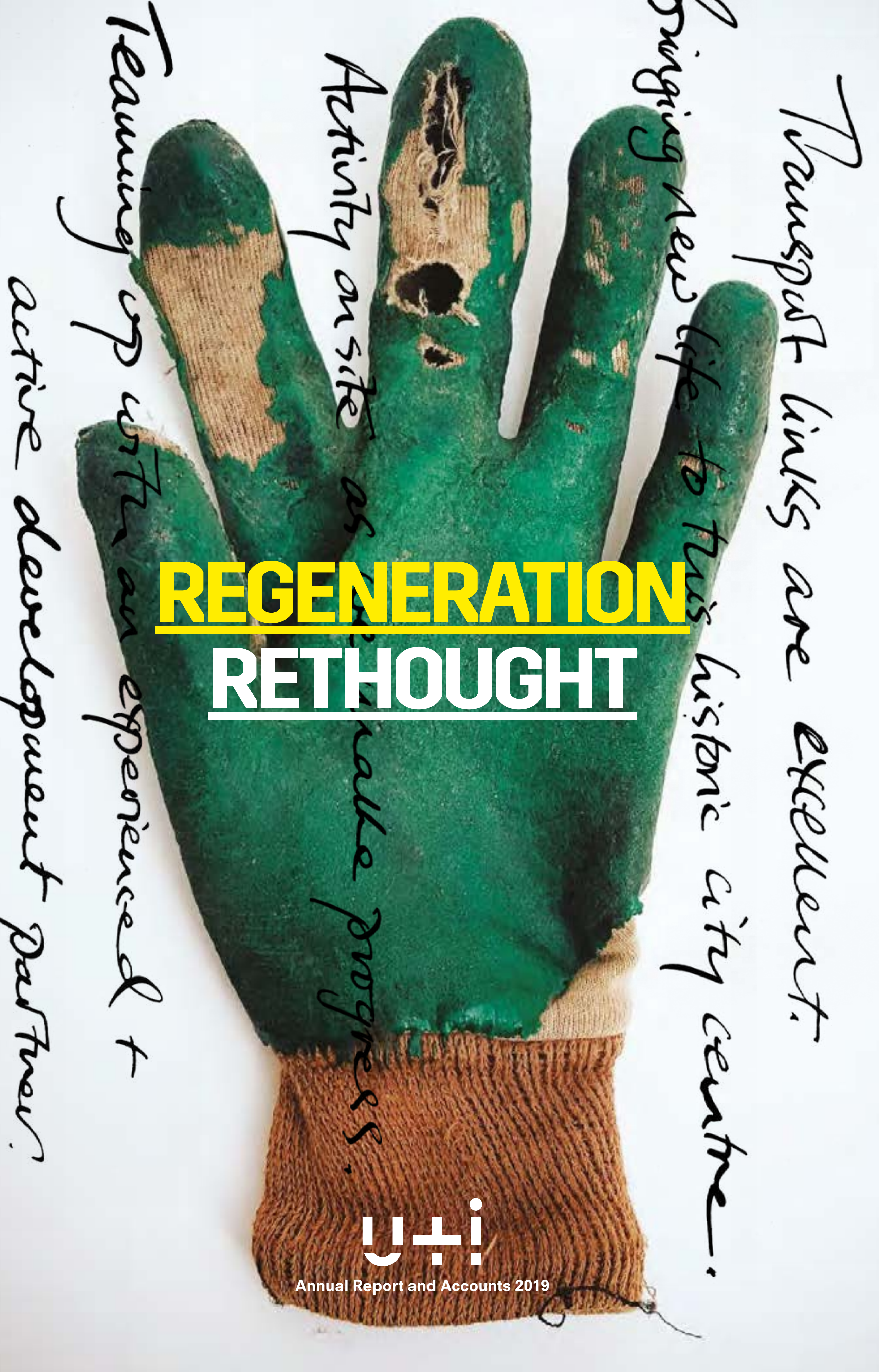
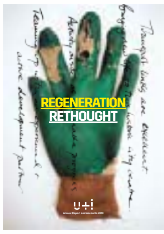


REGENERATION RETHOUGHT

Annual Report and Accounts 2019

EVERYTHING IS CONNECTED

We have developed a comprehensive suite of communications to keep our stakeholders up to date.



The role of this report
We believe the role of the Annual Report is to explain to shareholders how we create long-term sustainable value and to state our understanding and position on key topics such as:
– Our market
– Our strategy
– Sustainability
– Risk and uncertainties
– Governance
– Our performance and financial position

Overview

Strategic report

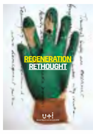
Governance

Financial statements

Additional information

Corporate website
The most up to date news, views, figures and insights on our business can be found at: www.uandiplc.com

Investor presentations
We report our financial results on a half yearly basis. The latest presentations can be found at: www.uandiplc.com/investors



Front cover image
Creating a sustainable business for the future, encouraging wellbeing and community across our schemes, as seen with over 100 elm trees planted at Circus Street in Brighton.

Front cover quotes
Selection from various stakeholders.


This is the result
of a great deal of
work between the three
partners to develop one of the
city's brownfield sites.
REGENERATION
Trust and reputation are
essential to successful
mixed-use regeneration.
Our clear purpose drives
our performance.
u+i

We are a property developer and investor focused on regenerating overlooked and underloved urban places.

Using our expertise in planning, development and asset management, our understanding of what places can be and our determination to build a better future, we create quality mixed-use places where businesses and communities can thrive.

We have a >£11 billion portfolio of mixed-use, community-focused regeneration projects in the London City Region (within one hour's commute from Central London), Manchester and Dublin. We have built strong relationships in each of these regions, giving us a deep understanding of local needs.

OUR PURPOSE:

TO UNLOCK LONG-TERM VALUE FOR ALL THROUGH REGENERATION.

This page:
Thomas Hoyle established a calico fabric printing business at Mayfield, Manchester. This pattern is based on one of his cylinder printed original designs.

Cover:
Mel Hickford, on the ground support at our Worthwhile projects in Brighton, providing local knowledge and opening up conversations with the community.

Cover quote:
Jason Kitcat, leader of Brighton & Hove City Council.

DRIVES PERFORMANCE

A BUSINESS WITHOUT PURPOSE WILL BECOME WORTHLESS OVER TIME.

OUR PURPOSE AND OUR VALUES OF IMAGINATION, INTELLIGENCE AND AUDACITY INFUSE OUR PROJECTS AND BRING THEM TO LIFE.

UNDERSTANDING AND MEETING THE NEEDS OF ALL OUR STAKEHOLDERS IS KEY. AS A RESULT, WE KNOW THAT PERFORMANCE CAN NO LONGER BE DESCRIBED OR REPORTED IN PURELY MONETARY TERMS, BUT IN DELIVERY AND ACTIONS TOO.

SINCE WE WERE FORMED, OUR PURPOSE HAS HELPED DRIVE SUSTAINABLE LONG-TERM SOCIO-ECONOMIC VALUE FOR OUR COMMUNITIES AND PARTNERS, WHILST DELIVERING FINANCIAL RETURNS FOR OUR SHAREHOLDERS.

ST. MARK'S SQUARE, BROMLEY
London City Region

We were appointed by Bromley Council to bring life to Bromley South and make it a destination of choice, addressing the urgent need for local amenities and creating a connection with the High Street.

How we engaged
We wanted to create something authentic that worked for every generation – so we spoke to local people to see what that meant. We held regular consultations with community stakeholders to hear their requirements and address their concerns.

We also organised open-air cinema nights in the car park, helped paint and repair the local school and restored the gardens at St Mark's Church. Over time, we gained people's trust.

Construction challenges and delays meant it wasn't always easy. But it has been worth it as our final scheme reflects the area's hopes and expectations, with a nine-screen cinema, an upper and lower plaza with a hotel, public art, restaurants, much needed homes (including affordable properties) and parking.

BUILDS TRUST WITH ALL OUR STAKEHOLDERS

Open-air cinema nights
We held open-air cinema nights in the original site's car park to give the local community an early glimpse into what the new scheme would offer.

Artist Steven Gregory's 'One of Us on a Tricycle' sculpture sits at the heart of our St Mark's Square development at Bromley.

LANDMARK COURT, SOUTHWARK
London City Region

Widely considered too complex, this 1.7-acre site lay derelict and unloved for over 25 years. We were appointed by Transport for London as their conditional joint venture partner to create a high-quality, mixed-use development that would stitch this prime location in London's Zone 1 back together.

How it worked
Following extensive consultation with the local community, councillors, interest groups and key stakeholders, as well as onsite activities, workshops and events, in March 2019 we submitted our plan that respects the area's rich heritage and culture.

Recreating Landmark Court's historic lanes and yards, our development will provide much needed homes, offices and retail space, along with a new marketplace, for this close-knit community, whilst protecting and enhancing neighbouring Crossbones Graveyard.

BRINGS US CLOSER TO PEOPLE

Active engagement
One of our consultations with local stakeholders to ensure we understand and reflect their multi-generational needs, as well as the soul and rich history of the area, in the final scheme.

Donations box at Crossbones Graveyard, which we are looking to enhance as part of our Landmark Court scheme.

PRESTON BARRACKS, BRIGHTON
London City Region

Derelict for over 20 years, and with a history dating back to 1793, we are working with Brighton & Hove City Council and the University of Brighton to bring the site's rich and vibrant past into our £200 million Gross Development Value (GDV) scheme.

How history can inform the future

Restoring memories of the past, when Allenwest Brighton electricals used to be the pride of the area, our mixed-use project focuses on bringing jobs and economic prosperity to one of the UK's most deprived areas – establishing Lewes Road as a thriving academic and economic corridor in Brighton.

Alongside vital university accommodation, homes, amenities and green space, in early 2020 we will launch Plus X, an innovation hub providing much-needed flexible work space and mentoring to accelerate the growth of young start-ups in the Brighton area.

BRINGS LIFE TO UNDERESTIMATED URBAN PLACES

Restoring the heartbeat of Lewes Road
The original Preston Barracks army base and military hospital was built in the 1700s as part of the British response to the French Revolution. Breathing new life into this site, our mixed-use scheme will inject more than £280 million into the local economy over the next ten years.


Expiry Date
2021
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Date Bled
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U+I'S PPP CAMPAIGN

While 78% of the general public believe public assets should be put to work for community benefit, around 45% feel negatively about the use of Public Private Partnerships (PPP) to develop publicly owned land.

We believe in the power of these partnerships to deliver lasting value and benefits for both people and places.

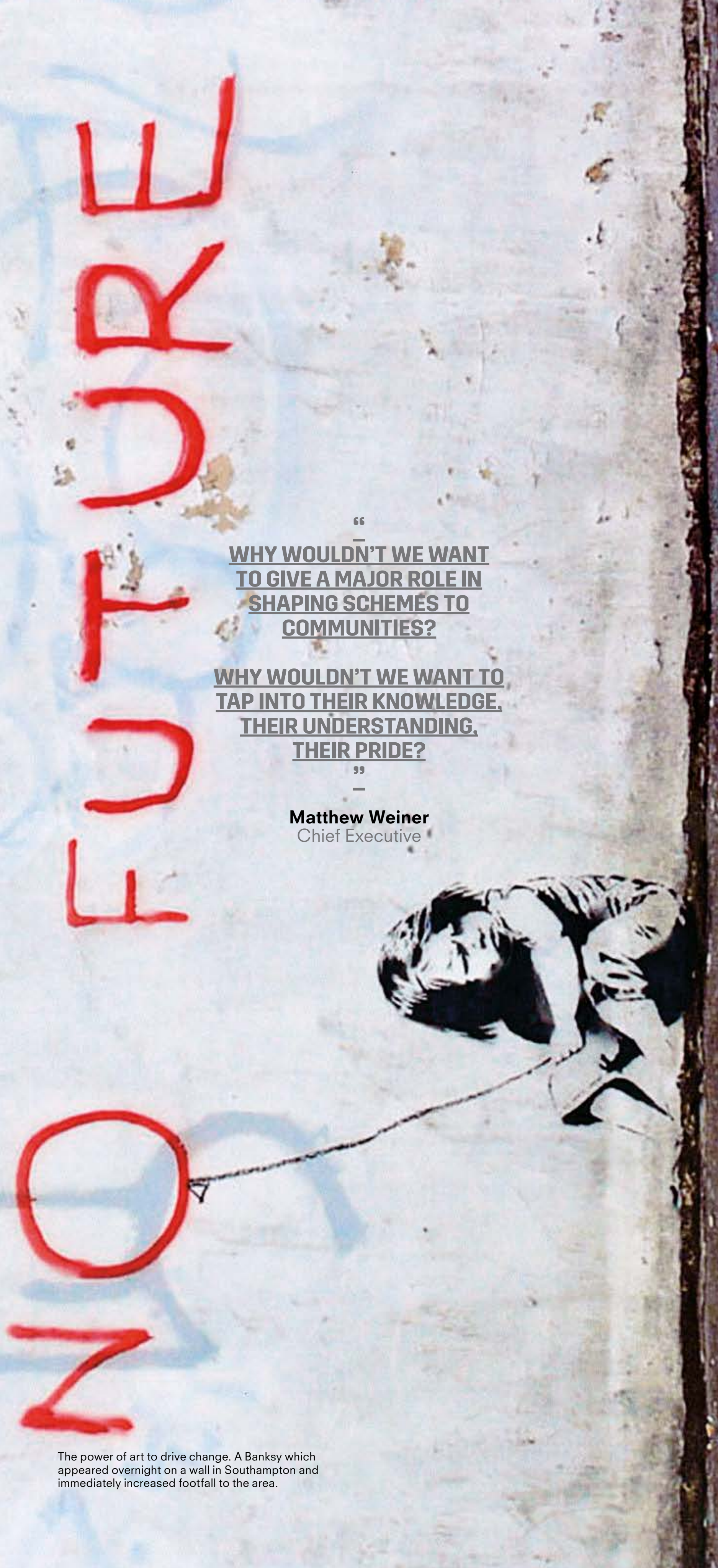
Challenging norms
We wanted to restore trust in PPP and drive new industry standards so we undertook extensive research, consultation and a listening programme with the public, private and civic sectors.

With widespread support, including from Minister for Local Government Rishi Sunak MP, we have put our findings and commitments in a paper: PPP – The Reset. We expect this to enhance transparency, hold our PPP projects to account and encourage others to follow our lead.

This led to us being shortlisted for the Irvine Sellar Award for Innovation, for ground-breaking projects that have shaken up an industry.

CHALLENGES EVERYTHING

Helping shape the future
One of our PPP round table discussion events in London to find ways to bring together the public and private sectors to focus on one thing: improving people's lives.



> **WHY WOULDN'T WE WANT TO GIVE A MAJOR ROLE IN SHAPING SCHEMES TO COMMUNITIES?**
>
> **WHY WOULDN'T WE WANT TO TAP INTO THEIR KNOWLEDGE, THEIR UNDERSTANDING, THEIR PRIDE?**

Matthew Weiner
Chief Executive

The power of art to drive change. A Banksy which appeared overnight on a wall in Southampton and immediately increased footfall to the area.

THE IMPORTANCE OF GREAT PEOPLE

Our best work comes when our team have a shared purpose and enjoy what they do. We encourage curiosity and creativity, giving people opportunities to collaborate on ambitious and rewarding projects that transform communities.

How we develop our people
We want to retain and develop our talent, hiring the best people and giving them the training and support to allow them to flourish. Following feedback from our team, we have identified the need for additional training. We therefore began rolling out a new talent programme in April 2019 to upskill and motivate our people in all that they do.

The role of the Board
Our values of imagination, intelligence and audacity are endorsed by the Board as they challenge our business to keep improving.

Our new independent Non-executive Director Professor Sadie Morgan, who was appointed in April 2019, will oversee a workforce advisory panel to encourage closer collaboration across our business.

CREATES AN INSPIRING CULTURE

First Thursday
Every month the full U+I team comes together, to provide updates, share successes and learnings and encourage collaborative thinking.

Photographer: Leigh Anderson

CIRCUS STREET, BRIGHTON
London City Region

Inspired by its heritage as a municipal market, our £130 million GDV scheme seeks to create a productive, sustainable model of city life – one with a real sense of community and social responsibility.

How we think for the long-term

Starting with a single elm tree, planted when we first opened up this long-term derelict 2.4-acre site for events, we hand-picked a further 100 trees. These trees form part of a public realm within the site, made up of university student accommodation, homes, an office and a new home for South East Dance, which will welcome c.17,000 local people through its doors each year.

Why sustainability is important and the value it creates

Working with local businesses to source the bricks and cement for this BREEAM-excellent development, our final mixed-use creative scheme will provide over 400 new jobs and add more than £200 million of gross value to the local economy over the next ten years.

ENSURES WE DO THE RIGHT THING

An authentic approach

Reflecting Brighton's creative identity and to show the community the potential of the space, we installed an Anish Kapoor sculpture at Circus Street. This thinking followed through to the scheme currently being built, where we are creating a new home for South East Dance.

Vasnica Srishinkar, a student at South East Dance photographed at Circus Street where construction is underway to deliver the arts charity's new home, called The Dance Space.

THE OLD VINYL FACTORY, HAYES
London City Region

The Old Vinyl Factory, the former EMI headquarters, is a truly special place full of architectural, cultural and industrial history spanning 17 acres.

100 years of history, remastered
We are delivering over 650 homes, c.500,000 sq.ft. of office space, a cinema, health centre, University Technical College, 60,000 sq.ft. of retail and leisure, landscaped streets with over 250,000 sq.ft. of quality public realm and a pioneering Central Research Laboratory providing co-working space and support for innovative local start-ups.

There will be new public artwork in the year ahead too, honouring the site's rich history, to complement the iconic 5.5 metre tall Nipper the dog statue so closely associated with HMV and 3 metre tall gramophone seating.

SHOWS US WHAT GREAT LOOKS LIKE

Mirroring history
On Captain Scott's Terra Nova expedition they took two HMV gramophones to boost the team's morale. Our scheme at The Old Vinyl Factory embodies the rich history of the site, whilst encouraging wellbeing, with the creation of outdoor spaces, filled with striking installations – like the gramophone seating.


BOILE


RECORD
STORE


STOR

Real estate is a platform for innovation. Done well, a building is more than just four walls – it is a place that can inspire, motivate and drive people, promoting happiness, learning and greater productivity.

We consider our work to be a privilege. We seek out the potential in overlooked spaces, collaborating with communities to create a shared vision and use our planning expertise and creative flair in regeneration to activate and breathe new life into places.

From here, talent can be nurtured, communities can thrive and innovation can flourish.

Each project we complete is a chance to deliver against our promises and to reflect, so we can learn from our experiences and keep improving.

Building on the success of Central Research Laboratory at The Old Vinyl Factory in Hayes, in 2020 we will launch a new innovation hub called Plus X at Preston Barracks in Brighton, helping to nurture upcoming talent, inspired by the spaces they work in. This is just the start as we plan to develop this concept further at other major regeneration projects.

INFORMS OUR FUTURE

Plus X
Construction is well underway at Plus X in Preston Barracks as we remain on track to launch the new innovation hub in 2020.

"

WE CONTINUE TO LOOK FOR PLACES THAT HAVE UNTAPPED POTENTIAL, WHERE WE HAVE THE VISION, CREATIVITY AND EXPERTISE TO UNLOCK THEIR VALUE AND DELIVER POSITIVE CHANGE FOR THE LONG TERM.

"

Matthew Weiner
Chief Executive, U+I

RETHOUGHT

Some years ago
we decided to do
something radical.

REGENERATION RETHOUGHT:
WHAT DOES THIS MEAN?

Some years ago we realised there was a need and an opportunity to offer something distinctive: genuinely great places that would improve the quality of people's lives and deliver for our investors.

We knew we had to be radical so, over time, we defined our beliefs, our culture and, most importantly, what our purpose had to be: to unlock long-term value for all through regeneration. This has driven us ever since.

Our progress is built on trust and a reputation for getting things done. We build strong partnerships, focusing on areas we know well. We take time to really understand the potential of each place. We challenge the status quo to ensure our schemes will meet the hopes and needs of the local communities, whilst respecting and celebrating the true heritage and culture of the places where we work.

We create value through regeneration: developing projects with long-term capital partners, selling land or retaining elements of developed assets in our investment portfolio.

We have a >£11 billion portfolio of mixed-use, community-focused regeneration projects in the London City Region, Manchester and Dublin, where we have built strong relationships that give us a detailed understanding of local needs.

Driven by our purpose, we continued to build a creative and distinctive business over the year, focused on delivering on our strategy to provide long-term socio-economic benefits for the communities in which we work and sustainable returns to our shareholders.

FY2019 PERFORMANCE

OUR KEY PERFORMANCE INDICATORS

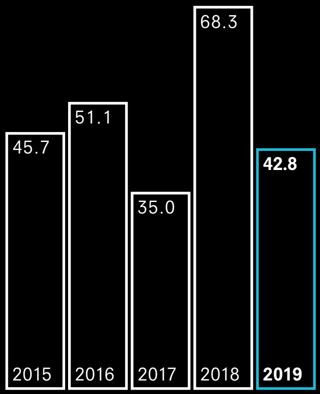
Our financial performance is driven by our purpose-led approach to doing business.

Development and trading gains*

£m

£42.8m

-37%



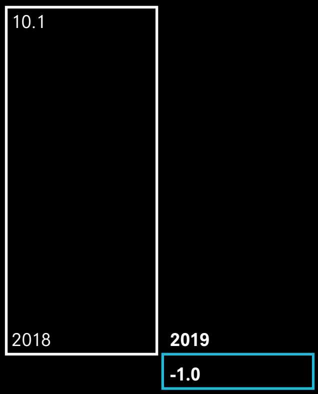
* Alternative performance measure

Investment portfolio total return

%

-1%

-110%

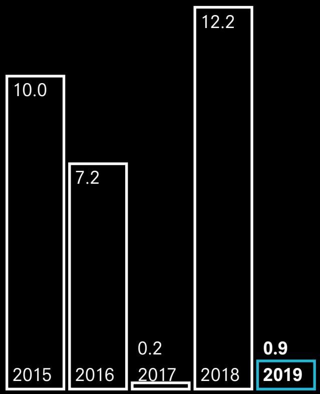


Total return

%

0.9%

-93%

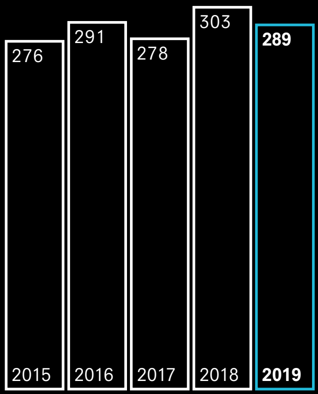


Basic NAV per share

pence

289p

-5%

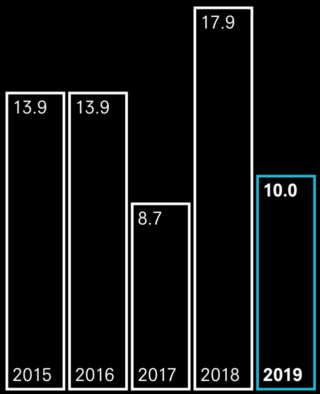


Total dividend per share

pence

10.0p

-44%



There's more about our performance and approach on the following pages:

Chief Executive Officer's statement
Page 16

Portfolio review
Page 24

Financial review
Page 87

6 BIG QUESTI
FROM F

ONS
Y2019

PETER WILLIAMS,
CHAIRMAN

Q. HOW HAS U+I PERFORMED THIS YEAR?

A.

U+I have delivered £42.8 million of development and trading gains, against our £45–50 million target. This is, in my view, a robust performance in these markets, where economic sentiment has deteriorated, political uncertainty has increased and decision-making has slowed dramatically. These market challenges have also created opportunities for us as we have built a rich pipeline of both short and long-term opportunities.

It hasn't always been easy and not everything goes to plan, as we saw at Bromley which experienced some further construction delays. That said, through persistence, passion and dedication, the team have overcome a number of onsite challenges and we have now opened and launched this mixed-use scheme, providing much needed homes, leisure, retail and parking for the town.

It has been pleasing to see the fruits of our hard work and reputation as we have further consolidated our position in our three core geographies of London City Region, Manchester and Dublin, taking on new trading and PPP opportunities and further transitioning our investment portfolio in line with our regeneration focus. These wins are no accident. They underline our differentiated approach and the wider strength within the team to identify and be awarded new opportunities.

Q. WHAT DO YOU SEE AS THE BIGGEST RISKS TO U+I IN THE YEAR AHEAD AND HOW DO YOU PLAN TO MITIGATE AGAINST THEM?

A.

Brexit has had a pervasive impact on our sector. Planning consents have been delayed, local authorities have been unable to proceed with regeneration schemes, investment decisions have been postponed at a corporate and individual level and there is declining consumer and business sentiment. These are issues that we have faced over the past year and continue to confront today.

Leadership uncertainty compounds these risks, as a change of Government may bring changes in policies, legislation and regulations, creating further complications around planning and development. This also makes it harder for companies to give guidance with any certainty.

We are however better placed than many to address these challenges. There is a genuine need for the work that we do – particularly as the public sector is under increasing pressure to maximise its existing assets – and PPP is a key way to improve productivity. There is also a real passion within U+I to do that work to the best of our ability, learning from experience so we can build a robust business for the future. Combined, these should help us to deliver our longer-term gains targets.

We are hopeful too that, once current uncertainty is lifted, decision-making will pick up and the pace of projects will increase.

Q. WHAT WOULD STOP YOU DELIVERING ON YOUR KPIs NEXT YEAR?

A.

Continued political and economic uncertainty is the biggest threat to our business in the short term as it is impacting market confidence and delaying decision-making. However, we have strong fundamentals to deliver on our targets – supported by a well-balanced portfolio across development, trading and investment, to manage our risk. We are also working on some truly exceptional projects that provide visibility for the next 10+ years and should deliver long-term rewards to shareholders. We have strengthened and realigned our team to ensure that we have the right skillset to drive our schemes forward and deliver results that combine creativity with efficiency and productivity.

Q. WHAT ARE YOUR VIEWS ON THE RETAIL ENVIRONMENT AND ITS IMPACT ON U+I's INVESTMENT PORTFOLIO?

A.

There is no doubt that the retail market is in the throes of fundamental change, which has affected the performance of ours and many other companies' investment portfolios. Overall sales are static but a growing proportion of consumer spending is taking place online meaning a number of retailers are suffering. That said, people still want convenience and they still want to enjoy the shopping experience. With that in mind, we take a great deal of care when we buy retail assets, choosing sites with a continued relevance for the consumer, ensuring the tenants are suited to the local catchment. They will typically offer some or all of community space, libraries, doctors surgeries, schools or other social infrastructure – making them relevant for the long term.

The current environment presents some good buying opportunities, hence our acquisition of three assets over the course of the year – all in relevant locations which we believe will deliver the double-digit returns we

look for. We will continue to seek out well-priced, mixed-use regeneration assets that can deliver long-term sustainable income, whilst also increasingly retaining elements of existing development projects in our portfolio where we can nurture them to realise their full value over a three to five-year period.

Q. WHAT DOES U+I MEAN BY PURPOSE AND HOW DO YOU PUT IT INTO PRACTICE?

A.

Every successful business needs a rallying cry, not least because today's employees want to feel as if they belong to something and are contributing to a greater good. At U+I, purpose lies at the very heart of our business – we want to turn underloved, overlooked sites into beautiful places to live, work and enjoy life.

Importantly, we want to do it properly so we work collaboratively with our partners from the very start of our projects. We listen to what communities want; we focus on worthwhile use, not just meanwhile use and we aim always to deliver places with a long-lasting positive legacy.

Q. WHAT ARE YOUR KEY PRIORITIES FOR THE NEXT 12 MONTHS?

A.

Our focus for the new financial year is on the delivery of our pipeline and ensuring that the business is positioned to deliver the results that our stakeholders expect in the most effective and value-driven manner.

We will seek out new funding partners to invest in our major PPP schemes and ensure that they move towards their long-term goals.

Beyond these goals, we will also seek to deepen our community involvement and create new industry standards. This will include setting up a new Community Engagement Panel to uphold the commitments we set out in our recent PPP – The Reset report to restore trust in PPP and hold us to account on our new projects, led by our new independent Non-executive Director Professor Sadie Morgan. This will help to imbue ourselves and the wider sector with vigour, determination and a tangible sense of purpose.

Peter Williams,
Chairman, U+I

IN THIS SECTION:

HOW WE MAINTAIN THE DISCIPLINE TO DELIVER


The Arts Building
W3
arriva

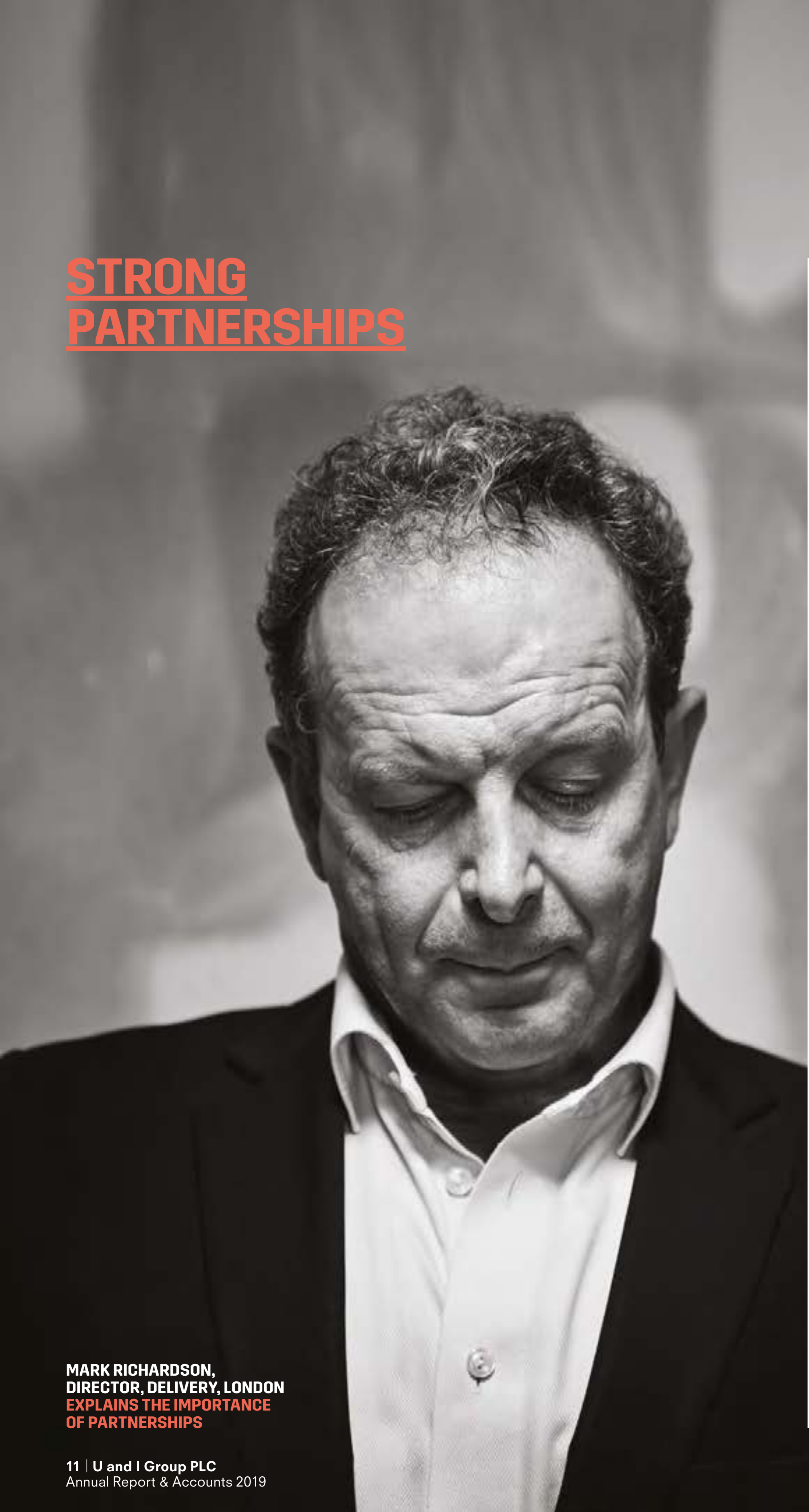
THE FIVE THINGS THAT MAKE US DISTINCTIVE

We build strong partnerships. We have a clear geographic focus. We challenge the status quo. We respect and celebrate heritage and culture. Most importantly, we deliver great places. These five things help us to stand out and drive our performance.

