts and investors will be held at 10.45am today at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD.

If you would like to attend please contact Jenni Nkomo at FTI on +44 (0)20 3727 1000 or urbanandcivic@fticonsulting.com. A live webcast of the presentation will be available at www.urbanandcivic.com and presentation slides will also be available to download.

Alternatively, details for the live dial-in facility are as follows:
Participants: Tel: +44 (0)330 336 9411
Passcode: 6482534

Chief Executive's statement

Introduction

I can report results that remain strong and a progression that shows no sign of faltering. EPRA net asset value as at 31 March 2017 of £424.5 million translates into 293.0p per share or an 8.2 per cent increase on March 2016 and 3.6 per cent up on September 2016. March 2017 EPRA NAV per share is around 27 per cent up from Listing in May 2014. We might originally have hoped for more but the direction of travel is clear and looks well set.

Profit before tax to 31 March 2017 at a healthy £4.2 million was lower in the first half than in previous periods on account of the reclassification of our Rugby holdings to trading stock at the last year end, fewer Catesby actual realisations and a pause in commercial sales. Strategic residential assets held by the Group are moved from investment to trading stock when a decision is made to develop in anticipation of first licence sales. Subsequent valuation changes are included in EPRA NAV after accounting for our pro rata receipt from housing completions. The above the line impact of the reallocation of our 50 per cent share in Rugby was £3.5 million to 31 March 2017. Interim 2016 pre-tax profits of £8.4 million benefited from a £5 million contribution before overheads from Catesby; in contrast, the 2017 first six months included only one realised sale of £0.9 million. More can be expected in the second half.

Recognising the consistent advances being made by the business and the scope for further growth in current market conditions, the Board has approved the payment of an interim dividend of 1.2p per share. The dividend will be payable on 21 July 2017 to shareholders on the register on 9 June 2017. The payment represents a 9 per cent increase over the first half of last year and a scrip dividend alternative is being made available.

Urban&Civic as Master Developer

Urban&Civic is the most significant new entrant into the large-scale residential market in recent years with a delivery experience honed over a quarter of a century of building infrastructure and critical mass into consistently successful major projects. Under our licence model we provide serviced plots ready for the housebuilders to commence construction and receive around one third of sales value when houses are sold. As prices increase so do the receipts to Urban&Civic such that the level of current margins being achieved by our housebuilder customers is not zero sum back to us. By facilitating delivery and ensuring quality we share a fixed proportion of all sales price growth. The arrangements are also entirely transparent. The percentage receipt is a little lower from Avant Homes at Newark but otherwise there are no deductions, beyond an allowance for incentives, in any of the contracts.

Our strategic site product is capital efficient with guaranteed quality for our customer base whose own model has adapted exceptionally quickly towards rapid equity circulation. Just as the landbanks of the national housebuilders are trending down, so the significance of Urban&Civic, effectively as wholesale intermediary, can increase. We are contracted on almost 1,300 plots (approximately 9 per cent of consented) at Alconbury, Rugby and Newark. Those project sales exclude the commencement of Civic Living and are likely to raise around £125 million in cash proceeds without house price growth at a project level. We are past the peak capital requirement at Alconbury where henceforth we anticipate receiving more cash back than we reinvest. We are fast approaching that point at Rugby.

Furthermore, the agreements with our customers also include significant downside protection to Urban&Civic. Under our licence model housebuilders contract to make a minimum annual drawdown of fully serviced plots, typically 35–40 per year, at absolute (not formulaic) prices. When aggregated together and accounting for the cost of servicing, these minimum value receipts average above March 2017 EPRA valuations. They also afford the business good cash flow security, broadly on a five-year look forward basis and are in respect of infrastructured investments already in the ground. The cash coming back into the projects is not dependent on further material capital expenditure from Urban&Civic beyond that which has now been spent. Any such receipts in no way negate our entitlement to subsequent sales participations and become, in effect, a payment on account.

Balance sheet gearing

Our Master Developer model does not rely upon high leverage; quite the reverse. Net Group borrowings as at March 2017 were £41.3 million, approximately half of which was drawn from the Homes and Communities Agency ("HCA"). EPRA net gearing at 9.7 per cent was marginally above the September 2016 figure of 8.4 per cent. Our preference is to add back the Group share of off-balance sheet debt, in our case being borrowings again from the HCA at Rugby. On that basis total net drawings were £49.9 million with gearing below 12 per cent, approximately three-fifths from the HCA, who are likely to remain the majority lender to Urban&Civic for the foreseeable future. Undrawn facilities (including Rugby pro rata) were in excess of £75 million at March 2017. The average outstanding term on HCA loans is 9 years and interest is accrued until payable out of realised sales proceeds.

Alconbury, Rugby and Newark

Valuation increases at Alconbury and Rugby, pro rata to our 50 per cent share were £6.2 million and £3.5 million respectively; netting off period spend, the March 2017 valuations equate to an unserviced plot holding cost of £25,300 at Alconbury and £16,500 at Rugby. The valuations necessarily have regard for circumstances only as at 31 March 2017 and were prepared on the basis of assumed average house prices of £290 and £260 per sq. ft. respectively. The starting point for our valuers in appraising the EPRA value of those consented plots is the current open market value of a ten acre parcel, or what we might call the retail figure. They then apply what amounts to a wholesale discount for scale and time. The difference between the current retail valuation and the wholesale figures included in our EPRA calculations now amounts to an estimated £103 million or the equivalent of 71p per share.

The appraisals do not include the start of sales by Davidsons at Rugby, where current achieved house prices are above those assumed by our valuers. Two additional residential parcels are being worked up in prime central areas at Alconbury and we have good housebuilder interest for both. In addition, all alternatives for the emerging Huntingdonshire District Local Plan envisage more than the existing 5,000 units consented at Alconbury. Informal consultations are in the process of commencement. The extent of our ownership is such that new housing is unlikely to cannibalise existing sales.

Cash receipts back to Urban&Civic from the 28 sales to March 2017 completed at Alconbury by Hopkins Homes were £7.9 million, with profit over attributed cost of £1.1 million, or 2.2x EPRA book. Sales or reservations since the start on site in April 2016 stand currently at 63 and the joint venture will make a material additional contribution to reported profits and cash receipts in the second half. A total of 128 plots are covered under the arrangements with Hopkins. Redrow (200 contracted plots) and Morris (165 contracted plots) are now building at Alconbury. At Rugby the initial pace of reservations for Davidsons (243 contracted plots) appears to be in line with Hopkins' annual average and Morris (180 contracted plots) will be on site imminently. Reserved matters approvals are being finalised by Rugby Borough for a further 186 contracted plots to Crest Nicholson.

A £1.5 million reduction at Newark was the only material negative valuation movement in the interim figures. The resulting carrying value in the March 2017 balance sheet equates to £6,200 per unserviced plot on 2,940 consented units. Newark is on the cusp of the identified area of Urban&Civic operations where prevailing demand for consented housing land is stronger. Cost pressures are hard to absorb at estimated sales values around £200 per sq.ft. but the relationship between small upward movements in house prices and current plot values is correspondingly high. Our valuers appraise the value of holdings on a discounted cash flow basis, such that the valuation of plot holdings is highly sensitive to the timing of investment spend, irrespective of the actual cost of servicing that spend. As such, the valuation is very sensitive to assumption alterations. The reduction arose from only two-thirds of the £5.2 million spend in the first half being credited by our valuers despite the project enjoying £12 million of low-cost funding from the HCA. The first sales licences have been contracted with Avant over 173 plots. They are expected to be on site next month. Newark and Sherwood District Council is looking to extend Phase 1 up to 950 units, which would assist considerably in appraised project economics.

Catesby and Civic Living

Meanwhile, the challenges for Catesby are back markedly on the supply side. There was a short acquisition hiatus after the Brexit vote last year when some of the quoted housebuilders imposed a moratorium on land purchases but demand has since returned to previous levels. What is noticeable is that Catesby realisations do seem to be taking longer once consents have been secured. Many participants rail against the planning system. In our case the delays are often small and unnecessary, or arise from third party prevarications. As appears to be the case generally, completion timings are becoming extended so that the higher number of national approvals is not being reflected in the intended Government objective of lifting housing numbers. Catesby recognises a proportion of EPRA uplift once planning consents are recorded but profits are only taken against realised sales. We will continue to account for the Catesby profits as they come. The second half of 2017 is likely to see a higher Catesby profit contribution than the first but the time accumulations do add up.

