Urban&Civic plc

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

RESULTS FOR THE SIX MONTHS TO 31 MARCH 2019
DELIVERING ON THE MASTER DEVELOPER MODEL

Urban&Civic plc (LSE: UANC) announces its unaudited results for the six months to 31 March 2019.

	Six months to 31 March 2019	Year ended 30 September 2018	Six months to 31 March 2018
EPRA NAV (£m)	**497.3**	481.2	458.8
EPRA NAV per share (p)	**340.6**	331.8	316.0
Profit before tax (£m)	**5.1**	22.3	10.1
Residential plot completions	**365**	445	174
Total shareholder return (%)	**(8.5)**	19.1	19.4
Dividend per share (p)	**1.4**	3.5	1.3

Financial highlights –

- EPRA net asset value up 3.3 per cent at £497.3 million (30 September 2018: £481.2 million).
- **EPRA net assets 340.6p per share: up 2.7 per cent from 30 September 2018 and 7.8 per cent, year on year.**
- Profit before tax for the six months to 31 March 2019 £5.1 million (£10.1 million to 31 March 2018),
- 365 residential plots completions at four strategic land sites in delivery (against annual target of 635 plots). Further 335 sales expected at Europa Way in the second half, taking full year target to 970 plots.
- Large site discount represented a further £203 million at 31 March 2019, equivalent to 139.0p per share (30 September 2018: 145.0p per share).
- 31 March 2019 EPRA NAV + large site discount = 479.6p per share (30 September 2018: 476.8p per share)
- Total shareholder return down 8.5 per cent on a share price of 276p (close of business 28th May 2019; 326p).
- **Interim dividend 1.4p per share, up 7.7 per cent year on year to recognise maintaining progress.**

Operational highlights

- Housebuilders increasingly looking to outsource front end project planning and site servicing challenges to preserve ROCE, leaving clear space for Master Developer.
- Planning system has encouraged move to larger projects, particularly in SE England, where barriers to entry are highest.
- Urban&Civic has interests in more than 32,000 approved or allocated residential plots on 7 strategic project sites, with 2 further projects under promotion. All are on or outside the M25 with good demographics and within commuting distance of London.
- Licence model establishes alignment with housebuilders on sales but with lower cost pressures.
- **Result is sharply escalating receipts profile; annual contracted minimums from housebuilders increased more than tenfold over 3 years to current £26.8 million.**
- Resolution to Grant at Waterbeach, 3 miles north of Cambridge, represents a significant post balance sheet addition. Urban&Civic's largest single application to date and in the most supply constrained location.
- Urban&Civic transferred to the Premium Listing segment of the London Stock Exchange on 30 April 2019.
- **Platform reputation as preeminent Master Developer is enabling tightening selection criteria for new projects.**

Commenting on the results, Nigel Hugill, Chief Executive, said:
"This is a market in which housebuilders are going well and estate agents badly. Urban&Civic creates value by obtaining planning consents and delivering new environments in which housebuilders want to build and new homeowners want to live. Demand in our identified locations is driven by simple demographics. Projects like ours disproportionately attract first time buyers and growing families in search of excellent schools; precisely the groups with the highest current tendency to move. We expect to exceed previous sales guidance for the current year."

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A presentation for analysts and investors will be held at 09.30 am today at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD.

If you would like to attend please contact Ellie Sweeney at FTI on +44 (0)20 3727 1000 or urban&civic@fticonsulting.com. A live webcast of the presentation will be available at www.urbanandcivic.com or via the following link http://webcasting.brrmedia.co.uk/broadcast/5c9a0e21ec650d01c34f4309 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 9125**
Passcode: **1327706**

Chief Executive's statement

Summary
Urban&Civic continues to gain projects and build value. The Group has made further progress against stated KPIs on our strategic projects. Total number of plot sales to September 2019 is expected to exceed the November 2018 guidance of 970 for the year, with maintaining housebuilder enthusiasm for new Urban&Civic licences (if anything, demand has lifted in a flatlining land market). The recent Resolution to Grant at Waterbeach constitutes an important further step forward, as does the addition of a prospective new settlement adjoining the M25 at Tyttenhanger in Hertfordshire, to take the number of strategic projects to nine.
All achieved in conjunction with strong realisations in Catesby.

Introduction and commentary
Starting with our preferred measure, EPRA net asset value as at 31 March 2019 reached £497.3 million. EPRA net asset value per share was 2.7 per cent per share over 30 September 2018, or a year on year rise from 31 March 2018 of 7.8 per cent. The appraised increases ran significantly above national land indices reflecting the benefits of our licence model.

Profit before tax to 31 March 2019 at £5.1 million on revenues of £30.9 million were both lower than last year but the residential licence contribution continues to grow. The 2018 interim figures (pre-tax profit £10.1 million on revenues of £84.0 million) were inflated by the Stansted Hilton sale, as precursor to a switch in October 2017 into the investment in Priors Hall in Northamptonshire. Purchased at a cost of £40.5 million and now valued at £59.1 million, Priors Hall has been the strongest performing Urban&Civic strategic asset in the period since acquisition. Stripping the Stansted sale out of the previous interim figures, leaves comparables of pre-tax profits of £1.7 million in six months to March 2018 and revenues of £35.5 million.

Resolution to Grant at Waterbeach to the immediate north of Cambridge obtained on 13th May 2019 represents a significant post balance sheet event that will be recognised in the full year accounts to 30 September 2019. The determined application is for 6,500 new homes on 716 brownfield acres and in a highly supply constrained location. The land remains majority owned, ultimately by the Ministry of Defence, subject to a participation in favour of Urban&Civic.

The application at Manydown, on the outskirts of Basingstoke, is also scheduled to come to planning committee before the summer and with a recommendation to approve. On that basis and by 30 September 2019, Group strategic projects are expected to aggregate 32,000 approved plots with a sharply escalating monetisation profile. 25 licence arrangements over 3,300 plots are contracted currently with a further (mostly smaller) 11 under negotiation.

Large site discount
Discount calculated at 139.0p per share, so that the add back was (139.0p+340.6p) = 479.6p per share at 31 March 2019, as compared with (145.0p+331.8p) = 476.8p at 30 September 2018.

The calculation is made only on consented strategic sites, once infrastructure spend is commenced, and represents the difference between the current open market value of a typical retail parcel of 150 housing plots as appraised by CBRE and the discount for bulk or wholesale disposal as carried in the statutory accounts. The comparison between the current open market retail valuation of standard parcels and the wholesale figures included in our reported EPRA NAV amounted to an estimated £203 million, or 41 per cent of EPRA NAV at 31 March 2019. This represents a store of future value. On flat house price and cost assumptions, the discount will unwind automatically through the profit and loss account with successive future sales. The reduction over the past six months reflects there being no major new consents within the strategic portfolio during the period under review.

Dividend
The Board has approved the payment of an interim dividend of 1.4p per share. The dividend will be payable on 12 July 2019 to shareholders on the register on 7 June 2019. As with last year, the payment represents a 7.7 per cent increase over twelve months previous. The growth profile remains upward and the payment is in line with the increase in EPRA NAV per share over the same period. A scrip dividend alternative will be made available, for which I shall be electing. Investors choosing to participate in the dividend reinvestment scheme will need to make their election by 21 June 2019.

Strategic site plot carrying values
31 March 2019 carrying values on unserviced plots amounted to £28,800 at Alconbury; £24,900 at Wintringham, £20,300 at Rugby; £12,500 at Priors Hall Corby and £6,700 at Newark. In all instances, the March 2019 figures remain below half of current realised sales values having accounted for infrastructure spend and Section 106 costs. The valuations were appraised on the basis of assumed average house prices of £300 per sq. ft. at Alconbury and Wintringham, £280 per sq.ft. at Rugby; £235 per sq.ft. at Priors Hall Corby and £215 per sq.ft. at Newark. All other strategic land holdings were valued at cost at 31 March 2019, including Waterbeach.

Trading conditions
The consensus of recent housebuilder updates is that demand continues to hold up outside London, albeit with only localised house price pressure, which accords directly with house buyer evidence from our strategic sites. Sales rates are averaging around 40 per outlet per year amongst the larger builders. Note also that the average national increase in annual output amongst our core housebuilder customers is over 7 per cent, as compared with 2.1 per cent reported by the three majors. Accordingly, the current expectation is that we will exceed the previous guidance of 635 sales on strategic sites for the year to 30 September 2019 (itself a 40+ per cent increase over the previous year), with a further 335 sales on the infrastructured Catesby site at Europa Way at Warwick. Prices across our strategic sites are broadly flat with little upward movement, other than at Priors Hall where the early benefits of the

more rigorous Urban&Civic approach continue to be recognised. The tone of house price sales at Priors Hall has risen approximately 10 per cent over the 18 months since acquisition.

The same housebuilding commentaries that describe maintaining demand warn that Returns on Capital Employed ("ROCE") are under some pressure with costs going up faster than prices nationally. The difference for Urban&Civic is that, whilst the licence model means that our income on strategic projects is derived from the same source as housebuilders (typically, we receive around one third of realised house sales prices), the cost base and any concomitant pressures, is quite different. Housebuilders have spoken recently of annual build cost pressures running at up to 5 per cent. The equivalent on civils infrastructure spend for us is more like 1-2 per cent. The contracting personnel are also predominantly domestic, so there is not the same Brexit exposure.

When increasing build costs and static house prices threaten housebuilder ROCEs, the options are quite limited. They can look to build faster; pay less for land or contract with Urban&Civic. The success rate on speculative residential appeals peaked in Q4 2016, which is likely to impact on land availability in the medium term, especially in supply constrained locations. Meanwhile, our Master Developer approach is enabling housebuilders to outsource planning and front end timing risks precisely as those become more pressing under the capital lite, rapid circulation, high dividend payout model favoured by the listed sector. The arrangements work for us due to our longer time horizons for sustained value creation (the minimum commitments assumed by the housebuilders means that we are 3.6 years forward sold on contracted plots); inherently lower land entry costs; reduced inflationary pressures on infrastructure spend and access to funding from Homes England.