Our values of imagination, intelligence and audacity inform everything that we do, allowing us to realise the untapped potential in places where others can't.

Our values are equally important, anchored by our clear purpose. We are motivated every single day by the curiosity to innovate, the commitment to retain the soul and stories of a place, and the passion for creating neighbourhoods where communities can thrive.

STRONG PARTNERSHIPS



MARK RICHARDSON, DIRECTOR, DELIVERY, LONDON EXPLAINS THE IMPORTANCE OF PARTNERSHIPS

A relationship built on trust

We have built a close and trusted network of partners over a number of years. From public bodies and local authorities, to contractors, investors and architects, we bring together the best people to challenge ideas and keep innovating. We are not afraid to test ourselves; to get to the unvarnished truth.

Only recently, we spoke to 75 senior decision-makers in the public and private sector to find out what they think of us and what we need to improve. The trust and relationships we've built with these partners over time create new opportunities, support our over 90% success rate in planning, and create barriers to entry for others.

In 2018, we were named on the Mayor's London Development Panel, a vehicle expected to bring forward up to £20 billion worth of developable land over the next four years. This will allow us to bid on new regeneration projects.

How this helped us deliver in FY2019

Our close relationships enabled us to secure a fourth development opportunity in Ashford. At Newtown Works we will be working in partnership with Quinn Estates to transform a 12-acre brownfield site into a vibrant mixed-use scheme – delivering film and studio floorspace, homes, a hotel and quality public realm.

In our CEO review you can read more about our PPP campaign and the results it has had. Alternatively go to: www.uandiplc.com/thoughts

A CLEAR GEOGRAPHIC FOCUS

ARLENE VAN BOSCH, DEVELOPMENT DIRECTOR, DUBLIN
EXPLAINS WHAT WE LOOK FOR IN OUR REGIONS

The four Ts
We are focused on three high-growth geographies – London City Region (within one hour's commute from London), Manchester and Dublin. In each of these regions we have an intimate understanding of local communities, their cultures, histories and evolving needs.

These regions share a number of positive attributes we look for, including growing populations and strong, sustainable employment dynamics. Crucially too, they share four major factors we believe drive and sustain economic growth – talent, tourism, transport and tolerance – giving them huge, and exciting, long-term potential.

How this helped us deliver in FY2019
Having seen its potential in 2014, we redesigned and extensively refurbished Donnybrook House in Dublin, transforming it into a modern office building. We launched the building in October 2018, providing much-needed high-quality space, along with leisure facilities and retail for companies seeking to grow in this vibrant part of the city. We have now let the gym in the basement and discussions are underway with the creative and technology sectors to let the office space.

Find out more about the four 'Ts' on page 46

CHALLENGING THE STATUS QUO

SIMON HESKETH, DIRECTOR, REGENERATION LONDON
EXPLAINS WHY WE'VE CREATED A NEW PPP CHARTER

Thoughts with solutions
We will never shy away from difficult conversations or complex issues. We challenge conventions, call for change and promote innovation across the property sector to help find solutions. This means listening to partners, change-makers and risk takers, commissioning research and facilitating conversations to bring about real change that can transform our industry – its practices and perception – for the better. Public Private Partnerships (PPP) are a case in point. We believe that, done well, PPPs can deliver value and release potential for everyone; but that is not how they are seen currently. We spent months listening to key voices, from politicians and developers to community activists and councillors. Our aim was to understand the major issues and gauge what people really want and need. We published our conclusions in our report PPP – The Reset, published on our website.

How this helped us deliver in FY2019
Our work to understand the issues and challenges facing PPP resulted in us making a series of commitments to pioneer change and deliver a best-practice charter for our PPP projects. Our aim is to lead by example and restore trust in PPP, founded on a genuine partnership between developer, public sector and the community. In April 2019 we appointed Stirling prize-winner Professor Sadie Morgan as an independent Non-executive Director to lead on the establishment of a Community Challenge Panel, which will hold us to account on the commitments we made and measure our progress.

For more about our research, visit: www.uandiplc.com/thoughts

RESPECTING AND CELEBRATING HERITAGE AND CULTURE

JAMES HEATHER, DEVELOPMENT DIRECTOR, MANCHESTER
EXPLAINS WHY WE THINK IT'S IMPORTANT TO GET TO KNOW THE HISTORY OF A PLACE

Mayfield
Every building or piece of land has a soul and a story. For us, true regeneration is about working with that heritage and history to inspire the places of the future. We spend time with local communities to understand their hopes and aspirations so we can deliver places that they and future generations can be proud of. At Mayfield, we are committed to restoring the industrial character of this 24-acre former railway depot, which has been empty for over 30 years – creating a thriving neighbourhood in the heart of Manchester and creating over 10,000 local jobs.

How this helped us deliver in FY2019
Opening up Mayfield's arches for events, workshops and consultations throughout the year – and establishing Mayfield & Co, our co-working space for young businesses – has restored industry and creativity to once-abandoned buildings across the site. It has also helped us to form ongoing conversations with local communities. What we have heard has helped to shape a shared vision, creating a plan that will respect and restore the rich heritage, distinctive personality and architectural quirks of the original site. We are also submitting planning in summer 2019 for Manchester's first purpose-built public park in more than a century, which we are targeting completing in 2021. We secured endorsement for our Strategic Regeneration Framework in May 2018, winning an award for 'Best Planning Policy Document' in the process.

Read all about our Mayfield story at: www.mayfieldmanchester.co.uk

DELIVERING PLACES

JOANNA AXON, DEVELOPMENT DIRECTOR, LONDON
EXPLAINS HOW WE MAKE MEANINGFUL PLACES

Worthwhile beginnings make for worthwhile endings

We know that when we listen, we make better places and communities. The moment we secure a site, we open our doors to make use of spaces and places, starting conversations, adding value to communities and creating benefits that last. These include opportunities for independent businesses to grow and develop, cultural experiences, and places to meet, eat, drink, have fun and try new things. Other developers call this Meanwhile Use. We call it Worthwhile Use – not a temporary nice-to-have but an integral part of our regeneration process and an essential connection with local communities. It's about a social responsibility.

How this helped us deliver in FY2019

The Workshop at 8 Albert Embankment is a temporary community and arts space, which has welcomed over 48,000 people through its doors. Alongside the London Fire Brigade pop up museum, The Workshop is home to charities, social and start-up enterprises and artists, all with creativity at their heart and all committed to supporting local children and their families. The space complements our dedicated project website, which allows us to share our ideas and plans and, crucially, to consult extensively with the local community, before we submitted for planning for our mixed-use scheme in March 2019. This collaborative consultation process has meant we have been shortlisted for the 'Community Engagement in the Planning Process' category at the 2019 London Planning Awards and the 'Best Use of Publicly-Owned Land and/or Property in Placemaking' at the 2019 Planning Awards.

CHIEF EXECUTIVE OFFICER'S STATEMENT
CONNECTING IT ALL UP TO CREATE VALUE

STRONG PARTNERSHIPS
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URBANISATION

CHANGING FOCUS OF CAPITAL

POLITICAL AND REGULATORY UNCERTAINTY

"CONNECTING WHAT MAKES US DISTINCTIVE WITH THE MAJOR MARKET AND SECTOR TRENDS IS KEY TO OUR APPROACH AND FUTURE SUCCESS.

MANAGING AND MAINTAINING THIS ECOSYSTEM HELPED US TO GROW OUR DEVELOPMENT, TRADING AND INVESTMENT PORTFOLIO PIPELINES IN FY2019, AS WE CONTINUE TO FOCUS ON DELIVERING SUSTAINED RETURNS FOR OUR SHAREHOLDERS AND LONG-TERM ECONOMIC BENEFITS FOR THE COMMUNITIES IN WHICH WE WORK."

Matthew Weiner,
Chief Executive

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MATTHEW WEINER, CHIEF EXECUTIVE OFFICER, PICTURED AT U+I'S 8 ALBERT EMBANKMENT PROJECT.

U+I has delivered a robust performance in the financial period (to 31 March 2019), including £42.8 million of development and trading gains, against a very challenging backdrop. Our profit before tax was £6.3 million (2018: £48.2 million), and our basic net asset value is down 5.3% to 289 pence per share (2018: 303 pence per share), after the payment of £22.4 million of dividends (17.9 pence per share) during the period. Including joint venture assets, our investment portfolio delivered -1% total return (2018: 10.1%), as we suffered a 4.9% capital value decline. Post tax total return was 0.9% (2018: 12.2%), primarily reflecting the reduction in value of the investment portfolio.

These results show our resilience against an uncompromising market backdrop and a year marked by growing political, planning and economic uncertainty, without which we believe gains would have been in excess of our upper £50 million target. Over the last four years, we have delivered average gains of c.£50 million per annum, in line with our medium-term target.

Our markets

The medium-term economic fundamentals in the UK remain sound, if unspectacular, with consumers' real incomes increasing and companies having money to invest, albeit showing reluctance to do so. The real estate cycle has numerous long-term supportive forces at play, most notably in terms of the supply of new accommodation, which has been comparatively disciplined. Interest rates globally remain anchored at low levels and, with limited debt exposure, the market can stay relatively protected against a slowdown. At the same time, we are seeing the redefinition of space, in terms of usage and ownership.

Increasingly property is seen as a service; a provision to be subscribed to rather than owned outright.

This has widespread consequences. In the retail environment, it has led to a much faster degree of obsolescence. In the office environment, businesses need to occupy inspiring spaces or else talent is not interested in working for them. In residential, people are searching for spaces where they can feel truly at home, but with pressure on disposable income, affordability and convenience are prioritised over postcode.

As an industry, we need to provide those places and we need to do this by creating multi-use spaces that suit an increasingly 'co-everything' world. Political, economic and social demand for the type of mixed-use developments that we deliver will continue.

These are the challenges but they are also opportunities for U+I.

"INTEREST RATES GLOBALLY REMAIN ANCHORED AT LOW LEVELS AND, WITH LIMITED DEBT EXPOSURE, THE MARKET CAN STAY RELATIVELY PROTECTED AGAINST A SLOWDOWN."

Our opportunity

We are a specialist developer and investor with a substantial pipeline of complex mixed-use regeneration schemes. We seek to transform overlooked parts of towns and cities, through a mix of commercial and residential real estate uses, revitalising communities. We unlock the potential of land and assets – mainly in the densely populated areas of London City Region, Manchester and Dublin – to create value.

Our blend of large Public Private Partnership (PPP) projects, shorter-term entrepreneurial trading activity and recurring revenue from our investment portfolio – all centred on mixed-use regeneration – give our portfolio a clear focus and generate multiple income streams to help to mitigate risk. Our deep relationships with local stakeholders help us to identify suitable sites and better understand potential risks so we can facilitate planning and delivery.

The scale of our projects, our vision to see the potential in complex sites where others don't, our partnership approach with the public and private sector and our ability to secure funding for our PPP schemes create barriers to entry for others, and give us a competitive advantage.

PUBLIC PRIVATE PARTNERSHIPS

Strengthening our portfolio

We are making further progress on our stated strategic objective to develop a pipeline of fewer, larger projects with public and private partners in our three core geographies.

In July 2018 Cambridge City Council and Anglian Water appointed us as master developer to deliver a major residential-led mixed-use scheme – named Cambridge Northern Fringe East (CNFE) – on an existing water recycling site, to help address the significant shortfall in homes and amenities in this region. The scheme secured £227 million in funding from Government's Housing Infrastructure Fund in March 2019 to relocate Anglian Water's existing water recycling centre and release the core 120-acre brownfield site. Having met this key milestone, the project is now progressing at pace. It will deliver c.£20–30 million of development and trading gains for U+I over its c.15-year lifespan, with our first profits expected in FY2023. These gains could increase should we bid for and be selected to deliver any elements of this project ourselves.

Public Private Partnership:
Long-term, large-scale, mixed-use regeneration projects in partnership with public and private bodies. Equity light, these are undertaken with a public-sector landowner, who seeds the partnership with land. This means low upfront capital requirements for U+I. We capture value through development margin, as we deliver the amenities, offices, homes, jobs and public assets that communities need, and which resource-poor local authorities would otherwise struggle to deliver alone.

We remain in exclusive negotiations for a new PPP project in the London City Region and are also still on the shortlist for a major partnership opportunity in Dublin, and expect a decision on both in H1 2020. Combined they have a Gross Development Value of c.£2.0 billion.

In August 2018, we were also appointed to the Greater London Authority's (GLA's) London Development Panel which will bring forward up to £20 billion worth of development land over the next four years. This opens up new opportunities and supports our position on TfL's Property Partnership Framework, a position we have held since 2016.

> "WE ARE MAKING FURTHER PROGRESS IN OUR STATED STRATEGIC OBJECTIVE TO DEVELOP A PIPELINE OF FEWER, LARGER PROJECTS."

PPP is an integral part of our business and support for it was reinforced by Government in the November 2018 Budget. Yet it is often misunderstood as a mechanism for change and faces some reputational challenges. In the financial period we undertook an extensive research, consultation and listening programme with the public, private and civic sectors in an effort to understand these challenges, establish a blueprint to address them and drive new industry standards. We published our findings in our PPP – The Reset report in November 2018, whilst also making a number of specific commitments which will enhance and improve our approach to PPP. Most notably, we will establish a Community Challenge Panel which will be overseen by our recently appointed independent Non-executive Director, Professor Sadie Morgan, to hold ourselves to account on our commitments. The process to appoint the Panel is underway.

More about our PPP commitments online: www.uandiplc.com/thoughts

DEVELOPMENT AND TRADING

Steady progress in a difficult market

Public Private Partnerships are an essential part of our business and these projects tend to be large, long-term and equity light as the public or private sector seeds the partnership with land. In contrast, and crucially as a counterbalance to these large, long-term projects, our trading portfolio is shorter-term in nature. We buy land and add value through enhanced planning consents and/or asset management, leveraging our experience in mixed-use regeneration and local authority relationships that we have nurtured and developed over the last 25+ years.

Having achieved development and trading gains of £12.8 million in the first half, we added another £30.0 million in the second half, totalling £42.8 million for the financial period and reflecting our typical second half weighting. However, some projects were delayed – including Kensington Church Street and Rhoscrowther Wind Farm, both of which we now expect to monetise in FY2020. Some, like Hendy Wind Farm, we took a different approach to benefit shareholders, whilst others exceeded expectations. A full breakdown of the projects that underpinned this financial period's gains is provided in the Portfolio Review. It demonstrates the diversity and flexibility we have within our portfolio.

Preston Barracks in Brighton has been a particular highlight for us this financial period as we achieved gains of £13.8 million, significantly ahead of our £2–3 million target. This was mainly achieved through the sale of the residential component to Optivo, one of the largest housing providers in the UK, and some additional planning overage gains from our partnership with Scape Student Living. Optivo recognised the quality of the proposed scheme and, as experts in affordable housing, they are perfectly qualified to deliver this part of our wider £200 million GDV mixed-use development, that will provide over £280 million of economic benefit for the City of Brighton over the next ten years.

Preston Barracks, Brighton

Trading:
Short-term trading opportunities where we apply our expertise in sourcing and buying undervalued land and buildings, creating value through enhanced planning consents, change of use or asset management. Our relationships and understanding of the market allow us to focus on opportunities where terms of trade are in our favour and we can realise value efficiently.

> "DURING THE FINANCIAL PERIOD WE HAVE FOCUSED ON BUILDING OUR SHORTER-TERM PIPELINE TO SUPPORT OUR LARGER, LONGER-TERM PPP PROJECTS."

Harwell continues to evolve into a key project for us. This world-class, Government-backed science, technology and innovation campus, where we have worked since 2014, delivered £4.8 million of development and trading gains in the financial period. This follows the completion of two pre-let developments and the sale of a significant piece of land to an existing occupier. In the last five years we have delivered and leased 350,000 sq.ft. of space on the campus. In March 2019, our joint venture partnership secured £110 million of funding from Santander, committing further resources to the next stage of development, which in the next two years will deliver over 200,000 sq.ft. of high-tech industrial, laboratory and office accommodation.

With Harwell and CNFE, we now have two major PPP schemes in the Cambridge/Oxford corridor. In line with Government, which is investing heavily in these locations, we too see this growth corridor as a focus for innovation and talent and we are committed to continuing to grow our presence here.

During the financial period we secured planning permission and commenced construction works at Hendy Wind Farm. We also entered discussions to sell the project at a level that would have delivered our forecast gain. However, as we moved to close, we did not feel the terms and price reflected the ultimate quality of the scheme. Therefore, as with Bryn Blaen last year, we felt it was prudent to delay as we believe we can get a better return for shareholders if we sell in FY2020 when the project works have been completed.

In the second half of the financial period we achieved practical completion at St Mark's Square in Bromley. There is a good level of buyer interest in the completed residential units and the leisure element is open and trading well. However, due to construction delays in the second half of the year, we have incurred increased professional fees as well as higher interest charges as sale receipts were delayed, leading to a provision of £1.5 million. We are in the process of settling the final account with the contractor and expect to resolve the situation during FY2020.

During the financial period we have focused on building our shorter-term pipeline to support our larger, longer-term PPP projects. At the start of the financial period we revised the structure and focus of our acquisitions team towards trading and this has delivered three new trading opportunities. All in our core geographies, the Arts Building in Finsbury Park, Newtown Works in Ashford and White Heather Industrial Estate in Dublin are a further demonstration of our ability to source exciting opportunities. We expect them to generate strong gains for the business over the next one to three years, giving us improved short-term pipeline visibility.

More about the market we operate in online: www.uandiplc.com/investors/how-we-create-value/our-market

INVESTMENT PORTFOLIO

Investment:
This is a recurring revenue achieved by acquiring assets with a regeneration focus that will deliver a sustained yield. We seek out sites that we believe have been overlooked and add value through smart asset management. Where we develop a site, we are increasingly looking to bring it into our investment portfolio to drive value and nurture it over time. Alternatively, we find sites with longer-term regeneration potential, that can potentially feed our development pipeline.

The regeneration opportunity

At the year end, the investment portfolio was valued at £154.0 million (2018: £139.5 million). Over the 13-month period we made £27.4 million of acquisitions and £7.5 million of disposals. The core portfolio initial yield of 6.6% remained robust, confirming the work we have done on income sustainability. However, we suffered a capital value decline of 4.9% (including our share of joint ventures) as market sentiment outweighed asset fundamentals, especially for retail property outside London and the South East. Including joint venture assets, we delivered a total return of -1% which takes into account capital value movements and income return. Our activity levels were below the £50 million acquisitions and £25 million disposals targets we set ourselves for this financial period but we believe it is essential, particularly in the current environment, to remain disciplined and buy and sell the right assets at the right price.

We remain encouraged by the high levels of occupancy across our portfolio (>90%), largely unchanged rental values and low voids (7.3%), evidence that smart buying and active management can deliver income-led results, even when the investment market is challenging overall. With such a strong convenience focus (38.1% of portfolio), no department stores and only 13.6% exposure to fashion/footwear, our portfolio has the fundamentals to deliver. Retail failures from CVAs and administrations continue to have only a small impact, representing 2.4% of rental income. Of this, the net impact to income was only £75,000 or 0.6% of rent roll. We also have limited exposure to any one single tenant, with our largest – Matalan – making up less than 5.0% of total income.

The UK property market is uncertain, with liquidity weakening, mainly due to the nervousness triggered by delays in decision-making at Government level. We believe that retail assets are being indiscriminately valued rather than being assessed on fundamentals. This creates clear challenges for us as vendors and asset managers but also provides opportunities as buyers.

To that end, we have remained cautiously active in recent months, using this market uncertainty to make three attractive acquisitions: St Peter's Quarter in Bournemouth, Waterglade Retail Park in Clacton-on-Sea and a Pure Gym unit in Finchley. Each of these assets is well-suited to the local catchment, has the potential for us to add further value through asset management initiatives and should deliver the double-digit returns we look for.

Our portfolio is primarily in the retail sector, where shopper missions are polarising along the lines of destination/experience orientated visits or service/convenience. Our focus remains on convenience-led schemes which are aligned to their local catchment and play a vital role within the community. Here demand remains robust and there is a certain degree of insulation against the ongoing shift to internet shopping and changes in consumer behaviour.

> “WE REMAIN ENCOURAGED BY THE HIGH LEVELS OF OCCUPANCY ACROSS OUR PORTFOLIO (>90%), LARGELY UNCHANGED RENTS AND LOW VOIDS.”

Over time, we believe the industry will need to reconsider what ‘prime retail’ really means. Ultimately, the most attractive retail assets are those that provide a sustainable income by offering the right experience to the consumer and the right price for the occupier. These are the assets that we pursue, not ‘prime’ in the conventional sense but fit for purpose, resilient and delivering sustainable income and capital appreciation.

Having delivered our target return in FY2018, we have been disappointed by the performance of the investment portfolio over the 13-month period. We acknowledge that our approach has not delivered consistently over the last three years. We have previously spoken of the potential to retain elements of our development portfolio and benefit from the opportunity to realise further value as those schemes mature. As our development portfolio has grown in size, so this potential is now a reality and will allow us to benefit from the world-class schemes which we have created and of which we have a deep understanding. Most importantly, this reinforces the business’s focus on regeneration, whilst also driving higher returns to shareholders, such that over a three to five-year period we expect to see investment portfolio returns closer to our overall target return.

Initially we have identified potential assets worth up to £250 million from our development pipeline which would meet our investment portfolio criteria. This means that by 2024 the investment portfolio should primarily be comprised of assets created from our development portfolio or assets held for their longer-term development potential. We know that we can achieve our targets and recapture previous levels of performance.

More about our Investment portfolio online:
www.uandiplc.com/our-places

Capital initiatives to enhance delivery

In order to advance some of our bigger schemes, we have held a number of meetings with potential capital partners from around the world to invest, initially, in up to three of our major PPP projects. We have been encouraged by the level of engagement and interest in our projects from a range of private and institutional capital from across the globe, albeit UK political uncertainty has meant that progress has been slower than we would like, with capital showing some reticence to invest. However, empathy with the UK remains and potential capital partners have been attracted by both the quality of the projects and their locations within our gateway cities. We are in the process of shortlisting potential partners, whom we think are the best fit, see the potential of these assets and share our vision for our major projects. We are targeting concluding the process in 2020 and will give a further update on progress at our interim results in November 2019. Securing funding allows us to advance our projects cost-efficiently, ensures timely delivery of our projects in conjunction with our public sector partners and means we can rotate capital into new schemes.

Efficiencies programme underway

We remain focused on maintaining capital discipline and a strong balance sheet. As reported in our interim results, we have put in place an efficiencies programme to ensure that we continue to manage our recurring overheads as effectively as possible, given our prospective pipeline of projects. This is being led by a Chief Operating Officer who was appointed in January 2018 on an interim basis to undertake a review of all areas of the business and identify and implement cost savings. Annualised net recurring overheads in the financial period were £17.8 million (2018: £20.3 million).

Currently we employ certain specialist development-related expertise internally, such as project management and marketing, rather than using external specialists. We do this as it gives us more immediate control over certain aspects of our projects. Historically we have viewed this as a central cost/overhead expense. In order to more closely align ourselves with and be more comparable to our peer group, we are now adopting the industry-wide practice of capitalising that expenditure where appropriate rather than treating it as a corporate overhead. This has led to capitalisation of £2.5 million in FY2019, which is expected to be the level for future years.

To further increase efficiencies, over the financial period, we have undertaken an internal review of each part of the business, which has led to us realigning teams and improving some of our processes so we now believe we have the right team size, structure and skillset, relevant to the scale, value and stage of each project. As we conclude our existing smaller and legacy projects and continue to focus on fewer, larger projects, productivity will increase and support more efficient delivery. Furthermore, as we move into the delivery phase of our pipeline, we will increase the opportunity to earn additional Development Management Fees to offset our overhead. Development Management Fees generated in FY2019 were £2.5 million, a figure which we expect to increase annually over the next five years, with £3.0 million targeted in FY2020.

Dividend – aligning shareholders with our performance
In line with our dividend policy we paid an ordinary dividend of 5.9 pence per share – comprising an interim dividend of 2.4 pence per share paid on 30 November 2018 and a recommended final dividend payment of 3.5 pence per share to be paid to shareholders on 6 September 2019.

As part of our dividend policy we also pay a supplemental dividend related to the net free cash flow generated during the financial period. Given the strength of our net cash position, we are pleased to recommend a supplemental dividend of 4.1 pence per share (2018: 12.0 pence per share).

This will be the fifth successive supplemental dividend paid to shareholders, evidence of our ability to generate strong and sustained surplus cash flows from our development and trading activities, as well as our commitment to aligning our shareholders with the success of the business.

We constantly monitor the method by which capital is returned to our investors and the Board will review this again over the course of the coming year.

Innovation to unlock potential and drive growth
Mixed-use regeneration is about breathing new life into neglected or underestimated places and we believe that innovation is an integral part of that process.

Having re-established the Central Research Laboratory at The Old Vinyl Factory in Hayes as the UK's first full-service accelerator for hardware entrepreneurs, we have taken this proof of concept and committed £3 million to develop an innovation hub proposition we call Plus X. This brings together public and private sector capital to promote innovation, enhance job creation and give fledgling businesses and SMEs room to grow, while simultaneously driving demand for commercial space and delivering distinctive places. The first Plus X will open at Preston Barracks in Brighton in early 2020 and we have also submitted planning for a revised facility at The Old Vinyl Factory. This is just the start, as we plan to develop further Plus X holdings at other major regeneration projects. This concept delivers substantial wash over of value to our wider regeneration activity and we believe it is the first of its kind in our industry. In time, we expect Plus X to create additional value for U+I through securing further PPP opportunities such as Preston Barracks, whilst becoming a potentially valuable and scalable business in its own right.

During the financial period, we also made a deliberate move to explore innovation in property technology that has a direct benefit to delivering better outcomes for our projects. Having been early adopters of their product, in October 2018 we made a small investment into WiredScore, the market leader in certifying building technology. As users, we believe there is tremendous growth potential for the technology, not just in commercial property, but increasingly in residential where connectivity and quality of infrastructure are of growing importance. Since the period end, we have also invested in Matterport, the 3D virtual reality modelling experts for the real estate sector. In our role as strategic advisor to these two businesses, we can share expertise, whilst getting an opportunity to see first-hand some of the new cutting-edge technologies that could inform our future approach to our schemes and help us to keep innovating. Given the speed at which the world is moving, we will continue to seek out relevant new innovations to invest in, where we can harness technology to get insights that will support our decisions and allow us to stay ahead of new trends, to deliver great places that meet people's needs, not just now, but for the future.

"U+I HAS EVOLVED FROM A NEWLY-FORMED BUSINESS INTO A RECOGNISED BRAND WITH A PORTFOLIO OF LANDMARK REGENERATION ASSETS ACROSS LONDON CITY REGION, MANCHESTER AND DUBLIN."

Strengthening the team
In recent years, U+I has evolved from a newly-formed business into a recognised brand with a portfolio of landmark regeneration assets across the London City Region, Manchester and Dublin.

That transition would not have been possible without our people, the backbone of our business and the inspiration for everything we do. Whilst our land bank can provide the raw material from which we can generate returns, it is our team that will realise this potential. In this vein, we need to do more and prove that we can execute, as well as originate. That involves ensuring that we have the right talent and structure to deliver on our KPIs and develop as a business.

To that end, from 22 May 2019, Richard Upton becomes Chief Development Officer. The Board has long felt that the Deputy CEO title did not fully reflect Richard's role. His ability to develop and realise a compelling vision, to build the necessary trust and relationships across stakeholder groups, and find solutions that benefit everyone are essential to our business. His job content will not change but this new title better indicates his focus, where he has accountability and responsibility for the origination of new opportunities, exploiting the potential within our increased pipeline and execution of our major PPP projects, including Mayfield in Manchester and 8 Albert Embankment in London.

We are also pleased to announce that Professor Sadie Morgan, founding director of architects practice dRMM, has joined the Board as an independent Non-executive Director with effect from 3 April 2019. A Stirling prize-winner, a commissioner on the National Infrastructure Commission and chair of the Independent Design Panel for

High Speed Two, Professor Morgan brings with her a wealth of knowledge and a genuine commitment to PPP as a source of long-term regeneration. As well as chairing our Community Challenge Panel to hold us to account on our PPP commitments set out in PPP – The Reset, Professor Morgan will oversee the establishment of a workforce advisory panel, acting as a conduit between the Board and our people to support employee engagement and ensure we are sustaining an inspiring culture relevant to our vision.

Worthwhile Use:
From day one of securing a site, we use our spaces and places to add value to communities, hear their views and create benefits that last. Benefits such as risk-free opportunities for independent businesses to grow and develop, cultural experiences, and places to meet, eat, drink, have fun and try new things. This positive change rooted in the local community allows us to understand their needs and frame our projects around these.

Find out more about Board induction process
Page 119

OUTLOOK

Delivering sustainable long-term returns for shareholders

U+I sits at the heart of major trends. We are regeneration specialists with the experience, understanding and creative talent to turn underestimated and overlooked sites into vibrant, mixed-use places that enhance productivity, drive economic growth and contribute constructively to communities.

The raw material is there – neglected public sector land in our chosen geographies – with the public sector increasingly under pressure to deliver greater productivity from its real estate. The need has never been greater, people want to live in better homes, work in better places and lead better lives. We have the skillset and the relationships to enable and support central and local government to meet its targets, whilst addressing the shortfall in quality mixed-use spaces that will benefit local communities. That is our focus and we are confident that we can deliver over the long term.

The short-term will be more challenging, as markets face political and economic uncertainty. The Brexit delay spells another six months of uncertainty and will keep investment and hiring decisions on hold. This has had a direct bearing on our FY2019 results and has meant that we have revised our development and trading gains target for FY2020 from £45–55 million to £35–45 million and our FY2021 target from £35–45 million to £45–55 million. We have reviewed our pipeline as a whole and, although we have moved Kensington Church Street, Hendy Wind Farm and Rhoscrowther Wind Farm into FY2020, this lowering of our target and retaining this larger guidance range reflects the market we currently operate in, where we expect wider factors – in particular the fallout from the political crisis at both central and local government levels – to delay decision-making and, in turn, the delivery of some of our gains.

Of course, within this increasingly complex political and planning environment there is opportunity for a business such as ours that treats community engagement as central to delivering schemes that can heal the divides that are blighting our cities. There is a need for knowledge and expertise to find opportunities amid the uncertainty.