Future Group numbers will also be supplemented by building on our own account through Civic Living, for which reserved matters approvals are in the process of being finalised at Alconbury, with submissions at Rugby and Newark to follow. The first parcels provide around 320 units on our own account, which promise improved margin capture and absorption in the next financial year, whilst complementing the offer of our core customers.

City centre projects

Initial marketing on the apartment scheme at Princess Street, Manchester (now renamed Manchester New Square), fell outside the accounting period but has gone very well. The development forms part of the most established residential area in the city centre and is purposefully high end in terms of market positioning. At the time of writing more than 20 per cent of the 256 units in two blocks have been reserved or exchanged in the fortnight since launch to a total value in excess of £12 million, excluding car parking. First completions are not scheduled until the beginning of 2020. Lend Lease is to be appointed as principal contractor and the Greater Manchester Pension Fund has approved a proposal to develop alongside us, such that our capital investment will be limited to amounts expended to date. A design competition for the Renaissance Hotel has been undertaken with Manchester City Council as freeholders. The hotel continues to trade above budget.

We have signed a development agreement with the City of Wolverhampton for the proposed £55 million, 6.4-acre Westside city centre redevelopment. Phase 1 envisages a multiplex 12-screen cinema, 90,000 sq.ft. of additional leisure and restaurants, a 100+ bedroom hotel and a multi-storey car park. Council-led enabling works continue and there appears good demand from anchor occupiers. Construction on the first phase remains subject to funding but is on track to start in early 2018, completing within two years. Phase 2 would deliver more than 300 new city centre homes and 50,000 sq.ft. of retail and leisure space. Works on this section of the development are likely to be completed in 2022.

The intention is to pursue such projects where the Group is able to call upon our deep experience but not to commit material balance sheet resources beyond transitional funding.

Hampton by Hilton at Stansted

Construction and fit-out of the 357 bedroom Hampton by Hilton, one of only two on terminal hotels at Stansted airport, will complete on time in late June for a soft opening in July. Online bookings are being accepted from the beginning of September. The upwardly revised operating projections are for £3.5 million stabilised EBITDA against an appraised holding cost on completion of £41.5 million. The March 2017 valuation was £4.4 million higher than the previous six months, after allowing for construction spend, including £1.2 million taken through the pre-tax profit line as previously assumed purchaser discounts were reversed. The design will readily accommodate expansion, for which the purchase contract provides at no additional site cost. Passenger numbers at Stansted are up more than 15 per cent over the past two years to 24.6 million. Owners Manchester Airports Group announced recently that planning permission had been received for a new £130 million, 360,000 sq.ft. arrivals building designed by architects Pascall+Watson and spanning three levels. The current terminal will be reconfigured to become departures only at the end nearest the new Hampton by Hilton. Once completed, Stansted will be the only UK airport operating dedicated arrivals and departures terminals. The reports are that the first phase of works will begin later this summer. Construction of the new arrivals hall will take place for up to three years outside the current terminal in the opposite direction from the Hampton.

Waterbeach and St. Neots
A joint application with the Secretary of State for Defence was submitted and registered in February 2017 for 6,500 new homes at Waterbeach. South Cambridgeshire District Council has processed the application most efficiently with the consultation carried out and comments received on our proposals by early May. In parallel, the Waterbeach specific session of the Local Plan examination has taken place and the A10 corridor study is progressing. We are currently working through the responses on the planning application with the District and the County Councils in parallel with work on the Supplementary Planning Document, which the Council are preparing to take forward the allocation. Early occupation of the former barracks buildings by Papworth Hospital has been approved by the District Council with conversion works being undertaken to welcome medical staff in spring 2018.

We announced recently that the Group had acquired a one-third partnership stake in a 400-acre site at Wintringham Park, St. Neots, Cambridgeshire, from two Nuffield medical charitable trusts. The £13.3 million purchase consideration is phased over the next four years with provision for early payments to fund the trusts' share of accelerated infrastructure investment. Wintringham Park is a key strategic site within Huntingdonshire District Council as an adopted eastern extension to St. Neots. The land is bordered by the East Coast Main Line to the west and the A428 to Cambridge to the south and east. Alongside Alconbury and Waterbeach, the project represents the third major holding for Urban&Civic with ready access to Cambridge. The transaction values a 100 per cent interest in the project at £40 million, or the approximate equivalent of £14,000 per unserviced residential plot. Current new house prices in the local area are around £285 per sq.ft.

The total land area is allocated, but not yet consented, for the development of up to 2,800 residential units, 63,500 sq.m. of employment space, a district centre with ancillary uses and two primary schools. The political desire, consolidated by the addition of a metro mayor, is to rebalance away from the Cambridge city core and, importantly, to link homes, jobs and transport. The officers appear to be anticipating the message. There seems to be a strong willingness to expedite both on behalf of Huntingdonshire District Council as a local authority and Cambridgeshire County Council, and we are working towards a rapid timetable to consent of a new outline planning application by the end of the year. On that basis, it is anticipated that infrastructure provision will commence from early 2018.

Pipeline and outlook
The core policy of Urban&Civic is to act as Master Developer on large projects in areas of high population growth. The recent investment at St. Neots with Nuffield Trusts is a case in point. The sub-regional increase in population in Cambridge and Peterborough over the past ten years exceeds 15 per cent. Accommodating such growth requires large sites to be brought forward more quickly but with an emphasis on improved quality. The reasonable presumption post the June Election is for a strong emphasis on accelerated delivery. We are collaborating already with Government partners to reduce future lead times on major housing projects.

Our model involves upfront capital investment in anticipation of extended income flows which are now demonstrably underpinned by contracted minimum receipts. It was designed specifically not to be highly cash consumptive. Net capital outflows are limited typically to the first five years. Thereafter, only a proportion of realised proceeds will be required for reinvestment. We can leverage our platform, not through additional bank debt but by new partnerships with institutional investors. There are also public selection processes where procurement considerations mean that our offer is stronger with institutional backing. Our current partners are Aviva, the Ministry of Defence and Nuffield Trusts, with a majority of external funding coming from long-term loans from the HCA, so we start with a high bar.

Looking forward, shareholders can expect the business to concentrate on those projects in which we enjoy genuine competitive advantage. Selection tends not to be quick but additional opportunities are firmly in the pipeline. As such, the expectation is that we will realise current commercial holdings over time for reinvestment in new strategic opportunities. As at March 2017, the Group had 69 per cent of EPRA net assets in strategic projects. The Board anticipates that figure moving higher again.

Maintaining appreciation
Maintaining appreciation to Executive and Non-Executive colleagues alike; we work as one team and could not be more committed towards the combined goals of building business reputation and delivering shareholder value.

Nigel Hugill
Chief Executive
24 May 2017

Financial review

Introduction
Delivery at our strategic land sites has accelerated in the last six months – with 28 completions at Alconbury, from our joint venture with Hopkins Homes, and construction starts by Morris Homes and Redrow at Alconbury and Davidsons at Rugby. Development and planning consent uplifts from Stansted and Catesby have also contributed to our 3.1 per cent growth in EPRA NAV per share.

Despite the Group's relatively low trading activity in the period, rental income and property trading profits have broadly covered overheads.

EPRA NAV growth and total shareholder return
In line with prior periods, the Group evaluates its performance using EPRA NAV and total shareholder return.

EPRA NAV includes the fair value of all the Group's trading properties, which would otherwise be accounted for at the lower of cost and net realisable value under IFRS.

EPRA NAV at 31 March 2017 and 30 September 2016 was £424.5 million (293.0p per share) and £409.8 million (284.2p per share) respectively; up 3.1 per cent (8.8p per share) from 30 September 2016 and 8.2 per cent (22.1p per share) from 31 March 2016 (EPRA NAV: £390.8 million or 270.9p per share).

Total shareholder return in the interim period increased 6.6 per cent, reflecting a 13.0p rise in share price (to 238.0p per share at 31 March 2017) and a paid final dividend of 1.8p; this compares to a 0.7 per cent rise in the FTSE 350 Real Estate Index and a 6.25 per cent increase in the FTSE All Share Index.