Increasing institutional investment into a new asset class
Homes England confirmed as part of the Premium Listing exercise that their current intention was to make additional facilities available on new Urban&Civic strategic projects, subject to existing assessments and credit evaluations being met. There are also signs that as the new asset class of strategic land holdings becomes established, the nature of core holding investors is changing. No question that the evidence is slowly improving and, importantly, the nature of purchasers is moving away from private equity to long dated investing institutions.

The purchase by Legal & General of a 2,750 unit scheme with outline consent at North Horsham in Sussex from Liberty Property Trust in February 2019 represents a case in point. The second largest investment management business in Europe made specific reference to its entrance into the "underserved" market area of Master Development and to the suitability of patient capital for strategic projects. Ultimately this ought to go to lower discount rates. Early mover advantage combined with demonstrable delivery has enabled the Group to accumulate nine projects, with more in the pipeline. The scarcity of consents and the long lead times are such that it will not be easy for others to catch up, irrespective of the extent of available resources.

Tyttenhanger
The Tyttenhanger Estate, over which we signed conditional contracts in March, constitutes 2,000 acres of land predominantly to the immediate north of junction 22 to the M25 approximately 18 miles from Marble Arch in Central London and equidistant between St Albans and Potters Bar. The Development Management agreement provides for Urban&Civic taking responsibility for planning and delivery, including site servicing costs, receiving a substantial minority participation. The acquisition reflects an increasing emphasis on identifying new projects requiring the stewardship of a Master Developer in heavily supply constrained locations. Tyttenhanger exhibits all the core geographic and demographic criteria that we look for in new strategic projects; prospectively strong transport connectivity, high employment, consistent population growth and lower house prices relative to the surrounding areas. To date our rule has been outside the M25 and within 100 miles of London. My expectation is that second parameter may tighten. In the process, we will promote some releases from the Green Belt, such as Tyttenhanger but only where councils have no viable alternative. The Government identified housing need for Hertsmere is 714 houses per year in a Borough that is 79 per cent designated Green Belt.

Priors Hall
Priors Hall straddles Corby Borough and East Northamptonshire District and was already in the process of development on acquisition in October 2017. Urban&Civic purchased 3,656 uncontracted plots and the benefit of overage receipts from earlier sales at a net actual purchase consideration of £7,700 per plot. Total homes sold to date (including pre Urban&Civic acquisition) approach 1,200, all on land in Corby Borough. The values in East Northamptonshire are likely to be higher. A revised planning application for a total of 5,316 new homes (including those built to date) is about to be submitted with a larger weighting of houses in East Northamptonshire.

Waterbeach
Resolution to Grant consent, subject *inter alia* to our entering into the associated Section 106 agreement, was granted on 13 May, 2019 to a 6,500 home mixed-use development for which application was submitted jointly by Urban&Civic and the Secretary of State for Defence in February 2017. The former Barracks site is 3 miles north of the Cambridge Science and Business Parks, in a location of exceptionally high, employment driven demand and heavily constrained supply. The Royal Engineers left behind a fully mature 23 acre lake, which will be the centrepiece around which first construction is orientated. Preparatory works have commenced and we are aiming to sign the Section 106 agreement with a full start on site prior to September.

Catesby
Good first half profit performance. Reported six month pre tax profit of £2.1 million after overheads. EPRA valuations in accordance with accounting practice amounted to another £4.0 million, the majority of which arose from a sale that has since completed. The aggregated net after tax contribution to EPRA NAV from Catesby was £5.7 million. The uplift on sale will give rise to an EPRA reversal and likely Catesby pre-tax profit of the order of £4.8 million for the full year.

Civic Living
First occupation of a home built by our fledgling Civic Living, backed by Homes England as a new entrant into the market, has taken place at Alconbury.

Premium Listing

Urban&Civic shares transferred to the Premium Listing on the official list of the Financial Conduct Authority in accordance with Rule 5.4A of the Listing Rules on 30 April 2019. The Company's stock should be included in the relevant Stock Exchange indices from June 2019 onwards.

Outlook

This is a market in which housebuilders are going well and estate agents badly. There are good grounds for thinking that the current equilibrium of sufficient demand and anaemic prices will maintain. First time buyers and new housing both constitute an increasing proportion of lower transaction levels, traditionally a sign of price stability. New housing starts in England over the past 2 years have been running at about 16 per cent of total transactions, a full 20 per cent up on the previous 10 year average. First time buyers now almost certainly account for over 1/3 of new house purchases. Projects like ours disproportionately attract first time buyers and growing families; precisely the groups with the highest current tendency to move. Affordability outside London is already better than long-term averages and will be improved further by a lack of price inflation.

As we report in the immediate aftermath of European elections that few wanted, political uncertainties cannot be disregarded. Causality runs both ways between house prices and the macroeconomy. Even then, the contracted annual minimums in the Urban&Civic model provide unusual downside income protection. The extent of that protection is increasing. Three years ago our first licence minimum was 57 per cent of then projected sales value. The equivalent written into our most recent licences is 93 per cent. Expressed as contracted revenues, the minimum entitlement on existing licence arrangements pro rata to percentage holdings was £1.7 million at 31 March 2016 and now aggregates £26.8 million per year. From here, our upside sensitivity is much more to sales rates than to prices.

The Urban&Civic business is founded on simple demographics. It is not realistic to meet housing demand in south east England without the incorporation of more large sites. The planning presumptions have moved towards large sites. The barriers to entry as Master Developer and to project enlargement are extremely high. We offer ROCE protection to our housebuilding customers when that is coming under pressure elsewhere. Those customers, typically one level below the largest, are increasing annual output at 3.5x the rate of the UK's biggest housebuilders. Ours is a singularly resilient model that provides a robust platform on which to build.

Nigel Hugill
Chief Executive
29 May 2019

Financial review

Introduction

Over the last six months there have been 365 residential plot completions at four of the Group's nine strategic land sites, generating £18.3 million of cash for the Group. These sales, representing 57.5 per cent of the 635 plot annual target, together with £95.9 million of contracted minimum forward sales under the Group's licencing arrangements and Catesby planning consents, have helped underpin a 3.3 per cent growth in EPRA Net Asset Value.

All consented strategic land sites, other than Wintringham which has just commenced infrastructure works and Waterbeach which received a resolution to grant consent after the period-end, are now witnessing house completions.

Gross profits, including the Group's share of joint ventures on a pro-rata basis are slightly up on last year and have all been derived through residential and Catesby sales rather than the historic commercial property disposals.

Key performance indicators

The Group's key performance indicators for the six months to 31 March 2019 (set out in the table below) remain consistent with those detailed in the Strategic Report section of the 2018 Annual Report and Accounts.

	Six months to 31 March 2019	Six months to 31 March 2018	Year ended 30 September 2018	Annual increase/ (decrease)	Six monthly increase/ (decrease)
EPRA NAV	**£497.3m**	**£458.8m**	**£481.2m**	**8.4%**	**3.3%**
EPRA NAV per share	340.6p	316.0p	331.8p	7.8%	2.7%
EPRA NNNAV	£470.8m	£439.0m	£458.1m	7.2%	2.8%
EPRA NNNAV per share	322.4p	302.4p	315.9p	6.6%	2.1%
Total shareholder return	**(8.5)%**	**19.4%**	**19.1%**	**(27.9)%**	**(27.6)%**
Gearing – EPRA NAV basis	18.2%	19.5%	16.3%	(1.3)%	1.9%
Look-through gearing – EPRA NAV basis	24.6%	22.9%	20.6%	1.7%	4.0%
Plot completions[1]	365 plots	174 plots	445 plots	109.8%	n/a
Cash flow generation from plot completions[2]	£18.3m	£9.5m	£21.0m	92.6%	n/a
Large site discount per share[3]	139p	88p	145p	58.0%	(4.1)%

1. Includes 60 plots at Alconbury (six months ended 31 March 2018: 49; year ended 30 September 2018: 100); 62 at Rugby (six months to 31 March 2018: 10; year ended 30 September 2018: 78); 63 at Newark (six months to 31 March 2018: nil; year ended 30 September 2018: 37); 47 plots from new contracts at Priors Hall and 133 plots from pre-acquisition contracts at Priors Hall (acquisition to 31 March 2018: 115; acquisition to 30 September 2018: 230).
2. Represents Urban&Civic's (U&C's) share of cash generated by plot completions.
3. Large site discount represents the difference between the unserviced land values ascribed by CBRE strategic site valuations (which take into account site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales.

We maintain that total shareholder return and EPRA NAV metrics remain appropriate principal measures with which to assess business performance, and in particular value growth, particularly where residential plot sales at the Group's strategic land sites continue to grow. To remind the reader, EPRA balance sheet measures record the net asset value attributable to equity shareholders, adjusted for the revaluation of trading properties with tax (EPRA triple net asset value) or without tax (EPRA net asset value). The basis for selecting the other KPI's is set out in the 2018 Annual Report.

Net Asset Value – EPRA and IFRS

I have presented below a non-statutory analysis explaining the movements in EPRA NAV in the last six months and comparable periods.