We remain a total return business and are committed to our longer-term target of 12% average post tax total return and 10% average investment portfolio total return, and believe we have the right strategy and team to achieve these over time.

In the year ahead, we will focus on securing planning consents and delivering our development projects, while remaining alert to shorter-term trading or new investment opportunities where they align with our regeneration focus, as well as possible new PPP opportunities in our three core regions.

Our efficiencies programme enhances our ability to deliver value for shareholders for the long term. Our funding partnerships are part of this programme, enabling us to drive returns, while delivering on our commitments.

I want to thank the team for their hard work and contribution over the last 13 months. Against an exceptionally difficult backdrop, our people have continued to demonstrate the curiosity, passion and commitment that helps us to secure flagship projects and deliver on our key purpose 'to unlock long-term value for all through regeneration'.

Notwithstanding market conditions, we have strengthened our short and long-term pipeline, giving good future visibility. I am enthusiastic about our ability to deliver our projects and create a successful, motivated and inspirational company.

Matthew Weiner,
Chief Executive Officer, U+I
21 May 2019

PORTFOLIO REVIEW

The U+I portfolio comprises a balance of longer-term PPP projects, shorter-term trading opportunities and investment assets. These three elements combine to maximise value creation, providing multiple routes to market, diversifying our earnings stream and mitigating risk through the economic cycle.

There is a strong connected theme running through our schemes. They are focused on regeneration; they are focused on our core geographies of London City Region, Manchester and Dublin; and they are expected to benefit from what we believe to be the four key drivers of economic growth – talent, tourism, transport and tolerance.

Importantly too, each element benefits from the others, to create a unified business, where the whole is greater than the sum of the parts.

Development and trading

- **Development:** large-scale, mixed-use regeneration projects that are designed to deliver significant value over time. Often structured as Public Private Partnerships, these comprise 31% of gross assets and deliver multi-year profit flows.
- **Trading:** shorter-term trading opportunities where we buy land and add value through enhanced planning consents and/or asset management. These comprise 39% of gross assets and deliver profit flows over one to three years.

Investment: Assets that provide recurring income, the proceeds of which support our development and trading activities. These assets also offer optionality for asset management or change of use to drive incremental value. They comprise 30% of gross assets.

We use our values of imagination, intelligence and audacity to bring vision and verve to our business and our projects. We have always thought of the communities who will populate the places we create. With this in mind we have increasingly recognised that the generations of today are more interested in affordability and convenience than postcode. This understanding – combined with hard work and an increasingly talented team – have helped us to gain the trust of stakeholders in both the public and private sector, and thereby win landmark projects. These will become the core assets of the future and we intend to deliver them with our capital partners.

DEVELOPMENT AND TRADING

PPP
Transforming sites into vibrant mixed-use communities.

Financial characteristics:
Multi-year profits.

Profit driver:
Developing site and subsequent letting/disposal.

TRADING
Improving land value, primarily through planning or asset management.

Financial characteristics:
1–3 year profits.

Profit driver:
Disposal.

During the financial period, we delivered £42.8 million of development and trading gains. A summary of our realised gains and losses in FY2019 can be found on page 26.

Our business model
Page 50

Find out more about our principal risks and uncertainties
Page 82

LANDMARK COURT
LONDON CITY REGION

Clear geographic focus
1.7 acres near London Borough Market and the Shard, one of London's most vibrant sub-markets. The site had been forgotten and derelict for 25+ years.

Strong partnerships
£240 million GDV Public Private Partnership working in joint venture with Transport for London to deliver a major commercial-led mixed-use development.

Respecting and celebrating heritage and culture
Our biggest challenge has been creating a scheme that both preserves the heritage of the retained buildings in this historically fascinating setting, and enhances and retains the neighbouring Crossbones memorial garden which dates back to 1746.

Delivering places
Creating a thriving cultural, social and economic hub for an undersupplied commercial, retail, creative and residential market that will complement the fabric of the neighbourhood.

FY2019 highlight
Extensive consultations with local communities and businesses to understand their needs, ahead of submitting our detailed planning application on 8 March 2019.

What to look for in FY2020
Resolution to grant planning expected in Autumn 2019; closing funding Q2 2020; start on site in 2020; targeting delivery of the completed scheme in 2023.

SUMMARY OF OUR REALISED GAINS AND LOSSES IN FY2019

PROJECT NAME	VALUE TRIGGER	PREVIOUS TARGET	REALISED GAINS/ LOSSES
Bicester (Mixed-Use Scheme A), London City Region	Completed disposal of this retail-led, mixed-use scheme, conveniently located opposite Bicester Village, to Value Retail.	£3–5m	£4.0m
Bryn Blaen Wind Farm, Wales*	Completed disposal in March 2019. Gain is slightly below our target due to increased costs in connecting the site to the grid.	£6–8m	£4.7m
Charlton Riverside, London*	Completed sale in H1 to Hyde Group. This was the final disposal of the site we assembled in Charlton Riverside and was held in joint venture with Proprium Capital Partners.	£2–4m	£3.3m
Harwell, Oxford*	Sale of a plot of land to facilitate an existing occupier's expansion on site and completion of two pre-let developments totalling 65,000 sq.ft.	£4–6m	£4.8m
Kensington Church Street, London*	The scheme was approved by the Mayor of London in September 2018. However, in March 2019, the Secretary of State for Housing, Communities and Local Government called in the scheme leading to an inquiry in November 2019. This delay restricted our ability to deliver gains this financial period. We, alongside our joint venture partners, continue to seek a timely outcome and are targeting realising gains in FY2020 – either through development of the site or refinancing of the site post planning. However, this is dependent on the timing of the decision by Government post the inquiry. We have slightly reduced our forecasts for FY2020 to reflect the delay.	£5–7m	£0.0m
Curzon Park, Birmingham*	This asset has been acquired by the Government as part of the HS2 project. The gain represents our share of the estimate of the fair value due to Curzon Park Limited of the land that was subject to a CPO during the financial period. We remain in negotiations with HS2 to agree the final level of settlement.	£4–7m	£9.3m
Preston Barracks, Brighton	Disposal of the residential element of the site to affordable housing provider, Optivo and further gains from planning overage from our partnership with Scape Student Living. This project highlights the potential for successful PPP schemes. The gains exceeded expectations, largely reflecting the quality of the site.	£2–3m	£13.8m
Wind Farm Projects – Hendy and Rhoscrowther	Planning for Hendy was secured on 30 October 2018 but we made a strategic decision not to sell the project during the year in the strong belief that we could realise more value by delivering a built out site. We expect to exchange on a sale in H2 2020 which should deliver £4–6 million gains. As announced at our interim results, planning consent was delayed at Rhoscrowther, meaning we missed the subsidy window. We now expect to deliver lower than previously expected gains in FY2020 through delivery of a non-subsidised scheme. A planning application will be submitted shortly.	£10–12m	£0.0m
Other (8 projects)	Various smaller projects, contributing less than £3.0 million apiece. These include completion of the final units at Ilford, delivering £1.6 million; development profit from the student accommodation at Circus Street, Brighton for £1.8 million, and the sale of the Assembly Buildings and Veneer Building at The Old Vinyl Factory, Hayes. It also includes a provision of £1.5 million at St Mark's Square in Bromley where we incurred increased professional fees and interest charges as receipts were delayed due to construction delays.	£9–12m	£2.9m

* Held in joint venture

New trading opportunities
We have continued to grow our trading pipeline with three new opportunities that are expected to generate strong gains for the business.

Arts Building, London City Region
In January 2019, we acquired the Arts Building in Finsbury Park, a c.50,000 sq.ft., five-floor warehouse-style building. The transaction was completed off-market, highlighting the strength of our network and our ability to move quickly when necessary. Located less than 10 minutes from Central London, we will refurbish the offices and convert the ground floor warehouse space into offices and re-let. It is our intention to revalue or sell, generating gains in FY2020.

Newtown Works, London City Region
In December 2018, we completed a funding deal with Quinn Estates to acquire Newtown Works, a 12-acre brownfield site in Ashford. This is our fourth transaction in the town, underlining the trusted relationship that we have developed with local stakeholders, including Ashford Borough Council. Work is already underway to transform the site into a dynamic mixed-use scheme, likely to begin generating profits from FY2020.

White Heather Industrial Estate, Dublin
In December 2018, we acquired the White Heather Industrial Estate in Dublin as a medium-term trading opportunity. This builds on our previous strategy of identifying industrial land with potential for residential-led mixed-use regeneration.

Outlook for FY2020
We have reviewed our portfolio for the coming financial period, including the addition of Kensington Church Street, Hendy Wind Farm and Rhoscrowther Wind Farm that have moved across from FY2019. Based on our current pipeline, we are targeting development and trading gains of £35–45 million in FY2020 (revised down from £45–55 million) and £45–55 million in FY2021 (revised up from £35–45 million). The projects listed below are expected to make up this target but, as always, these can change and we have the ability to flex this mix of projects where appropriate.

We have a strong pipeline of short and long-term projects and are focused in the year ahead on delivery across these. This includes securing planning consents at 8 Albert Embankment and Landmark Court – two of our major PPP projects in London City Region which we submitted for planning in March 2019 – whilst also securing planning for the first phase of our £1.1 billion mixed-use regeneration project at Mayfield, Manchester, for a 6.5 acre park, office and parking space.

As well as driving value from our existing portfolio, in line with our strategic aim of growing our portfolio with high-quality projects, we will continue to seek out opportunities that meet our regeneration focus, where we can broaden our shorter-term trading pipeline and complement our longer-term PPP pipeline across London City Region, Manchester and Dublin.

Mayfield, Manchester future scheme.

PROJECTS EXPECTED TO DELIVER FY2020 GAINS

PROJECT NAME	VALUE TRIGGER	TARGETED GAINS
Arts Building, London	Completion of works, letting and subsequent sale.	£8–10m
Newtown Works, Ashford	Securing planning and initial lettings/disposals.	£5–7m
Kensington Church Street, London*	Surplus arising from either development of the site or refinancing of the site post planning.	£4–6m
Hendy Wind Farm, Wales	Completion of construction and sale.	£4–6m
Rhoscrowther Wind Farm, Wales	Planning and sale.	£1–3m
Other	Various smaller projects individually contributing <£3.0 million.	£13–15m

* Held in joint venture

CIRCUS STREET, BRIGHTON
LONDON CITY REGION

Delivering places
Turning a derelict fruit and vegetable market into a thriving hub, addressing the shortfall in new homes, student and office accommodation, whilst delivering The Dance Space (a new home for South East Dance) to support the social infrastructure. The project is expected to provide over 400 new jobs and add £200 million of gross value to the local economy over the next ten years.

Strong partnerships
£130 million Public Private Partnership with Brighton & Hove City Council, with funding from GCP Student Living Plc and Gravis Capital Management Limited.

Challenging the status quo
Our challenge for this scheme was to create a sustainable, productive, healthy blueprint for city life, with a focus on travel by bike and foot. The design promotes green energy, creativity, communal, responsible, neighbourly living, working and socialising.

Clear geographic focus
Within one hour's commute from London, and in a city known for top creative talent, tolerance for diversity and tourism.

FY2019 highlight
Topping out celebration of the tallest building on site in April 2018 and topping out of The Dance Space in January 2019.

What to look for in FY2020
Practical completion of student and residential units, welcoming the first tenants. Opening The Dance Space.

INVESTMENT PORTFOLIO

Smart asset management where there is regeneration potential.

Financial characteristics:
Recurring stable income and capital growth.

Profit driver:
Potential sale in excess of book value or capital value through revaluation.

During FY2019, we completed £27.4 million acquisitions, £7.5 million disposals and £4.6 million asset management initiatives, as outlined in the chart. Our target for FY2020 is to deliver c.10% total return, albeit delivery of this could be challenging in current markets.

PROJECT NAME	OVERVIEW	VALUATION
Disposals		
Killingworth Centre, Newcastle	In line with our focus on three core geographies, we identified Killingworth as a strategic disposal in 2018. In FY2019, to reduce our risk, we sold off the Mall element where we felt income was not sustainable. We have retained the long-term income from Matalan and Home Bargains units, yielding >8.5%.	Mall element sold for **£7.5 million** yield of **9.4%**
Acquisitions		
St Peter's Quarter, Bournemouth	Bournemouth is largely populated by students and older, affluent retirees. St Peter's Quarter, a 98,000 sq.ft. mixed-use scheme, fits neatly into this demographic. Comprising student accommodation, leisure and retail, the asset is generating a strong income return and there is significant potential for further growth/asset management. In recent months, we have let additional space in the basement and benefited from break clauses not being exercised due to strong trade. We believe it will achieve a >10% total return, with 56% of the rent subject to fixed or RPI uplifts.	Acquired for **£11.3 million**
Waterglade Retail Park, Clacton on Sea	A convenience site occupied by four tenants (B&M, Halfords, Iceland and Carpetright), this acquisition exemplifies our understanding of the retail market and the niche opportunities it presents. All four tenants are well-suited to the local catchment, the investment generates an initial yield of 9.3%, with the opportunity to deliver double-digit returns through asset management and lease re-structuring. Since financial period end, we have re-geared the B&M lease, extending the term by eight years and generating a c.£600K capital uplift.	Acquired for **£11.3 million**
Pure Gym Unit, Finchley	This leasehold asset was acquired off-market. Located on an acre of land, the transaction builds on our relationship with the London Borough of Barnet and meets our investment criteria as an income-generating asset with longer-term regeneration potential. It offers a net initial yield of 5.9%, expected to rise to over 7.0% at rent review in 2021. The residual value with planning for residential uses and vacant possession would be materially higher than current investment value.	Acquired for **£4.8 million**
Material Store and Boiler House, The Old Vinyl Factory, Hayes	Transferred from our development portfolio into our investment portfolio on practical completion, demonstrating how we can nurture quality assets where we see longer-term potential. Units were pre-let.	
Asset management initiatives		
Harwell, Oxford	The campus environment is improving, as we build new accommodation and the campus continues to attract top talent. This will drive rental growth by the creation of new headline rents. During the financial period, we also restructured the lease at the adjacent Gemini building, increasing the value of the asset by £2.0 million. We also completed an outstanding rent review on the Element Six building, securing an uplift in value of £3.5 million; our share being £0.9 million.	

Our strategy
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Find out more about our corporate governance
Page 94

Key statistics

	31 Mar 2019	28 Feb 2018
Portfolio value	**£154.0m**	£139.5m
Valuation change	**£(11.2)m**	£(2.4)m
Number of assets held	**19**	16
Value of disposals	**£(7.5)m**	£(53.2)m
Initial yield in the period	**6.6%**	6.2%
Equivalent yield	**7.9%**	8.3%
Contracted rental value	**£11.7m**	£8.9m
Estimated rental value	**£13.1m**	£10.7m
Voids	**7.3%**	7.9%

Specialist platforms

Our specialist platforms, focused on office refurbishments and income-generating strategic land in the London City Region and Dublin, combine our skills and experience with the balance sheet strength of our joint venture partners, Colony Capital and Proprium Capital Partners. More details of our five projects across the two platforms can be found below.

PROJECT NAME	OVERVIEW	FY2020 TARGET
Donnybrook House, Dublin	We completed the refurbishment of Donnybrook House, increasing the net lettable space by 37% and launched this landmark six-level office development in October 2018. Since the end of the financial period, we have let the gym in the basement and discussions are underway with the creative and technology sectors to let the office space.	Targeting the building being fully let and a subsequent sale.
The Hive (formerly Ballymoss House), Dublin	Construction started in August 2018 to refurbish and extend The Hive building, providing much needed office space to the undersupplied Dublin market. It has already attracted considerable letting interest.	Targeting practical completion of construction in August 2019, pre-letting the building and a subsequent sale.
Carrisbrook House, Dublin	Secured planning permission at Carrisbrook House in October 2018, having acquired the building in August 2017 as a neglected property with significant upside potential.	Revising planning consent to take advantage of new Dublin City Council planning guidance on heights.
The Record Store, Hayes	Progressing fit out.	Targeting fully letting building and sale.
Proprium Capital Partners		
Mecca Bingo, London	Vacant possession discussions underway.	Securing planning.

Top five occupiers as at 31 March 2019

	Annual Rent £'m	% of contracted rent
Matalan	0.5	4.7%
Sainsbury's Supermarket	0.5	4.2%
Ricardo-Aea	0.5	3.9%
B&M	0.4	3.2%
Carpetright	0.3	2.7%

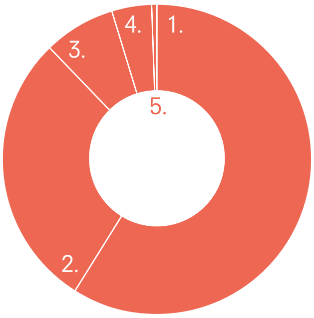
Income generating properties – like-for-like rental income received

Year ended 31 March 2019	**Property owned throughout the year £'000**	**Acquisitions £'000**	**Disposals £'000**	**Total net rental income £'000**
Investment	**9,831**	**3,931**	**(37)**	**13,725**
Development and trading	**1,823**	**334**	**308**	**2,465**
Joint ventures	**3,204**	**–**	**58**	**3,262**
	14,858	**4,265**	**329**	**19,452**

Year ended 28 February 2018	Property owned throughout the year £'000	Acquisitions £'000	Disposals £'000	Total net rental income £'000
Investment	10,288	–	1,724	12,012
Development and trading	1,306	–	763	2,069
Joint ventures	2,404	–	358	2,762
	13,998	–	2,845	16,843

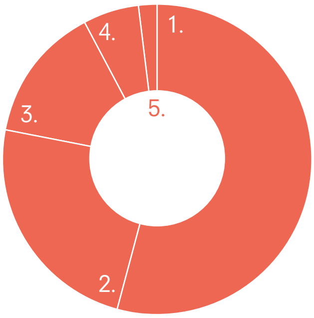
Core investment portfolio – 31 March 2019

Gross rental income
– tenant profile



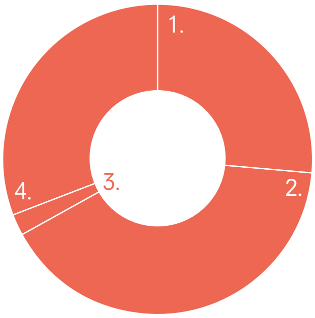
1. PLC/Nationals: **58.9%**
2. Local Traders: **29.1%**
3. Regional Multiples: **7.4%**
4. FTSE 100: **4.2%**
5. Government: **0.4%**

Gross rental income
– lease-term profile



1. 0–5 years: **54.4%**
2. 5–10 years: **23.7%**
3. 10–15 years: **14.3%**
4. 15–20 years: **5.9%**
5. 20+ years: **1.7%**

Capital value
– local profile



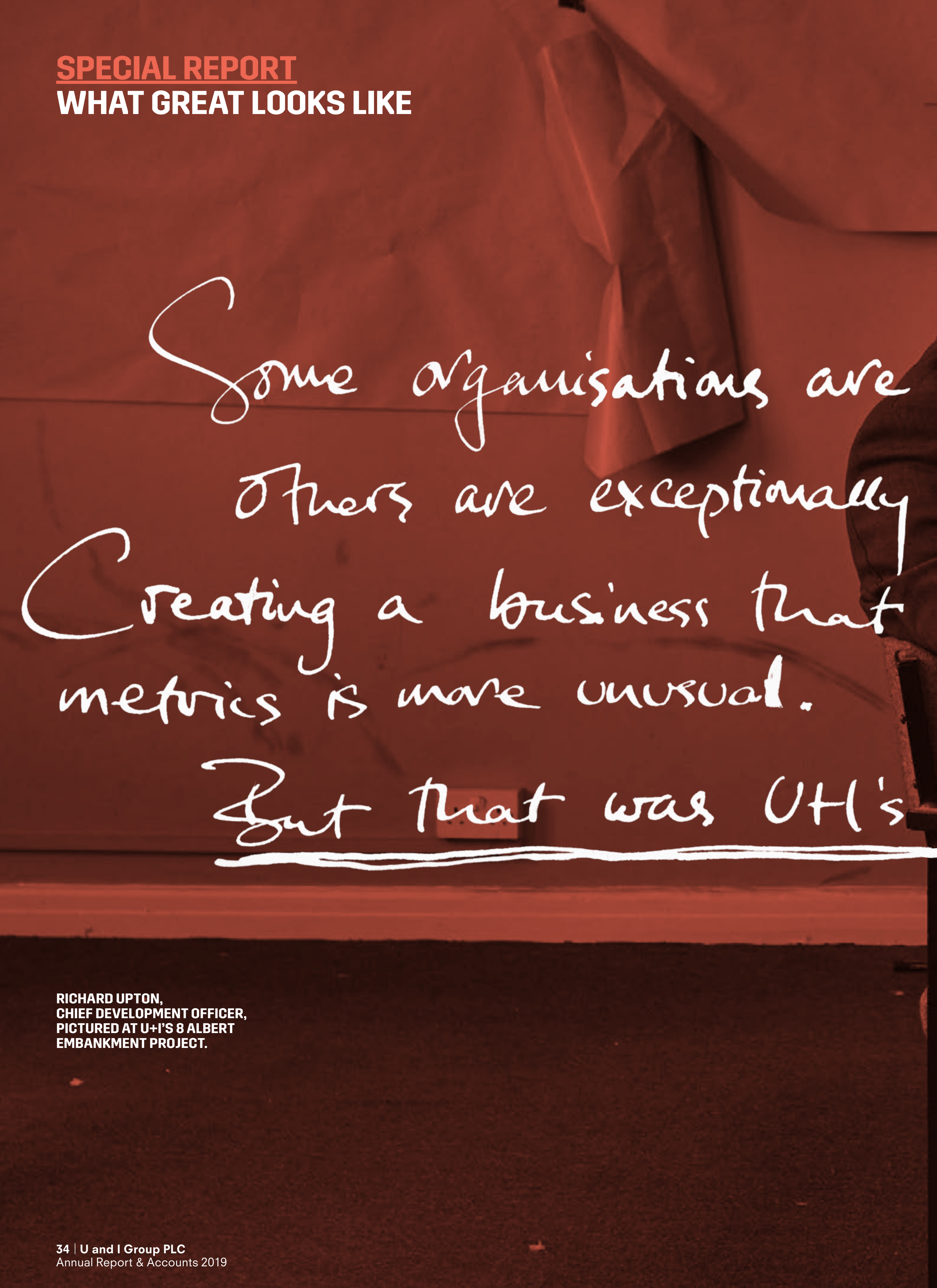
1. London: **26.6%**
2. South East: **40.6%**
3. Manchester: **2.2%**
4. Rest of UK: **30.6%**

“

SINCE THE END OF THE FINANCIAL PERIOD, WE HAVE LET THE GYM IN THE BASEMENT OF DONNYBROOK HOUSE, DUBLIN AND DISCUSSIONS ARE UNDERWAY WITH THE CREATIVE AND TECHNOLOGY SECTORS TO LET THE OFFICE SPACE.

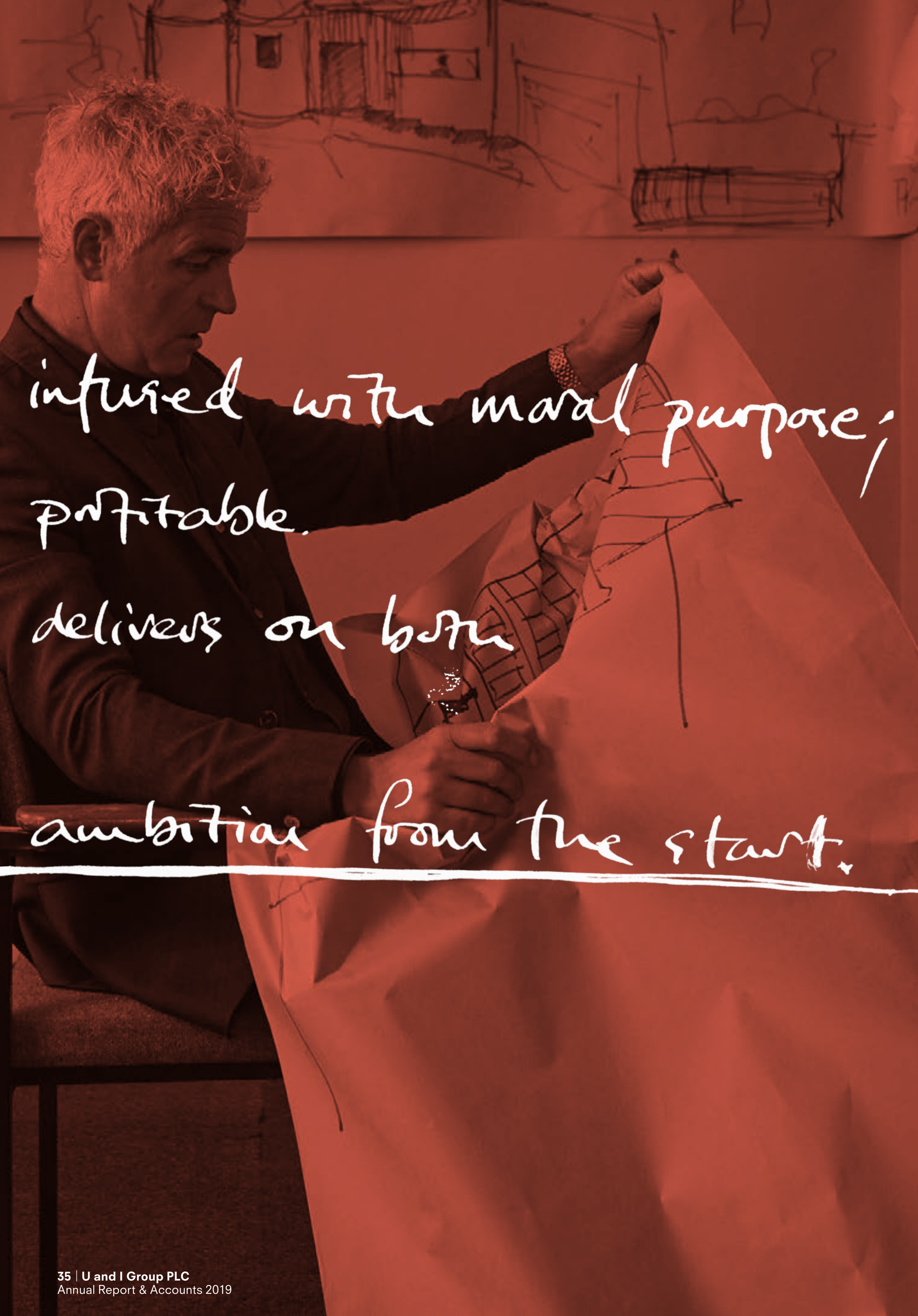
”

Matthew Weiner
Chief Executive



Some organisations are
others are exceptionally
Creating a business that
metrics is more unusual.
But that was U+I's

RICHARD UPTON,
CHIEF DEVELOPMENT OFFICER,
PICTURED AT U+I'S 8 ALBERT
EMBANKMENT PROJECT.


infused with moral purpose;
profitable.
delivers on both
ambition from the start.

We are property developers.

That can be difficult to admit, because we don't have a very good name in the world at large. People tend to think of us as corporate gluttons, sacrificing social wellbeing on the altar of Mammon.

U+I doesn't want to be like that. And, dare I say it, we aren't like that. We are distinctive. That distinctiveness does not stem from bloody-mindedness – though we need a hefty dose of that from time to time. Instead, our distinctiveness reflects an understanding that what we do can affect – or transform – people's lives, not just for months or years, but for decades. So it matters, enormously.

We have a real responsibility to get it right

The built environment cradles hope and opportunity. Done well, we can create places that are happy, thoughtful and locally distinctive; places that confer a sense of belonging; places that foster hope and wellbeing. Places that, when the hoardings come down, feel like home for the local community.

Of course, our responsibilities extend beyond the communities where we work. They extend to all our stakeholders, from public sector partners to individual and institutional shareholders.

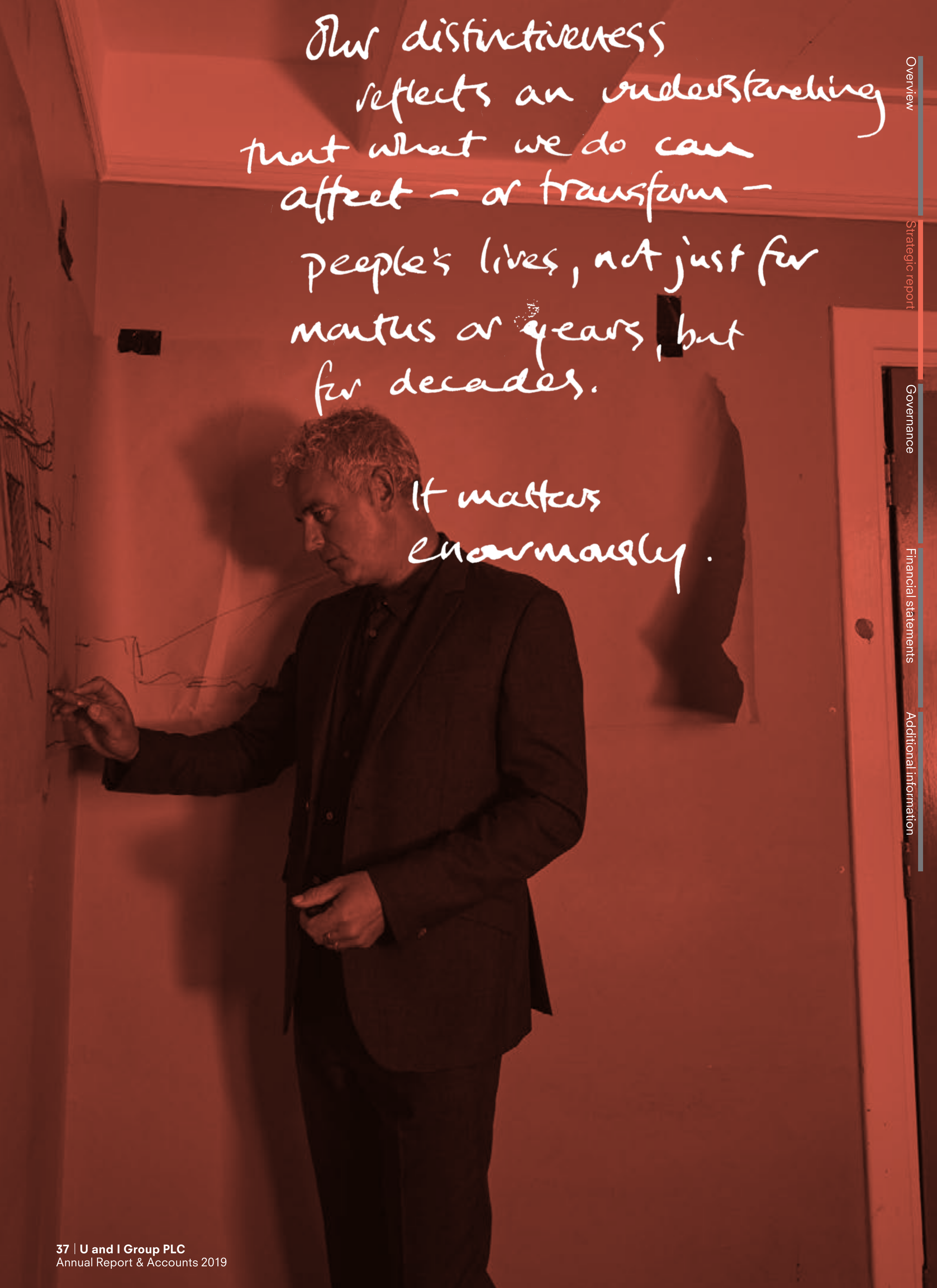
Some companies may find these things hard to reconcile – for us they are intimately connected.