NAV movements
The movements in IFRS and EPRA NAV are summarised below:

	Six months to 31 March 2017		Six months to 31 March 2016		Year ended 30 September 2016	
	£m	**Pence per share**	£m	Pence per share	£m	Pence per share
Revaluation of properties (including share of JVs)[1]	**4.7**	**3.2**	4.0	2.8	13.4	9.3
Profit on property sales	**3.0**	**2.1**	6.2	4.3	18.9	13.1
Rental and other income	**2.8**	**1.9**	2.1	1.5	6.3	4.4
Administrative expenses	**(5.9)**	**(4.1)**	(4.7)	(3.3)	(12.3)	(8.5)
Dividends paid (net of scrip)	**(2.8)**	**(1.9)**	(2.3)	(1.6)	(3.9)	(2.7)
Other	**1.0**	**0.7**	(0.6)	(0.4)	(3.9)	(2.7)
IFRS movement	**2.8**	**1.9**	4.7	3.3	18.5	12.9
Revaluation of retained trading properties[1,2]	**12.9**	**8.9**	0.3	0.2	15.1	10.5
Release of trading property revaluations on disposals[1]	**(0.9)**	**(0.7)**	(4.7)	(3.4)	(15.2)	(10.6)
Deferred taxation	**(0.1)**	**(0.1)**	0.6	0.4	1.5	1.0
EPRA movement	**14.7**	**10.0**	0.9	0.5	19.9	13.8
Effect of share issues and dilutive options	**—**	**(1.2)**	—	—	—	—
Movement in period	**14.7**	**8.8**	0.9	0.5	19.9	13.8
EPRA NAV at start of period	**409.8**	**284.2**	389.9	270.4	389.9	270.4
EPRA NAV at end of period	**424.5**	**293.0**	390.8	270.9	409.8	284.2

[1] Classified as property revaluations for the purposes of the below commentary.
[2] Includes revaluation of the Morris Homes variable consideration classified as a financial asset.

Property revaluations have once again contributed significantly to the Group's EPRA NAV growth, accounting for an 11.4p per share uplift.

The Directors value 8 per cent of the property portfolio (predominantly Catesby land promotion sites), with the remaining 92 per cent (30 September 2016: 91 per cent) valued by CBRE or Jones Lang LaSalle. A more detailed reconciliation between IFRS and EPRA NAV is provided in note 18.

Consolidated statement of comprehensive income
The Group's profit before tax has decreased £4.2 million from the prior period, predominantly the result of a fall in profits made on the sale of trading properties and lower investment property revaluation surpluses.

£m	**Six months to 31 March 2017**	Six months to 31 March 2016	Year ended 30 September 2016
Revenue	**31.9**	29.5	95.2
Profit on trading property sales[1]	**3.2**	6.2	18.9
Rental and other property profits	**2.0**	1.2	4.5
Hotel operating profit	**0.8**	0.9	1.8
Write up/(down) of trading properties	**1.7**	(0.1)	(7.1)
Gross profit	**7.7**	8.2	18.1
Administrative expenses (net of capitalised costs)	**(5.9)**	(4.7)	(12.3)
Surplus on revaluation of investment properties	**3.0**	4.1	20.5
Other	**(0.6)**	0.8	(0.4)
Profit before tax	**4.2**	8.4	25.9

[1] Including residential property sales as disclosed in note 2.

Revenue
Revenues of £31.9 million have been generated in the period, including trading and residential property sales of £23.1 million and £8.8 million of rental and other property income. Although headline revenues are broadly in line with the six months to 31 March 2016, the composition is very different.

The most notable difference is the result of sales by our joint venture with Hopkins Homes at Alconbury (£7.9 million) and the recognition of contractual minimums under our first completed licence arrangements with Morris Homes at Alconbury (£10.7

million). The new revenue streams more than offset the reduction in Catesby land promotion sales (£1.4 million in the six months to 31 March 2017 compared to £16.0 million in the prior period).

Our reference to licence arrangements refers to a number of agreements that the Group has entered into with housebuilders at its strategic land sites. These licence agreements typically comprise a fixed element (the minimums) due to the Group upon reaching unconditional exchange and a variable element which is dependent on the final selling price of the house (the overage).

Accounting standards require us to recognise revenue when the risk and rewards of ownership have transferred to a buyer and revenue can be measured reliably, among other criteria. Following the contractual completion of the Morris Homes licence arrangements in January this year, which see us transfer land and take a charge over the land to secure the future overages, management is of the view that the criteria for recognising the revenue associated with the minimums have been met. The Morris Homes contract is the first to qualify for this treatment as the Hopkins Homes and Davidsons arrangements will not involve a land transfer prior to the sale to the homeowner and therefore the risks and rewards of ownership have not yet transferred. All other licence arrangements currently in place will meet this revenue recognition criteria in due course.

Although the Morris Homes minimums have been recognised in full in the period, as they are due in stages over the next four to five years, they have been discounted at an appropriate rate.

No overage has been recognised to date and the amount of profit recognised in respect of the contractual minimums are discussed below.

Rental income and other property income, excluding recoverable property expenses, increased £1.4 million over the six months to 31 March 2016, predominantly as a result of the completion of the Feethams leisure scheme in Darlington.

Gross profit
Gross profits are £0.5 million lower than reported in the six months to 31 March 2016, which saw the Group record a £1.0 million one-off profit following the reimbursement of infrastructure expenditure carried out as part of our development of the Baltic Business Quarter in Gateshead.

Profits from trading property sales include £1.3 million in respect of residential sales at Alconbury, £0.9 million of Catesby land promotion profits and £0.5 million from Bridge Quay and Scottish land disposals. Residential sales profits at Alconbury comprise £1.1 million generated by the sale of 28 homes (through our joint venture with Hopkins Homes) and £0.2 million in respect of Morris Homes contractual minimums. The profit recognised in respect of Hopkins Homes sales amounts to circa £40,000 per home.

The level of profit recognised in respect of Morris Homes contractual minimums reflects the full recognition of the discounted revenue referred to above, net of the full associated cost of sales. This will leave any overage to be recognised in future periods.

The increase in rental and other property profits, when compared to the prior period, is due to additional rent from the completed Feethams leisure scheme and increased project management fees on our developments.

Trading property write ups of £1.7 million substantially relate to our nearly completed hotel development at Stansted (£1.2 million) and reflect both market movements and lower construction risk as we progress towards practical completion this summer. The Stansted uplift reflects a write back of prior period provisions.

Administrative expenses
Administrative costs of £5.9 million (six months to 31 March 2016: £4.7million), after capitalising £2.4 million into the Group's development projects, were expensed in the period. The £1.2 million increase is due to a lower proportionate capitalisation (29 per cent this period compared to 43 per cent in the six months to 31 March 2016) following development completion of Feethams and Herne Bay.

Administrative costs also include a £1.6 million charge in relation to the non-cash share-based payment expense. A corresponding credit has been included with retained earnings, resulting in the expense having no NAV impact.

Surplus on revaluation of investment properties
Following last year's reclassification of the Group's share in the Rugby site to trading stock, the only remaining investment properties comprise the Feethams and Bradford leisure assets and that part of the Alconbury site which management holds as an investment.

The Group has recognised a £3.0 million revaluation surplus on its investment properties, £2.2 million of which relates to Alconbury.

CBRE's valuation of Alconbury, including both the investment and trading elements, has increased from £197.1 million at 30 September 2016 to £212.0 million. This valuation is based on the consistent assumption that we deliver serviced land parcels – CBRE do not value any work in progress in respect of housebuilding the Group may undertake through joint ventures or on its own account.

After allowing for housebuilding expenditure incurred at Alconbury, under the contractual arrangements with Hopkins Homes the valuation increases to £218.9 million. Out of this total, £208.7 million is disclosed as property (investment; trading; property, plant and equipment; and associated EPRA adjustments, including the revaluation of the Morris Homes overage classified as a financial asset) with £10.2 million of Morris Homes minimums being classified as non-current trade receivables.