	Six months to 31 March 2019				Six months to 31 March 2018		Year ended 30 September 2018	
	Group £m	**Joint venture and associates £m**	**Total £m**	**Pence per share**	Total £m	Pence per share	Total £m	Pence per share
Revaluation of investment properties and receivable and write downs of trading properties[1]	**1.6**	**—**	**1.6**	**1.0**	5.6	3.9	9.1	6.3
Profit on trading and investment property sales[2]	**4.3**	**5.1**	**9.4**	**6.5**	11.6	8.0	27.6	19.0
Rental and other income	**3.1**	**—**	**3.1**	**2.1**	2.0	1.4	5.5	4.0
Administrative expenses	**(8.8)**	**—**	**(8.8)**	**(6.0)**	(7.1)	(4.9)	(18.8)	(13.0)
Other income statement movements	**(1.6)**	**0.1**	**(1.5)**	**(1.0)**	(3.2)	(2.2)	(4.6)	(3.2)
Total comprehensive income movement	**(1.4)**	**5.2**	**3.8**	**2.6**	8.9	6.2	18.8	13.1
Dividends paid	**(3.2)**	**—**	**(3.2)**	**(2.2)**	(2.6)	(1.8)	(4.5)	(3.1)
Other equity movements	**2.3**	**—**	**2.3**	**1.5**	2.0	1.4	2.9	2.0
Effect of IFRS 15 adoption[2]	**2.4**	**0.8**	**3.2**	**2.2**	—	—	—	—
IFRS movement	**0.1**	**6.0**	**6.1**	**4.1**	8.3	5.8	17.2	12.0
Revaluation of retained trading properties[1]	**14.4**	**0.2**	**14.6**	**10.0**	21.7	14.9	35.1	24.2
Release of trading property revaluations on disposals[2]	**(2.7)**		**(2.7)**	**(1.8)**	(10.8)	(7.4)	(11.6)	(8.0)
Deferred taxation	**1.3**	**—**	**1.3**	**0.9**	0.3	0.2	1.2	0.8
Effect of IFRS 15 adoption[1]	**(2.4)**	**(0.8)**	**(3.2)**	**(2.2)**	—	—	—	—
EPRA movement	**10.7**	**5.4**	**16.1**	**11.0**	19.5	13.5	41.9	29.0
Effect of share issues and dilutive options			**—**	**(2.2)**	—	(1.9)	—	(1.6)
Movement in the period			**16.1**	**8.8**	19.5	11.6	41.9	27.4
EPRA NAV at start of period			**481.2**	**331.8**	439.3	304.4	439.3	304.4
EPRA NAV at end of period			**497.3**	**340.6**	458.8	316.0	481.2	331.8

1. Classified as property revaluations for the purposes of the below EPRA NAV growth commentary.
2. Classified as profit on property sales for the purposes of the below EPRA NAV growth commentary.

Following the adoption of IFRS 15 'Revenue from Contracts with Customers' overages as well as minimums are now recognised ahead of house exchanges or house completions to the extent they are not expected to reverse in the future. The £3.2 million total set out in the table above represents the estimated additional discounted overages, net of tax, receivable up to 30 September 2018 and is accounted for as an opening reserve adjustment.

You will also note from the table that property revaluations contributed 8.8p[1] to the Group's EPRA NAV growth of 8.8p, while profits on property sales contributed a further 6.9p[2]. Overheads, dividends and the dilutive effect of share options net 10.4p from these gains.

A more detailed reconciliation between IFRS and EPRA NAV is provided in note 18.

Total shareholder return

Urban&Civic's share price fell 28.0p or 9.2 per cent over the period (from 304.0p at 30 September 2018 to 276.0p at 1 April 2019) which, combined with the payment of a 2.2p final dividend, has resulted in total shareholder return falling by 8.5 per cent. This compares with a 0.6 per cent reduction in the FTSE 350 Real Estate Index and a 3.6 per cent fall in the FTSE All Share Index over the same period and also follows the July 2018 placing of 40.4 million shares held by GIP U&C S.À R.L (representing 27.9 per cent of issued share capital).

Subsequent to the period-end Urban&Civic's share price has rallied and at the close of business on 28th May 2019 reached 326.0p (equivalent to a total shareholder return of 8.0 per cent since 30 September 2018).

Consolidated statement of comprehensive income

Gross profits, including the Group's share of joint ventures, have improved slightly despite not making any commercial asset disposals in the last six months (which have been a feature of periods past) and the Group's profit before tax was down £5.0 million over the comparative period. Given the compensating movement in gross profit this is predominantly as a result of lower property revaluations going through the income statement, following the reclassification of the majority of the Group's property interests into trading stock in this and prior periods.

I have provided further explanation of the income statement movements below.

	Six months to 31 March 2019			Six months to 31 March 2018			Year ended 30 September 2018		
	Group £m	**Joint venture and associates £m**	**Total £m**	Group £m	Joint venture and associates £m	Total £m	Group £m	Joint venture and associates £m	Total £m
Revenue	**30.9**	**16.4**	**47.3**	84.0	1.8	85.8	150.4	8.8	159.2
Profit on trading property sales[1]	**4.3**	**5.1**	**9.4**	11.3	0.3	11.6	24.3	2.1	26.4
Rental and other property profits	**2.2**	**—**	**2.2**	1.1	—	1.1	3.8	—	3.8
Hotel operating profit	**0.9**	**—**	**0.9**	0.9	—	0.9	1.8	—	1.8
Write down of trading properties	**—**	**—**	**—**	(1.7)	—	(1.7)	(2.6)	—	(2.6)
Gross profit	**7.4**	**5.1**	**12.5**	11.6	0.3	11.9	27.3	2.1	29.4
Administrative expenses (net of capitalised costs)	**(8.8)**	**—**	**(8.8)**	(7.1)	—	(7.1)	(18.8)	—	(18.8)
Profit on investment property sales	**—**	**—**	**—**	—	—	—	1.2	—	1.2
Surplus on revaluation of investment properties and receivables	**1.6**	**—**	**1.6**	5.6	—	5.6	11.7	—	11.7
Share of post-tax profit from joint ventures	**5.2**	**(5.2)**	**—**	0.8	(0.8)	—	2.1	(2.1)	—
Other	**(0.3)**	**0.1**	**(0.2)**	(0.8)	0.5	(0.3)	(1.2)	—	(1.2)
Profit before tax	**5.1**	**—**	**5.1**	10.1	—	10.1	22.3	—	22.3

1. Including residential property sales and revenue on construction contracts as disclosed in note 2.

Gross profit

Gross profit is broadly in line with last year at £12.5 million (including £5.1 million generated by joint ventures); predominantly due to increased trading property profits (up £6.7 million) and significantly lower property write-downs (down £1.7 million) compensating for reduced commercial asset disposal profits (down £8.9 million reflecting last year's sale of the Stansted Hilton Hotel development and Skelton Retail Park).

Profits from trading property sales of £9.4 million include residential profits at Alconbury, Newark and Priors Hall (£1.1 million), £5.1 million in respect of Urban&Civic's share of residential profits at Rugby and £3.2 million of Catesby land promotion profits.

Residential profits at Alconbury, Newark and Priors Hall comprise £0.8 million generated by the sale of 16 Hopkins homes and pre-completion profit recognition of discounted overages of £0.3 million across all three sites. Rugby's profits include Urban&Civic's share of the contractual minimums and discounted overages following the completion of the sale of a 248 plot parcel to Redrow (£4.1 million) and £1.0 million of other profits from Davidsons Homes, Morris Homes and Crest Nicholson agreements.

I have provided a breakdown of plot completions by site, with comparatives, as a footnote to the KPI table above. You should note that 133 completions at Priors Hall in the period relate to existing contracts that were in place when the Group purchased the site in October 2017 and therefore receipts have been credited against the acquisition trade receivable on the balance sheet as opposed to being recognised through the income statement.

The terms minimums, overages and licences have been defined within the glossary on the last page of these interim statements.

Administrative expenses

Gross administrative costs have increased £1.0 million to £10.9 million in the six months to 31 March 2019, largely as a result of increased share based payment charges and one off costs associated with the Group's move to the Premium Listing segment of the London Stock Exchange.

We continue to capitalise overheads associated with development activity although in the six months to 31 March 2019 the proportion capitalised fell to around 20 per cent compared to 28 per cent last year thereby increasing net overheads by £1.6 million.

Surplus on revaluation of investment properties

We expect, in the near future, to submit a residential-led planning application for the Alconbury expansion land, better known as Grange Farm and therefore, and on commencement of early development works, we have reclassified this property into trading stock on 1 October 2018.

Following this reclassification, and as a result of prior period reclassifications and disposals, the Group's only investment properties now comprise commercial buildings and development land at Alconbury and a proportion of the Group's interest in Waterbeach, which could deliver both commercial buildings and residential rental properties in the future. Consequently there are very few property revaluations accounted for through the income statement under International Financial Reporting Standards.

In order to help the reader understand the value of the Group's total property portfolio we continue to publish EPRA metrics which allow for the non-statutory revaluation of trading properties. The table below sets out not only the investment property valuation movements that are accounted for within the primary statements, but also details the trading uplifts recognised by EPRA measures.