So, from the moment U+I was founded back in 2015, we knew our long-term value would come from being purpose-driven in everything we do.

Back then, we said we would unlock financial, economic, social and cultural value. We said we would kick-start radical transformations in overlooked and misunderstood places. And we said our track record would make us the partner of choice for public and private organisations.

Three and a half years on we are still young, we are still growing and we know there is much more to do

There have been challenges and we have hit roadblocks along the way. We've learnt some key lessons, the most important of which is the power of partnerships and the need for a shared vision with our partners for the long term. We have to be resilient and resourceful, finding the right – not necessarily the easiest – solutions to difficulties along the way.


Our distinctiveness reflects an understanding that what we do can affect – or transform – people's lives, not just for months or years, but for decades.
It matters enormously.

The early evidence suggests that we are making progress. The value of our pipeline has grown significantly from £3.6 billion to over £11 billion; its visibility stretches out for the next ten years, and beyond. We have been mandated to develop some of the most high-profile projects in the UK, including the London Fire Brigade's headquarters on Albert Embankment and Mayfield in the heart of Manchester. These sites are unique and rarely come to market.

We are keenly aware of the responsibility that comes with them. Large-scale, mixed-use regeneration is complex. It takes time. It takes drive. It takes humility. Above all, it requires the values that our business lives by – imagination, intelligence and audacity.

The imagination to understand how underloved, overlooked land can be transformed into inspiring, inclusive places. The intelligence to understand how that journey can be achieved. And the audacity to know that we can do it.

It is these values that motivate us to work harder and more purposefully. And they hold true, whether we are refurbishing a tired shopping centre to improve the customer's experience or creating a park from nothing.

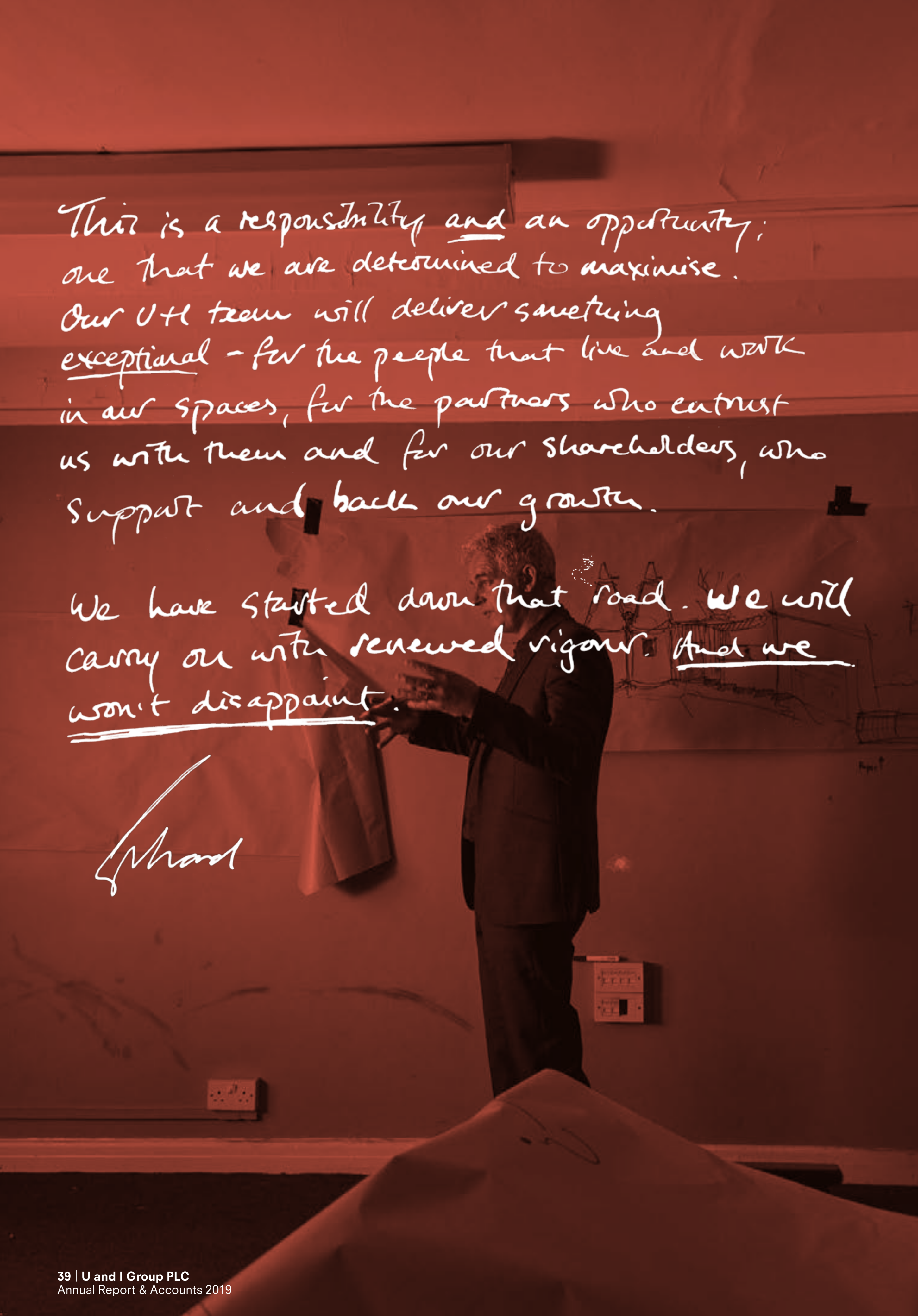
We want to be best-in-class and we want to do it in the next five years – creating vibrant places that enhance people's lives and deliver consistent, market-beating financial returns
That requires a strong sense of purpose, a cohesive, unified culture and a willingness to learn from experience and mistakes.

It also requires exceptional talent. That does not mean making our team bigger, far from it. We have built this business by being nimble and entrepreneurial and we will stay that way. We seek out the best and smartest people to match the complexity of our projects. We will nurture and develop these people and inspire them to deliver our purpose with confidence, creativity and vision.

Our people are our future. They will drive growth, increase our resilience and take us to where we want to go.

Having started on this path earlier than most gives us several advantages
Our projects take years to win and years to build. We have spent time earning the trust of our public and private sector partners. They know we are values-led and they know that we care. They also know that when it gets tough we won't hide. Things don't always go as planned and our partners know we are there for the long-haul and because we share a vision and a purpose. Together we'll work it out.

We understand that when our partners entrust us with their land, it is a privilege. They need these projects to work, to breathe new life into old spaces, to deliver homes, offices, shops and places to play – where people can feel happy and hopeful. They also need them to generate cash, consistently.



This is a responsibility and an opportunity: one that we are determined to maximise. Our U+I team will deliver something exceptional – for the people that live and work in our spaces, for the partners who entrust us with them and for our shareholders, who support and back our growth.

We have started down that road. We will carry on with renewed vigour. And we won't disappoint.

Richard

IN THIS SECTION:
WHAT WE SEE WHEN WE LOOK FORWARD

Preston Barracks, Brighton

OUR MARKET
ENSURING OUR DISTINCTIVE APPROACH STAYS RELEVANT

MAJOR THEMES	1. URBANISATION	2. WAR FOR TALENT
Description	A growing UK population expected to reach c.74 million by 2039 – a 12% increase on today (ONS, 2017). Over 80% of this is urban, predicted to reach c.85% in 2039 (UN, 2018). This is putting pressure on our towns and cities to offer the required infrastructure, public places, services and amenities – as well as new homes. Employers need to be in cities that give access to the workforce they want.	Several major economies are either at or close to full employment, yet in 2018 more companies than ever before found it hard to recruit staff (British Chambers of Commerce, 2019). Attractive workplaces that meet changing employee needs, whilst delivering something extra, are increasingly critical to engaging employees, enhancing individual and collective productivity and enhancing a business's overall performance.
Change in year	↑ **83.1%** of the UK population was urban in 2017 compared to 82.9% in 2016 (The World Bank, 2018).	↑ **#1** consideration for most businesses' headquarter moves today is proximity to top talent (JLL Real Views, 2018).
OPPORTUNITIES FOR U+I	**c.1 million** homes could be built on existing derelict brownfield land in England (CPRE, 2019) but it doesn't yet have planning permission. This land could be used to provide mixed-use projects around transport hubs and help to meet Government's target of 300,000 new homes every year by 2025.	**£30,000** is believed to be the true cost of replacing an employee (Oxford Economics, 2014). To attract and retain top talent, companies need innovative work spaces, in high-growth locations where people can move seamlessly between work and personal time.
Our response	We work with the public sector to unlock potential and generate returns from their existing assets. Typically, these sites are too complex for REITs and too mixed in use for housebuilders, but they suit us perfectly. Our opportunity includes c.10 million sq.ft. of land accessible by TfL and further developable land owned by the GLA, following our appointment to The London Development Panel in 2018.	We understand the importance of creating amenity-rich work spaces, that provide positive and productive workplace experiences that support mental and physical wellbeing, and promote employee satisfaction. Our schemes are created with occupiers in mind. They provide a flexible business solution giving companies – of any shape, size or purpose – an edge to attract and retain talent, and in turn increase their competitiveness.
Relevant strategic priorities:	1 2 3 4 5	1 2 3 4
Relevant risks and uncertainties:	A B D E F	A B F

Key:

Our strategic priorities
1. People first approach
2. Grow pipeline
3. Drive value
4. Deliver excellent returns
5. Maintain capital discipline and efficiency

Risks and uncertainties
- A Market risk
- B Scarcity of viable opportunities
- C Counterparty risk
- D Banking risk
- E Construction risk
- F Planning risk

3. POLITICAL AND REGULATORY UNCERTAINTY

Brexit discussions, leadership challenges, elections and changes in regulation create risks and opportunities as companies and consumers adapt to a constantly changing landscape. This has led to some adopting a 'wait and see' approach to decision-making. This is exacerbated as macro-political issues detract from and delay progress in major areas, such as housing.

↓ Four quarters

in succession business investment has fallen, the largest spell of continuous decline since the great financial crisis (ONS, 2019).

#1

most powerful financial centre in the world, London will continue to attract international businesses to headquarter and invest in the UK capital (Savills, 2019). Other major cities – such as Dublin and Manchester – should also benefit as companies base themselves around talent hubs.

Our size and flexibility mean we can anticipate and respond quickly to change. We work collaboratively with Government across all parties, towards policies and a regulatory framework that will help local communities to prosper. Dublin has become the most popular location for financial services firms looking to relocate post-Brexit (EY, 2019), showing increasing opportunities in this core geography, whilst our schemes in the Cambridge/Oxford corridor align with Government's focus on science and innovation.

2 4

A B E F

4. WELLBEING AND SUSTAINABILITY

Comfortable, quality environments promote healthy living and working, whilst encouraging happiness, wellbeing, trust and social interaction. In addition, a building's design, automation, energy management systems and surrounding environment should all drive productivity. Providing a customisable, agile space with IT connectivity, collaborative meeting areas, amenities and health and wellbeing facilities are key to helping businesses to grow.

↑ >Two-thirds

of organisations are taking steps to identify and reduce workplace stress, an increase on previous years (CIPD, 2018).

68%

of public sector workers believe employees' mental and physical wellbeing are on the agenda of senior leaders (CIPD, 2018). Government and businesses are pushing for quality environments that promote healthy living and working.

We understand the importance of placemaking to bring communities together. We listen to local needs to ensure our schemes respect the local heritage of the place, whilst encouraging healthy, active lifestyles. Typically, our buildings offer green space to encourage cycling and walking, as well as a range of leisure amenities, such as gyms, dance halls, yoga studios, bike facilities and entertainment.

1 2 3 4

A E F

5. FUTURE PROOFING

In a rapidly changing world, where shifting trends influence how we live, work, shop and play, cities will only meet their growth challenges if they support innovation and stay relevant. To do so requires designing for radical flexibility suited to the catchment area, so local people, companies and talent – as well as consumers and visitors – will choose to live, work and shop there.

↑ 900,000

creative sector jobs expected to be created nationally by 2030 (Centre for London, 2018). That means businesses need flexible, innovative workplaces to meet their evolving needs.

900,000

hectares of freehold land in England and Wales (Telereal Trillium report, 2016) owned by public sector organisations could support delivery of inspirational and agile mixed-use places, shaped to meet evolving business and community needs, whilst allowing local authorities to generate income from existing assets.

We understand that real estate is more than a physical product; it is a flexible, customer-centric service. That is why we are exploring innovation in property technology – including investing in WiredScore, Matterport and Plus X – to give fledgling businesses and SMEs an opportunity to grow, and – importantly – to see first-hand new cutting-edge technologies that could inform our approach, give us an edge and transform the future of real estate.

1 2 3 4 5

A B C D E F

Key:

Our strategic priorities
1 People first approach
2 Grow pipeline
3 Drive value
4 Deliver excellent returns
5 Maintain capital discipline and efficiency

Risks and uncertainties
A Market risk
B Scarcity of viable opportunities
C Counterparty risk
D Banking risk
E Construction risk
F Planning risk

SECTOR THEMES	1. TECHNOLOGICAL INNOVATION	2. AFFORDABILITY
Description	Rapidly advancing technology is changing attitudes and increasing demand for flexible living, working and social spaces. This influences the design and make-up of real estate, reinforcing the importance of innovative and flexible spaces close to good transport links and anchored by amenities.	Affordability is a key factor for decision-makers across residential and commercial property. The purchasing power of both individuals and companies has been impacted by numerous factors, including low wages, declining confidence and pressure to retain top talent. Hit by a slowdown in sales, retailers are also demanding more affordable rents.
Change in year	**↑ £184 billion** value of the digital sector, as UK tech expanded nearly 3x faster than the rest of the economy in 2018 (Tech Nation, 2018), with London a particular focus of activity, making the need for innovative spaces for this tech talent more acute than ever.	**↓ 9.9%** fall in home ownership in the UK since the financial crisis (Bloomberg Economics, 2018), with the average home in England in 2017 costing almost 8x more than the average annual pay packet (Shelter, 2019).
OPPORTUNITIES FOR U+I	**58%** of workers say their workplace enables them to work productively (Savills, 2019). This drives the need for smart, creative building design and access to amenities and leisure facilities so people can move seamlessly between work, home and social activities.	**78%** of people believe public sector organisations should ensure their unused land is developed to provide housing and create new places for local communities (YouGov, 2018). The need for attractive, mixed-use sites where people can afford to live, work and socialise is of growing importance, particularly as more homes would increase sales and reduce prices.
Our response	The appointment of a new Creative Director in March 2019 brings fresh ideas, creativity and experience as we seek to challenge norms and test boundaries so that we can deliver the most innovative mixed-use designs, that support greater flexibility and connectivity. Crucially too, these must be locally relevant, not just for today but also in the future.	In today's world, agile, affordable, convenient environments are frequently more important than postcode. We operate in the mid-market where there is the greatest shortfall in both residential and commercial space and we focus on three core geographies where demand remains high.
Relevant strategic priorities:	1 2 3 4	1 2 3 4
Relevant risks and uncertainties:	A B E F	A B E F

3. RETAIL POLARISATION

Traditional retail is under intense pressure, hit by weak GDP growth, the explosion of ecommerce and rising costs. Physical stores have an important role to play but, to remain relevant, there is a growing need for mixed-use environments that provide attractive and accessible shopping, leisure, culture and community experiences. Space needs to be either experiential and/or convenient, whilst also engaging or inspiring.

↑ >2,400

shops disappeared from Britain's top 500 high streets in 2018, the highest level on record, with chain stores closing at their fastest rate in nine years (PwC, 2019).

c.18%

forecast growth of convenience market between 2018 and 2023 (IGD, 2018), with 90% of UK retail sales touching a physical store (CBRE, 2019). Assets providing the right retail experience to the relevant consumer whilst remaining affordable to occupiers will continue to perform.

We recognise the importance of context and content for all our assets. The appointment of a new Head of Content in March 2019 will ensure we continue to anticipate and meet user needs, fulfilling our promises to deliver life enhancing, community-led places. Sustaining retail as part of a reinvigorated mixed-use centre is a challenge but consumers are still willing to pay for experiences, if they are the right ones for them.

1 2 3 4 5

A B C D E F

4. CHANGING FOCUS OF CAPITAL

€72.4 billion of new capital is expected to flow into global real estate in 2019, as institutions seek yield. Gateway cities are the most likely beneficiaries of this investment (Inrev, Andrev and Prea, 2019). Weak Sterling and a strong regulatory framework make the UK an attractive destination for overseas investors, seeking out robust local economies, occupational activity and the prospect of rental growth.

↑ 2.6%

increase in allocations to property – from 8.9% in 2013 to a forecast 10.6% in 2019 (Hodes Weill & Associates, 2018).

>10%

average global allocation to real estate, compared to less than 9% previously (JLL, 2019). The search for returns is pushing investors up the risk curve to pursue development opportunities.

We understand the appetite for exciting regeneration schemes in high-growth geographies, de-risked through a trusted partner, that can provide access to a growing portfolio, local expertise and relationships. We are offering capital partners the opportunity to fund and share in the success of three of our PPP schemes, providing them with access to rarely available land, whilst conferring benefits and efficiencies for U+I.

2 3 4 5

A B C D E F

RESPONDING TO MARKET THEMES: PRESTON BARRACKS, LONDON CITY REGION

We are motivated to become the best mixed-use regeneration developer in the UK and Dublin. To do so, we recognise that we need to constantly review our business model and the market in which we operate to ensure we continue to be relevant, not just now, but for the future. Demand for mixed-use regeneration is growing and our distinctive approach and trust, built up over 25+ years, create barriers for others, and opportunities for us.

Faced with a deficit of suitable accommodation to meet demand in this long-term derelict former Ministry of Defence site, and an urgent battle to attract and retain top talent, Brighton & Hove City Council and University of Brighton asked U+I to help to establish the Lewes Road area as a thriving new academic and economic corridor in Brighton.

In one of Brighton's biggest ever regeneration projects, our £200 million GDV Preston Barracks project will provide 369 new homes, 534 student bedrooms in managed halls of residence, a new home for the University's Business School and a 50,000 sq.ft. innovation hub, called Plus X, to support local start-ups and SMEs. Respecting the site's rich heritage, designed to encourage innovation and wellbeing, the new Preston Barracks scheme will support the retention of top talent and create over 1,500 jobs, injecting more than £280 million into the local economy over the next ten years.

WE FOCUS ON THREE HIGH-GROWTH GEOGRAPHIES.

London City Region (defined as within one hour's commute from London), Manchester and Dublin are thriving markets, rich in heritage, culture and potential. These well-connected knowledge anchors are also experiencing sustained population growth and have strong, above-average employment dynamics which are forecast to continue in the near, medium and longer-term.

Crucially, they share four key attributes, all of which we believe are major drivers of economic growth:

1. TALENT

2. TOURISM

3. TRANSPORT

4. TOLERANCE

Our longstanding presence in these regions has given us an intimate understanding of the local communities, their demographics and their evolving needs. We have also had time to develop a track record and create a privileged network, earning the trust of our stakeholders and driving support for our continued expansion plans.

The following pages report on our four Ts by geography.

LONDON CITY REGION

A GLOBAL COMMERCE, TECHNOLOGY AND CULTURE HUB

High-growth market
- Largest city region in Europe; population projected to grow by 10% by 2026 (ONS)
- London, South East and East of England account for approximately half of the UK's economic output
- #1 most liquid city in the world and most popular destination for cross-border investment into real estate
- European tech capital, with highest number of billion dollar digital firms

Top talent
- Best city in the world for university students in QS 2018 rankings
- Home to four of the top ten universities in the world
- 22% of students who leave their university cities go to London

Strong tourism
- TripAdvisor's Traveller's Choice 2018 #2 best rated destination in the world, with c.20 million visitors a year

Excellent transport links
- Leading global city for air connectivity with six major international airports travelling to 400 destinations
- 18 major stations and routes to mainland Europe by High Speed Rail, Channel Tunnel and Eurostar
- Joint busiest and largest radial commuter railway network in Europe

Tolerance for diversity
- Top ten most multi-cultural cities in the world
- Circa one-third of Londoners are foreign-born; well over 200 languages are spoken

DUBLIN

CAPITAL OF THE FASTEST GROWING ECONOMY IN THE EU

High-growth market
- Sixth most competitive economy in the world in 2017 and fastest growing in the Eurozone
- Population expected to increase by 1 million by 2040
- Financial Times' #1 'large' city destination for foreign direct investment in 2018 (Singapore and London best 'major' city)
- Third largest EMEA tech cluster in Europe after London and Madrid

Top talent
- European home to four of Forbes' top ten most innovative companies in the world
- Youngest population in Europe, with a third under 25 years old
- Third behind London and Madrid of CBRE's November 2018 EMEA large tech clusters

Strong tourism
- 30 million visitors passed through Dublin in the last 12 months

Excellent transport links
- Over 600 daily flights to 185+ destinations
- Good accessibility by boat, train, bus, bike, air, with the airport only 10km from the city centre and the ferry port only 4km

Tolerance for diversity
- Global Financial Centres' Index Top 30 best places in the world to live and do business
- 17% of population in Ireland non-Irish nationals

MANCHESTER

UK'S NORTHERN POWERHOUSE AND MOST ECONOMICALLY IMPORTANT CITY OUTSIDE LONDON

High-growth market
- UK's 'second' city and third most influential city in Europe
- c.2.7 million population in 2018 and second most populous urban area in the UK
- Most successful city for attracting foreign direct investment outside London
- Home to eighty of the FTSE 100
- 20 million people live within two hour's commute
- Biggest digital and tech hub in the UK after London

Top talent
- One of the largest student populations in Europe with >100,000 students and home to two of the most applied for universities
- 54% of students stay in the area after graduating (second only to London)
- University of Manchester has 25 Nobel Prize winners and the most Nobel Laureates on their staff

Strong tourism
- 1.38 million visitors a year and second most visited city in England by tourists, after London

Excellent transport links
- Second most connected city in UK for transport
- Busiest airport in UK outside London, with capacity to grow from 28 million to c.50 million passengers a year

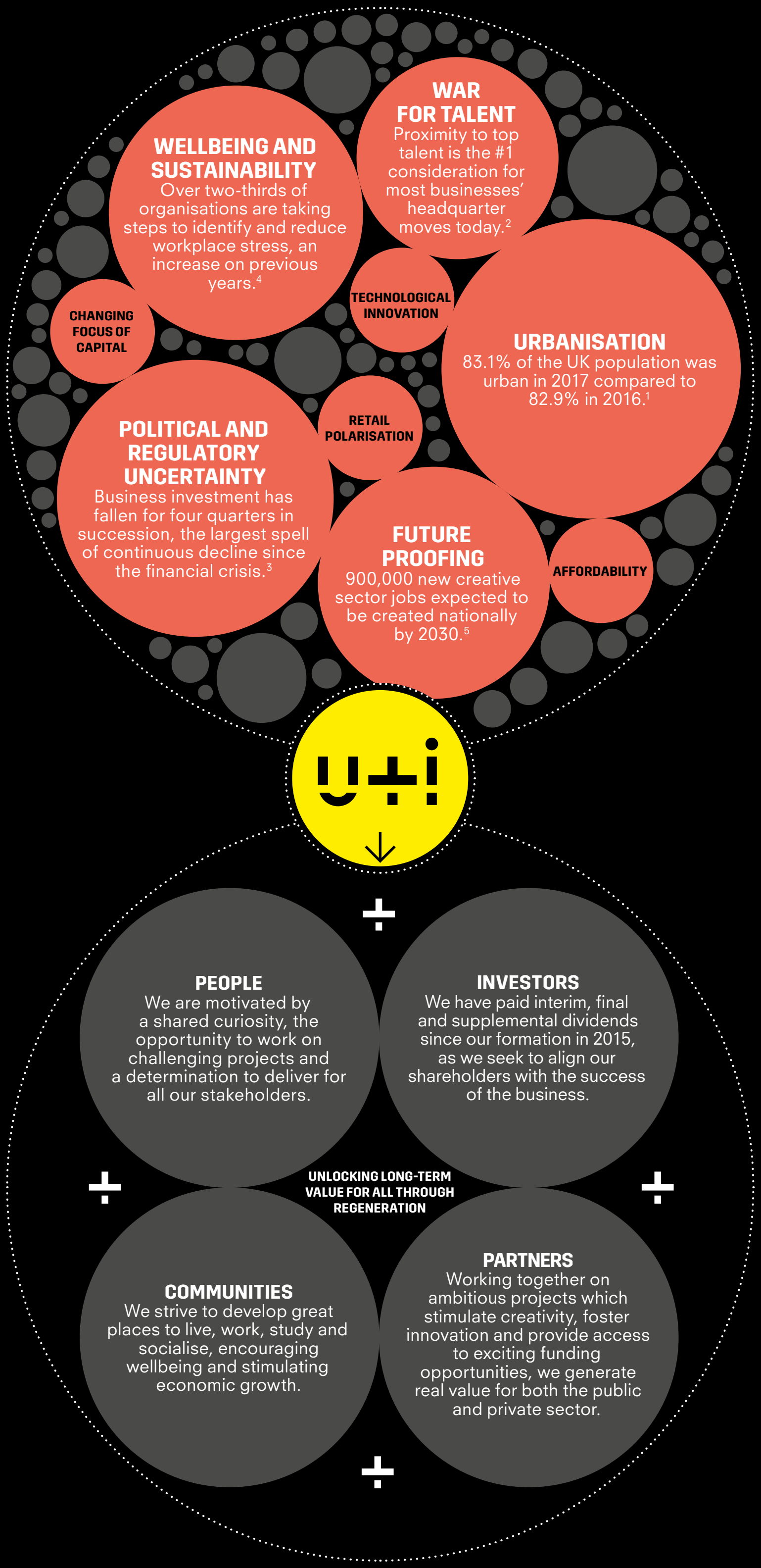
Tolerance for diversity
- The Economist's 2018 #1 'most liveable city' in the UK
- Most culturally diverse city in Europe after London and Paris, with over 200 languages spoken

OUR INTEGRATED BUSINESS MODEL

MARKET CONTEXT

Our business model is aligned with a number of major global macro and sector trends. As such, there is an urgent need for the type of mixed-use regeneration projects we deliver.

More information about our markets on page 42



WE HAVE A DISTINCTIVE APPROACH

We have built a differentiated business, gaining the trust of our partners, earning a reputation for creativity and collaboration, and building a strong team to drive performance.

The combination of our approach and market need is fundamental to growth, helping us to deliver great places, create brand value, drive our pipeline and achieve our purpose.

More about our future ambitions on page 34

Sources:
1. The World Bank, 2018
2. JLL, 2018
3. ONS, 2019
4. CIPD, 2018
5. Centre for London, 2018

Key:
Relevant market themes
1 Urbanisation
2 War for talent
3 Political and regulatory uncertainty
4 Wellbeing and sustainability
5 Future proofing

Relevant risks and uncertainties
A Market risk
B Scarcity of viable opportunities
C Counterparty risk
D Banking risk
E Construction risk
F Planning risk

HOW WE UNLOCK AND ADD VALUE

Securing land and our six key inputs
We secure land for community-focused regeneration and mixed-use development projects. These are often underestimated and overlooked sites, full of heritage and potential, but too complex for other developers.

1. People
A motivated team of experts with the right mix of experience and skills to deliver the ambitious projects our partners and communities expect and deserve.

2. Purpose
Driven by our values, we have the vision to unlock potential where others can't and the intelligence, imagination and audacity to take ideas forward and benefit all our stakeholders.

3. Assets
We find underloved, overlooked sites which we can buy, transform, revive and nurture, while respecting and restoring their heritage.

4. Partners
Regeneration only works through genuine partnership. We work collaboratively with our partners and bring together the best people to challenge ideas, innovate and ultimately deliver positive change.

5. Financial strength
A strong, efficient balance sheet, an equity-light approach and access to finance mean we can move quickly when we find the right opportunities where we can unlock potential.

6. Reputation
Over the last 25+ years we have built real trust with partners and communities. Our reputation means we are increasingly selected to bid for exciting new business opportunities.

OUR THREE VALUE CREATING BUSINESSES

PPP
Transforming underestimated sites into vibrant mixed-use communities.

31%
of gross assets

Value creating activities:
Large, long-term regeneration projects
We have an equity-light approach with the public or private sector which seeds the partnership with land.

We capture value through mixed-used development, typically including some residential, office, retail and leisure.

Financial characteristics:
Multi-year profits.

Profit driver:
Developing site and subsequent letting/disposal.

Uniquely positioned:
Quality, network and trust give us a licence to operate:
- We have a high success rate in securing public private partnerships
- We are a public sector partner of choice and TfL and GLA panel members, giving us privileged access to new opportunities

Relevant market themes
1 2 3 4 5

Relevant risks and uncertainties
A B C D E F

Trading
Improving land value, primarily through planning or asset management.

39%
of gross assets

Value creating activities:
Short-term trading opportunities
We take advantage of mis-priced assets.

We secure land and add value through enhanced planning consents, change of use or asset management.

Financial characteristics:
1–3 year profits.

Profit driver:
Disposal.

Uniquely positioned:
We are good at getting planning permission:
- Our success rate is >90%, mitigating planning risk
- We have long-term relationships with decision makers
- We optimise mix of use and density to create value through planning

Relevant market themes
1 2 3 4 5

Relevant risks and uncertainties
A B C D E F

Investment
Smart asset management where there is regeneration potential.

30%
of gross assets

Value creating activities:
Asset management
We add value through active asset management of income producing sites. They are our anchor for development and trading activities.

Financial characteristics:
Recurring stable income and capital growth.

Profit driver:
Potential sale in excess of book value or capital value through revaluation.

Uniquely positioned:
Our proactive approach and local knowledge drives value:
- Asset management initiatives help increase occupancy and support higher rents
- Our regeneration focus allows us to transition PPP/trading projects across to our investment portfolio where we can nurture them to gain further long-term value

Relevant market themes
1 2 3 4 5

Relevant risks and uncertainties
A B C D F

OUR STRATEGY
RESPONDING TO MARKET THEMES

STRATEGIC PRIORITY #1: PEOPLE FIRST

Description
Our greatest strength is our people and their belief in what we do – both our dedicated team at U+I and the wider circle of partners and communities we work with every day. Their insights, expertise and commitment to our purpose make us tick, helping us to keep improving so we can deliver successful projects and sustainable returns for our shareholders.

Context
The Government's industrial strategy for a productive, wealth-creating economy outlined five foundations of productivity – ideas, people, infrastructure, places and business environment.

Progress against KPIs and FY2019 highlights

88%
Employee satisfaction

1
new Non-executive Director appointment

Future objectives and targets
- Continue to invest in quality people through a new talent programme that will drive our distinctive approach and support delivery of >90% employee satisfaction every year
- Ensure our values of imagination, intelligence and audacity underpin everything that we do so we can deliver thriving mixed-use places that support local communities and drive productivity
- Regular feedback to the Board through creation of a workforce advisory panel, led by our new independent Non-executive Director

Relevant market themes:
1 2 4 5

Relevant risks and uncertainties:
A B C

First Thursday all company meeting.

Our market and sector themes are discussed in detail on page 42

STRATEGIC PRIORITY #2: GROW PIPELINE

Description

We work with trusted public and private sector partners to grow our pipeline of major PPP and smaller trading projects in our three core geographies. We focus on overlooked sites where there is a need for regeneration, a supportive planning context and an evident undersupply of homes, jobs and amenities.