The recognition of valuation movements within the financial statements is dependent on whether an asset, or part of an asset, is held for investment or trading purposes. Under accounting standards, we reflect only upward movements in the investment element of a site through the income statement with any upward movements in the trading element going through our EPRA adjustments. A reconciliation of the movement in valuation of Alconbury and Feethams and Bradford is set out below:

£m	Alconbury	Feethams and Bradford	Total
Valuation at 1 October 2016	**201.2**	**35.0**	**236.2**
Less: EPRA adjustment (trading properties)	(31.7)	—	(31.7)
Carrying value in financial statements at 1 October 2016	**169.5**	**35.0**	**204.5**
Capital expenditure (including capitalised overheads)	26.4	—	26.4
Disposals	(25.1)	—	(25.1)
Revaluation movements (investment properties)	2.2	0.8	3.0
Carrying value in financial statements at 31 March 2017	**173.0**	**35.8**	**208.8**
Add: EPRA adjustment (trading properties)[2]	35.7	—	35.7
Add: amounts included within non-current trade and other receivables	10.2	—	10.2
Valuation at 31 March 2017	**218.9**	**35.8**	**254.7**
Classification of revaluation movement in Group accounts:			
Investment properties through income statement	2.2	0.8	3.0
Trading properties through EPRA adjustment[1,2]	4.0	—	4.0
Total property revaluation	**6.2**	**0.8**	**7.0**

[1] £4.0 million movement in year reflects £35.7 million closing EPRA adjustment less £31.7 million opening EPRA adjustment.
[2] Includes revaluation of the Morris Homes variable consideration classified as a financial asset.

The market movements above reflect increases in sales value assumptions, which have been supported by evidence generated through the reservations and sales at the Hopkins Homes land parcel and reduced discount rates for land subject to other contractual arrangements. The key unobservable inputs underpinning CBRE's valuation can be found in note 9.

Taxation expense
The tax charge for the year of £0.2 million reflects an effective rate of tax of 3.9 per cent, lower than the average rate of UK corporation tax for the period, principally due to losses brought forward and net excess losses generated in the period being available to offset realised profits and revaluation surpluses. The charge relates in most part to the utilisation of losses brought forward.

Dividend
The Group paid its final dividend for the year to 30 September 2016 in February 2017 at a rate of 1.8p per share, amounting to £2.8 million in total. The Board has approved the payment of an interim dividend of 1.2p per share in respect of this six month period to shareholders on the register on 9 June 2017, with a payment date of 21 July 2017. Investors choosing to participate in the dividend reinvestment scheme will need to make their election by 23 June 2017.

Consolidated balance sheet
Overview

£m	**31 March 2017**	31 March 2016	30 September 2016
Investment properties	130.3	109.2	128.9
Trading properties	219.1	193.3	185.2
Joint venture properties[1]	58.1	47.4	51.0
Properties within property, plant and equipment	4.3	4.1	4.5
Properties[2]	411.8	354.0	369.6
Non-current trade and other receivables – Morris Homes minimums[2]	10.2	—	—
Current trade and other receivables	19.4	26.8	60.5
Trade and other receivables	29.6	26.8	60.5
Cash	16.6	30.6	15.1
Borrowings	(57.9)	(32.1)	(49.6)
Deferred tax (liability)/asset	(0.5)	2.9	(0.3)
Other working capital	(30.5)	(29.7)	(29.0)
Net assets	**369.1**	**352.5**	**366.3**
EPRA adjustments	55.4	38.3	43.5
EPRA net assets	**424.5**	**390.8**	**409.8**

[1] All properties held by joint ventures are trading properties.
[2] Total property related interests: £422.0 million (31 March 2016: £354.0 million; 30 September 2016: £369.6 million).

Non-current assets
Investment properties
The Group's investment properties at 31 March 2017 include the proportion of the Alconbury site we intend to hold as an investment and the leisure assets at Bradford and Feethams.

As previously highlighted, CBRE valued the entire Alconbury site at £212.0 million, which excluded the incurred cost of building houses under the Hopkins Homes arrangements. Having given credit for the work in progress relating to house construction, the valuation increases to £218.9 million. Of this total, the Group intends to retain £94.5 million as a long-term investment, which comprises commercial land and 25 per cent of the residential land (representing the affordable and potential private rented sector land).

The leisure assets at Bradford and Feethams have been valued by CBRE at £13.8 million and Jones Lang LaSalle at £22.0 million, respectively.

Investment in equity accounted joint ventures and associates
The Group's 50 per cent interest in the Rugby site has been included in the balance sheet at £54.7 million.

CBRE's £67.0 million valuation of the Group's share in the underlying property at Rugby has resulted in a £3.5 million uplift in the six months to 31 March 2017. This has been recognised as an EPRA adjustment rather than through the income statement, following the decision to reclassify the site as a trading property last year. Like Alconbury, the market movements reflect increases in sales value assumptions and consequently serviced land values. The sales launch by Davidsons in April this year is supportive of CBRE's pricing assumptions.

Other interests in joint ventures and associates total £3.4 million and further details are provided in note 11.

Deferred tax assets
The Group has recognised an asset of £4.9 million in respect of the Group's tax losses which are expected to be utilised against future profits of the Group. The £0.3 million reduction from our last year end reflects the utilisation of the losses brought forward against the Group profitable activities during the period.

Non-current trade and other receivables
The £10.2 million disclosed on the face of the balance sheet represents the discounted value of the Morris Homes minimums as previously described.

Current assets
Trading properties
The carrying value of trading properties increased by £33.9 million in the six months to £219.1 million, as a result of the £1.4 million acquisition of a land parcel in Skelton; construction expenditure at Stansted (£14.7 million); development expenditure at the strategic land sites totalling £26.5m; £3.9 million of Catesby promotion expenditure; and £4.3 million of other property expenditure. Against this £50.8 million of acquisitions and additions, the Group has disposed of £18.6 million of trading assets (including 28 homes at Alconbury and Catesby's site in Stadhampton) and written back £1.7 million of previous provisions (see above).

Included within the figures mentioned above is £1.9 million of capitalised overheads. All trading properties are carried in the balance sheet at the lower of cost (or acquisition date fair value) and net realisable value.

Cash
Cash balances were £16.6 million at the period end, up from £15.1 million at 30 September 2016. The £1.5 million increase reflects new loans and sales receipts net of development expenditure incurred during an intensive period of construction activity, particularly at our strategic land sites and Stansted commercial development. Development additions in the period amounted to £58.2 million and were part funded by £25.8 million of new borrowings and £21.7 million of net receipts on the sale of Herne Bay.

Non-current liabilities
Borrowings
The Group has drawn three new loans in the period totalling £25.8 million and repaid the £16.1 million Herne Bay facility on disposal. The new drawings included £8.1 million from the new £45.1 million HCA facility at Alconbury. The other drawings were made under existing facilities.

Financial resources and capital management
The Group's net debt position at 31 March 2017 totalled £41.3 million (30 September 2016: £34.5 million), comprising external borrowings of £57.9 million and cash reserves of £16.6 million, producing a net gearing ratio of 11.2 per cent (30 September 2016: 9.4 per cent) on an IFRS NAV basis and 9.7 per cent (30 September 2016: 8.4 per cent) on an EPRA NAV basis. The Group will continue to fund new developments or acquisitions through debt as required, whilst maintaining a conservative approach to gearing.

During the period the £45.1 million loan from the HCA to fund infrastructure costs at Alconbury was completed and £8.1 million drawn. Undrawn facilities at 31 March 2017 totalled £78.2 million.

The Group's weighted average loan maturity at 31 March 2017 was 5.8 years (30 September 2016: 5.6 years) and weighted average cost of borrowing on drawn debt was 2.9 per cent (30 September 2016: 3.0 per cent). The Group has no loans maturing over the next three years, with the exception of the £25 million revolving credit facility (the "RCF"), which matures Q2 2019. The current £8.0 million drawn under the RCF will need to be cleared down for a small period within 18 months and other ongoing loan amortisations will occur.

The Group has sought, and will when appropriate seek, to borrow from Government sources (such as the HCA) to fund infrastructure spend at its strategic sites where such borrowing will enhance the speed with which such sites can be brought forward and where the terms will enhance our expected returns.

The Group maintains a comprehensive business plan model which forecasts the cash usage and generation on a project-by-project and consolidated basis for five years, or longer in relation to our strategic land sites. This model is regularly updated and informs the Group as to its cash needs, allowing us to plan ahead. It is this model that allows the Group to be confident as to its continuing viability.