Property porfolio **£m**	Investment properties	Trading properties	Properties within PPE	Trade and other receivables	Total
Valuation at 1 October 2018	**86.9**	**475.6**	**3.7**	**42.9**	**609.1**
Less: EPRA adjustment (trading properties)	—	85.3	—	—	85.3
Carrying value in financial statements at 1 October 2018 – including joint ventures and associates	**86.9**	**390.3**	**3.7**	**42.9**	**523.8**
Less: joint ventures and associates	—	116.5	—	11.6	128.1
Carrying value in financial statements at 1 October 2018– wholly owned	**86.9**	**273.8**	**3.7**	**31.3**	**395.7**
Impact of adopting IFRS 15	—	—	—	3.9	3.9
Carrying value in financial statements at 1 October 2018– wholly owned as restated	**86.9**	**273.8**	**3.7**	**35.2**	**399.6**
Capital expenditure (including capitalised overheads)	0.5	20.2	—	—	20.7
Transfer to trading properties	(41.9)	41.9	—	—	—
Disposal/depreciation	—	(15.1)	(0.3)	(5.9)	(21.3)
Revaluation movements (investment properties)	1.0	—	—	—	1.0
Carrying value in financial statements at 31 March 2019 – wholly owned	**46.5**	**320.8**	**3.4**	**29.3**	**400.0**
Add: joint ventures and associates	—	129.3	—	21.4	150.7
Carrying value in financial statements at 31 March 2019 – including joint ventures and associates	**46.5**	**450.1**	**3.4**	**50.7**	**550.7**
Add: EPRA adjustment (trading properties)	—	93.5	—	—	93.5
Valuation at 31 March 2019	46.5	543.6	3.4	50.7	644.2
Memo: movement in EPRA adjustment (trading properties)	***—***	***8.2***	***—***	***—***	***8.2***
Comprising:					
Effect of IFRS 15 adoption	*—*	*(3.9)*	*—*	*—*	*(3.9)*
EPRA adjustment on sites sold	*—*	*(2.6)*	*—*	*—*	*(2.6)*
EPRA adjustment on retained properties	*—*	*14.7*	*—*	*—*	*14.7*

From the above table you can see that investment properties generated £1.0 million of revaluation surpluses in the period with a further £14.7 million derived from retained trading properties at the EPRA level. Against this £6.5 million of EPRA adjustments have been reversed as properties have been disposed of or profits recognised.

Of the total £15.7 million uplift, Alconbury accounted for £6.7 million, Priors Hall generated £3.1 million and Catesby planning consents yielded a further £6.6 million.

The revaluation movements in respect of Alconbury and Priors Hall reflect on-site progress, both in terms of sales and infrastructure works and Catesby uplifts are derived from changes in planning status of a number of its promotion sites. Alconbury remains the Group's most significant property asset comprising 44 per cent of the total property portfolio value.

The Directors have once again valued Waterbeach interests at cost at 31 March 2019 on the basis that the resolution to grant planning consent for 6,500 new homes was not gained until after that date (see post balance sheet events for further details).

Taxation expense

The tax charge as a proportion of profits has increased over recent reporting periods as historic tax losses have been utilised and changes in legislation have restricted how much of these historic tax losses can be utilised in any one period. In the six months to 31 March 2019 the Group's tax charge of £1.3 million amounted to 24.5 per cent of profit before tax, higher than the 19 per cent UK corporation tax rate; predominantly due to share based payments being non-deductible until settlement. Taxable profits relate in most part to residential property sales and Catesby disposals.

Dividend

Given the Group's continuing sales and development progress at its strategic land sites the Board has decided to maintain a progressive dividend by approving the payment of a 1.4p interim dividend. This represents an annualised increase of 7.7 per cent over last year and the dividend will be paid on 12 July 2019 to those shareholders on the register at 7 June 2019. Investors choosing to participate in the dividend reinvestment scheme will need to make their election by 21 June 2019.

The Group paid its 2018 final dividend of 2.2p per share (£3.2 million) in February 2019.

Consolidated balance sheet

Overview

	At 31 March 2019			At 31 March 2018			At 30 September 2018		
	Group £m	**Joint venture and associates £m**	**Total £m**	Group £m	Joint venture and associates £m	Total £m	Group £m	Joint venture and associates £m	Total £m
Investment properties	**46.5**	**—**	**46.5**	95.7	—	95.7	86.9	—	86.9
Trading properties	**320.8**	**129.3**	**450.1**	289.6	85.5	375.1	273.8	116.5	390.3
Properties within PPE	**3.4**	**—**	**3.4**	3.9	—	3.9	3.7	—	3.7
Properties[1]	**370.7**	**129.3**	**500.0**	389.2	85.5	474.7	364.4	116.5	480.9
Investment in joint ventures and associates	**113.6**	**(113.6)**	**—**	81.9	(81.9)	—	103.4	(103.4)	—
Trade and other receivables									
Non-current property[1]	**20.0**	**18.9**	**38.9**	22.9	8.7	31.6	20.4	11.6	32.0
Current property[1]	**9.3**	**2.5**	**11.8**	8.0	2.2	10.2	10.9	—	10.9
Current – other	**14.3**	**12.6**	**26.9**	18.9	1.7	20.6	18.1	10.0	28.1
	43.6	**34.0**	**77.6**	49.8	12.6	62.4	49.4	21.6	71.0
Cash	**28.2**	**3.5**	**31.7**	14.7	1.6	16.3	16.6	0.5	17.1
Borrowings	**(118.6)**	**(35.5)**	**(154.1)**	(104.3)	(17.2)	(121.5)	(94.9)	(21.3)	(116.2)
Deferred tax liability (net)	**(4.9)**	**—**	**(4.9)**	(2.6)	—	(2.6)	(4.1)	—	(4.1)
Other net liabilities	**(37.5)**	**(17.7)**	**(55.2)**	(48.5)	(0.6)	(49.1)	(45.8)	(13.9)	(59.7)
Net assets	**395.1**	**—**	**395.1**	380.2	—	380.2	389.0	—	389.0
EPRA adjustments – property[1]	**76.2**	**17.3**	**93.5**	56.0	16.7	72.7	67.4	17.9	85.3
EPRA adjustments – deferred tax	**8.7**	**—**	**8.7**	5.9	—	5.9	6.9	—	6.9
EPRA net assets	**480.0**	**17.3**	**497.3**	442.1	16.7	458.8	463.3	17.9	481.2

1. Total property related interests: £644.2 million (31 March 2018: £589.2 million; 30 September 2018: £609.1 million).

Non-current assets

Investment properties

Investment properties at 31 March 2019 amounted to £46.5 million and comprised the commercial development area at Alconbury (£42.3 million) and a proportion of the Waterbeach site that could deliver both commercial buildings and residential properties for rent in due course (£4.2 million).

The Group's total period-end property portfolio, irrespective of balance sheet classification, was valued at £644.2 million, 90 per cent by independent valuers CBRE and 10 per cent by Directors.

Investment in equity accounted joint ventures and associates

The Group's joint venture in Rugby has been included in the balance sheet at £80.0 million, which along with a half interest in the 351 apartment scheme known as Manchester New Square (£15.1 million), a one-third interest in a 400 acre (162.3 hectares) site at Wintringham Park, St. Neots (£15.9 million) and £2.6 million of other residual interests combine to form an overall Group investment in joint ventures and associates of £113.6 million.

During the period the Group advanced £4.2 million to Rugby and Wintringham to fund infrastructure works and sales at Rugby generated a further £6.0 million of profits (including £0.8 million on adoption of IFRS 15).

Non-current trade and other receivables

The £20.0 million disclosed on the face of the balance sheet comprises both the non-current proportions of the acquired Priors Hall receivables and the discounted values of the contractual minimums and pre-completion discounted overages with Morris Homes and Redrow at Alconbury, Kier at Corby and Avant at Newark.

Equivalent receivables (U&C's share) are owed to the Rugby joint venture by Crest Nicholson (£3.3 million) and again Morris Homes (£4.0 million) and Redrow (£11.6 million).

All sums due will be received as and when the houses to which they relate are sold, or if earlier, when the housebuilders are contractually obliged to pay minimum sums.

Current assets

Trading properties

The carrying value of trading properties increased by £47.0 million in the period to £320.8 million.

This increase was the result of capital expenditure of £16.8 million (including £12.5 million in respect of Alconbury and Priors Hall development works), capitalised overheads amounting to £2.1 million, capitalised finance costs of £1.3 million and £41.9 million of reclassified investment properties - all net of £15.1 million of disposals (including residential disposals at Alconbury and Priors Hall of £8.4 million and £6.5 million in respect of the sale of Catesby sites including Bude).

Cash
Group cash balances at the period-end totalled £28.2 million, up £11.6 million since last year-end; largely due to a loan drawdown being held on deposit, which was used to pay down creditors just after the period-end. Sales receipts (£25.8 million) and loan drawdowns (£24.3 million) have exceeded development expenditure (£20.7 million),loan repayments (£1.7 million), loans to joint ventures (£4.2 million) and other expenses (£11.9 million).

Sales receipts comprised £10.3 million of Catesby promotion receipts (including cost reimbursement) and £15.5 million of residential sales receipts.

Liabilities
Current and non-current borrowings
The Group has put in place three new facilities in the six months to 31 March 2019: the first is effectively a 5 year extension of the expiring Revolving Credit Facility with HSBC Bank, the second is an £8.6 million, three year and ten month, housebuilding facility at Alconbury with Homes England and the third is a £26.0 million infrastructure loan for our Wintringham joint venture, again with Homes England.

At the period-end, total Group borrowing amounted to £118.6 million (30 September 2018: £94.9 million) with the Group's share of joint ventures borrowing a further £35.5 million (30 September 2018: £21.8 million).

During the period the Group made £10.3 million of further drawings from the Alconbury Homes England facility, together with £7.9 million from the Revolving Credit Facility and £6.6 million from the Civic Living facility. All other movements in respect of Group facilities were the result of either capitalisation of interest net or loan amortisations (following residential disposals at Newark).

Joint ventures made further drawings during the period of £1.6 million under the Homes England Wintringham facility and £12.1 million from the Manchester New Square development facilities; all sums reflecting U&C's share.

Financial resources and capital management
The Group's net debt position at 31 March 2019 totalled £90.4 million (30 September 2018: £78.3 million), comprising external borrowings of £118.6 million and cash reserves of £28.2 million, producing a net gearing ratio of 22.9 per cent (30 September 2018: 20.1 per cent) on an IFRS NAV basis and 18.2 per cent (30 September 2018: 16.3 per cent) on an EPRA NAV basis.