Our equity-light approach reduces our financial exposure to any one individual project, providing significant upside potential. Our balance of development, trading and investment mitigates risk.

Context

20% of all land in London is owned by public bodies and 15% in our cities across England and Wales (House of Lords Select Committee, 2017). Much of this is under-utilised and under-developed. Mixed-use regeneration schemes can help the public sector to maximise those assets, whilst serving local communities and boosting economic growth.

Progress against KPIs and FY2019 highlights

£42.8m

against £45–50 million development and trading gains target (FY2018: £68.3 million)

>£11bn

GDV of portfolio, from >£7 billion at FY2018

Future objectives and targets

- Increase shorter-term pipeline of trading assets that will deliver gains in FY2022/23, match our risk profile, geographic footprint and sustainable regeneration focus, through a disciplined approach
- Supported by our existing partnerships with TfL and GLA, nurture and build relationships with the public and private sector, creating access to new opportunities
- Grow our development pipeline in line with our strategy of fewer, larger projects, where we can add and realise the most value, targeting rolling off >10 smaller projects in FY2020
- £35–45 million development and trading gains targeted for FY2020; £45–55 million target for FY2021

Relevant market themes:

1 2 3 4 5

Relevant risks and uncertainties:

A B C D E F

U+I has been appointed as master developer to transform the current water recycling centre in North Cambridge into a major residential-led mixed-use urban quarter.

The Old Vinyl Factory, Hayes.

STRATEGIC PRIORITY #3: DRIVE VALUE

Description

Focused on regeneration, our integrated development, trading and investment portfolio drives our growth, plays to our strengths and mitigates risk.

We secure opportunities, add value through planning and realise value through the development, sale, or nurturing of assets in our investment portfolio.

Context

Companies with a higher social value have been outperforming other stocks over the last five years (Drucker Institute Corporate Effectiveness Index, 2019).

In a competitive landscape, top performance requires experience, understanding, close relationships and active asset management initiatives.

Progress against KPIs and FY2019 highlights

-1%
investment portfolio total return against 10% per annum target (FY2018: 10.1%)

£4.6m
value created from asset management initiatives (FY2018: £6.5 million)

Future objectives and targets

- Retain quality regeneration projects in investment portfolio, to nurture for the long term, whilst benefiting from early investment and the added value generated through planning, development and asset management
- Secure planning consents for significant projects including 8 Albert Embankment, Landmark Court and Mayfield
- Improve performance of investment portfolio through asset management, strategic acquisitions, disposal of non-core assets and retention of development and trading assets
- Targeting 10% total return in investment portfolio in FY2020 and average 10% per annum

Relevant market themes:

1 2 4 5

Relevant risks and uncertainties:

A B C D E F

Institute of Imagination.

STRATEGIC PRIORITY #4: DELIVER EXCELLENT RETURNS

Description
Maintaining the balance of longer-term PPP projects, shorter-term trading activity and recurring revenue from the investment portfolio means we can generate consistent returns through the property cycle.

Our specialist platforms help us to generate additional revenue streams through off-balance sheet activity. Funded by large-scale capital partners, they allow us to deliver more projects, using the same resources.

Context
Average global allocations to real estate are believed to have increased to >10%, and are set to grow as the sector provides higher yields than other asset classes (JLL, 2019). Businesses with a diversified offer, at the heart of long-term growth trends, are likely to be the greatest beneficiaries.

Progress against KPIs and FY2019 highlights

0.9%
total return against 12% average per annum target (FY2018: 12.2%)

£360.1m
basic NAV (FY2018: £379.3 million)

£6.3m
profit before tax (FY2018: £48.2 million)

Future objectives and targets
- Consistently monitor capital allocation to maintain balance across PPP, trading and investment portfolios
- Continue to de-risk development process through forward sales and forward funding to build pipeline of through cycle projects, supporting long-term capital efficiency
- Secure capital partner(s) to fund up to three of our major regeneration projects

Relevant market themes:
1 2 3 4 5

Relevant risks and uncertainties:
A B C D E F

STRATEGIC PRIORITY #5: MAINTAIN CAPITAL DISCIPLINE AND EFFICIENCY

Description
By actively managing an efficient balance sheet with appropriate gearing and a sizeable cash buffer, we mitigate against development exposure and financial leverage risks.

Where we have excess capital on our balance sheet, we use our strong cash flows to reinvest, pay-down debt or return capital to shareholders, to align them with our success. We have a clear policy for ordinary dividends and supplemental dividends, paid out every year since U+I was formed.

Context
1.2% economic growth forecast in 2019 (BCC, 2019), reflecting Brexit-induced economic and political uncertainty and a less benign global environment. Prudent companies that maintain efficient balance sheets and manage their capital, will be best placed to mitigate against adverse external risks.

Progress against KPIs and FY2019 highlights

38.6%
gearing against 40–50% on balance sheet target (FY2018: 31.4%)

10.0p
total dividend (FY2018: 17.9p), including 4.1p supplemental dividend (FY2018: 12.0p)

£2.5m
reduction in annualised net recurring overheads

Future objectives and targets
- Drive further efficiencies through co-ordinated programme, including capitalisation of a total of £2.5 million of net overhead and securing £3.0 million in Development Management Fees in FY2020
- Disciplined approach to surplus cash, to ensure strong balance sheet and ability to reward shareholders

Relevant market themes:
1 5

Relevant risks and uncertainties:
A C D E

KEY PERFORMANCE INDICATORS

Strategic KPIs
The following Key Performance Indicators (KPIs) are used by the Board to measure the success of the Group's performance against its strategic priorities.

In our 2018 Annual Report and Accounts we added 'people first' to our strategy. This reflects the importance of our partners and employees to our business and aligns with our clear purpose of delivering socio-economic benefits to local communities and sustainable long-term returns to our shareholders.

In 2019 we have gone further, creating a new KPI around employee satisfaction, to ensure we have clear targets across our five core strategic priorities.

Link to remuneration
The remuneration of our Directors is closely aligned with our financial KPIs through the Company's Long-Term Incentive Plan (LTIP). The level at which our LTIP vests relies on a consistent level of performance resulting in net asset value (NAV) growth over a number of years.

The Directors' annual bonuses comprise three elements – development and trading gains (30%), NAV growth (30%) and non-financial strategic and personal objectives (40%).

More details of Directors' remuneration can be found in the Remuneration Report on page 131.

Non-financial KPIs
As a business we have been considering ways to make ourselves more accountable.

Over the coming year, we will identify three non-financial KPIs which link to our sustainability agenda and tie into our people first approach, a core pillar of our strategy.

We will then start the process to baseline these to ensure they provide the right metrics and targets for us to benchmark our progress against year-on-year, evolving from targets to delivery within 3–5 years.

In the year ahead we will also put in place the requisite processes to record the information, with a view to outlining our non-financial KPIs in FY2020 and reporting our first data in FY2021.

DELIVERING AGAINST OUR STRATEGY

Strategic Key Performance Indicators	Strategic priority: PEOPLE FIRST	GROW PIPELINE	DRIVE VALUE	DELIVER EXCELLENT RETURNS	CAPITAL DISCIPLINE AND EFFICIENCY
Employee satisfaction	●	●	●	●	●
Development and trading gains	●	●	●	●	●
Investment gains	●		●	●	●
Total return	●		●	●	●
Gearing		●		●	●

Employee satisfaction KPI: N/A in FY2019

88%
N/A

KPI figure delivered in period: 88% of employees agreed that they were 'satisfied with U+I as a place to work'. As this was the first year we have undertaken this all staff survey, there was no target but going forward it will be >90% employee satisfaction.

Status: more work to do

How we measure it
Bi-annual employee survey asking staff to rate their satisfaction with U+I as a place to work.

Why it's important to U+I
Our people are the heartbeat of U+I and we are passionate about ensuring we nurture what we have so we can retain the best talent, whilst continuing to attract a diverse workforce. By creating a culture and environment where our staff can flourish – working on exciting projects, where they can learn, challenge and keep pushing for excellence – we can set our company and our projects apart.

Objectives for FY2020
We are reviewing and responding to comments from our FY2019 survey to help us to achieve our target of >90% employee satisfaction.

Link to remuneration
Yes

Link to strategic priority
1 2 3 4 5

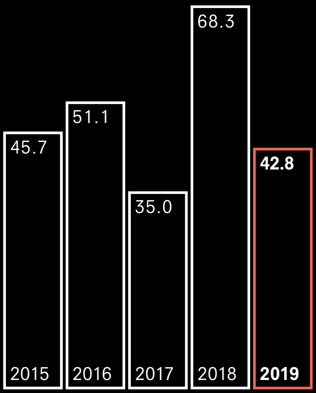
Link to market themes
- Urbanisation
- War for talent
- Wellbeing and sustainability
- Future proofing

Link to principal risks and uncertainties
A B C

Development and trading gains KPI: average £50 million per annum

£42.8m

-37%



KPI figure delivered in period: £42.8 million development and trading gains

Status: more work to do

How we measure it
Development and trading gains are achieved as we sell land and assets, where we have added value through improved planning or asset management. As such they are a key measure of the Group's progress.

Why it's important to U+I
Development and trading represents the largest part of our business and delivery of our targets is validation of our business approach. For this reason achieving our targets represents 30% of our Directors' annual bonus.

Objectives for FY2020
£35–45 million development and trading gains

Link to remuneration
Yes

Link to strategic priority
1 2 3 4 5

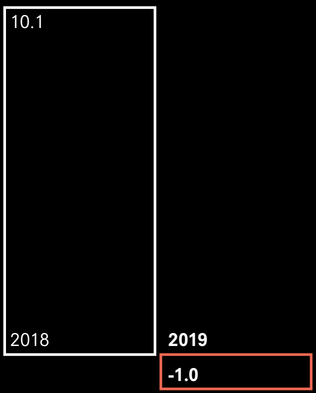
Link to market themes
- Urbanisation
- War for talent
- Political and regulatory uncertainty
- Wellbeing and sustainability
- Future proofing

Link to principal risks and uncertainties
A B C D E F

Investment gains KPI: average 10% per annum

-1%

-110%



KPI figure delivered in period: -1% investment portfolio total return

Status: more work to do

How we measure it
Investment portfolio total return includes the capital growth and income growth realised during the financial year across our investment assets.

Why it's important to U+I
The investment portfolio balances our business, mitigating risk, whilst supporting our overhead costs. It is a key driver of NAV growth, which supports delivery of our total return target.

Delivery of 10% total return in our investment portfolio in current markets will be challenging but we remain committed to our target.

Objectives for FY2020
10% total return

Link to remuneration
Yes

Link to strategic priority
1 3 4 5

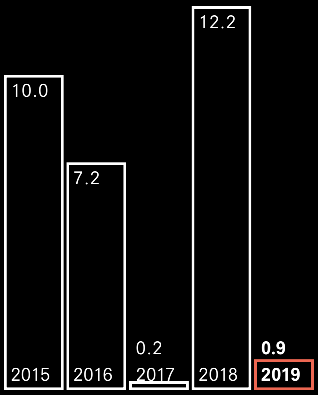
Link to market themes
- Urbanisation
- War for talent
- Wellbeing and sustainability
- Future proofing

Link to principal risks and uncertainties
A B C D

Total return KPI: average 12% post tax total return per annum

0.9%

-93%



KPI figure delivered in period: 0.9% post tax total return

Status: more work to do

How we measure it
Total return, represents the growth in our basic net asset value (NAV) including dividends.

Why it's important to U+I
Total return is the most direct way of measuring returns to shareholders during the year as it records NAV growth, including dividends. Delivery of our NAV target represents 30% of our Directors' bonus.

12% post tax total return is a long-term target but, in light of current markets, this is unlikely to be achieved in FY2020.

Objectives for FY2020
12% post tax total return

Link to remuneration
Yes

Link to strategic priority
1 3 4 5

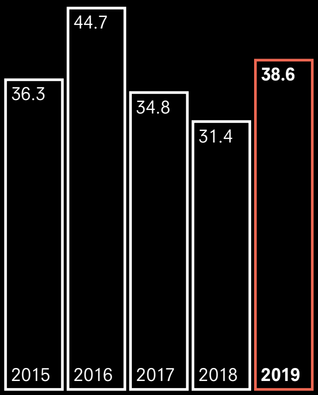
Link to market themes
- Urbanisation
- War for talent
- Political and regulatory uncertainty
- Wellbeing and sustainability
- Future proofing

Link to principal risks and uncertainties
A B C D E F

Gearing KPI: 40–50% gearing on balance sheet and 50–60% including our share of joint venture debt

38.6%

+23%



KPI figure delivered in period: 38.6% gearing

Status: achieved

How we measure it
The Group seeks to maintain a conservative level of gearing appropriate to the size of the balance sheet. At times it may increase as a result of an increased level of construction debt against specific assets.

Why it's important to U+I
Maintaining the most efficient gearing range for the business means we can maintain a low-risk financial structure and protect shareholder value throughout the property and economic cycles.

Objectives for FY2020
40–50% gearing on balance sheet and 50–60% including our share of joint venture debt

Link to remuneration
No

Link to strategic priority
2 4 5

Link to market themes
- Urbanisation
- Future proofing

Link to principal risks and uncertainties
A C D E

"

VALUE COMES IN MANY FORMS – PROFIT IS JUST ONE.

AT MAYFIELD, WE ARE WRITING A NEW CHAPTER FOR THE CITY AND ITS PEOPLE WITH OVER 20 ACRES OF GREEN AND OPEN SPACE.

A PLACE WHERE YOU JUST MIGHT FALL IN LOVE.

"

Richard Upton
Chief Development Officer, U+I

STAKEHOLDER ENGAGEMENT

DEAR INVESTO

THIS IS N

ABOUT U

R.

OT JUST

+I.

IT'S ABOUT EVERY

Why do we think it is important to engage with key stakeholders?

Our stakeholders are at the heart of everything we do and they ensure we deliver on our purpose and are socially responsible. To be truly successful and unlock genuine long-term value through regeneration, we need to ask questions, listen, discuss, share knowledge and experiences, and find solutions that work for all our stakeholders, both now and for the future.

Regular engagement allows us to ensure our purpose stays relevant

Like our stakeholders, we never stand still. Constantly curious, we need to challenge ourselves and be challenged so we can understand changing needs and agendas and adapt to anticipate or meet them. It is only through listening and getting that diversity of thinking that we can learn and do better, as we focus on creating long-term socio-economic benefits for the communities in which we work and sustainable returns for our shareholders.

ONE:

OUR STAKEHOLDERS	HOW WE ENGAGE WITH THEM	WHAT IS THEIR POTENTIAL IMPACT ON OUR BUSINESS	THE QUESTIONS WE ASK THEM
OUR PEOPLE	**Frequency:** ongoing **Channel:** monthly all staff meetings, feedback box, intranet, weekly internal email, NED lunches with employees, bi-annual reviews with feedback to managers, learning circles with Executives, employee surveys and group workshops to identify problems, learn from others and improve processes.	High	**Q:** Are you satisfied with U+I as a place to work, its support network, delivery of its purpose and opportunities available? **Q:** What can we do better as a company – what feedback do you have for our Executives? **Q:** What are your development needs; how can we increase your job satisfaction? **Q:** How can we improve processes to support more efficient working? **Q:** How can we resource projects smartly to match skillsets, empower talent and give accountability? **Q:** How can we work together more effectively and share learnings/knowledge?
OUR INVESTORS	**Frequency:** ongoing/ad hoc **Channel:** investor meetings, regular communication around newsflow, results roadshows, private wealth managers roundtable lunch, site visits, direct Board engagement, new website.	High	**Q:** What are your views on our financial results and significant news? **Q:** Do you have any concerns about our strategy? **Q:** Are you happy with our dividend approach? **Q:** Do you have any areas of concern ahead of the AGM?
COMMUNITIES	**Frequency:** ongoing/ad hoc **Channel:** corporate benchmark research, consultations and regular conversations with communities and tenants to discuss individual projects, Worthwhile Use programmes, support for small businesses through co-working space and advice.	High	**Q:** Are you happy with the quality and visibility of U+I's community engagement? **Q:** What are your views on our Worthwhile Use approach and activities? **Q:** What are your needs and aspirations from our schemes (asked at consultations)? **Q:** Are we accessible and how are we at connecting with a broad range of people in communities?
OUR PARTNERS	**Frequency:** ongoing, project specific **Channel:** corporate benchmark research with 75 in-depth phone interviews with senior executives in the public and private sector in our three geographies; six-month national consultation on PPP, including round table events across the UK.	High	**Q:** Are you happy with your relationship with U+I and how do you feel about the company? **Q:** How do you rank U+I's positioning in the market? **Q:** What are your views on future risks and opportunities? **Q:** What is your perception of our PPP positioning and how might we improve?

OUR RESPONSE

A: We ran an online employee engagement survey to underline areas of improvement for the business; these will be bi-annual going forward to track our progress

A: Staff lunches with the Board to raise questions and concerns; appointed a new NED as conduit between our Board and employees to encourage open feedback

A: Identification and early implementation of a new talent strategy, to strengthen skillsets

A: We installed a new IT framework to simplify finance and delivery systems, improving productivity

A: We are giving teams greater responsibility and accountability on projects to strengthen and broaden the depth of talent and refocus the Executives' time

A: 'Don't be dull' monthly sessions – bringing internal teams and external experts together to share ideas and learnings

A: We constantly review our strategy, approach, market and projects to mitigate risk and ensure we can deliver on our promises to our shareholders

A: We have created a new investor website to give greater clarity around U+I, our market, business model and approach

A: We review our dividend policy and approach annually

A: Our Chairman, Board and Executives meet and speak to shareholders regularly and listen to their opinions

A: We run extensive public consultations to discuss the needs of different local stakeholders (including most recently Landmark Court, 8 Albert Embankment, Mayfield), and to increase the visibility of our activities

A: Worthwhile Use at Mayfield and 8 Albert Embankment and events at schemes such as Bromley and Landmark Court have increased local engagement and support

A: Investment into Plus X innovation hubs (such as at Preston Barracks) to support growth of start-up businesses, encourage technological advances and create jobs

A: We regularly meet with a range of local stakeholders to understand different perspectives, concerns and opportunities that we can address in our schemes

A: We continue to reinforce the credibility of the brand through delivery of projects and, in turn, our numbers

A: We demonstrate thought leadership and brand value through research, events, our Worthwhile Use campaign and publications such as Matter

A: We work intimately with our partners from the outset of every project so we can challenge each other to do better and find solutions that will benefit everyone

A: We have created a number of pledges to hold ourselves to account and ensure we meet expected standards across our PPP projects

EMPLOYEE SURVEY
88% of employees felt their manager made decisions in line with U+I's core values.

STAKEHOLDER GROUP:

OUR PEOP

HOW WE ENGAGED IN FY2019

We've spent time at Shelter's offices, listened to presentations to understand what they do and how we can help, shared our events space and had regular catch ups to come up with a fun programme of activities that would motivate and unite both sides. Almost every member of our team, across all levels, has been involved in fundraising.

Case study

We arranged a number of activities from a World Cup sweepstake, cake sales, a quiz attended by >100 friends and partners of U+I, and a shop challenge where different members of the U+I team competed to raise the most funds for Shelter. Including match funding, these efforts raised over £30,000 for Shelter in FY2019.

LE

U+I at Shelter's head office in London

STAKEHOLDER GROUP:

INVEST

ORS

HOW WE ENGAGED IN FY2019
We organised a variety of 1:1 and group site visits during the financial period to help existing and potential investors understand our business, meet a wider group of the U+I team, beyond the Executives, and see for themselves the scale of our projects and why we are so passionate about them.

Case study
In November 2018, a small group – some new to U+I, others who know us well – came to Mayfield in Manchester to see the site for the first time and hear first hand from the team running the project. One investor commented:

> "MAYFIELD LOOKS LIKE A TERRIFIC SITE AND THE MANAGEMENT CAME ACROSS REALLY WELL. JAMES HEATHER SEEMS LIKE A VERY SOLID DEVELOPMENT DIRECTOR AND I HAVE NO DOUBT HE WILL PULL OFF A FANTASTIC SCHEME."

CGI of the Mayfield project in Manchester

HOW WE ENGAGED IN FY2019

Creating a new Dance Space for arts charity South East Dance has been integral to our Circus Street scheme in Brighton as their new home will help nurture talent, whilst being a focal point to entertain the local community, with c.17,000 people expected through the doors each year. With this in mind, we have worked closely with South East Dance, to design a space that will suit their needs and support their vision to help make lives better through dance.

Case study

South East Dance and Hofesh Shechter Company will be looking to further roll out their flagship Mind the Gap mentoring programme at The Dance Space, when it opens its doors in early 2020, to support outstanding dance graduates from the south east of England.

"

THE DANCE SPACE WILL SOON BE A THRIVING HOME TO DANCE AND A VISIBLE DEMONSTRATION OF THE EXCELLENT WORK THAT IS ALREADY TAKING PLACE.

"

Hofesh Shechter
photographed on the opening night of Rambert — McGregor/Motin/Shechter at Sadlers Wells.

STAKEHOLDER GROUP:

COMMUNITIES

STAKEHOLDER GROUP:

PARTNERS

HOW WE ENGAGED IN FY2019

We continue to support the growth or our collaborative group of like-minded people and companies who make up Mayfield & Co. Launched in 2018, these young businesses are bringing industry back into once abandoned buildings at Mayfield, Manchester as this co-working space encourages sharing ideas, experiences and knowledge, to help springboard their success.

Case study

We're talking to Mayfield & Co. and visitors to the site to listen to their views on the designs for our Mayfield project so we can create a scheme with the local community at its heart. Latest tenant, Dirt Factory, has built an indoor bike park in one of the disused 25,000 sq.ft. warehouses, using 2,000 tonnes of reclaimed soil to create a family-friendly bike park at Mayfield. The park encourages fitness, wellbeing and fun, whilst creating up to ten full and part time jobs for the local community. Read more at: dirtfactory.org/

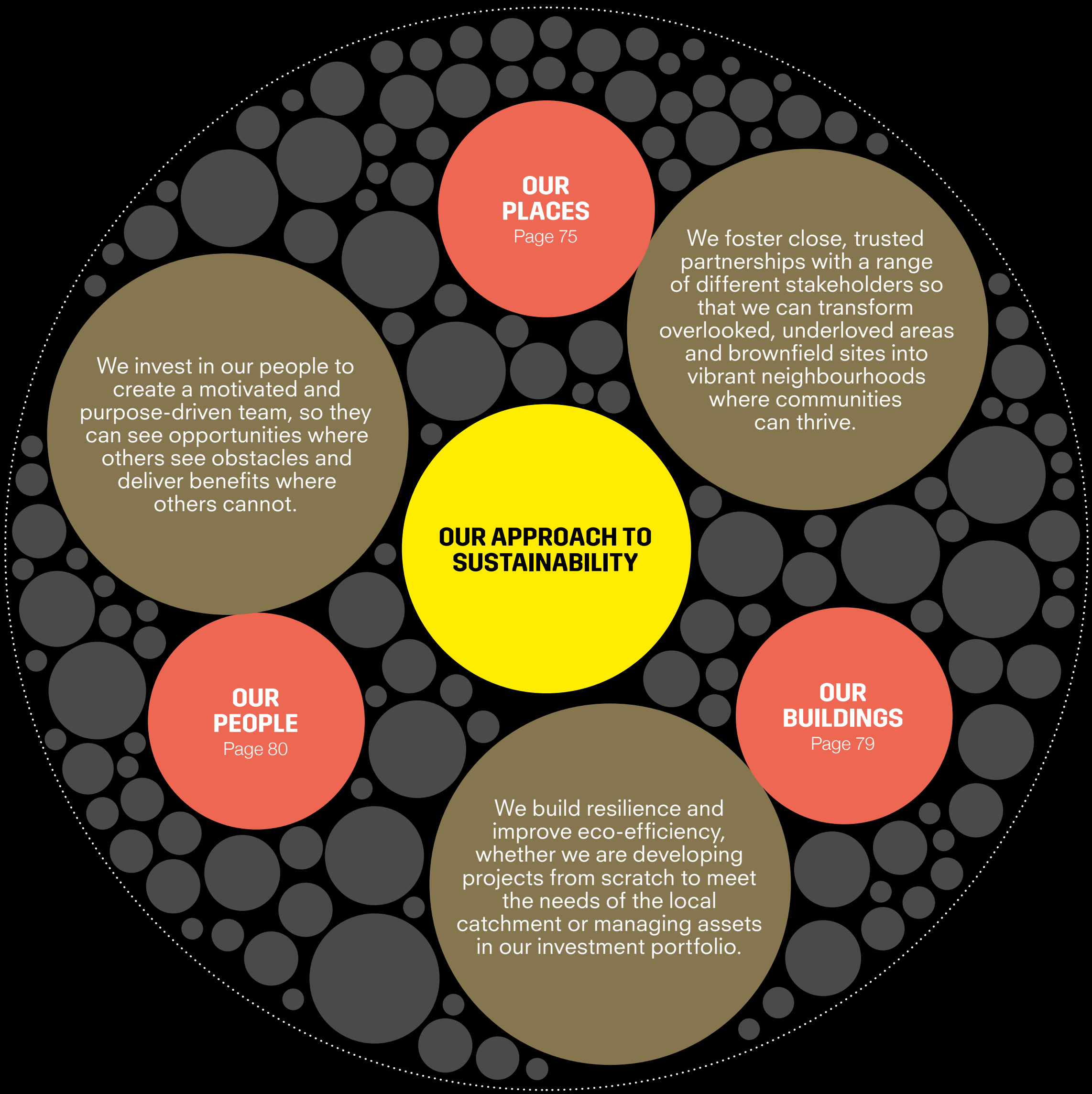
"

THE DIRT FACTORY POP-UP IS AN AMAZING OPPORTUNITY TO BRING OUR DREAM ALIVE AND AS A START-UP IT'S GREAT TO HAVE SUCH AMAZING SUPPORT FROM THE MAYFIELD PARTNERSHIP.

"

Dan Makin (left)
Co-founder and Managing Director of Dirt Factory.

SUSTAINABILITY REVIEW



Our vision for sustainability

With a focus on complex, mixed-use regeneration, our vision is to unlock value across our development, trading and investment projects so we can deliver lasting social and economic benefits for all our stakeholders, including the people who live, work and spend time in our places.

Our business model is designed to deliver genuine, long-term social and environmental benefits and our sustainability strategy supports this goal.

We principally create sustainable value in three ways, as shown in the diagram on page 74.

– Our places
– Our buildings
– Our people

The success of our approach is evident in the projects that we have delivered, the communities that we have helped to flourish and the opportunities we have created for new businesses to prosper. All of this is delivered by our committed and talented employees.

OUR PLACES

FY2019 highlights

>100,000 sq.ft.
new spaces created for start-up businesses and SMEs

42
Considerate Contractor score for Circus Street in Brighton and 40 for 399 Edgware Road

BREEAM
Excellent achieved at Future Works, Slough

20%
target procurement spend with local suppliers at each development

Communities

We see regeneration as a catalyst for sustainable growth. We build on the unique heritage and identity of each site to deliver inspiring places that boost economic growth, foster wellbeing and create thriving communities.

Listening to those around us is integral to the success of our developments. We involve communities from the start, developing direct and transparent channels of communication, opening up our sites and inviting people in. This ensures we leave places better than when we found them.


Landmark Court, London City Region

We have used this collaborative approach at our 1.7-acre, mixed-use development at Landmark Court in Central London. Widely considered too complex, the site has lain derelict for over two decades. We held regular meetings throughout the planning process with key stakeholders, including interest groups, local residents and Bankside Open Space Trust (BOST), to build trust, engage local communities and create a scheme that benefits everyone. Working closely with Friends of Crossbones, we have also created a shared vision for the Crossbones memorial garden, preserving the burial ground and respecting its rich history, which dates back to the 1800s.

> "LISTENING TO THOSE AROUND US IS INTEGRAL TO THE SUCCESS OF OUR DEVELOPMENTS."

Our broader plans for Landmark Court will transform the current buildings and car park into a dynamic cultural and social hub. The new commercial-led scheme will offer 35 new homes, around 180,000 sq.ft. of offices, retail and self-contained work spaces that will provide shared amenities for SMEs.

By working with local communities and partners, we can create a unique legacy, delivering positive benefits that generate value for all our stakeholders and enhance the lives of residents.

8 ALBERT EMBANKMENT
LONDON CITY REGION

290 people attended three consultation sessions

Shortlisted for the 'Community Engagement in the Planning Process' London Planning Award in January 2019

Shortlisted for the 'Best Use of Publicly Owned Land and/or Property in Placemaking' in the London Planning Awards in March 2019

Free rent in The Workshop for local start-up businesses and artists

Unlocking value through creativity, collaboration and vision

As the former headquarters of the London Fire Brigade and home to Lambeth Fire Station, 8 Albert Embankment has served the local community since the early 1930s. Through our partnership with the site's owner – the London Fire Commissioner (LFC) – we are using our creative vision to transform this building and the surrounding area into a thriving mixed-use community.

Our agreement with the LFC includes a promise to design and deliver a new home for the London Fire Brigade Museum – a one-of-a kind educational centre sitting alongside the working fire station (that remains the centrepiece of this project). The new museum is an interactive space designed to ensure that the history of London fire-fighting, from the Great Fire to the modern period, inspires generations to come.

Throughout the planning process we have worked closely with the local community and Lambeth Council to develop a shared vision for the project. We held three consultations to strengthen our relationship with the neighbouring community and invite feedback on our proposed designs. Just under 300 people attended and our proposals remain on public display, as well as on a dedicated website, underlining our commitment to transparency.

Our Worthwhile Use events space – The Workshop – opened in 2016, providing free space for the community, including locally-based start-up enterprises and artists. It is currently home to 12 tenants including the London Fire Brigade pop-up museum, Migration Museum and the Institute of Imagination. We have welcomed over 48,000 visitors since opening.

In short, our expertise in PPP regeneration projects has allowed us to create a shared vision for 8 Albert Embankment that places collaboration and creativity at its heart.

More information about the scheme online: www.uandiplc.com/our-places/8-albert-embankment

Read more about Brighton & Hove Wood Recycling Project at www.woodrecycling.org.uk

Environment
We transform overlooked sites into vibrant mixed-use neighbourhoods. Working with forward-thinking partners, we inject energy and creativity into every project to deliver environmental, economic and social benefits.

We adopt a practical approach to our schemes, guided by the National Planning Policy Framework and our specific ambitions for each individual project are shaped by engagement with local partners. We make a point of seeking out green building certifications, incorporating features that enhance the public realm and integrating solutions that reduce the impact of construction works and building use, such as waste avoidance and energy efficiency.

At Circus Street in Brighton, for example, the construction and development team diverted nearly 35 tonnes of wood waste for reuse or recycling. Brighton & Hove Wood Recycling Project, a not-for-profit social enterprise, used the wood in local DIY projects and passed on the savings in resources and carbon emissions. This collaboration also provided training and work experience for local people.

Looking ahead, we intend to formalise sustainable design principles in all our development projects by setting minimum standards for green building certifications, with an emphasis on the efficient use of resources.

Environmental features bring wider benefits too, that align with our core focus of enhancing people's lives through regeneration. To that end, we strive to promote the health and wellbeing of the communities where we work by improving the public realm, creating green spaces and providing integrated transport solutions such as bike schemes. Later this year, for example, we will submit planning for a 6.5 acre park at Mayfield, Manchester – the first purpose-built public park in the city for over a century.