Principal risks and uncertainties
The principal risks of the business are set out on pages 32 to 35 of the 2016 Annual Report and Accounts and include commentary on their potential impact, links to the Group's strategic priorities and the relevant mitigation factors. Since the publication of the 2016 Annual Report and Accounts, the Board believes that there has been no material change to the principal risks and the reported 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 a description of where to find the 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 24 May 2017

David Wood
Group Finance Director

Consolidated statement of comprehensive income

For the six month period ended 31 March 2017

	Notes	**Six months to 31 March 2017 Unaudited £'000**	Six months to 31 March 2016 Unaudited £'000	Year ended 30 September 2016 Audited £'000
Revenue	2	**31,862**	29,510	95,168
Direct costs	2	**(24,210)**	(21,291)	(77,109)
Gross profit	2	**7,652**	8,219	18,059
Administrative expenses	3	**(5,906)**	(4,696)	(12,319)
Other operating income		**83**	17	24
Loss on sale of investment properties		**(142)**	—	—
Surplus on revaluation of investment properties	9	**2,954**	1,649	13,983
Share of post-tax (loss)/profit from joint ventures	11	**(31)**	2,405	6,551
Impairment of loans to joint ventures	11	**—**	—	(417)
Operating profit	3	**4,610**	7,594	25,881
Finance income	5	**110**	896	1,158
Finance costs	5	**(570)**	(100)	(1,180)
Profit before taxation		**4,150**	8,390	25,859
Taxation expense	6	**(162)**	(1,822)	(5,018)
Profit after taxation and total comprehensive income		**3,988**	6,568	20,841
Basic earnings per share	7	**2.8p**	4.6p	14.6p
Diluted earnings per share	7	**2.8p**	4.5p	14.5p

The Group had no amounts of other comprehensive income for the current 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 2017

	Notes	**31 March 2017 Unaudited £'000**	31 March 2016 Unaudited £'000	30 September 2016 Audited £'000
Non-current assets				
Investment properties	9	**130,310**	109,186	128,858
Property, plant and equipment	10	**5,376**	5,335	5,644
Investments in joint ventures and associates	11	**58,103**	47,418	51,047

Deferred tax assets	12	**4,909**	7,441	5,159
Trade and other receivables	14	**10,241**	—	—
		208,939	169,380	190,708
Current assets				
Trading properties	13	**219,101**	193,340	185,204
Trade and other receivables	14	**19,350**	26,806	60,474
Corporation tax		**—**	12	—
Cash and cash equivalents		**16,584**	30,578	15,083
		255,035	250,736	260,761
Total assets		**463,974**	420,116	451,469
Non-current liabilities				
Borrowings	16	**(57,922)**	(32,127)	(33,456)
Deferred tax liabilities	12	**(5,370)**	(4,509)	(5,473)
		(63,292)	(36,636)	(38,929)
Current liabilities				
Borrowings	16	**—**	—	(16,100)
Trade and other payables	15	**(31,584)**	(30,990)	(30,128)
		(31,584)	(30,990)	(46,228)
Total liabilities		**(94,876)**	(67,626)	(85,157)
Net assets		**369,098**	352,490	366,312
Equity				
Share capital	17	**28,984**	28,801	28,961
Share premium account		**168,536**	168,186	168,320
Equity shares to be issued		**—**	1,948	—
Capital redemption reserve		**849**	849	849
Own shares		**(4,003)**	(3,404)	(3,817)
Other reserve		**113,785**	111,985	113,785
Retained earnings		**60,947**	44,125	58,214
Total equity		**369,098**	352,490	366,312
NAV per share	18	**254.8p**	244.4p	254.0p
EPRA NAV per share	18	**293.0p**	270.9p	284.2p

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 2017

	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 2016	**28,961**	**168,320**	**—**	**849**	**(3,817)**	**113,785**	**58,214**	**366,312**
Shares issued under scrip dividend scheme	23	216	—	—	—	—	—	239
Share-based payment expense	—	—	—	—	—	—	1,561	1,561
Deferred share bonus plan satisfied out of own shares	—	—	—	—	63	—	—	63
Purchase of own shares	—	—	—	—	(249)	—	—	(249)
Total comprehensive income for the period	—	—	—	—	—	—	3,988	3,988
Dividends paid	—	—	—	—	—	—	(2,816)	(2,816)
Balance at 31 March 2017 (unaudited)	**28,984**	**168,536**	**—**	**849**	**(4,003)**	**113,785**	**60,947**	**369,098**
Balance at 1 October 2015	**28,801**	**168,186**	**1,948**	**849**	**(3,951)**	**111,985**	**40,010**	**347,828**
Share-based payment expense	—	—	—	—	—	—	935	935
Share option exercise satisfied out of own shares	—	—	—	—	1,120	—	(1,036)	84
Purchase of own shares	—	—	—	—	(573)	—	—	(573)
Total comprehensive income for the period	—	—	—	—	—	—	6,568	6,568
Dividends paid	—	—	—	—	—	—	(2,352)	(2,352)

Balance at 31 March 2016 (unaudited)	**28,801**	**168,186**	**1,948**	**849**	**(3,404)**	**111,985**	**44,125**	**352,490**
Balance at 1 October 2015	**28,801**	**168,186**	**1,948**	**849**	**(3,951)**	**111,985**	**40,010**	**347,828**
Shares issued in part consideration for the acquisition of Catesby Property Group plc	148	—	(1,948)	—	—	1,800	—	—
Shares issued under scrip dividend scheme	12	134	—	—	—	—	—	146
Share option exercise satisfied out of own shares	—	—	—	—	1,163	—	(1,075)	88
Purchase of own shares	—	—	—	—	(1,029)	—	—	(1,029)
Share-based payment expense	—	—	—	—	—	—	2,368	2,368
Total comprehensive income for the year	—	—	—	—	—	—	20,841	20,841
Dividends paid	—	—	—	—	—	—	(3,930)	(3,930)
Balance at 30 September 2016 (audited)	**28,961**	**168,320**	**—**	**849**	**(3,817)**	**113,785**	**58,214**	**366,312**

Consolidated cash flow statement

For the six month period ended 31 March 2017

	Six months to 31 March 2017 Unaudited £'000	Six months to 31 March 2016 Unaudited £'000	Year ended 30 September 2016 Audited £'000
Cash flows from operating activities			
Profit before taxation	**4,150**	8,390	25,859
Adjustments for:			
Surplus on revaluation of investment properties	**(2,954)**	(1,649)	(13,983)
Loss on sale of investment properties	**142**	—	—
Share of post-tax loss/(profit) from joint venture	**31**	(2,405)	(6,551)
Finance income	**(110)**	(896)	(1,158)
Finance costs	**570**	100	1,180
Depreciation charge	**412**	527	813
Impairment of loans of joint ventures	**—**	—	417
Write (up)/down of trading properties	**(1,711)**	—	7,108
Share-based payment expense	**1,561**	935	2,368
Cash flows from operating activities before change in working capital	**2,091**	5,002	16,053
Increase in trading properties	**(31,977)**	(27,695)	(27,103)
Decrease/(increase) in trade and other receivables	**30,288**	7,799	(25,609)
Increase/(decrease) in trade and other payables	**974**	(2,587)	1,716
Cash generated/(absorbed) by operations	**1,376**	(17,481)	(34,943)
Finance costs paid	**(400)**	(87)	(505)
Finance income received	**26**	765	765
Tax received/(paid)	**13**	(155)	(127)
Net cash flows from operating activities	**1,015**	(16,958)	(34,810)
Investing activities			
Deferred consideration on acquisition of subsidiaries	**—**	—	(3,281)
Additions to investment properties	**(7,452)**	(9,664)	(15,803)
Proceeds on sale of investment properties	**8,813**	—	—
Additions to property, plant and equipment	**(144)**	(165)	(3,749)
Loans advanced to joint ventures	**(7,150)**	(3,295)	(4,090)
Loans repaid by joint ventures	**63**	—	895
Net cash flows from investing activities	**(5,870)**	(13,124)	(26,028)
Financing activities			
New loans	**25,797**	21,183	37,541
Issue costs of new loans	**(102)**	(1,256)	(1,109)
Repayment of loans	**(16,513)**	—	(360)
Grant income received	**—**	—	1,000
Consideration received for transfer of own shares	**—**	84	88
Purchase of own shares	**(249)**	(573)	(1,029)

Dividends paid	**(2,577)**	(2,352)	(3,784)
Net cash flows from financing activities	**6,356**	17,086	32,347
Net increase/(decrease) in cash and cash equivalents	**1,501**	(12,996)	(28,491)
Cash and cash equivalents at start of period	**15,083**	43,574	43,574
Cash and cash equivalents at end of period	**16,584**	30,578	15,083

Notes to the condensed consolidated interim financial statements

For the six month period ended 31 March 2017

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 2016 Annual Report and Accounts. The financial information for the six months ended 31 March 2017 and 31 March 2016 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 year ended 30 September 2016 have been reported on by the Company's auditor and have been delivered to the Registrar of Companies. The independent auditor's report on the annual accounts for 2016 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 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 2017. Since the 2016 annual accounts were published, the IASB have not issued any amendments or interpretations that are expected to have a material impact on the Group's reporting.