On a full look-through basis, which additionally includes the Group's share of joint ventures' net debt, gearing on an EPRA NAV basis increases to 24.6 per cent (30 September 2018: 20.6 per cent). Gearing on all measures continues to remain within our self-imposed limit of 30 per cent.

Of the £156.6 million of borrowings at the period-end, which includes the Group's share of joint ventures' borrowings, £110.4 million or 70 per cent relates to facilities with Homes England, Local Authorities or the Housing Infrastructure Fund.

The Group's weighted average loan maturity at 31 March 2019 was 7.5 years (30 September 2018: 7.9 years) and weighted average cost of borrowing on drawn debt was 3.7 per cent (30 September 2018: 3.3 per cent).

The Group has no loans maturing over the next three years, with the exception of the Newark Homes England facility (£9.9 million currently drawn) and the joint venture development loans at Manchester New Square. The Newark facility is amortising along with residential plot sales and is due for repayment by March 2021 and the Manchester New Square borrowings will be repaid from sale proceeds.

A new £13 million investment facility with HSBC, secured against the Group's hotel in Deansgate Manchester, is expected to be in place shortly and discussions with Homes England are ongoing in relation to an extension to the Newark facility.

The Group continues to assess its long-term viability using the procedures set out on page 35 of the 2018 Annual Report and Accounts.

Post balance sheet events

Resolution to grant consent at Waterbeach
Waterbeach strategic land site received a resolution to grant consent for 6,500 new homes and other commercial uses on 13 May 2019. The Group's interest in the site is held through a Development Management Agreement with the Secretary of State for Defence and is carried at a value of £20.1 million (reflecting planning and development expenditure incurred to date) in the 31 March 2019 balance sheet. CBRE will be asked to value our interest at 30 September 2019.

Transfer to the Premium Listed segment of the London Stock Exchange
On 30 April 2019 Urban&Civic plc transferred from the Standard Listed segment of the London Stock Exchange to the Premium Listed segment.

Principal risks and uncertainties

The principal risks of the business are set out on pages 38 to 43 of the 2018 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 2018 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 29 May 2019

David Wood
Group Finance Director

Consolidated statement of comprehensive income

For the six month period-ended 31 March 2019

	Notes	**Six months to 31 March 2019 Unaudited £'000**	Six months to 31 March 2018 Unaudited £'000	Year ended 30 September 2018 Audited £'000
Revenue	2	**30,894**	83,989	150,398
Direct costs	2	**(23,587)**	(72,392)	(123,127)
Gross profit	2	**7,307**	11,597	27,271
Administrative expenses		**(8,779)**	(7,137)	(18,812)
Surplus on revaluation of investment properties	9	**1,046**	5,606	10,582
Surplus on revaluation of receivables	14	**528**	324	1,090
Share of post-tax profit from joint ventures and associates	11	**5,240**	786	2,059
Profit on disposal of investments		**—**	—	94
(Loss)/profit on disposal of investment properties		**—**	(19)	1,244
Operating profit	3	**5,342**	11,157	23,528
Finance income	5	**531**	506	866
Finance costs	5	**(774)**	(1,564)	(2,127)
Profit before taxation		**5,099**	10,099	22,267
Taxation expense	6	**(1,250)**	(1,219)	(3,572)
Total comprehensive income		**3,849**	8,880	18,695
Basic earnings per share	7	**2.7p**	6.2p	13.0p
Diluted earnings per share	7	**2.6p**	6.1p	12.9p

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 2019

	Notes	**31 March 2019 Unaudited £'000**	31 March 2018 Unaudited £'000	30 September 2018 Audited £'000
Non-current assets				
Investment properties	9	**46,553**	95,708	86,918
Property, plant and equipment	10	**4,223**	4,845	4,508
Investments in joint ventures and associates	11	**113,624**	81,854	103,418
Deferred tax assets	12	**3,808**	3,307	2,788
Trade and other receivables	14	**19,953**	22,938	20,445
		188,161	208,652	218,077
Current assets				
Trading properties	13	**320,750**	289,557	273,770

Trade and other receivables	14	**22,875**	26,914	29,039
Cash and cash equivalents		**28,165**	14,738	16,638
		371,790	331,209	319,447
Total assets		**559,951**	539,861	537,524
Non-current liabilities				
Borrowings	16	**(117,560)**	(103,965)	(73,973)
Deferred tax liabilities	12	**(8,713)**	(5,900)	(6,851)
		(126,273)	(109,865)	(80,824)
Current liabilities				
Borrowings	16	**(1,000)**	(360)	(20,891)
Trade and other payables	15	**(37,555)**	(49,466)	(46,786)
		(38,555)	(49,826)	(67,677)
Total liabilities		**(164,828)**	(159,691)	(148,501)
Net assets		**395,123**	380,170	389,023
Equity				
Share capital	17	**29,023**	29,005	29,009
Share premium account		**169,065**	168,824	168,881
Capital redemption reserve		**849**	849	849
Own shares		**(4,261)**	(3,930)	(4,748)
Other reserve		**113,785**	113,785	113,785
Retained earnings		**86,662**	71,637	81,247
Total equity		**395,123**	380,170	389,023
NAV per share	18	**270.6p**	261.9p	268.3p
EPRA NAV per share	18	**340.6p**	316.0p	331.8p

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 2019

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2018	**29,009**	**168,881**	**849**	**(4,748)**	**113,785**	**81,247**	**389,023**
Effect of adoption of IFRS 15	—	—	—	—	—	3,203	3,203
Balance at 1 October 2018 as restated	**29,009**	**168,881**	**849**	**(4,748)**	**113,785**	**84,450**	**392,226**
Shares issued under scrip dividend scheme	14	184	—	—	—	—	198
Share-based payment expense	—	—	—	—	—	2,023	2,023
Deferred bonus award and share option exercise satisfied out of own shares	—	—	—	762	—	(504)	258
Purchase of own shares	—	—	—	(275)	—	—	(275)
Total comprehensive income for the period	—	—	—	—	—	3,849	3,849
Dividends paid	—	—	—	—	—	(3,156)	(3,156)
Balance at 31 March 2019 (unaudited)	**29,023**	**169,065**	**849**	**(4,261)**	**113,785**	**86,662**	**395,123**
Balance at 1 October 2017	**28,993**	**168,648**	**849**	**(4,003)**	**113,785**	**63,608**	**371,880**
Shares issued under scrip dividend scheme	12	176	—	—	—	—	188
Share-based payment expense	—	—	—	—	—	1,779	1,779
Share option exercise satisfied out of own shares	—	—	—	168	—	—	168
Purchase of own shares	—	—	—	(95)	—	—	(95)

Total comprehensive income for the period	—	—	—	—	—	8,880	8,880
Dividends paid	—	—	—	—	—	(2,630)	(2,630)
Balance at 31 March 2018 (unaudited)	**29,005**	**168,824**	**849**	**(3,930)**	**113,785**	**71,637**	**380,170**
Balance at 1 October 2017	**28,993**	**168,648**	**849**	**(4,003)**	**113,785**	**63,608**	**371,880**
Shares issued under scrip dividend scheme	16	233	—	—	—	—	249
Share option exercise satisfied out of own shares	—	—	—	647	—	—	647
Purchase of own shares	—	—	—	(1,392)	—	—	(1,392)
Share-based payment expense	—	—	—	—	—	3,434	3,434
Total comprehensive income for the year	—	—	—	—	—	18,695	18,695
Dividends paid	—	—	—	—	—	(4,490)	(4,490)
Balance at 30 September 2018 (audited)	**29,009**	**168,881**	**849**	**(4,748)**	**113,785**	**81,247**	**389,023**

Consolidated cash flow statement

For the six month period-ended 31 March 2019

	Six months to 31 March 2019 Unaudited £'000	Six months to 31 March 2018 Unaudited £'000	Year ended 30 September 2018 Audited £'000
Cash flows from operating activities			
Profit before taxation	**5,099**	10,099	22,267
Adjustments for:			
Surplus on revaluation of investment properties	**(1,046)**	(5,606)	(10,582)
Surplus on revaluation of receivables	**(528)**	(324)	(1,090)
Share of post-tax profit from joint venture	**(5,240)**	(786)	(2,059)
Finance income	**(531)**	(506)	(866)
Finance costs	**774**	1,564	2,127
Depreciation charge	**502**	484	1,148
Write down of trading properties	**—**	—	2,570
Loss/(profit) on disposal of investment properties	—	19	(1,244)
Profit on disposal of investments	—	—	(94)
Loss on sale of property, plant and equipment	**9**	2	2
Share-based payment expense	**2,023**	1,779	3,434
Cash flows from operating activities before change in working capital	**1,062**	6,725	15,613
(Increase)/decrease in trading properties	**(3,770)**	1,307	631
Decrease/(increase) in trade and other receivables	**10,761**	(17,262)	(15,284)
(Decrease)/increase in trade and other payables	**(9,703)**	526	(2,330)
Cash absorbed by operations	**(1,650)**	(8,704)	(1,370)
Finance costs paid	**(549)**	(1,827)	(3,476)
Finance income received	**36**	42	39
Tax paid	**(806)**	—	(111)
Net cash flows from operating activities	**(2,969)**	(10,489)	(4,918)
Investing activities			
Additions to investment properties	**(503)**	(10,787)	(14,174)
Additions to property, plant and equipment	**(225)**	(232)	(558)
Loans advanced to joint ventures	**(4,185)**	(4,407)	(9,685)
Loans repaid by joint ventures and associates	**—**	—	2
Proceeds from disposal of investment properties	**—**	21,013	38,925
Proceeds on sale of investments	**—**	94	94
Net cash flows from investing activities	**(4,913)**	5,681	14,604
Financing activities			
New loans	**24,340**	41,792	42,818
Issue costs of new loans	**(43)**	(368)	(408)
Repayment of loans	**(1,656)**	(31,531)	(42,015)
Purchase of own shares	**(275)**	(95)	(1,392)

Dividends paid	**(2,957)**	(2,442)	(4,241)
Net cash flows from financing activities	**19,409**	7,356	(5,238)
Net increase in cash and cash equivalents	**11,527**	2,548	4,448
Cash and cash equivalents at start of period	**16,638**	12,190	12,190
Cash and cash equivalents at end of period	**28,165**	14,738	16,638

Notes to the condensed consolidated interim financial statements

For the six month period-ended 31 March 2019

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 2018 Annual Report and Accounts. The financial information for the six months ended 31 March 2019 and 31 March 2018 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 2018 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 2018 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

In the current period, the Group has adopted IFRS 9 "Financial Instruments" and IFRS 15 'Revenue from Contracts with Customers' which has resulted in a change to certain of the Group's accounting policies.