> **“WE INTEND TO FORMALISE SUSTAINABLE DESIGN PRINCIPLES IN ALL OUR DEVELOPMENT PROJECTS.”**

Our efforts are not just confined to the work that we do: we also seek to extend the economic and social benefits of our regeneration activities through our supply chain. We prioritise local suppliers within a 25-mile radius of our core regions to reduce procurement risk, support local businesses and boost local employment. At Circus Street, for instance, we are using locally sourced bricks and cement to support supplier jobs in the area and ensure our final scheme has a homegrown look and feel.

This holistic approach helps us to capture the unique characteristics and opportunities of each site, improving the value we deliver and reinforcing our trusted reputation with existing and potential partners.


2,000+ people
attracted to
STEM events

HARWELL
LONDON CITY REGION

BREEAM Very Good achieved at Quad 1 development

On-site gym and wellness events for workers

A broader approach to value creation

Set across 710 acres of Oxfordshire countryside, Harwell is an internationally recognised science and technology campus and a hub of research and activity. More than 6,000 people work at over 225 world-leading organisations focusing on delivering innovation across the worlds of science and technology.

Over the past five years, we have been working in partnership with the Science and Technology Facilities Council and the UK Atomic Energy Authority to develop state-of-the-art facilities that further enhance Harwell's reputation.

But our ambitions for the site stretch far wider. We want to create a thriving community, with strong environmental credentials and an emphasis on health, wellbeing and education.

In that spirit, our landscape and maintenance strategy protects existing green spaces and supports biodiversity. Any trees that are removed, for example, are refashioned into benches and new saplings planted.

We have also worked hard to promote wellbeing, taking the lead in organising events that bring people together, encourage collaboration and promote healthy lifestyles. A recently opened gym is available to on-site employees, supplemented by regular wellness sessions. We have fostered sustainable travel plans that promote cycling, through incentives such as breakfasts and free bike maintenance sessions. A summer party in 2018 brought more than 1,000 people together to network and relax.

Our on-site management team has also worked with tenants to promote some of the exciting and ground-breaking work being undertaken at Harwell. We have sponsored initiatives such as the ATOM Science Festival in nearby Abingdon to promote Science, Technology, Engineering and Mathematics (STEM) amongst the local community, especially young people. The 2018 Harwell Fun Day, held to engage students, children and families in STEM-related activities, attracted over 2,000 visitors.

Our approach at Harwell demonstrates what can be achieved through genuine creativity and vision. By taking a holistic view of the project and looking beyond the physical infrastructure, to the way people work and interact, we have been able to deliver value that far exceeds the original scope.

OUR BUILDINGS

FY2019 highlights

12%
reduction in GHG emissions (Scope 1 and 2) across our investment portfolio

27%
reduction in like-for-like energy consumption across our investment portfolio

Our investment portfolio is made up of assets that we have acquired or developed, where we see long-term potential. These tend to be assets in towns and cities where the offering is well-suited to the local catchment and where we can add value through asset management initiatives or change of use. Unlike our development portfolio, options to improve the environmental performance of our investment portfolio are limited as the buildings generally predate our involvement.

We nonetheless monitor energy use and focus on improvements to energy efficiency as part of our broader objectives to mitigate risk, sustain asset values, reduce operating costs, and attract and retain tenants. Much of this investment is directed towards our goal of only holding assets rated EPC 'C' or above.

We work with property managers and tenants across our portfolio to target practical improvements, given each asset's needs, age and annual investment budgets. These range from energy efficiency initiatives, such as the roll-out of LED lighting to new technology, such as smart meters, to facilitate the collection of more accurate energy consumption data.

We aim to achieve continuous reductions in energy use and greenhouse gas emissions across our portfolio, and we will take further steps towards this goal by using baseline performance data to set long-term targets.

> **"WE AIM TO ACHIEVE CONTINUOUS REDUCTIONS IN ENERGY USE AND GREENHOUSE GAS EMISSIONS ACROSS OUR PORTFOLIO."**

We report our portfolio's energy consumption and greenhouse gas emissions in line with EPRA's Sustainability Best Practice Recommendations (sBPR). The sBPR provide an industry-standard framework for reporting on the environmental impact of property, allowing our performance to be measured and monitored against our peers. Tables detailing our performance can be found on our website at: www.uandiplc.com/who-we-are/sustainability

OUR PEOPLE

FY2019 highlights

56%
of employees benefit from subsidised gym membership

89%
of employees enrolled in private medical insurance

4
work experience placements offered to students

>£30,000
raised for Shelter, our charity partner and >300 hours volunteered

68%
of staff have had opportunities to learn and grow at work in the first three months of 2019

1
new Non-executive Director to increase employee engagement

Our success relies on our people: their ingenuity, their creativity and their commitment. We cultivate a sense of belonging to nurture an inclusive culture and retain key talent.

We want our people to develop and flourish. We listen to them, we develop strong channels of communication through our employee engagement survey and we invest in their personal learning and development to help them achieve their best.

As part of our commitment to our people, in the financial period we designed and implemented a psychometric questionnaire to inform our future development strategies and revised performance management process. We selected six behaviours that align with our brand values of imagination, intelligence and audacity – creativity, curiosity, emotional intelligence, grit, adaptability and communication – that would help our team to excel in their positions.

In the year ahead, we will continue to roll out our talent strategy, introducing technical assessments, enabling our staff to build on the skills within our existing teams and support overall career progression. Our talent strategy reaches everyone in the organisation, including our CEO and other Executives, to support our culture of inclusion that will help us to deliver the best regeneration schemes that we can.

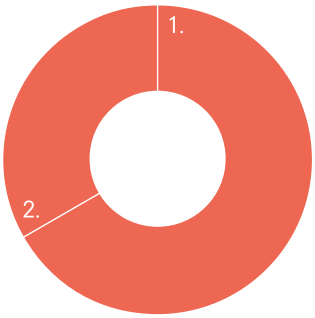
As part of our people first approach, in April 2019 we appointed a new independent Non-executive Director, Professor Sadie Morgan, to oversee the establishment of a workforce advisory panel, providing a point of communication and connection between our employees and the Board. We also undertook a Company-wide employee engagement survey to understand areas of improvement for the business to sustain an energetic and fun working environment as the business matures.

Attracting people from a diverse range of backgrounds is a priority for us and our industry. By offering work experience placements we look to inspire a future generation to pursue careers in property. Over the past year we have welcomed four students from a variety of backgrounds through our doors. Two of the students were selected from a local school near our community developments Deptford Market Yard and Hammersmith Grove. We also hosted an intern as part of our partnership with the Reading Real Estate Foundation that promotes opportunities within the property sector for students from diverse backgrounds.

Our continued charity partnership with Shelter raised over £30,000 in the financial period, including a contribution from U+I, supported by the Matching Charity Giving Policy. We offer two days leave a year to volunteer, leading to over 300 hours volunteering in the period. As part of this policy, four members of staff were also supported to work in a refugee camp in Lesvos, Greece, helping Movement on the Ground's permanent on-site teams with operational activities, to assist with the day to day running of the camp.

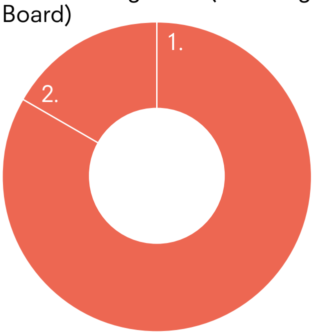
Employee gender diversity

Board



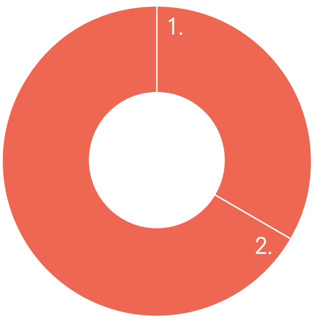
1. Male: **6**
2. Female: **3**

Senior management (excluding Board)



1. Male: **20**
2. Female: **4**

Remaining team



1. Male: **23**
2. Female: **46**

“

ATTRACTING PEOPLE FROM A DIVERSE RANGE OF BACKGROUNDS IS A PRIORITY FOR US AND OUR INDUSTRY.

”

By motivating our people, furthering their careers, promoting diversity and encouraging volunteering, we strive to create connections, foster engagement and reinforce our reputation as a rewarding place to work that supports and brings out the best in our people.

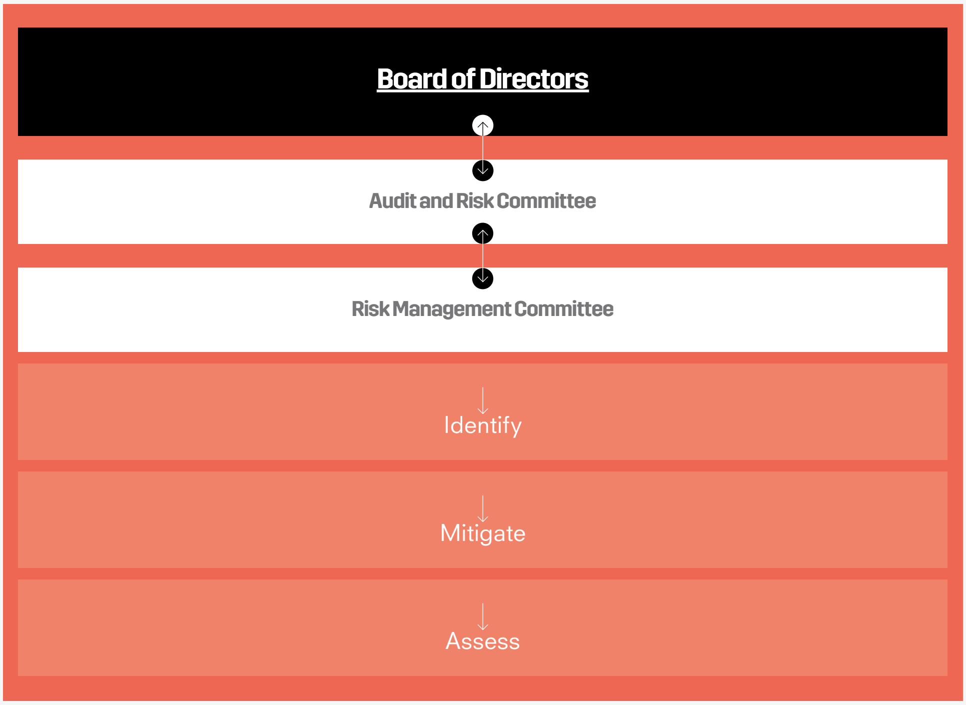
We want our people to develop and flourish

PRINCIPAL RISKS AND UNCERTAINTIES

Risk review
Our business model is shaped by the risks the Directors consider significant to our strategy, size and capabilities.

Risk management structure
The Group's risk profile is maintained under continual review by its Audit and Risk Committee and by the Board. In addition, the Group has a Risk Management Committee, which oversees the Group's risk register and risk control processes on behalf of the Audit and Risk Committee. The Risk Management Committee is comprised of senior employees from across the Group, covering all areas of the Group's operations.

RISK FRAMEWORK



DELIVERING AGAINST OUR STRATEGIC PRIORITIES

Principal risks and uncertainties	PEOPLE FIRST	GROW PIPELINE	DRIVE VALUE	DELIVER EXCELLENT RETURNS	CAPITAL DISCIPLINE AND EFFICIENCY
Market risk	○	○	○	○	○
Scarcity of viable investment and development opportunities	○	○	○	○	
Counterparty risk	○	○	○	○	○
Bank funding risk		○	○	○	○
Construction risk		○	○	○	○
Planning risk		○	○	○	

MAPPING OUR RISKS

The Group categorises risks according to the likelihood of occurrence and the potential impact on the Group.

The Directors consider the following to be the principal risks and uncertainties facing the Group.

These risks have been grouped as either:
- **External risks** – whose occurrence is beyond the control of the Group.
- **Business risks** – which the Directors choose to manage as part of the Group's operations.

28 February 2018
31 March 2019

Key
A Market risk
B Scarcity of viable investment and development opportunities
C Counterparty risk
D Banking risk
E Construction risk
F Planning risk

OUR OPERATIONAL KEY PERFORMANCE INDICATORS

BUSINESS RISK	IMPACT	MITIGATION	RISK EXPOSURE CHANGE YEAR-ON-YEAR
A. Market risk The real estate market is directly linked to the health of the local and national economies. Lack of economic growth, recessionary conditions or economic uncertainty can translate into the negative sentiment towards, and performance of, real estate.	– Lack of liquidity in market may delay the ability to realise planned disposals leading to significantly reduced cash inflows. – Higher occupier risk, leading to significantly reduced values. – Lack of occupier demand, resulting in inability to realise gains.	– Risk-averse property development strategy, whereby projects are pre-funded, pre-let, or pre-sold where appropriate. – Long maturities of debt finance facilities. – Moderate level of gearing. – Regular meetings with economic forecasters to gauge economic trends.	The UK economic fundamentals remain solid. However, continuing political uncertainty as to the timing and nature of Brexit, together with escalating geopolitical risks and continuing trade uncertainties, continue to overshadow the market. The six-month Brexit delay will keep investment and housing decisions on hold.
B. Scarcity of viable investment and development opportunities The Group's business is predominantly transactional and requires a flow of PPP, trading and investment opportunities to generate consistent returns. The risk is that the flow of suitably priced opportunities either reduces or stops.	– Inability to source new deals leads to decline in development and trading profits in future years. – Higher pricing of acquisition opportunities leads to reduced ability to add value.	– Flexible approach to market opportunities, seeking out sectors where value can be generated and seeking funding partners with different return requirements. – Stringent deal underwriting procedures with minimum return hurdles. – Maintaining broad industry contacts for acquisitions rather than being dependent on a single source of opportunity. – Use of PPP model to secure regeneration opportunities in an innovative way.	Opportunities continue to be sourced for development, trading and investment, which satisfy Group underwriting criteria, albeit that the market is running late cycle with yield rents and house prices at historically high levels.
C. Counterparty risk Transaction counterparties, be they joint venture partners, purchasers under sale contracts or banks in respect of cash deposits or derivative arrangements, may suffer or fail financially.	– Failure of sales transaction counterparties may lead to an inability to produce trading profits. – Failure of financial counterparties may impact effectiveness of hedging or recoverability of deposits.	– Proof of funding required prior to agreeing sales contracts. – The Board regularly assesses the creditworthiness of financial counterparties prior to placing deposits and hedging transactions. – Substantial deposits are required for pre-sold residential developments prior to commencing construction.	The Group continues to have exposure to the private residential market through the development of pre-sold residential units both on and off-balance sheet. The risk of purchasers failing to complete has not reduced during the year as Bromley reached practical completion.
D. Bank funding risk The pressure on a large number of traditional real estate lending banks to reduce their exposure to real estate reduces the capacity and liquidity within the lending market and can impact upon the availability of debt to deliver business plans.	– Inability to secure funding for new opportunities. – Inability to refinance existing facilities, leading to disposals at the wrong time in business plans and failure to maximise profits. – Unpredictability of cash flows.	– The Group maintains relationships with a wide range of both bank and non-bank lenders, reducing over-reliance on any one partner. – The Group is constantly seeking to widen its range of funding sources and liaises regularly with new entrants into the real estate lending market.	The lending market continues to see new entrants. Through the year there has been a gradual reduction in lenders' appetite for development risk, particularly on a speculative basis, as the Brexit uncertainly continues and given expected increases in interest rates. Also, a gradual fall in house prices has impacted upon appetite for residential development.

BUSINESS RISK	IMPACT	MITIGATION	RISK EXPOSURE CHANGE YEAR-ON-YEAR
E. Construction risk There is a risk of being unable to secure a viable construction contract, post receipt of planning permission. Real estate construction is subject to the risk of cost overruns, delay and the financial failure of an appointed contractor.	– Reduced profitability or potential loss on individual projects and/or guarantees being called. – Construction work ceasing whilst a suitable replacement contractor is found, leading to delays in project completion and a reduction in profit.	– The Group retains in-house experienced project managers throughout the life of individual projects, to ensure that costs are appropriately budgeted and timetables are adhered to, hence the impact of these risks is minimised. – The Group performs appropriate pre-contract due diligence on the capabilities and financial security of its material contractors and key sub-contractors. – The Group continually monitors the financial position of key contractors to anticipate financial difficulties. – If issues arise with contractors, the Group uses its professional teams and in-house expertise to mitigate the impact. – The Group requires detailed design and specification throughout the tender process to enable it to maximise the risk transfer to contractors. – The Group requires that all construction contracts include provisions for liquidated ascertained damages in the case of performance failures by contractors and that contractors provide performance bonds, typically to a level of 10% of the contract sum.	There continues to be an increase in construction material prices. At the same time, uncertainty over the status of EU nationals working in the UK post any deal between the UK and the EU is leading to construction workforce shortages and increasing labour costs. These are both impacting upon pricing and making the placement of construction contracts more difficult in terms of cost certainty and hence margin. As a result, contractors are increasing pricing on new tenders so as to build in additional contingencies for the losses they have suffered in the last two to three years. This can also lead to a lengthening of tender periods and the need for more detailed design before a viable construction contract can be agreed. There has also been the failure of certain large-scale contractors which has both taken capacity out of the market and lead to other contractors reviewing their business models. The complexity of our projects requires even greater rigour in delivery.
F. Planning risk Procuring appropriate and valuable planning consents is often a key element of value creation through property development. Securing planning permission in a changing political and regulatory environment is a complex and uncertain process, with applications subject to objection from a wide range of potential stakeholders, and hence prone to delay, modification and rejection.	– Failure to secure planning consent can either cause delay or render a project unviable/unprofitable and lead to the write-off of considerable costs or reduced profit potential.	– The Group retains a team with a strong track record of achieving planning consents and an extensive local knowledge, supplemented by advisors and sector specialist partners, to maximise the chance of success and reduce the risks and costs of failure. – An alternative exit strategy is always considered in case of planning failure. – The Group's PPP model seeks to build partnerships with local statutory and planning authorities as a way of mitigating risk.	The ability to obtain clear planning decisions is potentially compromised as key political events, such as elections, approach. Brexit focus has also weakened Central Government involvement in the planning process. The political landscape and planning decisions are increasingly becoming the battleground on which disagreements over social issues play out. The financial strain on local authorities is also manifesting itself in under-resourcing of planning departments. Taken against a back-drop of ever-increasing complexity in both projects and planning regulations, especially in respect of mixed-use schemes with greater density, there is an urgent need to professionalise planning departments.

VIABILITY STATEMENT

Introduction

U+I's business model is to deliver returns through regeneration, realising profits by successfully transforming undervalued land and assets into new places that deliver social and economic value to a wide range of stakeholders.

The key drivers in delivering the model are as follows:

- Ability to source a regular supply of new business opportunities which can deliver profits in future years.
- Sourcing debt finance to leverage new business opportunities and refinance existing facilities where appropriate.
- Access to a wide range of capital partners to co-invest in larger schemes and forward fund larger speculative developments.
- Successfully delivering new planning permissions.
- A high-yielding investment portfolio generating a sustainable cash yield to support business activities and sustain corporate overheads.
- Maintaining a diversified portfolio of projects so as to reduce property specific risk across the overall portfolio.

Assessment period

The Group's business planning process consists of a five-year look forward. The rationale for this is that the main driver of success is the generation of development and trading gains from projects, with the exception of two outliers:

- Short-term pure trading; and
- Long-term land strategies.

The majority of projects have a duration of between two and five years from acquisition to exit. Therefore, from any starting point, over a five-year period the vast majority of projects will have moved through to exit. To plan for a period longer than five years would lead to the construction of a purely theoretical model in years 5+, rather than one underpinned by specific existing projects in the initial five-year period.

Therefore, for the purposes of this review, the business has been considered and stress tested over a five-year period.

Consideration of principal risks

The nature of the Group's business and the industry in which it operates expose it to a variety of risks. The principal risks and uncertainties facing the Group are detailed on pages 82 to 85. The Board regularly reviews the principal risks and assesses the appropriate controls and mitigating actions required to manage the operations of the Group within an appropriate risk environment. The Board has further considered their impact within the context of the Group's viability with particular emphasis on construction and planning risk.

Assumptions

In assessing the long-term viability of the Group, the Board has made the following assumptions:

- Property investment valuations continue to be broadly stable with no prolonged significant downwards movements.
- The Group continues to be able to deliver cash-backed development and trading gains from its existing portfolio of projects sufficient to meet its operational requirements, principally driven by securing new planning permissions.
- The Group continues to be able to source new business opportunities capable of delivering both short-term trading gains and longer-term development gains to replace existing projects as they are exited.
- The Group continues with its policy of having a mixture of long-term debt associated with its long-term investment portfolio and shorter-term stand-alone debt associated with its development and trading projects.
- The Group continues, as it did throughout the previous recession, to be able to source both replacement and new debt facilities as they are required from both existing and new lenders.
- The Group continues with its policy of maintaining a broad range of counterparties, including financial, contractor and purchaser, so as to mitigate the impact of potential counterparty failure.
- The Group continues its policy of de-risking developments by obtaining forward-funding for larger schemes and only carrying out limited on-balance sheet development.
- Construction contracts are entered into on a guaranteed maximum price basis where possible.
- The Group maintains its current conservative gearing strategy.

In addition, the Group's five-year business model was stress-tested to simulate either a deterioration in market conditions, which could be the result of a number of factors, including a disorderly Brexit outcome, or a flexing of these assumptions, as detailed below. In particular, consideration was given to the following:

- Persistent valuation falls of 2.5%, 5.0% and 10.0% per annum for each of the next five years and the resultant impact upon NAV, gearing covenants and cash levels i.e. a fall of 25% in property values.
- Inability to win any new business opportunities over the next five years – hence the only profits that can be generated are from existing schemes.
- Debt facilities were stress-tested to see how much property valuations would need to fall before loan covenants would be breached and how much cash would be required to cure any loan covenant defaults.

Conclusion

As a result of the work performed above, including the consideration of the key assumptions and the subsequent stress testing, the Board believes that the Group's strategy of maintaining a broad portfolio of development and trading projects, a core investment portfolio and a diverse range of financial and operational counterparties provides the Group with a strong platform on which to continue its business.

The Directors therefore have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to March 2024.

FINANCIAL REVIEW

RESULTS FOR THE YEAR

During the year the Group focused on its aim of delivering development and trading gains whilst at the same time continuing to rationalise the number of smaller, inefficient projects it is involved in and restructuring its investment portfolio.

A summary of the Group's financial results is shown below.

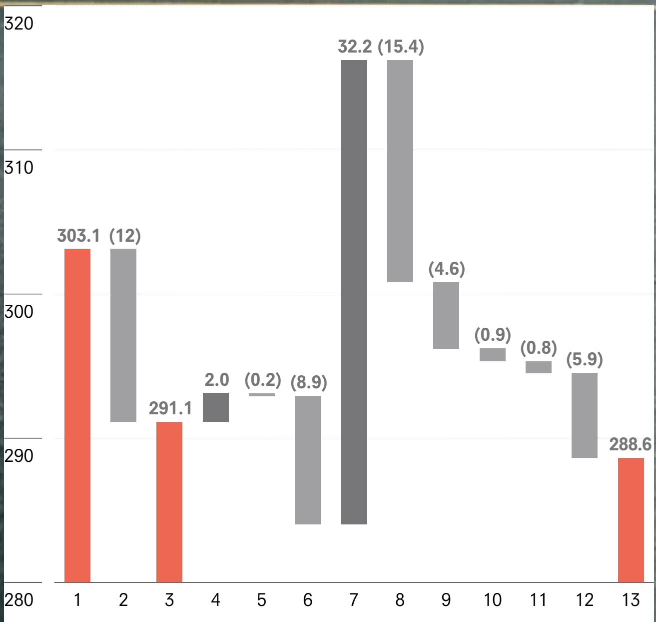
	13-month period ended 31 March 2019	Year ended 28 February 2018
Development and trading gains	**£42.8m**	£68.3m
Basic net asset value (NAV)	**£360.1m**	£379.3m
Basic NAV per share	**289p**	303p
Total declared dividends per share	**10.0p**	17.9p
Profit before tax	**£6.3m**[1]	£48.2m
Total return	**0.9%**	12.2%
Balance sheet gearing	**38.6%**	31.4%

1 13-month period to 31 March 2019

The profit before tax for the 13-month period to 31 March 2019 was £6.3 million (28 February 2018: £48.2 million), after generating development and trading gains of £42.8 million, marginally lower than the range we were guiding for the year.

The movement in net assets for the year is shown in the bridge below.

MOVEMENT IN NET ASSETS



1 NAV February 2018
2 Supplemental Dividend 2018
3 Adjusted NAV
4 Investment portfolio contribution
5 Loss on disposal of investment assets
6 Property revaluations
7 Development & trading contribution
8 Operating costs
9 Net interest costs
10 Taxation
11 Other
12 Final 2018 & interim 2019 Dividend
13 NAV March 2019

MARCUS SHEPHERD (RIGHT), CHIEF FINANCIAL OFFICER, STRATEGY DAY, DUBLIN

Development and trading gains

During the year, we realised a total of £42.8 million of net development and trading gains. The key components of these gains are:

- £13.8 million – Preston Barracks: disposal of residential accommodation scheme.
- £9.3 million – Curzon Park: disposal of site via CPO*.
- £4.8 million – Harwell: construction of two new buildings and disposal of surplus land*.
- £4.7 million – Bryn Blaen: disposal of windfarm.
- £4.0 million – Bicester: disposal of site.
- £3.3 million – Charlton Riverside: disposal of site*.
- £1.8 million – Circus Street: construction of student accommodation.

* These gains represent U+I's share of gains on assets held in joint venture arrangements with significant capital partners

The single largest element of the development and trading gains was at Preston Barracks where the consented residential site in Brighton was sold to Optivo, one of the largest housing providers in the UK and experts in affordable housing. This generated a profit of £13.8 million.

The Group holds 50% of the share capital in a joint venture which previously owned a 10.5-acre site at Curzon Park in Birmingham. During the year, the site was acquired, via compulsory purchase order (CPO), by High Speed Rail Link 2 (HS2). As a result of this disposal, the Group has been able to recognise a joint venture asset and hence recover losses previously recognised when the Group was unsure as to the recoverable amounts associated with the site. The net benefit during the period to the Group as a result of this is £9.3 million.

In addition to the above, approximately £1.1 million of gains were realised from a number of smaller projects as we continued our policy of rationalising the number of projects.

At our retail project in Lichfield we have taken a £3.4 million write off as we were unable to deliver a viable project prior to the longstop date in the PPP agreement; we will not incur any other costs.

Development and trading gains can be analysed as follows.

	13-month period ended 31 March 2019 Total £m	Year ended 28 February 2018 £m
Included in segmental analysis:		
Development and trading segment result	**19.3**	48.4
Share of results of joint ventures	**17.1**	13.0
Sale of investments	**3.9**	6.8
Other income	**–**	0.1
Adjustment re legacy corporate loan	**2.5**	–
	42.8	68.3

Investment property portfolio

During the period, the Group continued its policy of selectively disposing of non-core assets outside of our key geographies, in particular Killingworth Centre, Newcastle.

We have been cautious about acquisitions, especially in light of uncertainty in the UK property market mainly driven by inactivity and lack of governmental decision making. In spite of this, we have invested £29.2 million (including costs) in three attractive investment opportunities: St Peter's Quarter, Bournemouth, Waterglade Retail Park, Clacton-on-Sea and a Pure Gym unit in Finchley, where we will look to drive double-digit returns through asset management initiatives.

The Group's historic portfolio does still have a retail bias and as such we have suffered an £11.2 million decline in values. Overall, including our share of joint venture assets, we have seen a 4.9% decline in values, as market sentiment outweighed asset fundamentals, especially for retail property outside London and the South East.

Working capital

The nature of the Group's business involves transactions in real estate, both purchase and disposal, where there is usually a period of up to four weeks between exchange, when the transaction is accounted for, and completion when the associated cash flows.

As a result, depending on the purchase and disposal activity around the period end, there are large differences between the level of receivables and payables from one Balance Sheet to the next. For example, as at 31 March 2019, there were receivables of £23.2 million relating to asset disposals immediately prior to the period end compared to £84.8 million as at 28 February 2018. This highlights the significant movement from one period to the next for receivables.

Overheads

The overheads during the period comprised.

	13-month period ended 31 March 2019 £m	Year ended 28 February 2018 £m
Group overheads	**21.9**	24.2
LTIP charge (net)	**–**	(1.8)
	21.9	22.4
Income from specialist platforms	**(2.5)**	(2.1)
Net recurring overheads	**19.4**	20.3
Annualised net recurring overheads	**17.8**	20.3

We remain rigorously focused on maintaining capital discipline and a strong balance sheet. We have put in place an efficiencies programme to ensure that we continue to manage our recurring overheads as effectively as possible, whilst identifying further opportunities for efficiencies, both this financial period and in the longer-term. This is being led by a Chief Operating Officer who was appointed in January 2018 on an interim basis to undertake a review of all areas of the business and identify and implement cost savings. Annualised net recurring overheads in the financial period were £17.8 million (2018: £20.3 million).

Currently we employ certain specialist development related expertise internally, such as project management and marketing, rather than using external specialists. We do this as it gives us more immediate control over certain aspects of our projects. Historically we viewed this as a central cost/overhead expense. In order to more closely align ourselves with and be more comparable to our peer group, we are now adopting the industry-wide practice of capitalising that expenditure where appropriate, rather than treating it as a corporate overhead. This has led to capitalisation of £2.5 million of staff costs in FY2019. This is expected to be at a similar level in future years.

We have also invested in launching and building a market leading brand, which has helped us to win projects like CNFE. Maintaining the U+I brand is essential to our continued success but we believe we can now reduce our corporate marketing spend, whilst continuing to maintain its awareness and understanding.

To further increase efficiencies, over the financial period, we have undertaken an internal review of each project, which has led to us realigning teams and improving some of our processes so we now believe we have the right team size, structure and skillset, relevant to the scale, value and stage of each project, whilst being more efficient in our day to day delivery. As we conclude our existing smaller and legacy projects and continue to shift to fewer, larger projects, productivity will increase and support more efficient delivery, whilst generating higher returns as we turn these projects from vision to reality. Furthermore, as we move into the delivery phase of our pipeline, we will increase the opportunity to earn additional Development Management Fees to offset our overhead. Fees generated in FY2019 were £2.5 million, a figure which we expect to increase annually over the next five years, with £3.0 million targeted in FY2020.

Net finance costs

Net finance costs for the 13-month period of £5.8 million (2018: £9.7 million) include a foreign exchange gain of £0.2 million (2018: £1.4 million deficit) in respect of the retranslation of Euro-denominated loans and deposits.

For entities where the reporting currency is in Euros, retranslation differences are charged to reserves. The movement for 2019 was a gain of £0.2 million (2018: £0.3 million gain). The net impact of these movements on NAV during the year was a £0.4 million gain (2018: £1.1 million loss).