Use of estimates and judgements

Aside from as disclosed below, there have been no new or material revisions to the nature and amount of estimates reported in the 2016 accounts, other than changes to certain assumptions applied in the valuation of properties. Details of the key assumptions applied at 31 March 2017 are set out in note 9.

The sales of strategic land parcels, under certain contractual arrangements, require the use estimates and judgements in arriving at the amount of revenue to be recognised through the income statement in a particular period. Such revenue typically comprises two elements, namely contractual minimum amounts and an overage element, which is based on the price achieved on the onward sale of completed houses by the developers of the land parcels. The minimums are often uplifted by RPI and will be received over a number of years. Consequently these minimums are discounted at the counterparty's weighted average cost of capital, both of which are estimated by management using publicly available information. In respect of the overage element, revenue will be recognised once management determines that reliable estimates can be made. This is expected to be closer to the time of the onward sale of houses by the developer. Amounts recognised in respect of minimums are disclosed in note 2.

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. Revenue and gross profit

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
Residential property sales	**19,393**	—	410
Other trading property sales	**3,631**	22,295	77,645
Rental and other property income	**3,475**	2,740	6,872
Recoverable property expenses	**693**	492	1,278
Hotel income	**4,003**	3,983	8,222
Project management fees and other income	**667**	—	741
Revenue	**31,862**	29,510	95,168
Cost of residential property sales	**(17,777)**	—	(346)
Cost of other trading property sales	**(2,060)**	(16,054)	(58,824)
Direct property expenses	**(2,164)**	(1,570)	(3,096)
Recoverable property expenses	**(693)**	(492)	(1,278)
Cost of hotel trading	**(3,227)**	(3,052)	(6,457)
Write up/(down) of trading properties	**1,711**	(123)	(7,108)
Direct costs	**(24,210)**	(21,291)	(77,109)
Gross profit	**7,652**	8,219	18,059

Included within residential property sales is £10,741,000 in respect of minimum sales proceeds recognised on parcel sales.

3. Operating profit

Operating profit is arrived at after allocating £2,373,000 of administrative expenses to the cost of investment and trading properties (six months to 31 March 2016: £3,587,000; year ended 30 September 2016: £5,852,000).

4. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and within the 2016 Annual Report and Accounts. The chief operating decision maker has been identified as the Board of Directors.

Consolidated statement of comprehensive income
For the six month period ended 31 March 2017

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	**21,830**	**10,032**	**—**	**31,862**
Direct costs	**(19,073)**	**(5,137)**	**—**	**(24,210)**
Gross profit	**2,757**	**4,895**	**—**	**7,652**
Share-based payment expense	**—**	**—**	**(1,561)**	**(1,561)**
Other administrative expenses	**—**	**—**	**(4,345)**	**(4,345)**
Administrative expenses	**—**	**—**	**(5,906)**	**(5,906)**
Other operating income	**—**	**83**	**—**	**83**
Loss on sale of investment properties	**(142)**	**—**	**—**	**(142)**
Surplus on revaluation of investment properties	**2,181**	**773**	**—**	**2,954**
Share of post-tax (loss)/profit from joint venture	**(211)**	**180**	**—**	**(31)**
Operating profit/(loss)	**4,585**	**5,931**	**(5,906)**	**4,610**
Net finance income/(cost)	**78**	**(570)**	**32**	**(460)**
Profit/(loss) before tax	**4,663**	**5,361**	**(5,874)**	**4,150**

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 2017

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	**94,495**	**35,815**	**—**	**130,310**
Property, plant and equipment	**3,339**	**951**	**1,086**	**5,376**
Investments in joint ventures and associates	**54,743**	**3,360**	**—**	**58,103**
Deferred tax assets	**—**	**—**	**4,909**	**4,909**
Trade and other receivables	**10,241**	**—**	**—**	**10,241**
Non-current assets	**162,818**	**40,126**	**5,995**	**208,939**
Trading properties	**124,390**	**94,711**	**—**	**219,101**
Trade and other receivables	**11,558**	**7,792**	**—**	**19,350**
Cash and cash equivalents	**—**	**—**	**16,584**	**16,584**
Current assets	**135,948**	**102,503**	**16,584**	**255,035**
Borrowings	**(20,516)**	**(29,628)**	**(7,778)**	**(57,922)**
Trade and other payables	**(20,404)**	**(11,180)**	**—**	**(31,584)**
Deferred tax liabilities	**(5,370)**	**—**	**—**	**(5,370)**
Total liabilities	**(46,290)**	**(40,808)**	**(7,778)**	**(94,876)**
Net assets	**252,476**	**101,821**	**14,801**	**369,098**

Consolidated statement of comprehensive income
For the six month period ended 31 March 2016

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	19,608	9,902	—	29,510
Direct costs	(14,214)	(7,077)	—	(21,291)
Gross profit	5,394	2,825	—	8,219
Share-based payment expense	—	—	(935)	(935)
Other administrative expenses	—	—	(3,761)	(3,761)
Administrative expenses	—	—	(4,696)	(4,696)
Other operating income	17	—	—	17
Surplus/(deficit) on revaluation of investment properties	2,903	(1,254)	—	1,649
Share of post-tax profit from joint venture	2,405	—	—	2,405
Operating profit/(loss)	10,719	1,571	(4,696)	7,594
Net finance income	173	565	58	796
Profit/(loss) before tax	10,892	2,136	(4,638)	8,390

Consolidated balance sheet
As at 31 March 2016

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	77,276	31,910	—	109,186

Property, plant and equipment	2,983	1,143	1,209	5,335
Investments in joint ventures and associates	43,202	4,216	—	47,418
Deferred tax assets	—	—	7,441	7,441
Non-current assets	123,461	37,269	8,650	169,380
Trading properties	99,939	93,401	—	193,340
Trade and other receivables	18,011	8,795	—	26,806
Corporation tax	12	—	—	12
Cash and cash equivalents	—	—	30,578	30,578
Current assets	117,962	102,196	30,578	250,736
Borrowings	(11,593)	(20,534)	—	(32,127)
Trade and other payables	(12,767)	(18,223)	—	(30,990)
Deferred tax liabilities	(4,509)	—	—	(4,509)
Total liabilities	(28,869)	(38,757)	—	(67,626)
Net assets	212,554	100,708	39,228	352,490

5. Finance income and finance costs

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
Interest receivable from cash deposits	**24**	58	151
Unwinding of discount applied to long-term debtors	**78**	173	339
Other interest receivable	**8**	665	668
Finance income	**110**	896	1,158
Interest payable on borrowings	**(538)**	(382)	(929)
Amortisation of capitalised loan costs	**(319)**	(13)	(759)
Finance costs pre-capitalisation	**(857)**	(395)	(1,688)
Finance costs capitalised to trading properties	**287**	295	508
Finance costs	**(570)**	(100)	(1,180)
Net finance income	**(460)**	796	(22)

Interest is capitalised at the same rate as the Group is charged on respective borrowings.

6. Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
Current tax:			
Adjustments in respect of previous periods	**15**	64	14
Total current tax charge	**15**	64	14
Deferred tax:			
Effect of changes in future tax rate	**—**	234	—
Origination and reversal of timing differences	**147**	1,524	4,915
Adjustments in respect of previous periods	**—**	—	89
Total deferred tax charge	**147**	1,758	5,004
Total tax charge	**162**	1,822	5,018

(b) Factors affecting the tax charge for the period

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
Profit attributable to the Group before tax	**4,150**	8,390	25,859
Profit multiplied by the average rate of UK corporation tax of 19.5 per cent (31 March 2016 and 30 September 2016: 20.0 per cent)	**809**	1,678	5,172
Expenses not deductible for tax purposes	**414**	120	550
Differences arising from taxation of chargeable gains and property revaluations	**(2,136)**	—	(1,755)
Tax losses and other items	**1,060**	(225)	1,089
Changes in tax rates	**—**	235	(141)
	147	1,808	4,915
Adjustments to tax charge in respect of previous periods	**15**	14	103
Total tax charge	**162**	1,822	5,018

7. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on a profit of £3,988,000 (six months to 31 March 2016: £6,568,000; year ended 30 September 2016: £20,841,000) and on 143,233,996 (six months to 31 March 2016: 142,555,541; year ended 30 September 2016: 142,981,602) shares, being the weighted average number of shares in issue during the period less own shares held.

Diluted earnings per share

The calculation of diluted earnings per share is based on a profit of £3,988,000 (six months to 31 March 2016: £6,568,000; year ended 30 September 2016: £20,841,000) and on 144,736,992 (six months to 31 March 2016: 144,507,091; year ended 30 September 2016: 144,230,321) shares, being the weighted average number of shares in issue and to be issued during the period, less own shares held and the dilutive impact of share options granted.

Weighted average number of shares	Six months to 31 March 2017 Number	Six months to 31 March 2016 Number	Year ended 30 September 2016 Number
In issue at start of period	**144,804,728**	144,006,555	144,006,555
Effect of shares issued on acquisition of Catesby Property Group plc	**—**	—	359,456
Effect of shares issued under scrip dividend scheme	**19,963**	—	11,297
Effect of own shares purchased and transferred	**(1,590,695)**	(1,451,014)	(1,395,706)
Weighted average number of shares during the period – basic	**143,233,996**	142,555,541	142,981,602
Effect of shares to be issued on acquisition of Catesby Property Group plc	**—**	739,107	379,651
Dilutive effect of share options	**1,502,996**	1,212,443	869,068
Weighted average number of shares during the period – diluted	**144,736,992**	144,507,091	144,230,321

8. Dividends

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
Final dividend of 1.8p per share proposed and paid February 2017	**2,577**	—	—
Final dividend of 1.8p per share granted via scrip dividend	**239**	—	—
Final dividend of 1.65p per share proposed and paid February 2016	**—**	2,352	2,352
Interim dividend of 1.1p per share paid July 2016	**—**	—	1,432
Interim dividend of 1.1p per share granted via scrip dividend	**—**	—	146
	2,816	2,352	3,930

An interim dividend of 1.2p per share was approved by the Board on 23 May 2017 and is payable on 21 July 2017 to shareholders on the register on 9 June 2017. The interim dividend is not recognised as a liability in the interim financial information.

9. Investment properties

	£'000
Valuation	
At 1 October 2015	98,615
Additions at cost	11,911
Transfer to property, plant and equipment	(2,989)
Surplus on revaluation	1,649
At 31 March 2016	109,186
Additions at cost	7,774
Transfer to property, plant and equipment	(436)
Surplus on revaluation	12,334
At 30 September 2016	128,858
Additions at cost	7,452
Disposals	(8,954)
Surplus on revaluation	2,954
At 31 March 2017	**130,310**

The Group's principal investment property, Alconbury, which represents 72 per cent of the period-end carrying value (31 March 2016: 71 per cent; 30 September 2016: 73 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. At 31 March 2017, Bradford leisure scheme, which represents 11 per cent of the period-end carrying value, has also been valued by CBRE Limited, and Feethams leisure scheme, representing 17 per cent of the period-end carrying value, has been valued by Jones Lang LaSalle Limited, an independent firm of chartered surveyors, both valuations being 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.

The Group's investment properties are all 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 principal investment property, as well as the significant unobservable inputs, is 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 housebuilders 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 of the principal investment property included:

- expected annual house price inflation (3.25 per cent);
- expected annual cost price inflation (2.0 per cent);
- housebuilder development margin (22 per cent);
- private residential gross development value (£290 per sq.ft.);
- infrastructure, section 106 and community infrastructure levy (£541,000 per net developable acre); and
- risk adjusted discount rate (6.0–9.75 per cent).

The inter-relationship between the unobservable inputs set out above and the fair value measurement is unchanged from that reported in the 2016 Annual Report and Accounts.

10. Property, plant and equipment

	Freehold property £'000	Leasehold property £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 October 2015	2,000	680	866	3,546
Additions	—	10	155	165
Transfer from investment property	2,989	—	—	2,989
At 31 March 2016	4,989	690	1,021	6,700
Additions	—	10	149	159
Transfer from investment property	436	—	—	436
At 30 September 2016	5,425	700	1,170	7,295
Additions	—	36	108	144
Disposals	—	—	(34)	(34)
At 31 March 2017	**5,425**	**736**	**1,244**	**7,405**
Depreciation				
At 1 October 2015	514	47	277	838
Charge for the period	349	70	108	527
At 31 March 2016	863	117	385	1,365
Charge for the period	59	91	136	286
At 30 September 2016	922	208	521	1,651
Charge for the period	213	62	137	412
Release on disposals	—	—	(34)	(34)
At 31 March 2017	**1,135**	**270**	**624**	**2,029**
Net book value				
31 March 2017	**4,290**	**466**	**620**	**5,376**
31 March 2016	4,126	573	636	5,335
30 September 2016	4,503	492	649	5,644

11. Investments

Investments in joint ventures and associates

	Joint ventures £'000	Associates £'000	Total £'000
Cost or valuation			
At 1 October 2015	41,218	500	41,718
Loans advanced	3,295	—	3,295
Share of post-tax loss excluding investment property revaluation	(55)	—	(55)
Share of revaluation uplift on investment property	2,460	—	2,460
Share of post-tax profit from joint ventures	2,405	—	2,405
At 31 March 2016	46,918	500	47,418
Loans advanced	795	—	795
Share of post-tax loss excluding investment property revaluation	(124)	—	(124)
Share of revaluation uplift on investment property	4,270	—	4,270
Share of post-tax profit from joint ventures	4,146	—	4,146
Loans repaid	(895)	—	(895)
Impairment of loans to joint ventures	(417)	—	(417)
At 30 September 2016	50,547	500	51,047
Loans advanced	7,150	—	7,150
Share of post-tax loss	(31)	—	(31)
Loans repaid	(63)	—	(63)
At 31 March 2017	**57,603**	**500**	**58,103**

At 31 March 2017 the Group's interests in its joint ventures were as follows:

SUE Developments LP	50%	Property development
Achadonn Limited	50%	Property development

Altira Park JV LLP	50%	Property development

At 31 March 2017 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	Altira Park JV LLP £'000	Terrace Hill Development Partnership £'000	Total £'000
The carrying value consists of:					
Group's share of net assets	22,016	—	540	—	22,556
Loans	32,727	2,073	247	500	35,547
Total investment in joint ventures and associates	**54,743**	**2,073**	**787**	**500**	**58,103**

12. Deferred tax

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

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
At start of period	**(314)**	4,690	4,690
Movement in the period (see note 6)	**(147)**	(1,758)	(5,004)
At end of period	**(461)**	2,932	(314)

The deferred tax balances are made up as follows:

	At 31 March 2017 £'000	At 31 March 2016 £'000	At 30 September 2016 £'000
Deferred tax assets			
Tax losses	**4,909**	7,441	5,159
	4,909	7,441	5,159
Deferred tax liabilities			
Revaluation surpluses	**5,370**	4,509	5,473
	5,370	4,509	5,473

At 31 March 2017, the Group had unused tax losses of £51,377,000 (31 March 2016: £54,204,000; 30 September 2016: £47,764,000), of which the tax effect of £26,822,000 (31 March 2016: £39,150,000; 30 September 2016: £28,309,000) has been recognised as a deferred tax asset and the tax effect of £20,441,000 (31 March 2016: £13,161,000; 30 September 2016: £18,586,000) has been applied to reduce the Group's deferred tax liability recognised at the balance sheet date as required by IAS 12 'Income Taxes' 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.