The adoption of IFRS 9 has not had any transitional impact on the Group. Financial assets previously accounted for as loans and receivables continue to be measured at amortised cost and financial assets previously accounted for at fair value through profit and loss continue to be measured at fair value. No material amendment to provisioning adjustments was required as a result of applying the expected credit loss model when assessing financial assets for impairment principally because:

- development values are considered sufficient, even in the worst case scenario, to enable repayment of loans to joint ventures; and
- receivables from housebuilders are secured on land which is valued in excess of the amounts due.

The adoption of IFRS 15 has resulted in additional revenue being recognised in relation to the variable consideration to which the Group is entitled under a certain number of its land parcel sales to housebuilders. The impact on the Group's balance sheet at 1 October 2018 has been to increase contract receivables by £3,078,000, increase the investment in joint ventures by £781,000, increase the deferred tax liability by £656,000 and increase retained earnings by £3,203,000. The Group's new accounting policy in respect of revenue recognition is as follows:

Revenue is recognised to the extent that a significant reversal is not expected in future periods and performance obligations have been satisfied. The following recognition policies have been applied:

Trading property sales

The sale of trading properties, including beneficial interests held indirectly through land promotion and other contractual agreements usually have contractual performance obligations that are satisfied at a point in time. Consequently, revenue is recognised when control of the Group's interest has passed to the buyer, usually on completion of contracts.

Residential property sales

The sale of residential property, including land parcels sold to housebuilders for residential development, usually has performance obligations satisfied at a point in time. Revenue is recognised when control of the property has passed to the buyer. Any variable consideration including overages are estimated taking into consideration the time to recover overage amounts as well as factors which may give rise to variability and are recognised to the extent that it is highly probable that there will not be a significant reversal in the future. This is assessed on inception and throughout the duration of the sales contracts.

Revenue on construction contracts

Revenue on construction contracts is recognised in line with when performance obligations are deemed to be satisfied. Where performance obligations are determined as being satisfied over time, revenue is recognised as these obligations are satisfied, which is usually on the basis of percentage of work completed reflecting the enhancement in value of the customer's asset. Where performance obligations are determined as being satisfied at a point in time, revenue is recognised at the point of satisfaction of the relevant performance obligations. Costs on construction contracts are recognised as incurred.

Rental and other property income

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

Hotel income

Hotel income includes revenues derived from hotel operations, including the rental of rooms and beverage sales. Revenue is recognised at the point in time when rooms are occupied and services rendered.

Project management fees and other income

Fees from development management service arrangements and other agreements are determined by reference to the relevant agreement and recognised over time as the services are provided.

Other than as described above, 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 the accounting policies used in preparing these condensed interim financial statements are those which are expected to be applied for the financial year ending 30 September 2019.

The Group continues to consider the impact of new standards not yet applied (IFRS 16 'Leases' (effective date: 1 January 2019)) on the financial position and performance of the Group, which will depend on projects undertaken at the time of initial application. There have been no identified changes to the initial assessment set out in the 2018 annual report.

Use of estimates and judgements

Revenue recognition
Judgement is involved when determining how much revenue to recognise at a point in time in respect of residential property sales where there is variable consideration which is only determined at the point of the future onward sale of constructed homes by the Group's housebuilder customers. In determining the amount of revenue recognised, the Directors consider factors that may give rise to significant reversals and for this period have assessed that a 20 per cent reduction in house prices, being the approximate peak to trough fall in house prices in the last two recessions, and a 1 year delay in receipt of overage payments, to take into account a significant fall in sales rates in a downturn, are appropriate reductions to cover the risk of significant reversal.

Other than as described above, there have been no new or material revisions to the nature and amount of estimates reported in the 2018 accounts, other than changes to certain assumptions applied in the valuation of properties. Details of the key assumptions applied at 31 March 2019 are set out in note 9.

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 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
Trading property sales	**8,863**	58,044	91,213
Residential property sales	**10,964**	17,236	34,457
Revenue on construction contracts	**3,243**	—	6,688
Rental and other property income	**1,357**	2,979	5,618
Recoverable property expenses	**735**	591	1,458
Hotel income	**3,761**	4,287	7,973
Project management fees and other income	**1,971**	852	2,991
Revenue	**30,894**	83,989	150,398
Cost of trading property sales	**(6,402)**	(47,941)	(73,918)
Cost of residential property sales	**(9,498)**	(15,996)	(29,391)
Costs of construction contracts	**(2,917)**	—	(4,724)
Direct property expenses	**(1,114)**	(2,788)	(4,942)
Recoverable property expenses	**(735)**	(591)	(1,458)
Cost of hotel trading	**(2,921)**	(3,380)	(6,124)
Write down of trading properties	**—**	(1,696)	(2,570)
Direct costs	**(23,587)**	(72,392)	(123,127)
Gross profit	**7,307**	11,597	27,271

3. Operating profit
Operating profit is arrived at after allocating £2,142,000 of administrative expenses to the cost of investment and trading properties (six months to 31 March 2018: £2,834,000; year ended 30 September 2018: £4,724,000).

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 2018 Annual Report and Accounts. The chief operating decision maker has been identified as the Board of Directors.

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 statement of comprehensive income
For the six month period-ended 31 March 2019

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	**24,419**	**6,475**	**—**	**30,894**
Direct costs	**(20,030)**	**(3,557)**	**—**	**(23,587)**
Gross profit	**4,389**	**2,918**	**—**	**7,307**
Share-based payment expense	**—**	**—**	**(2,023)**	**(2,023)**
Other administrative expenses	**—**	**—**	**(6,756)**	**(6,756)**
Administrative expenses	**—**	**—**	**(8,779)**	**(8,779)**
Surplus on revaluation of investment properties	**1,046**	**—**	**—**	**1,046**
Surplus on revaluation of receivables	**528**	**—**	**—**	**528**
Share of post-tax profit from joint ventures and associates	**5,231**	**9**	**—**	**5,240**
Operating profit/(loss)	**11,194**	**2,927**	**(8,779)**	**5,342**
Net finance income/(cost)	**362**	**(605)**	**—**	**(243)**
Profit/(loss) before tax	**11,556**	**2,322**	**(8,779)**	**5,099**

Consolidated balance sheet
As at 31 March 2019

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	**46,553**	**—**	**—**	**46,553**
Property, plant and equipment	**3,359**	**485**	**379**	**4,223**
Investments in joint ventures and associates	**95,859**	**17,765**	**—**	**113,624**
Deferred tax assets	**—**	**—**	**3,808**	**3,808**
Trade and other receivables	**19,953**	**—**	**—**	**19,953**
Non-current assets	**165,724**	**18,250**	**4,187**	**188,161**
Trading properties	**291,893**	**28,857**	**—**	**320,750**
Trade and other receivables	**16,996**	**5,879**	**—**	**22,875**
Cash and cash equivalents	**—**	**—**	**28,165**	**28,165**
Current assets	**308,889**	**34,736**	**28,165**	**371,790**
Borrowings	**(91,275)**	**—**	**(27,285)**	**(118,560)**
Trade and other payables	**(25,729)**	**(11,826)**	**—**	**(37,555)**
Deferred tax liabilities	**(8,071)**	**—**	**(642)**	**(8,713)**
Total liabilities	**(125,075)**	**(11,826)**	**(27,927)**	**(164,828)**
Net assets	**349,538**	**41,160**	**4,425**	**395,123**

Consolidated statement of comprehensive income
For the six month period-ended 31 March 2018

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	20,602	63,387	—	83,989
Direct costs	(19,847)	(52,545)	—	(72,392)
Gross profit	755	10,842	—	11,597
Share-based payment expense	—	—	(1,779)	(1,779)
Other administrative expenses	—	—	(5,358)	(5,358)
Administrative expenses	—	—	(7,137)	(7,137)
Surplus on revaluation of investment properties	4,913	693	—	5,606
Surplus on revaluation of receivables	324	—	—	324
Share of post-tax profit from joint ventures and associates	666	120	—	786
Loss on disposal of investment properties	—	(19)	—	(19)
Operating profit/(loss)	6,658	11,636	(7,137)	11,157
Net finance income/(cost)	479	(810)	(727)	(1,058)
Profit/(loss) before tax	7,137	10,826	(7,864)	10,099

Consolidated balance sheet
As at 31 March 2018

	Strategic land £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	78,338	17,370	—	95,708
Property, plant and equipment	3,470	842	533	4,845
Investments in joint ventures and associates	79,240	2,614	—	81,854
Deferred tax assets	—	—	3,307	3,307
Trade and other receivables	22,938	—	—	22,938
Non-current assets	183,986	20,826	3,840	208,652
Trading properties	240,281	49,276	—	289,557
Trade and other receivables	18,999	7,915	—	26,914
Cash and cash equivalents	—	—	14,738	14,738
Current assets	259,280	57,191	14,738	331,209
Borrowings	(71,489)	(6,025)	(26,811)	(104,325)
Trade and other payables	(28,966)	(20,500)	—	(49,466)