GROUP'S BANK FACILITIES

Debt

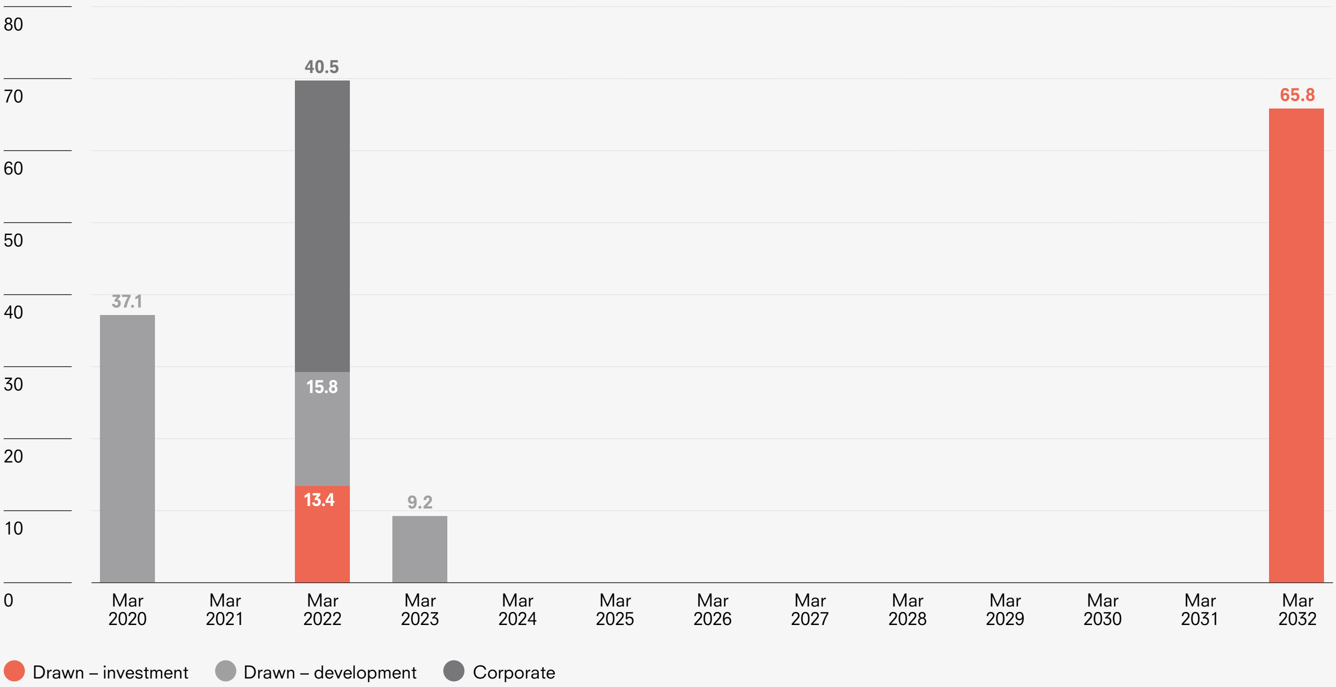
We use debt finance to leverage the use of our equity in property transactions. We continue to borrow from a wide range of financial institutions, including UK clearing banks, insurance company-backed lenders, debt funds and financial institutions. The availability of debt finance has not impacted our ability to transact new property deals.

Details of our debt facilities are shown in the table below:

						Principal financial highlights		
Facility type	Notes	Total facility	Utilised as at 31 March 2019 £'000	Interest rate	Maturity	Loan to value ratio	Interest[1] cover ratio	Minimum[1] net worth £'000
Loans financing longer-term assets								
Term loan	3	£10,580	10,580	Variable	10-Jan-20	73%	160%	–
Loan notes	2	€47,000	~40,448	Cap	24-Apr-21	–	–	–
Term loan		£19,710	13,410	Variable	25-Mar-22	50%	175%	–
Term loan		£66,667	65,831	Fixed	5-Dec-32	75%	125%	–
Loans financing development and trading assets								
Term loan	3	£44,100	45,276	Fixed	31-Mar-19	–	–	–
Term loan	3, 4	£26,000	28,432	Variable	30-Jun-19	60%	125%	100,000
Term loan	3	£4,900	4,900	Fixed	16-Nov-19	–	–	–
Term loan	3	€22,045	~18,292	Fixed	18-Nov-19	–	–	–
Term loan	3	€20,125	~11,928	Fixed	06-Jan-20	–	–	–
Term loan	4	£9,500	10,415	Variable	31-Jan-20	–	–	–
Term loan	4	£26,000	26,652	Fixed	31-Jan-20	–	–	–
Term loan	3	£31,000	15,881	Variable	24-Oct-21	–	–	–
Term loan	3	£5,610	5,330	Cap	31-Mar-21	60%	175%	–
Term loan	3	€14,000	~12,048	Variable	08-Aug-21	–	–	–
Term loan		£16,800	15,800	Fixed	15-Jan-22	–	–	–
Term loan		€8,515	~7,328	Fixed	13-Dec-22	75%	–	200,000
Term loan	3	£16,674	3,500	Variable	31-Dec-22	–	120%	–
Term loan		€2,180	~1,876	Fixed	28-Mar-23	75%	–	200,000
Term loan	3	£24,113	22,410	Variable	31-Dec-22	–	–	–
Term loan	3	£110,000	65,000	SWAP	16-Feb-26	65%	150%	–

1 Interest cover ratios are specific to the loan and the relevant property. Minimum net worth refers to the net asset value of the Group per its latest Balance Sheet (31 March or 30 September)
2 These unsecured, variable rate loan notes are denominated in Euros, with a nominal value of €47 million. An interest rate cap is in place to limit the Group's exposure to movements in the EURIBOR rate.
3 Loans relating to joint ventures represent the total loan facility and not the Group's share
4 This facility has the provision to allow interest to be rolled into the loan
~ Represents the amount of the Group's liability in Sterling as at the balance sheet date

DEBT MATURITY PROFILE



The graph above shows the maturity profile of the Group's debt and the analysis between investment, development and corporate facilities.

During the year, the major changes to our debt portfolio were as follows:

- Refinancing the Barclays loan for a new £19.7 million, three-year facility. This also resulted in the repayment of the Santander loan.
- Draw down of £15.8 million loan to finance the purchase of The Arts Building.
- Two new Irish loan facilities secured on two industrial assets in Dublin.
- To enable the build out of the Hendy wind farm, the joint venture entered into a £16.7 million loan facility with Close Brothers.
- The Santander facility financing the development of Harwell was refinanced during the period. The new £110.0 million facility was signed by the joint venture in February 2019.

Our debt policy can be summarised as follows:

- Longer-term fixed rate facilities are used to fund longer-term income-producing assets. Target loan to value (LTV): 60–65%.
- Shorter-term asset-specific debt aligned to the business plan for shorter-term trading assets. Target LTV: 50–55%.
- Medium-term Euro-denominated corporate debt to support our investment into Euro-denominated assets in Dublin. No LTV target as this is corporate-level debt.
- The Group has no specific debt on non-income producing assets or investments into PPP schemes.
- Joint venture arrangements are designed to leverage both our operational expertise and our Balance Sheet. When acting with third party capital we deploy asset-specific debt, which is often at a higher LTV (65–75%), reflecting the risk appetite and cost of capital of our partners.

A summary of the Group's gearing is shown below.

Group gearing

	Target	31 March 2019	22 May 2019	28 February 2018
Gearing (excl. share of JVs)	40–50%	**38.6%**	39.1%	31.4%
Gearing (incl. share of JVs)	50–60%	**62.8%**	64.3%	50.5%

The greatest fluctuation in gearing occurs where we utilise debt to fund the build-out of pre-sold residential developments on our own Balance Sheet.

Our overall gearing targets therefore act as a limit on the amount of development that we can undertake on our own Balance Sheet.

The Group maintains a mix of variable and fixed rate facilities to provide a degree of certainty whilst also benefiting from historically low interest rates. Longer-term facilities tend to be structured with fixed rates.

		31 March 2019	28 February 2018
Group net debt and gearing:			
Gross debt	£m	**(179.8)**	(171.2)
Cash and cash equivalents	£m	**40.8**	52.1
Net debt	£m	**(139.0)**	(119.1)
Net assets	£m	**360.1**	379.3
Gearing	%	**38.6**	31.4
Weighted average debt maturity	years	**6.2**	7.0
Weighted average interest rate	%	**4.6**	4.7
Including joint ventures:			
Share of net debt in joint ventures	£m	**(87.3)**	(72.7)
Gearing	%	**62.8**	50.5
Weighted average debt maturity	years	**4.5**	5.4
Weighted average interest rate	%	**5.1**	5.2

Monies held in restrictive account and deposits

As at 31 March 2019 the Group held £8.8 million of restricted cash deposits (28 February 2018: £11.5 million). Restricted cash deposits primarily arise as a result of the operation of certain of the Group's debt facilities where, on disposal of an asset charged to the facility, the lender temporarily retains the sale proceeds as security pending reinvestment. The restricted cash deposits are deemed to be directly attributable to associated debt facility and as such are reported under financing activities in the Group's Consolidated Cash Flow Statement.

Joint venture arrangements

The Group has a policy of working in joint venture arrangements as a way of:

- Leveraging our equity so we can participate in projects that would otherwise be too large for our Balance Sheet;
- Accessing deals with specialist partners who have secured positions on projects but require further equity and the planning and structuring skills, which are a key part of our business.

During the year, the Group has continued to create considerable value from one of its most important joint ventures:

- At Harwell we are partnered with the UKAEA, STFC and Harwell Oxford Partners on the 700-acre Harwell Campus, an internationally renowned science campus. During the period we have successfully completed the letting and development of two buildings and let over 125,000 sq.ft. of space to, amongst others, Oxford Nanopore Technologies and Agilent Technologies. During the period this has generated both £4.8 million of development and trading gains and net investment gains of £1.2 million in respect of the Group's holding.

The Group's joint ventures and associates are analysed in more detail in note 13 on pages 193 to 198 to the Consolidated financial statements.

Taxation

Our tax strategy is aligned with our overall business strategy and is principled, transparent and sustainable for the long-term. The key components of this strategy are:

- A commitment to ensure full compliance with all statutory obligations, including full disclosure to all relevant tax authorities;
- Any tax planning strategy entered into is only implemented after full consideration of the risks and if necessary after prior consultation with the relevant tax authority. Those findings are recorded in any relevant structuring document;
- The maintenance of good relationships with tax authorities and a clear interaction between tax planning and the Group's wider corporate reputation and responsibility; and
- Management of tax affairs in a manner that seeks to maximise shareholder value whilst operating within the parameters of existing tax legislation.

For the financial period the underlying tax rate, including deferred taxes, was 16.5%. The Group's tax rate is sensitive to both geographical location of profits and business activity from which the profits are derived. It is anticipated that future years will see an increase in the effective tax rate following legislative changes announced in the 2017 Budget and the possible impact of interest deductions in line with OECD's Base Erosion Profit Shifting (BEPS) Action Point 4.

The suitability of our tax strategy is kept under constant review to ensure compliance with both the fiscal needs of the Group and the constant evolution of tax legislation.

Dividends
Our dividend policy consists of two elements as follows:
- An Ordinary dividend, comprising interim and final at 2.4 pence and 3.5 pence per share respectively; and
- A supplemental dividend related to the net free level of cash flow generated from the financial year.

A final dividend of 3.5 pence per share was approved by the Board on 21 May 2019, to be paid on 6 September 2019 to shareholders on the register on 9 August 2019 (2018: 3.5 pence per share).

On 21 May 2019, the Board approved the payment of a supplemental dividend of 4.1 pence per share, to be paid on 12 July 2019 to shareholders on the register on 7 June 2019.

Foreign currency movements
The Group's operations are conducted primarily in the UK. However, as one of its three core regions is Dublin, the Group is exposed to movements in foreign exchange rates between Sterling and Euros.

The Group's principal exposure to foreign currency movements is in respect of its €47.0 million Euro-denominated loan notes, Euro-denominated bank loans and property assets.

At 31 March 2019, the Group had net Euro-denominated liabilities of €30.9 million (2018: €38.7 million).

The details of the Group's sensitivity to exchange rate movements are set out in note 17(d) of the Consolidated financial statements.

During the year, the value of Sterling against the Euro has fluctuated reflecting economic uncertainty relating to the UK's decision to leave the EU. The impact on our NAV during the period was a gain of £0.4 million, which is the net result of a gain of £0.2 million recorded in finance income in the profit and loss account and a gain through reserves of £0.2 million. This demonstrates that the Group's foreign currency hedging strategy has been effective during times of significant foreign currency volatility.

Marcus Shepherd
Chief Financial Officer
21 May 2019

Five-year summary

		31 March 2019	28 February 2018	28 February 2017	28 February 2016	28 February 201
Revenue	£m	**150.3**	173.7	123.9	242.3	203.7
Profit/(loss) before taxation	£m	**6.3**	48.2	(1.7)	25.8	34.8
Net assets	£m	**360.1**	379.3	347.6	363.3	346.4
Earnings/(loss) per share	Pence	**4.2**	32.2	(2.4)	17.5	26.8
Net assets per share	Pence	**289**	303	278	291	276

THE DISCIPLINE TO DELIVER.

PETER WILLIAMS,
CHAIRMAN,
STRATEGY DAY, DUBLIN

Applying the principles of the UK Corporate Governance Code

LEADERSHIP

A clear tone of good governance has been established throughout the Company by:

- A comprehensive corporate governance framework;
- Clearly defined roles and responsibilities of Board members; and
- Half the Board being comprised of independent Non-executive Directors, fostering open and honest dialogue at the Board and its Committees, led by the Chairman.

More on pages 104 to 111.

EFFECTIVENESS

Effective leadership of the Company by the Board through:

- Continued focus on Group strategy, risk, finance, governance and people;
- Successful execution of succession planning at Board level; and
- Annual review of the effectiveness of the Board, its Committees and Directors.

More on pages 112 to 119.

ACCOUNTABILITY

Transparent lines of accountability leading back to the Board with:

- Clear and accountable reporting lines of Committees and senior management through to the Board;
- Delegation of authority from the Board to its Committees set out in published terms of reference; and
- Continuous review and improvement to risk management and internal controls.

More on pages 120 to 126.

RELATIONS WITH SHAREHOLDERS AND STAKEHOLDERS

Ongoing engagement with shareholders and stakeholders through:

- Executive Directors, the Chairman and Senior Independent Director meeting with key stakeholders and shareholders throughout the year;
- Site visits to key projects for major shareholders, analysts and stakeholders; and
- Engaging with smaller shareholders through the AGM process.

More on pages 127 to 129.

REMUNERATION

A transparent remuneration framework aligned with Company performance and the creation of shareholder value by:

- Incentive structure focused on longer-term performance;
- Monitoring of market trends and incorporation of changes in legislation by the Remuneration Committee; and
- All employee share incentive plan aligning the aims of Executive Management with those of the wider workforce.

More on pages 130 to 148.

Governance highlights

U+I's governance highlights for the 13-month financial period ended 31 March 2019 include:

- The appointment of Professor Sadie Morgan as a new independent Non-executive Director, effective 3 April 2019, increasing representation of independent Non-executive Directors on the Board to 50%, and female representation on the Board to 33%. See pages 116 to 119.
- Our first externally facilitated Board and Board Committee evaluation, undertaken by Professor Rob Goffee, Emeritus Professor, London Business School. See pages 113 to 115.
- In-depth Board engagement in the refinement of our corporate strategy, and the strategic priorities of the business, through three Board strategy offsite days during the 13-month period to 31 March 2019. See page 101 for further details.
- Extensive commitment to shareholder and stakeholder engagement as set out on pages 127 to 129.
- Oversight over significant project wins in the period in addition to key acquisitions and disposals within the Investment Portfolio. See page 108.
- Ongoing focus on Board and Executive succession planning with key senior hires during the period. See pages 116 to 119.
- Full compliance with the UK Corporate Governance Code for the 13-month period to 31 March 2019, and Board engagement with the changes introduced by the revised Code effective for the Company from 1 April 2019.

Dear Shareholder

On behalf of the Board I am pleased to present the Corporate Governance Report for U+I for the 13-month financial period ended 31 March 2019.

Our purpose

At U+I we turn unloved, overlooked sites into beautiful places to live, work and enjoy life. As I've discussed on page 7, this purpose, underpinned by our core values of imagination, intelligence and audacity, lies at the very heart of our business and drives everything we do as a Company. By engaging and listening to our different stakeholders, using the various channels set out on pages 127 to 129, we are able to understand how we can enhance people's lives, and whole communities, by creating places with a long-lasting positive social and economic legacy. As a Company we live our values, they make us distinctive, and we are proud of the meaningful contributions we are delivering to the communities in which we operate.

Our culture

It is only possible to fulfil our purpose by having the right culture, a culture championed by the Board and ingrained throughout the business. This includes ensuring full transparency and accountability in everything we do, as we demonstrate throughout this Report. At U+I our aim is to be a market leader in terms of the places we create, but also a thought leader by redefining how we set about doing this. It is essential for us to not only talk about our purpose, culture and values, but also to be able to demonstrate how we are putting these into action in everything we do.

One example where we are able to demonstrate our commitment to transparency and accountability is through the establishment of our new independent PPP Community Challenge Panel; this panel will be made up of a variety of external stakeholders and chaired by our new independent Non-executive Director, Professor Sadie Morgan, who will report directly to the Board. The purpose of this panel is to continually review and hold the Company to account on the promises we have made to stakeholders at the beginning of our projects. For further details see page 18.

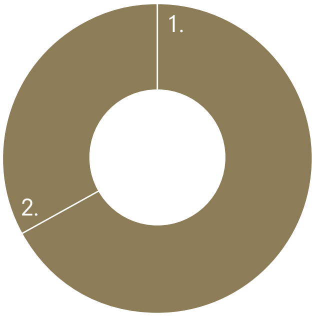
Our strategy

It is important that, as a Board, we are focused on achieving our results, and ensuring the Company is delivering against targets and forecasts in the short term. However, I believe that it is also essential, especially given the uncertainty of today's economic and political climate, that as a Board we are given the time to take a step back and understand the bigger picture, to enable us to identify future trends, opportunities and risks, as well as talent, to ensure the Company has the right focus, people and culture to guide the strategic direction of the business over the longer term. We do this through our Board and Leadership Team strategy days. In the period under review we had three such days. More information on what was discussed on these days can be found on page 101.

Appointment of new Non-executive Director

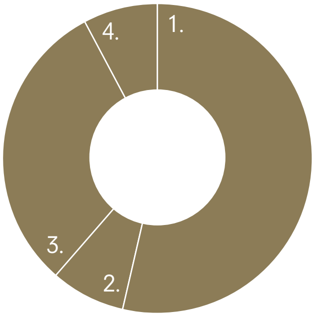
I am delighted to welcome Professor Sadie Morgan to the Board as a new independent Non-executive Director effective from 3 April 2019. Professor Morgan has a distinguished career as a Sterling prize winning architect and will bring a wealth of knowledge and experience to Board

Board diversity



1. Male: **67%** 6
2. Female: **33%** 3

Board skills and experience*



1. Property: **7**
2. Retail: **1**
3. Finance: **4**
4. Legal: **1**

* Areas of significant skill/experience

discussions. The recruitment process used for this appointment is described in the Nomination Committee report on page 117. In addition to the regular responsibilities of a Non-executive Director, and the chairing of our new PPP Community Challenge Panel, discussed previously, Professor Morgan will also be taking on the additional responsibility of chairing our Workforce Engagement Panel, established in line with new corporate governance requirements. Following this appointment we are pleased to have reached one-third female representation on the Board. Further information on the Company's diversity can be found on page 80.

2019 Board evaluation

This year, as we continue to align ourselves with good governance practice, our Board evaluation was externally facilitated by Professor Rob Goffee, Emeritus Professor of the London Business School. Professor Goffee has significant experience in conducting board evaluations. This was the first external evaluation undertaken by the Board, and I am pleased to confirm that the review concluded that the Board and its Committees were working effectively. Full details of the findings of the Board evaluation can be found on pages 113 to 115.

New Corporate Governance Code

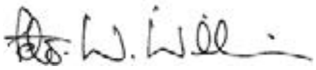
As a Board we are committed to maintaining the highest standards of corporate governance. Only by ensuring a culture of good governance will we be able to achieve our purpose of creating long-lasting social and economic change for the communities in which we operate, as well as generating the sustainable value we demand for our shareholders. We welcome the introduction of the new UK Corporate Governance Code which came into effect on 1 January 2019, and applies to U+I for the year beginning 1 April 2019. The Board has reviewed the requirements of the new Code and is confident that the necessary processes and procedures have been put in place to enable the Board to report in our 2020 Annual Report that U+I is fully compliant with the Code.

Stakeholder engagement

U+I understands the importance of continuous and meaningful engagement with its stakeholders. We believe that this is fundamental to our business, as well as our purpose and values, and it differentiates us as a company. You can read about our stakeholder engagement throughout the 13-month period to 31 March 2019 on pages 60 to 81 and 127 to 129.

Change of year-end

Finally, as you will be aware, U+I changed its financial year-end during the year from 28 February 2019 to 31 March 2019. This was for reporting purposes, to bring our accounting period in line with our peer group and many of our stakeholders, and to ensure important synergies and timeframes were aligned.



Peter Williams,
Chairman
21 May 2019

"OUR VALUES OF IMAGINATION, INTELLIGENCE AND AUDACITY ARE AT THE HEART OF EVERYTHING WE DO AT U+I"

CONNECTING GOVERNANCE AND PERFORMANCE

KEY BOARD ACTIVITIES DURING THE YEAR

22 MAR 2018

STRATEGY AWAY DAY AT HARWELL
See page 101

18 APR 2018

- Approval of Annual Report and Accounts
- Supplemental and final dividend approval
- Discussion of dividend policy
- Review of Viability and Going Concern Statements
- Key project updates
- 'Working Smarter' operational update
- Approval of AGM Resolutions

7 JUNE 2018

- Approval of new acquisition, St. Peter's Quarter, Bournemouth
- Update on key project bids at North Cambridge and St. James's Gate, Dublin
- Investor/analyst roadshow feedback
- People and processes review update
- Review of 2015 LTIP vesting
- Overboarding discussion

5 JULY 2018

- Discussion on composition of Board materials
- Deep Dive project reviews on Morden Wharf and 8 Albert Embankment
- Presentation from Plus X, and approval of new JV arrangement.
- Chief Development Officer 4-month sabbatical approval
- Cash flow and overhead analysis
- Overview of new finance operating system
- Corporate reputation benchmarking update
- Proptech update

13 SEPT 2018

STRATEGY AWAY DAY IN BRIGHTON
See page 101

17 OCT 2018

- Scenario planning in the event of an economic downturn
- Interim results and interim dividend approval
- Shareholder and investor relations analysis
- Operational review of business functions
- Update on key project funding initiative 'Project Ruby'
- Review of marketing function
- Deep dive on Mayfield project
- Update on Key PPP project launch
- Approval of two new acquisitions

6 DEC 2018

- Review of interim results shareholder and analyst feedback
- Update on development and trading gains progress against forecast
- Operational review update
- Talent strategy presentation
- 'PPP: The Reset' update
- Stakeholder brand benchmarking results review
- Approval of new acquisitions and disposals

17 JAN 2019

- Update on current performance against market guidance
- Organisational design update and approval
- Recruitment of key Leadership Team members
- Review of overheads and cash flow position
- Approval of two new acquisitions and one disposal
- Reports from Committee Chairmen

28 FEB 2019

STRATEGY AWAY DAY IN DUBLIN
See page 101

29 MAR 2019

- Progress against year-end forecast
- Board evaluation results and recommendations
- Appointment of new independent Non-executive Director
- Update on status of key new project
- Update on key project funding initiative 'Project Ruby'
- New Proptech Investment proposition and approval
- Board Committee updates
- Corporate governance changes

A Chief Executive's report, which includes relevant matters to highlight since the previous meeting, along with economic and market analysis, in addition to in-depth project, finance, health and safety, marketing, governance, and investor relations reports are reviewed at each meeting.

BOARD OF DIRECTORS

1. Peter Williams
Chairman

How our purpose makes us distinctive:
"Ever since I joined U+I I have been impressed by the way in which we actively seek to form positive partnerships, whether that's with the people who work directly for the business or in the PPP arena. U+I is mature enough to recognise the best results, including long-term values, come from working together."

Appointed:
4 January 2016

Period of service on the Board:
3 years, 5 months

Experience
Peter became Chairman of the Company on 14 July 2016. The former CEO of Selfridges, he has over 30 years of board-level experience, having held a number of executive and non-executive positions at a wide range of public and private consumer-facing businesses. Peter is currently Chairman at DP Eurasia NV, the master franchise owner for Domino's Pizza in Turkey and Russia, he was also recently made Chairman of Superdry plc, the UK branded clothing company. In addition, Peter has served on the boards of many companies, including Boohoo.com plc. Rightmove plc, ASOS plc, Cineworld Group Plc, Jaeger, Silverstone Holdings Ltd, EMI Group, Blacks Leisure Group Plc, JJB Sport, GCap Media and Capital Radio Plc. Peter is a member of the Institute of Chartered Accountants in England and Wales.

Committees
Chairman of the Nomination Committee, member of the Remuneration Committee.

2. Matthew Weiner
Chief Executive

How our purpose makes us distinctive:
"We're distinctive because we have an opinion, in a world where having a voice can be frowned upon. We take action orientated thought leadership as a responsibility and must stand up for our industry that is too easily criticised. It is our purpose to help communities understand through delivering great places, that partnership can be productive and not destructive as the default."

Appointed:
18 March 2004

Period of service on the Board:
15 years, 2 months

Experience
Matthew was appointed as Chief Executive of the Company following the AGM in July 2015, previously serving on the Board of Development Securities Plc as a Director. Prior to joining the Company, Matthew worked as a Fund Manager at both Legal & General and AXA Investment Management. Matthew is a member of the Royal Institution of Chartered Surveyors, and a board member of the charity Jewish Care. He joined Development Securities Plc in November 2000 as Director of Investments.

3. Richard Upton
Chief Development Officer

How our purpose makes us distinctive:
"The fundamental purpose of regeneration, and in turn U+I, is to improve the health and well-being of people by creating places of beauty, convenience and opportunity, which we shape with values of intelligence, imagination and audacity (the last value provides the pace and innovation necessary to be market-leading). In so doing U+I has the ambition to be best in class and with all that comes an incredible culture, brand and sustainable growth in shareholder value."

Appointed:
19 May 2014

Period of service on the Board:
5 years

Experience
Richard was the co-founder and Chief Executive Officer of the specialist regeneration real estate developer Cathedral Group, which was acquired by Development Securities Plc in May 2014. He was previously a founding director of Mount Anvil, a leading London house builder, and is a member of the London Advisory Committee for English Heritage. In January 2018, Richard was appointed a Commissioner for Historic England. Richard was appointed as Deputy Chief Executive of the Company in July 2015.

4. Marcus Shepherd
Chief Financial Officer

How our purpose makes us distinctive:
"The easiest thing in the world is to accept the status quo and do exactly what everyone else does. But is that what communities need? Is that what people want? We should challenge ourself to deliver truly inspirational places."

Appointed:
18 February 2013

Period of service on the Board:
6 years, 3 months

Experience
Marcus is a member of the Institute of Chartered Accountants in England and Wales. His previous roles included Finance Director (Global Real Estate) at Aviva Investors, Chief Financial Officer (Europe) for Valad Property Group and Group Finance Director of Teesland Plc.

5. Nick Thomlinson
Senior Independent Non-executive Director

How our purpose makes us distinctive:
"U+I challenges the concept that as a business you can either 'do good or do well', by engaging and encouraging its wider stakeholder base to contribute towards a shared vision that through truly transformational regeneration, and the making of great places, we can unlock untapped potential creating positive change for all."

Appointed:
3 January 2012

Period of service on the Board:
7 years, 5 months

Experience
Nick is a member of the Royal Institution of Chartered Surveyors. He is a former senior partner and Chairman of the Knight Frank Group.

Committees
Chairman of the Remuneration Committee, member of the Audit and Risk Committee and Nomination Committee.

6. Barry Bennett
Non-executive Director

How our purpose makes us distinctive:
"Every development, whether good or bad, creates locations for people to live, work or play. U+I is single minded in the pursuit of creating great distinctive places. It is this focus on developing memorable places which sets us apart."

Appointed:
19 May 2014

Period of service on the Board:
5 years

Experience
Barry is a chartered accountant with significant experience in the financial and property sectors, and is a Fellow of the Institute of Chartered Accountants in Ireland. Barry was previously a founding director of Mount Anvil, a London housebuilder, and in 2002 founded specialist regeneration real estate developer Cathedral Group with Richard Upton.

7. Lynn Krige
Independent Non-executive Director

How our purpose makes us distinctive:
"To make an impact you have to have focus. The need for regeneration is nationwide and we have chosen to focus on three key geographies to concentrate our impact and succeed in creating amazing places."

Appointed:
10 March 2016

Period of service on the Board:
3 years, 3 months

Experience
Lynn is currently Chief Financial Officer at WELL Group and brings over 25 years' experience from across the construction, infrastructure, investment and B2B services sectors. She has previously held executive roles at British Engineering Services Limited, Speedy Hire Plc and John Laing Plc, originally qualifying with Deloitte in South Africa.

Committees
Chairman of the Audit and Risk Committee, member of the Remuneration Committee and Nomination Committee.

8. Ros Kerslake OBE
Independent Non-executive Director

How our purpose makes us distinctive:
"Many organisations claim to deliver regeneration, but true regeneration and place making requires a real commitment to working with the local community and understanding what defines an area. U+I genuinely makes that effort and works hard, in partnership with local stakeholders, to deliver the right scheme."

Appointed:
1 September 2017

Period of service on the Board:
1 year, 9 months

Experience
Ros is currently Chief Executive Officer of the Heritage Lottery Fund and has previously held senior executive positions at The Prince's Regeneration Trust, RegenCo. and Network Rail. Trained as a solicitor, she brings over 30 years of property, regeneration and corporate experience and has varied experience working across publicly listed, private and public interest companies. Ros is also a member of the Community, Voluntary and Local Services Honours Advisory Committee. Ros holds honorary degrees from Keele and Staffordshire Universities for her work in heritage and regeneration, and, in 2016, she was awarded an Order of the British Empire for her services to British Heritage.

Committees
Member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

9. Professor Sadie Morgan*
Independent Non-executive Director

How our purpose makes us distinctive:
"I chose to join the Board of U+I due to the very distinctive approach it takes to its projects, founded on a deep sense of responsibility, inclusion, purpose and community, which I share."

Appointed:
3 April 2019

Period of service on the Board:
2 months

Experience
Sadie has over 20 years' experience in the real estate sector as a Stirling prize-winner and co-founder of dRMM architects. In addition, Sadie chairs the Independent Design Panel for High Speed 2, reporting directly to the Secretary of State. She is one of ten commissioners for the National Infrastructure Commission, and is also one of the Mayor's Design Advocates for the Greater London Authority.

Sadie completed an MA at the Royal College of Arts in 1993. She was elected president of the Architectural Association in 2013, was shortlisted for the AJ Woman Architect of the Year award in 2014, and in 2016 she was appointed Professor of Professional Practice at the University of Westminster and awarded an honorary doctorate from London South Bank University.

Committees
Member of the Remuneration Committee and the Nomination Committee.

* Professor Sadie Morgan joined the Board on 3 April 2019. She is not present in the Board photo on page 98.

STRATEGIC THINKING

In today's constantly evolving economic and political climate it is essential that, as a Board, we keep abreast of current trends and developments within the markets we operate, but also that we are allowed the time to step back and look at the bigger picture, and to engage in debate and strategic planning over the longer term. To facilitate this Directors are taken away from the regular Board environment by way of our Board offsite strategy days.