Tax losses of £4,114,000 (31 March 2016: £1,893,000; 30 September 2016: £869,000) 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 Group's deferred tax balances have been measured at rates between 17 and 19 per cent, being the enacted rates 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. The Finance Act 2016 has been enacted, which will see the UK corporation tax rate reduced to 19 per cent from 1 April 2017 and 17 per cent from 1 April 2020. This will reduce the amount of UK corporation tax that the Group will have to pay in the future.

13. Trading properties

	Six months to 31 March 2017 £'000	Six months to 31 March 2016 £'000	Year ended 30 September 2016 £'000
At start of period	**185,204**	163,459	163,459
Additions at cost	**50,769**	35,683	78,506
Amounts written back to/(off) the value of trading properties	**1,711**	(123)	(7,108)
Disposals	**(18,583)**	(5,679)	(49,653)
At end of period	**219,101**	193,340	185,204

Capitalised interest of £1,156,000 is included within the carrying value of trading properties as at 31 March 2017 (31 March 2016: £789,000; 30 September 2016: £869,000).

14. Trade and other receivables

	At 31 March 2017 £'000	At 31 March 2016 £'000	At 30 September 2016 £'000
Non-current			

Trade receivables	**10,241**	—	—
	10,241	—	—

Current	**At 31 March 2017 £'000**	At 31 March 2016 £'000	At 30 September 2016 £'000
Trade receivables	**8,236**	18,649	49,188
Less: provision for impairment of trade receivables	**(4)**	—	(31)
Trade receivables (net)	**8,232**	18,649	49,157
Other receivables	**5,707**	3,463	5,324
Amounts recoverable under contracts	**63**	—	63
Prepayments and accrued income	**5,348**	4,694	5,930
	19,350	26,806	60,474

15. Trade and other payables

	At 31 March 2017 £'000	At 31 March 2016 £'000	At 30 September 2016 £'000
Trade payables	**12,234**	6,360	12,607
Taxes and social security costs	**256**	528	221
Other payables	**2,850**	12,706	3,455
Accruals	**14,884**	9,027	12,416
Deferred income	**1,360**	2,369	1,429
	31,584	30,990	30,128

16. Borrowings

	At 31 March 2017 £'000	At 31 March 2016 £'000	At 30 September 2016 £'000
Bank loans	**37,406**	20,534	36,774
Other loans	**20,516**	11,593	12,782
	57,922	32,127	49,556

Maturity profile	**At 31 March 2017 £'000**	At 31 March 2016 £'000	At 30 September 2016 £'000
Less than one year	**—**	—	16,100
Between one and five years	**50,366**	32,127	33,456
More than five years	**7,556**	—	—
	57,922	32,127	49,556

Other loans comprise borrowings from the HCA and a conditional grant. One loan of £11.2 million was first drawn in March 2015 and has a final repayment date of March 2021. Interest is charged at 2.2 per cent above the EC reference rate and the facility is secured against specific land holdings. At 31 March 2017 £0.7 million (31 March 2016: £0.4 million; 30 September 2016: £0.6 million) of interest has been accrued. £7.7 million of a new £45.1 million loan facility secured in the period was first drawn in March 2017 and has a final repayment date of March 2028. Interest is charged at 2.5 per cent above the EC reference rate and the facility is secured against specific land holdings. The £1.0 million grant is conditional on certain milestones of construction being achieved before 2020. The grant is only repayable if these are not reached.

Bank loans are secured against specific property holdings.

17. Share capital

Urban&Civic plc	**At 31 March 2017 £'000**	At 31 March 2016 £'000	At 30 September 2016 £'000
Issued and fully paid			
144,918,269 shares of 20p each	**28,984**	28,801	28,961

Movements in share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2015	28,801	144,006,555
At 31 March 2016	28,801	144,006,555
Shares issued in consideration for Catesby Property Group plc	148	739,107
Shares issued under scrip dividend scheme	12	59,066
At 30 September 2016	28,961	144,804,728
Shares issued under scrip dividend scheme	23	113,541
At 31 March 2017	**28,984**	**144,918,269**

Transactions in own shares

At the end of the period the Employee Benefit Trust held 1,569,437 20p shares in Urban&Civic plc (31 March 2016: 1,298,563; 30 September 2016: 1,483,503) at a cost of £4,003,000 (31 March 2016: £3,404,000; 30 September 2016: £3,817,000), which had a market value of £3,751,000 (31 March 2016: £3,311,000; 30 September 2016: £3,338,000). The movement is as follows:

Employee Benefit Trust	Number of shares	Cost £'000
At 1 October 2015	1,485,303	3,951
Share purchase	235,752	573
Transferred to employees on share option exercise	(422,492)	(1,120)
At 31 March 2016	1,298,563	3,404
Share purchase	201,640	456
Transferred to employees on share option exercise	(16,700)	(43)
At 30 September 2016	1,483,503	3,817
Share purchase	110,846	249
Transferred to Directors to satisfy 2014 deferred annual bonus	(24,912)	(63)
At 31 March 2017	**1,569,437**	**4,003**

Share options

During the six month period to 31 March 2017 the Company granted 1,831,953 share options to employees (six months to 31 March 2016: nil; year ended 30 September 2016: 1,133,924). 9,125 share options were exercised (six months to 31 March 2016: 422,492; year ended 30 September 2016: 439,192) and 22,795 options lapsed (six months to 31 March 2016: 136,106; year ended 30 September 2016: 223,886) in the period. The number of share options outstanding at 31 March 2017 was 5,127,689 (31 March 2016: 2,298,212; 30 September 2016: 3,327,656).

18. Net asset value and EPRA net asset value per share

Net asset value and EPRA net asset value 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 and to be issued at that date, adjusted for own shares held and outstanding share options.

	At 31 March 2017 Unaudited	At 31 March 2016 Unaudited	At 30 September 2016 Unaudited
Number of shares in issue	**144,918,269**	144,006,555	144,804,728
Equity shares to be issued	**—**	739,107	—
Own shares held	**(1,569,437)**	(1,298,563)	(1,483,503)
Dilutive effect of share options	**1,502,996**	797,989	869,068
	144,851,828	144,245,088	144,190,293
NAV per share	**254.8p**	244.4p	254.0p
Net asset value (£'000)	**369,098**	352,490	366,312
Revaluation of trading property held as current assets (£'000)			
- Alconbury	**35,682**	22,129	31,714
- Rugby	**3,466**	—	—
- Newark	**(1,725)**	1,219	(171)
- Herne Bay	—	3,555	—
- Bridge Quay	—	6,026	—
- Manchester sites	**381**	13	439
- Land promotion sites	**9,989**	1,250	7,176
- Stansted	**1,261**	(1,437)	(1,910)
- Other	**952**	965	794
	50,006	33,720	38,042
Deferred tax liability (£'000)	**5,370**	4,509	5,473
EPRA NAV (£'000)	**424,474**	390,719	409,827
EPRA NAV per share	**293.0p**	270.9p	284.2p
Deferred tax (£'000)	**(14,871)**	(10,916)	(12,701)
EPRA NNNAV (£'000)	**409,603**	379,803	397,126
EPRA NNNAV per share	**282.8p**	263.3p	275.4p

Alconbury uplift includes revaluation of the Morris Homes variable consideration classified as a financial asset.

19. Contingent liabilities, capital commitments and guarantees

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

	At 31 March 2017 £'000	At 31 March 2016 £'000	At 30 September 2016 £'000
Contracted but not provided for	**26,098**	51,205	27,589

20. Related party transactions

There have been no material changes in the related party transactions described in the 2016 Annual Report and Accounts.

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

21. Post balance sheet events
Post balance sheet events are disclosed within project highlights at the beginning of this announcement.

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 2017 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 2017 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
24 May 2017

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

Glossary of terms

Company	Urban&Civic plc
Earnings per share (EPS)	Profit after tax divided by the weighted average number of shares in issue
EBT/The Trust	Urban&Civic Employment Benefit Trust
EC Reference Rate	European Commission Reference Rate
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 net gearing	Total debt less cash and cash equivalents divided by EPRA net assets
EPRA triple net asset value (EPRA NNNAV)	EPRA net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of EPRA NAV
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, joint ventures and associates
Gross development value (GDV)	Sales value once construction is complete
Gearing	Group bank borrowings as a proportion of net asset value
HCA	Homes and Communities Agency
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Key performance indicators (KPIs)	Significant areas of Group operations that have been identified by the Board 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
Net gearing	Total debt less cash and cash equivalents divided by net assets
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