Deferred tax liabilities	(5,335)	—	(565)	(5,900)
Total liabilities	(105,790)	(26,525)	(27,376)	(159,691)
Net assets	337,476	51,492	(8,798)	380,170

5. Finance income and finance costs

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
Interest receivable from cash deposits	**33**	49	37
Unwinding of discounts applied to long-term debtors	**497**	457	826
Other interest receivable	**1**	—	3
Finance income	**531**	506	866
Interest payable on borrowings	**(1,813)**	(1,633)	(3,089)
Amortisation of loan arrangement costs	**(258)**	(915)	(1,220)
Finance costs pre-capitalisation	**(2,071)**	(2,548)	(4,309)
Finance costs capitalised to trading properties	**1,297**	984	2,182
Finance costs	**(774)**	(1,564)	(2,127)
Net finance costs	**(243)**	(1,058)	(1,261)

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 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
Current tax:			
Adjustments in respect of previous periods	**(6)**	38	5
UK corporation tax on profits for the year	**1,070**	—	916
Total current tax charge	**1,064**	38	921
Deferred tax:			
Origination and reversal of timing differences	**186**	1,275	2,746
Adjustments in respect of previous periods	**—**	(94)	(95)
Total deferred tax charge	**186**	1,181	2,651
Total tax charge	**1,250**	1,219	3,572

(b) Factors affecting the tax charge for the period

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
Profit attributable to the Group before tax	**5,099**	10,099	22,267
Profit multiplied by the average rate of UK corporation tax of 19 per cent (31 March 2018 and 30 September 2018: 19 per cent)	**969**	1,919	4,231
Expenses not deductible for tax purposes	**379**	422	694
Differences arising from taxation of chargeable gains and property revaluations	**1,037**	(1,215)	(1,384)
Tax losses and other items	**(1,135)**	150	121
	1,250	1,276	3,662
Adjustments to tax charge in respect of previous periods	**—**	(57)	(90)
Total tax charge	**1,250**	1,219	3,572

7. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on a profit of £3,849,000 (six months to 31 March 2018: £8,880,000; year ended 30 September 2018: £18,695,000) and on 143,397,834 (six months to 31 March 2018: 143,422,387; year ended 30 September 2018: 143,413,414) 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 £3,849,000 (six months to 31 March 2018: £8,880,000; year ended 30 September 2018: £18,695,000) and on 145,875,912 (six months to 31 March 2018: 145,111,843; year ended 30 September 2018: 145,156,832) shares, being the weighted average number of shares in issue, less own shares held and the dilutive impact of share options granted.

Weighted average number of shares	**Six months to 31 March 2019 Number**	Six months to 31 March 2018 Number	Year ended 30 September 2018 Number
In issue at start of period	**145,044,582**	144,964,808	144,964,808
Effect of shares issued under scrip dividend scheme	**12,664**	12,176	40,878
Effect of own shares purchased and transferred	**(1,659,412)**	(1,554,597)	(1,592,272)
Weighted average number of shares during the period – basic	**143,397,834**	143,422,387	143,413,414
Dilutive effect of share options	**2,478,078**	1,689,456	1,743,418
Weighted average number of shares during the period – diluted	**145,875,912**	145,111,843	145,156,832

8. Dividends

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
Final dividend of 2.2p per share proposed and paid February 2019	**2,957**	—	—
Final dividend of 2.2p per share granted via scrip dividend	**199**	—	—
Interim dividend of 1.3p per share paid July 2018	**—**	—	1,799
Interim dividend of 1.3p per share granted via scrip dividend	**—**	—	61
Final dividend of 2.0p per share proposed and paid February 2018	**—**	2,442	2,442
Final dividend of 2.0p per share granted via scrip dividend	**—**	188	188
	3,156	2,630	4,490

An interim dividend of 1.4p per share was approved by the Board on 29 May 2019 and is payable on 12 July 2019 to shareholders on the register on 7 June 2019. Investors choosing to participate in the dividend reinvestment scheme will need to make their election by 21 June 2019. The interim dividend is not recognised as a liability in the interim financial information. Dividends are not paid on the shares held by the Employee Benefit Trust.

9. Investment properties

	£'000
Valuation	
At 1 October 2017	99,846
Additions at cost	11,288
Disposals	(21,032)
Surplus on revaluation	5,606
At 31 March 2018	95,708
Additions at cost	2,884
Disposals	(16,650)
Surplus on revaluation	4,976
At 30 September 2018	86,918
Additions at cost	504
Transfer to trading properties	(41,915)
Surplus on revaluation	1,046
At 31 March 2019	**46,553**

Transfer of properties

On 1 October 2018, based on the site intention set out in the submitted development plan and the commencement of development works, the Group agreed that the strategy for Grange Farm at Alconbury Weald previously held within investment properties was to develop it for sale. Accordingly, on 1 October 2018 this element of the property was reclassified as a trading property.

Fair value measurement

The Group's principal investment properties comprise commercial buildings and development land at Alconbury Weald, which represent 91 per cent of the period-end carrying value (31 March 2018: 79 per cent, 30 September 2018: 97 per cent). These are valued on a semi-annual basis by CBRE Limited (CBRE), 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. 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 Alconbury Weald, investment properties, as well as the significant unobservable inputs, is summarised below.

Valuation technique

Discounted cash flows: the valuation model for the Group's investment properties considers the present value of net cash flows to be generated from the properties (reflecting the current approach of constructing the infrastructure and discharging the Section 106 cost obligations), taking into account expected land value growth rates, build cost inflation, absorption rates and general economic conditions. The expected net cash flows are discounted using risk-adjusted discount rates and the resultant value is benchmarked against transaction evidence.

Significant unobservable inputs

The key inputs to the valuation of the principal investment properties at Alconbury Weald, included:

- expected annual land price inflation (3.0 per cent);
- expected annual cost price inflation (2.0 per cent);
- commercial land value (£400,000 per acre); and
- risk adjusted discount rate (7.5 per cent).

The inter-relationship between the unobservable inputs set out above and the fair value measurement is unchanged from that reported in the 2018 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 2017	5,425	730	1,372	7,527
Additions	—	33	199	232
Disposals	—	—	(139)	(139)
At 31 March 2018	5,425	763	1,432	7,620
Additions	—	53	273	326
Disposals	—	(76)	(109)	(185)
At 30 September 2018	5,425	740	1,596	7,761
Additions	—	17	209	226
Disposals	—	—	(197)	(197)
At 31 March 2019	**5,425**	**757**	**1,608**	**7,790**
Depreciation				
At 1 October 2017	1,313	330	784	2,427
Charge for the period	247	65	172	484
Release on disposals	—	—	(136)	(136)
At 31 March 2018	1,560	395	820	2,775
Charge for the period	212	118	334	664
Release on disposals	—	(76)	(110)	(186)
At 30 September 2018	1,772	437	1,044	3,253
Charge for the period	213	65	224	502
Release on disposals	—	—	(188)	(188)
At 31 March 2019	**1,985**	**502**	**1,080**	**3,567**
Net book value				
31 March 2019	**3,440**	**255**	**528**	**4,223**
31 March 2018	3,865	368	612	4,845
30 September 2018	3,653	303	552	4,508

11. Investments

Investments in joint ventures and associates

	Joint ventures £'000	Associates £'000	Total £'000
Cost or valuation			
At 1 October 2017	76,755	2	76,757
Loans advanced	4,407	—	4,407
Share of post-tax profit	692	94	786
Distributions paid	—	(94)	(94)
Loans repaid	—	(2)	(2)
At 31 March 2018	81,854	—	81,854
Loans advanced	5,279	—	5,279
Share of post-tax profit	1,367	—	1,367
Additions	14,918	—	14,918
At 30 September 2018	103,418	—	103,418
Effect of adoption of IFRS 15	781	—	781
As at 30 September 2018 as restated	**104,199**	**—**	**104,199**
Loans advanced	4,185	—	4,185
Share of post-tax profit	5,240	—	5,240
At 31 March 2019	**113,624**	**—**	**113,624**

At 31 March 2019 the Group's interests in its joint ventures were as follows:

Manchester New Square LP	50%	Property development
SUE Developments LP	50%	Property development
Achadonn Limited	50%	Property development
Altira Park JV LLP	50%	Property development
Wintringham Partners LLP	33%	Property development

	SUE Developments LP £'000	Wintringham Partners LLP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Manchester New Square LP £'000	Total £'000

The carrying value consists of:						
Group's share of net assets	31,301	(3)	—	608	—	31,906
Loans	48,654	15,907	2,102	—	15,055	81,718
Total investment in joint ventures and associates	**79,955**	**15,904**	**2,102**	**608**	**15,055**	**113,624**

12. Deferred tax

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

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
At start of period	**(4,063)**	(1,412)	(1,412)
Effect of adoption of IFRS 15	**(656)**	—	—
At start of period as restated	**(4,719)**	(1,412)	(1,412)
Movement in the period (see note 6)	**(186)**	(1,181)	(2,651)
At end of period	**(4,905)**	(2,593)	(4,063)

The deferred tax balances are made up as follows:

	At 31 March 2019 £'000	At 31 March 2018 £'000	At 30 September 2018 £'000
Deferred tax assets			
Tax losses	**3,808**	3,307	2,788
	3,808	3,307	2,788
Deferred tax liabilities			
Revaluation surpluses	**8,125**	5,900	6,851
Revenue recognised under IFRS 15	**588**	—	—
	8,713	5,900	6,851

At 31 March 2019, the Group had unused tax losses of £22,477,000 (31 March 2018: £28,004,000; 30 September 2018: £23,118,000), of which £21,956,000 (31 March 2018: £18,202,000; 30 September 2018: £16,302,000) has been recognised as a deferred tax asset. A further £96,000 (31 March 2018: £9,098,000; 30 September 2018: £6,227,000) 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 £424,000 (31 March 2018: £704,000; 30 September 2018: £589,000) 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 (2018: 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 UK corporation tax rate reduced to 19 per cent from 1 April 2017 and will reduce to 17 per cent from 1 April 2020, which 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 2019 £'000	Six months to 31 March 2018 £'000	Year ended 30 September 2018 £'000
At start of period	**273,770**	289,707	289,707
Additions at cost	**20,166**	73,808	90,057
Costs written back	**—**	—	(2,570)
Disposals	**(15,101)**	(73,958)	(103,424)
Transfer from investment properties	**41,915**	—	—
At end of period	**320,750**	289,557	273,770

Capitalised interest of £4,706,000 is included within the carrying value of trading properties as at 31 March 2019 (31 March 2018: £2,752,000; 30 September 2018: £3,449,000).

14. Trade and other receivables

Non-current	**At 31 March 2019 £'000**	At 31 March 2018 £'000	At 30 September 2018 £'000
Trade receivables	**17,802**	22,938	17,338
Other receivables	**2,151**	—	3,107
	19,953	22,938	20,445

Current	**At 31 March 2019 £'000**	At 31 March 2018 £'000	At 30 September 2018 £'000
Trade receivables	**15,382**	10,463	19,034
Less: provision for impairment of trade receivables	**(80)**	(67)	(29)
Trade receivables (net)	**15,302**	10,396	19,005
Other receivables	**3,526**	6,596	5,348
Contract assets- amounts recoverable under contracts	**1,346**	—	1,350
Prepayments and accrued income	**2,701**	9,922	3,336
	22,875	26,914	29,039

Trade receivables include minimum and overage amounts due from housebuilders on strategic land parcel sales.

Included within current (£1,458,000) and non-current (£2,151,000) other receivables are amounts totalling £3,609,000 (31 March 2018: £6,352,000; 30 September 2018: £6,582,000) relating to overage entitlements that were acquired with the Priors Hall asset in the prior year and attributed a purchase price allocation of £9,366,000.

The asset is measured at fair value through profit and loss using a discounted cash flow model and is categorised as level 3 in the fair value hierarchy.

The key assumptions applied in the valuation at 31 March 2019 are current expectations over future house price values, the timing of housebuilder delivery and a discount rate of 8.8 per cent. The fair value movement since 30 September 2018 is £528,000 (31 March 2018: £324,000; 30 September 2018: £1,090,000) which has been credited to the income statement for the period.

Amounts totalling £7,375,000 (31 March 2018: £3,338,000; 30 September 2018: £3,874,000) have been collected by 31 March 2019.

15. Trade and other payables

	At 31 March 2019 £'000	At 31 March 2018 £'000	At 30 September 2018 £'000
Trade payables	**7,771**	11,301	7,978
Taxes and social security costs	**1,467**	360	3,124
Other payables	**8,379**	11,236	8,628
Accruals	**18,118**	22,577	24,985
Deferred income	**1,820**	3,992	2,071
	37,555	49,466	46,786

16. Borrowings

	At 31 March 2019 £'000	At 31 March 2018 £'000	At 30 September 2018 £'000
Bank loans	**27,285**	32,836	19,891
Other loans	**91,275**	71,489	74,973
	118,560	104,325	94,864

Maturity profile	**At 31 March 2019 £'000**	At 31 March 2018 £'000	At 30 September 2018 £'000
Less than one year	**1,000**	360	20,891
Between one and five years	**37,228**	45,530	11,424
More than five years	**80,332**	58,435	62,549
	118,560	104,325	94,864

Other loans comprise borrowings from Homes England and a conditional grant. Interest on borrowings from Homes England is charged between 2.2 and 2.5 per cent above the EC Reference Rate and the facilities are secured against specific land holdings. The £1,000,000 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 2019 £'000**	At 31 March 2018 £'000	At 30 September 2018 £'000
Issued and fully paid			
Shares of 20p each	**29,023**	29,005	29,009

Movements in share capital in issue

Ordinary shares	Issued and fully paid £'000	Number
At 1 October 2017	28,993	144,964,808
Shares issued under scrip dividend scheme	12	61,558
At 31 March 2018	29,005	145,026,366
Shares issued under scrip dividend scheme	4	18,216
At 30 September 2018	29,009	145,044,582
Shares issued under scrip dividend scheme	14	72,024
At 31 March 2019	**29,023**	**145,116,606**

Transactions in own shares

At the end of the period the Employee Benefit Trust held 1,589,015 20p shares in Urban&Civic plc (31 March 2018: 1,535,868; 30 September 2018: 1,769,935) at a cost of £4,261,000 (31 March 2018: £3,930,000; 30 September 2018: £4,748,000), which had a market value of £4,449,000 (31 March 2018: £4,700,000; 30 September 2018: £5,381,000). The movement is as follows:

Employee Benefit Trust	Number of shares	Cost £'000
At 1 October 2017	1,569,437	4,003
Share purchase	32,195	95
Transferred to employees on share option exercise	(65,764)	(168)
At 31 March 2018	1,535,868	3,930
Share purchase	420,633	1,297
Transferred to employees on share option exercise	(186,566)	(479)
At 30 September 2018	1,769,935	4,748
Share purchase	103,215	275
Transferred to employees under deferred bonus scheme arrangements and on share option exercise	(284,135)	(762)
At 31 March 2019	**1,589,015**	**4,261**

Share options

During the six month period to 31 March 2019 the Company granted 1,981,452 share options to employees (six months to 31 March 2018: 2,090,636; year ended 30 September 2018: 2,090,636), 163,084 share options were exercised (six months to 31 March 2018: 153,205; year ended 30 September 2018: 339,976) and 450,284 options lapsed (six months to 31 March 2018: 1,528,563; year ended 30 September 2018: 1,633,666). The number of share options outstanding at 31 March 2019 was 6,544,122 (31 March 2018: 5,467,912; 30 September 2018: 5,176,038).

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 the dilutive effect of outstanding share options.

	At 31 March 2019 Unaudited	At 31 March 2018 Unaudited	At 30 September 2018 Audited
Number of shares in issue	**145,116,606**	145,026,366	145,044,582
Own shares held	**(1,589,015)**	(1,535,868)	(1,769,935)
Dilutive effect of share options	**2,478,078**	1,689,456	1,743,418
	146,005,669	145,179,954	145,018,065
NAV per share	**270.6p**	261.9p	268.3p
Net asset value (£'000)	**395,123**	380,170	389,023
Effect of adoption of IFRS 15	**—**	4,199	3,859
Net asset value as restated (£'000)	**395,123**	384,369	392,882
Revaluation of trading property held as current assets (£'000)			
- Alconbury Weald	**42,107**	36,998	36,536
- Rugby	**8,240**	8,268	9,781
- Priors Hall	**12,466**	—	9,384
- Newark	**(1,560)**	(1,528)	(668)
Wintringham St Neots	**10,052**	7,660	8,461
- Manchester sites	**5,224**	6,532	5,023
- Land promotion sites	**15,461**	9,342	11,667
- Other	**1,425**	1,218	1,292
	93,415	68,490	81,476
Deferred tax liability (£'000)	**8,713**	5,900	6,851
EPRA NAV (£'000)	**497,251**	458,759	481,209

EPRA NAV per share	**340.6p**	316.0p	331.8p
Deferred tax (£'000)	**(26,461)**	(19,711)	(23,065)
EPRA NNNAV (£'000)	**470,790**	439,048	458,144
EPRA NNNAV per share	**322.4p**	302.4p	315.9p

19. Contingent liabilities, capital commitments and guarantees
Capital commitments relating to the Group's development sites are as follows:

	At 31 March 2019 £'000	At 31 March 2018 £'000	At 30 September 2018 £'000
Contracted but not provided for	**51,359**	31,095	54,744

20. Related party transactions
There have been no material changes to the nature of the related party transactions described in the 2018 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 operational 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 2019 which comprises 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 Guidance 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.

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 Financial Reporting Council 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 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report
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 Guidance 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.

BDO LLP

Chartered Accountants
London**, United Kingdom**
29 May 2019

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	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 adjusted to include deferred tax on property valuations and capital allowances
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
Gearing	Group bank borrowings as a proportion of net asset value
Homes England	Homes England, formerly 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
Large site discount	Represents the difference between the unserviced land values ascribed by CBRE strategic site valuations (which take into account site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales.
Licences	Agreements entered into with housebuilders, which typically comprise a fixed element (the Minimums) due to the Group upon reaching unconditional exchange and a variable element (the Overage) which is dependent on the final selling price of the house.
Look-through gearing	Gearing including the Group's balance sheet attributable to the owners of the Company
Minimums	Contractual right to receive a minimum plot value in respect of a minimum number of plots each year, These minimums are payable on a look back basis if minimum sales are not achieved.
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Net gearing	Total debt less cash and cash equivalents divided by net assets
Overage	Variable consideration which applies an agreed percentage to the house sales price and then nets off any Minimum already paid. No overage is payable where Minimums are not achieved.
Private rented sector (PRS)	A sector of the real estate market where residential accommodation is privately owned and rented out as housing, usually by an individual landlord, but potentially by housing organisations
Resolution to Grant (planning consent)	Where a Local Authority planning committee resolves to grant planning permission subject to the completion of a planning agreement (such as a Section 106 agreement)
Return on Capital Employed (ROCE)	A financial ratio that measures how well a company is generating profits from its capital
Total return	Movement in the value of net assets, adjusted for dividends paid, as a proportion of opening net asset value
Section 106 agreement	Planning obligations under Section 106 of the Town and Country Planning Act. These obligations focus on mitigating site specific impacts of development and include, by way of example, developer contributions to schools and/or highways.
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