Organised by the Company Secretary, U+I holds two offsite Board and Leadership Team strategy days each year. In the 13-month period to 31 March 2019 the Board held three strategy away days. The purpose of these days is: i) to bring to life U+I's developments through site visits, during the period under review we visited sites at Harwell, Brighton and Dublin; and ii) to ensure enough time is given for detailed and focused discussion and debate around the strategic direction and priorities of the Company outside the regular Board meeting agenda.

March 2018
Harwell Science Campus, Oxfordshire:
- Guided tour of Harwell Science Campus;
- strategic review of risk, liquidity, market outlook, political developments, overheads, return on capital;
- facilitated setting of strategic objectives 2018–2023;
- review of metrics for measuring success;
- review of construction procurement costs, and risks on complex projects;
- 'Proptech' Investment review;
- dividend policy review; and
- approval of change of year-end to 31 March 2019.

September 2018
Circus Street and Preston Barracks, Brighton:
- Guided tour of Circus Street and Preston Barracks developments;
- strategic review of overheads and acquisition strategy;
- review of Investment Portfolio strategy;
- update on 'Project Ruby' key funding strategy;
- external presentation on political developments and risks;
- key project approvals; and
- approval of Employee Benefit Trust funding.

February 2019
Donnybrook House and White Heather Industrial Estate, Dublin:
- Guided tour of U+I's developments in Dublin including Donnybrook House and White Heather Industrial Estate;
- presentation on Ireland's, and in particular Dublin's, political and economic outlook over the short and longer terms by an experienced resident expert;
- talent management review;
- organisational strategy review and discussion;
- update on St James's Gate proposal; and
- updates on our Plus X, JV business and 'Project Ruby', a key strategic project funding initiative.

BOARD STATEMENTS

In accordance with the UK Corporate Governance Code (the Code), the Board is required to make a number of statements. These statements are set out in the table below:

REQUIREMENT	BOARD STATEMENT
Compliance with the Code As a Company listed on the London Stock Exchange, U and I Group PLC is subject to the requirements of the Code. The Board is required to comply with the provisions of the Code and, where it does not, explain the reasons for non-compliance.	The Board confirms that, in its view, the Company has applied the main principles and has complied with all the provisions set out in the Code during the financial period under review. The Board is aware of the requirements of the new Governance Code coming into effect for the Company on 1 April 2019, and is working to ensure it complies fully with the principles and provisions set out under the new Code.
Going Concern Statement The Board is required to confirm that the Group has adequate resources to continue in operation for at least 12 months.	The Directors are satisfied that the Group has adequate resources to continue to be operational as a going concern for the foreseeable future and therefore have adopted the going concern basis in preparing the Group's 2019 financial statements.
Viability Statement The Board is required to assess the viability of the Company, taking into account the current position and the potential impact of the principal risks and uncertainties set out on pages 82 to 85.	The Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to March 2024.
Principal risks facing the Group The Board is required to confirm that a robust assessment of the principal risks facing the Company has been carried out and should describe those risks and explain how they are being managed or mitigated.	A robust assessment of the principal risks facing the Company was undertaken during the year, including those that would threaten its business model, future performance, solvency or liquidity. The significant risks facing the Company, and how these are mitigated, are set out on pages 82 to 85.
Risk management and internal control The Board is required to monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness.	The Board conducted a review of the effectiveness of the systems of risk management and internal control during the period, and considers that there is a sound system of internal control which accords with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.
Fair, balanced and understandable The Board should confirm that it considers the Annual Report, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.	The Directors consider, to the best of each person's knowledge and belief, that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The images on pages 102 and 103 are from the Strategy Day, Dublin.

MORE INFORMATION

Details on how the Company complies with the Code can be found throughout the Governance section of the Annual Report – see pages 94 to 155.

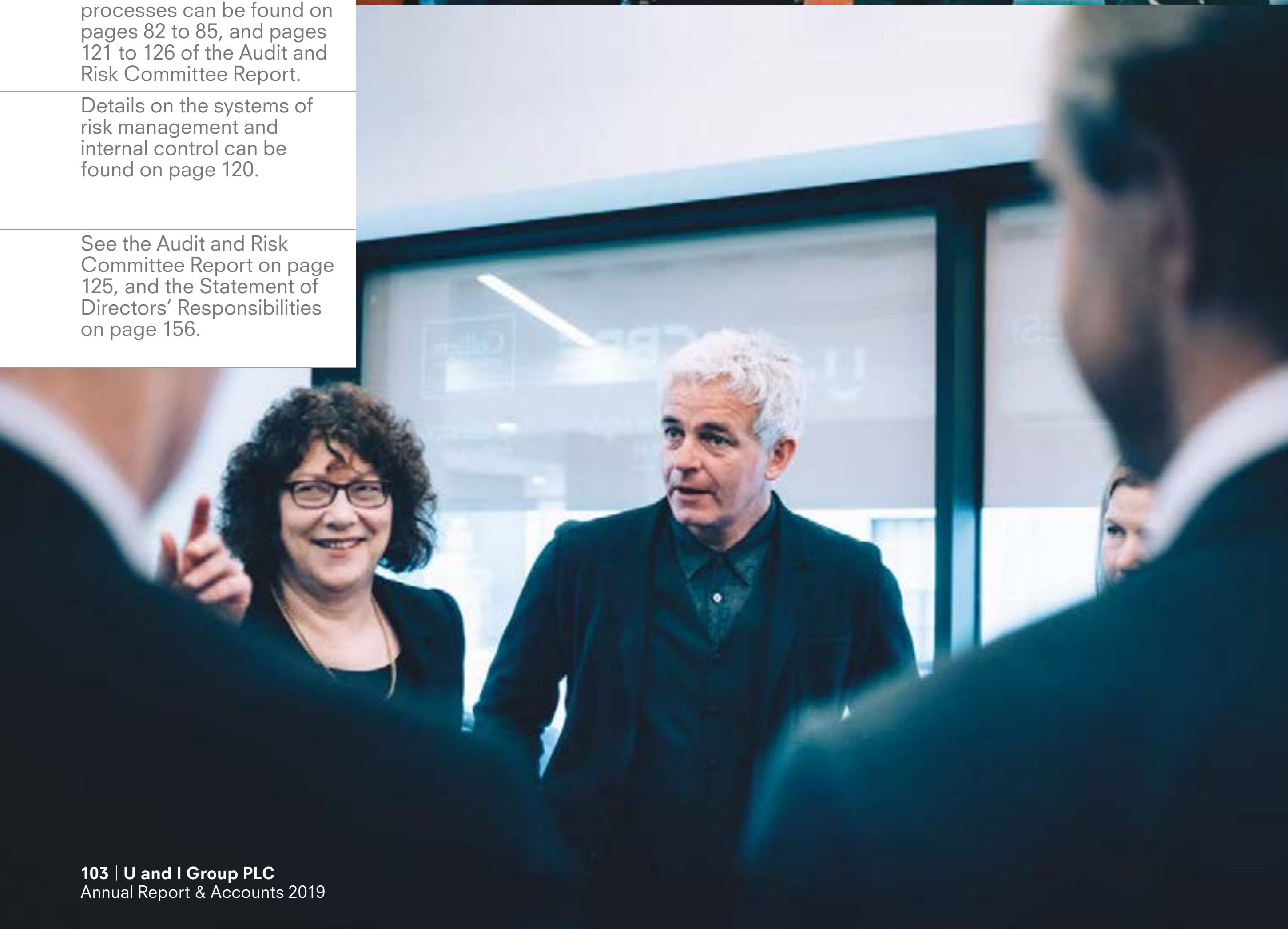
More details on the Going Concern Statement can be found on page 126.

U+I's Viability Statement can be found on page 86.

Information around key risks and risk management processes can be found on pages 82 to 85, and pages 121 to 126 of the Audit and Risk Committee Report.

Details on the systems of risk management and internal control can be found on page 120.

See the Audit and Risk Committee Report on page 125, and the Statement of Directors' Responsibilities on page 156.



LEADERSHIP

The Board

The Board, led by the Chairman, Peter Williams, is responsible for ensuring the effective leadership of the Company through the approval and implementation of U+I's business strategy, and oversight and review of the Group's activities. It is collectively responsible to shareholders for the long-term success of the Company, whilst ensuring that levels of risk and risk mitigation are appropriate.

In carrying out its responsibilities, the Board takes into account the size and complexity of the Group, and the internal control measures employed, to determine which formal matters are to be reserved to it, and which are to be delegated to its various Committees or the Executive Directors and Leadership Team. The Board has put in place a formal schedule of reserved matters which require its approval that includes, but is not limited to, those set out opposite.

The Board meets regularly during the year, see page 106 for further information, and covers a wide range of topics including those set out in an annual schedule of Board items, one-off project specific items, and any adhoc items specified within its terms of reference. How the Board spent its time during the year can be found on pages 108 to 110. During the 13-month period covered by this report the Board held three strategy away days at Harwell Campus, Oxfordshire, Brighton and Dublin. Further information on the matters the Board addressed during these strategy days can be found on page 101.

Matters reserved for the Board

At least once a year the Board reviews the nature and scale of matters reserved for its decision. These include:

- Company strategy and financial performance;
- Approval of significant funding arrangements, capital expenditure and the issue of any new securities;
- Executive performance, retention, remuneration and succession planning for the Board and senior management;
- Authorisation of significant transactions, investment acquisitions and disposals and corporate acquisitions;
- Dividend policy;
- Oversight of corporate reputation and communication;
- Internal control and risk management systems, and;
- Review of the Board's own effectiveness.

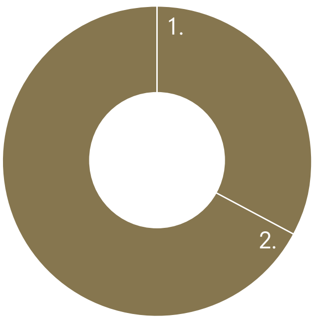
Board composition and appointments

As at 1 March 2018, the Board consisted of three Executive Directors, a Non-executive Chairman and four Non-executive Directors, three of whom were considered independent. The Board did not change in the 13-month period to 31 March 2019. On 3 April 2019 the Company announced that Professor Sadie Morgan would be appointed as a new independent Non-executive Director with immediate effect. On appointment Professor Morgan also became a member of the Remuneration Committee and the Nomination Committee. Professor Morgan's additional responsibilities at U+I are set out on page 117. As at 21 May 2019, the date this report was approved, the Board consisted of three Executive Directors, a Non-executive Chairman and five Non-executive Directors, four of whom were deemed to be independent.

Chief Development Officer

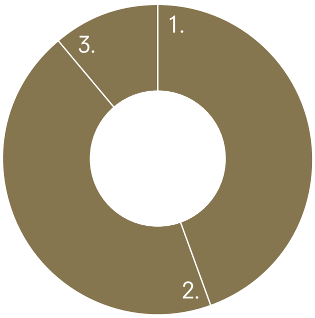
On 22 May 2019, following approval from the Board, Richard Upton's job title changed from Deputy Chief Executive Officer to Chief Development Officer. The Board believed that the Deputy CEO title did not fully reflect the full extent and focus of Richard's role. Whilst Richard's job content is not changing, this new title better indicates where his focus will be concentrated, where he has accountability, and his responsibility for the origination of new opportunities, exploiting the potential within U+I's increased pipeline, and the execution of our major PPP projects.

Board composition



1. Executive: **33%**
2. Non-executive: **67%**

Board independence



1. Independent: **4**
2. Non-independent: **4**
3. Chairman:* **1**

* Chairman was confirmed independent on appointment.

Further information on the appointment of Sadie Morgan can be found on pages 116 to 119.

Biographical information for all Directors in office at the date of this Report is set out on pages 99 to 101.

Overview | Strategic report | Governance | Financial statements | Additional information

Division of responsibilities

In accordance with the UK Corporate Governance Code, the roles and remit of the Chairman, Chief Executive and Senior Independent Director are set out in writing and agreed by the Board. There were no significant changes to the Chief Executive's or Chairman's other commitments during the year.

ROLE	RESPONSIBILITIES
Chairman **Peter Williams** The Chairman is responsible for the leadership of the Board and ensuring its effectiveness.	Peter Williams, who became Chairman following the 2016 AGM, has the following key responsibilities: – To organise the business of the Board and ensure the smooth flow of information, in conjunction with the Company Secretary, and to promote open and honest dialogue to enable effective decision-making. – To work alongside the Chief Executive in establishing the key strategic objectives of the Company. – To promote the Company and enhance its standing with stakeholders.
Chief Executive **Matthew Weiner** The Chief Executive is responsible for the running of the Company's business and meeting its strategic objectives.	Matthew Weiner, who became Chief Executive of the Company following the 2015 AGM, has the following key responsibilities: – To work alongside the Chairman, Executive Directors and Leadership Team in establishing the key strategic objectives of the Company. – To oversee the overall performance of the business. – To implement the Group's business plan.
Non-executive Directors **Nick Thomlinson** **Barry Bennett** **Lynn Krige** **Ros Kerslake** **Sadie Morgan** The Non-executive Directors play a key role in shaping strategy and holding executive management to account.	The Non-executive Directors, as set out on pages 100 and 101, have the following key responsibilities: – To bring external perspectives and insight to the deliberations of the Board and its Committees. – To play an important role in the formulation and progression of the Board's agreed strategy, and review and monitor the performance of the executive management in the implementation of this strategy. – To provide challenge to Executive Directors to produce a considered and independent outcome to Board deliberations.
Senior Independent Director **Nick Thomlinson** The Senior Independent Director is an additional avenue of recourse to stakeholders where normal channels are not available or appropriate.	Nick Thomlinson, who became Senior Independent Director following the 2016 AGM, has the following key responsibilities: – To be available to stakeholders should they have concerns which have not been resolved through the normal channels, or if these channels are not deemed appropriate. – To act as Chairman should the requirement arise. – To be responsible for leading the Non-executive Directors in the annual performance evaluation of the Chairman. – To act as a sounding board for the Chairman and serve as an intermediary for other Directors where necessary.
Leadership Team Consists of U+I's Executive Directors and Senior Divisional Directors.	The Leadership Team has the following key responsibilities: – Responsibility for the development and implementation of the Company's business strategy. – Responsibility for the executive management of the Company's business. – To assist the Chief Executive, Chief Development Officer, and Chief Financial Officer in managing the operational and financial performance of the Group.
Company Secretary **Chris Barton** An officer of the Company responsible for advising the Board on governance matters.	Chris Barton, who became Company Secretary in November 2014, has the following key responsibilities: – Under direction from the Chairman, to ensure the appropriate information flows to the Board and its Committees to facilitate discussions and allow fully informed decisions to be made by Directors. – To ensure the Non-executive Directors have access to senior management where required. – To ensure an appropriate induction process and ongoing training are in place for Executive and Non-executive Directors. – To facilitate the Board evaluation process. – To advise the Board and its Committees on all governance matters.

Board meetings during the year

The Board met formally ten times during the 13-month period to 31 March 2019. Three of these meetings, in March and September 2018, and February 2019 were offsite Board and Leadership Team strategy days.

Additional meetings were called at short notice for specific project approval, and did not necessarily require full attendance, although all Directors were given the opportunity to attend or comment on each proposal put forward. Where a Director is unable to participate in a meeting either in person or remotely, the Chairman will solicit their views on key items of business ahead of time, in order that these can be presented at the meeting and can influence the debate.

The Chairman and the Non-executive Directors met on two occasions during the period without Executive Directors in attendance. The Non-executive Directors also met during the period without the Executive Directors or the Chairman present.

Richard Upton sabbatical

Our Chief Development Officer, Richard Upton, undertook a four-month sabbatical from the Company between 1 September 2018 and 31 December 2018, where he spent time travelling overseas with his family. This sabbatical was approved by the Board and was in line with the Company's sabbatical policy. To ensure full transparency the Company announced details of this sabbatical to the market on 4 July 2018. Richard remained in contact with the business on a range of projects throughout his sabbatical period and was instrumental in the Company's bid for a significant new project during this time.

BOARD MEETING ATTENDANCE

Board and Committee meetings are typically held in the boardroom at the Company's registered office, 7A Howick Place, London SW1P 1DZ. Board strategy days are held at an offsite location. The following table sets out the attendance of the Directors at the scheduled meetings of the Board during the financial year:

Director	Appointed	Number of meetings attended/ meetings possible	% Attendance
Peter Williams Chairman	04.01.2016	10/10	100
Matthew Weiner Chief Executive	18.04.2004	10/10	100
Richard Upton Chief Development Officer	19.05.2014	7/7[1]	100
Marcus Shepherd Chief Financial Officer	18.02.2013	10/10	100
Nick Thomlinson Senior Independent Director	03.01.2012	10/10	100
Barry Bennett Non-executive Director	19.05.2014	10/10	100
Lynn Krige Independent Non-executive Director	10.03.2016	10/10	100
Ros Kerslake Independent Non-executive Director	01.09.2017	10/10	100
Sadie Morgan[2] Independent Non-executive Director	03.04.2019	–	–

1 Richard Upton took a brief sabbatical for the period 1 September 2018 to 31 December 2018 during which time he was unavailable to attend three Board meetings. This sabbatical was approved in advance by the Board and an announcement was made to the London Stock Exchange on 4 July 2018, see opposite for more information.
2 Sadie Morgan was appointed as a Director of the Company following the period under review.

BOARD AND COMMITTEE MEETING PREPARATION PROCESS

The Company Secretary manages a yearly planner of key Board and Board Committee agenda items and the timings required for annual matters.

The Company Secretary liaises with the Chairman, Executive Directors and Committee Chairmen at least two weeks ahead of the Board and Committee meetings to confirm agenda items.

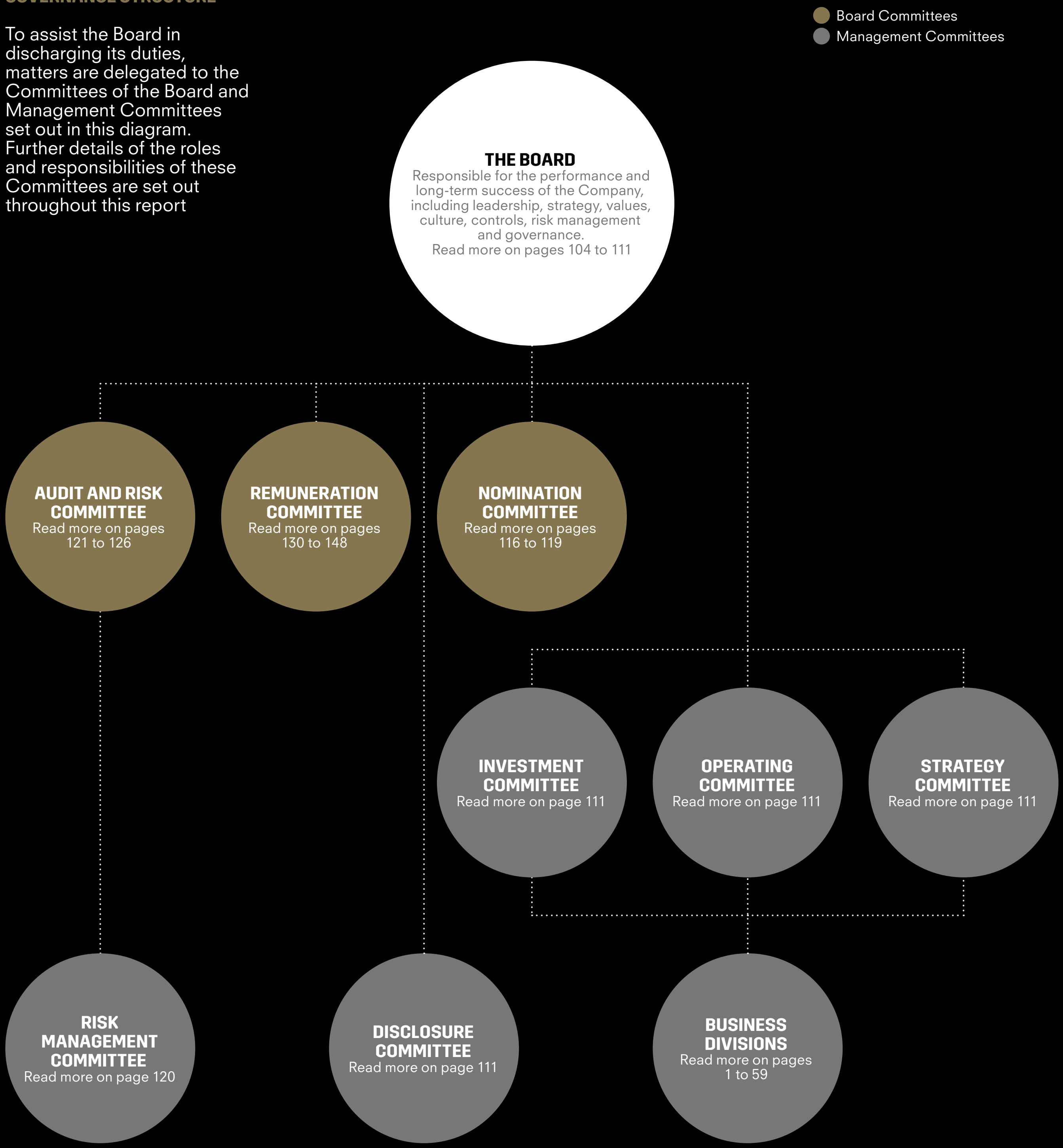
The Investment Committee meets around ten days prior to each Board meeting to agree all project-related matters requiring Board discussion/approval and feeds these items into the agenda via the Company Secretary.

Board papers are circulated electronically, or hard copy where required one week prior to the meeting.

Standardised Board reporting templates are in place, and training has been given to those preparing reports to ensure clarity, consistency and conciseness in approach.

GOVERNANCE STRUCTURE

To assist the Board in discharging its duties, matters are delegated to the Committees of the Board and Management Committees set out in this diagram. Further details of the roles and responsibilities of these Committees are set out throughout this report



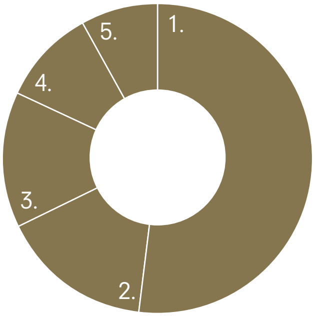
Key Board activities during the year

The key activities the Board addressed during the 13-month period to 31 March 2019 can be separated into the five general areas outlined on pages 108 to 110. The amount of time spent on each area will vary depending on the nature and importance of the activity at any given time, however, a general outline of how the Board spent its time is shown in the diagram to the right.

The Board and the Leadership Team keep all areas of the business under review within the context of the strategic priorities of the Company and the key risks facing the business, as set out on pages 82 to 86.

The five areas in the chart to the right, and set out on pages 108 to 110, represent the primary focus of the Board in discharging its obligations to the Company, and how it allocated its time during the period to 31 March 2019:

Board activities – allocation of time



1. Strategy and business development: **52%**
2. Financial planning and performance: **16%**
3. Leadership, culture and people: **14%**
4. Governance, risk and internal controls: **10%**
5. Stakeholders and investor relations: **8%**

TOPIC	WHAT WE DO	WHAT WE HAVE DONE THIS YEAR
1. Strategy and new and existing project portfolio	The Board formulates and oversees the strategic direction and priorities of the Company, ensuring the correct strategy, given the nature of the markets and the economic conditions in which it is operating.	– In-depth reviews and discussion around the strategic priorities of the Company, including three dedicated Board strategy days during the 13-month period to 31 March 2019. See page 101 for further details. – Comprehensive project reports reviewed at each meeting, covering progress against plan in accordance with pre-approved strategy. – Appointment as master planner and promoter to deliver 5,200 homes and 1 million sq.ft. of office space in North Cambridge alongside Anglian Water and Cambridge City Council. – In-depth discussions around, and roll-out, of 'Project Ruby', a major strategic project funding initiative undertaken during the period, to continue through 2019/20. – Progress made with regards to the repositioning of the Investment Portfolio, including acquisitions of St. Peter's Quarter, Bournemouth, the Waterglade Retail Park in Clacton-On-Sea, and Finchley Pure Gym*. – Disposal of assets at Charlton Riverside, Bryn Blaen, and at The Old Vinyl Factory, Hayes, in line with agreed strategy*. – Two investments made as part of a new 'Proptech' investment strategy. – Sale of residential sites at Preston Barracks, allowing for the future delivery of one of Brighton's biggest ever mixed-use regeneration schemes*. – Approval of new acquisitions in line with agreed strategy, including Finsbury Park, Ashford and Dublin*. – Successful funding of Luneside East Regeneration Project, Lancaster. – Consideration of reports received from the Investment Committee. * Further details of all acquisitions and disposals made during the period under review can be found on our website at uandiplc.com.

TOPIC	WHAT WE DO	WHAT WE HAVE DONE THIS YEAR
2. Financial planning and performance	The Board, led by the Chief Financial Officer, monitors and discusses the financial performance and requirements of the Company at each meeting, and has sole authority to approve transactions over a prescribed threshold.	– A review of financial performance against strategy, and the monitoring of performance against forecasted trading and development gains. – Detailed consideration of financial matters at each meeting, led by the Chief Financial Officer, including cash flow, trading forecast, annual and interim results, final, interim and supplemental dividends, treasury and tax matters, and consideration of the Going Concern and Viability Statements. – Negotiation of a loan facility to provide increased flexibility and greater security to the Company's funding lines. – Oversight of the implementation of a new financial reporting system. – Change of year-end to align the Company with market and peer group reporting. – Focus on operational discipline and capital, including ongoing review and reduction in the Company's net recurring overheads.
3. Leadership, culture and people	Our people are our most important asset and are what sets U+I apart from its competitors. The Board has ongoing oversight to ensure the Company has the right people and culture on the Board, its Committees, its Leadership Team and throughout the business, as well as addressing key areas of succession planning, diversity and development of talent.	– Appointment of Professor Sadie Morgan as a new independent Non-executive Director following the end of the 13-month financial period under review. This new role encompasses the additional responsibilities described on page 117. – Review of the operational structure of the Company to ensure the business is fit to meet its ongoing and future strategic priorities. – Review of 'people strategy' and current priorities in terms of succession planning, and encouragement of diversity across the business. – Oversight of ongoing 'Working Smarter' initiative addressing key processes of the business, including review and refinement of the Company's 'factory floor', led by the Chief Operating Officer. – Changes to the structure of the Leadership Team to ensure the skills and experience are aligned with the future strategic priorities of the business, including the new appointments of Creative Director and Director of Content to the Leadership Team. – Roll-out of a new talent development initiative to actively engage and encourage all employees to reach their full potential. – All employee feedback through an anonymous questionnaire, and subsequent open and honest discussion of the results of the survey with all employees at a 'First Thursday' meeting. – Regular Board updates and presentations on all matters relating to people and culture. – All employee monthly 'town-hall' style meetings and 'learning circles', led by Executive Management to encourage open discussion, debate and knowledge sharing. – All Non-executive Directors' hosted open lunches with a number of employees to offer the benefit of their experience, guidance, and key learnings from their careers, and to address any questions from the attendees.

TOPIC	WHAT WE DO	WHAT WE HAVE DONE THIS YEAR
4. Governance, risk and internal controls	Good governance, and an effective system of risk management, is essential in allowing the Board to maximise the opportunities available to the Company, whilst ensuring risks are mitigated to the fullest extent possible.	– Review of the conclusions of the 2018 internal Board evaluation and the implementation of recommendations arising from this review. – Approval of the Company's first externally facilitated Board evaluation for 2019, for the Board, its Committees, and for individual Board Directors. Followed by discussion and agreement on improvement opportunities and priorities for the coming year. – Ongoing educational programmes for the Board on matters including Brexit, corporate governance and information security, led by external subject matter experts. – Receipt of regular updates on meetings of the Board's principal committees and discussion around the key issues raised. – Review of the Company's risk register and the effectiveness of the systems of internal control and risk management. – Ongoing review of Health and Safety reports covering all projects. – Appointment of a new Corporate Broker – Liberum Capital. – Approval of roll-out of eLearning courses for all employees on key governance and regulatory matters during the year. – Discussion on key matters from a regulatory perspective including tax. – Review of the Company's approach to anti-slavery and human trafficking, including approval of website statement.
5. Stakeholders and shareholders	U+I believes in the power of partnerships; by working effectively with our partners we become greater than the sum of our parts. The Board takes time to consider stakeholder and shareholder matters, and is committed to an ongoing and active dialogue with stakeholders and shareholders on relevant issues.	– Board oversight around the engagement of, and relationship-building with, Local Authorities and the Government to enable the successful creation of mixed-use development and regeneration projects, to help effect change in local communities. – Investor relations and media reports tabled at each Board meeting updating the Board on share performance, shareholder movement and media coverage. – Engagement with significant shareholders to address specific concerns around Director 'overboarding' ahead of the 2018 AGM. – Regular meetings with investors, and investor site visits to discuss any issues or concerns. – Institutional investor feedback given by analysts on Company performance and investor presentations following full and half-year results. – Review of reputation benchmarking exercise to understand U+I brand penetration and perception in the market. – 'PPP: The Reset' campaign relaunch update. – Review of 2018 Notice of Annual General Meeting and proxy voting figures. For more information as to how we engaged with our stakeholders and shareholders during the year see pages 127 and 129.

Board Committees
Supported by its principal Committees, the Remuneration, Audit and Risk and Nomination Committees, the Board sets the strategic direction of the Group. U+I's Board Committees operate within defined terms of reference, as determined by the Board. Each Committee is comprised of independent Non-executive Directors appointed by the Board. Terms of reference are available upon request from the Company Secretary and are also published on the Company's website at uandiplc.com. The Company Secretary acts as secretary to each of the Committees. The interaction between the Board, its Committees and the management of the Company is detailed in the U+I governance structure on page 107.

Audit and Risk Committee
The Audit and Risk Committee monitors the effectiveness of the Group's system of internal controls and risk management framework, the Group's risk appetite, and the integrity of the Group's financial reporting, whistleblowing and regulatory compliance. The Audit and Risk Committee Report is on pages 121 to 126.

Nomination Committee
The Nomination Committee reviews and considers the size, structure and composition of the Board and its Committees, giving due regard to ongoing succession planning, and makes recommendations to the Board. The Nomination Committee Report is on pages 116 to 119.

Remuneration Committee
The Remuneration Committee reviews all aspects of Executive Directors' remuneration, reviewing trends across the industry and setting executive remuneration policies which are designed to incentivise and retain talent, to support the delivery of the Company's long-term strategy. The Remuneration Committee report is on pages 131 to 148.

The Board Committees enable the Board to operate effectively within a strong governance framework.

Management Committees
In addition to the Board Committees described on this page, internal Management Committees assist the Executive Directors in the day-to-day operations of the business.

U+I implemented a new internal governance framework in 2017, to align our internal governance structure to the evolving strategic priorities of the business. This new structure continued to be embedded during the year.

The Leadership Team
To assist the Board and Executive Directors in the day-to-day operational management of the business, a Leadership Team made up of senior departmental directors was established. The Leadership Team assists the Executive Directors through the following Committees.

Investment Committee
The Investment Committee is made up of the Leadership Team, the In-house Legal Counsel, and the Head of Direct Investment Portfolio, it is chaired by the Chief Operating Officer. The Committee meets every two weeks, or weekly if required, and always the week before a U+I Board meeting.

The Committee has the responsibility to track, scrutinise, challenge and drive progress on current and prospective property projects and investments, including progress against strategy and projected financial targets, and to scrutinise U+I's pipeline in light of agreed strategy and financial targets for subsequent years.

The Committee operates within agreed financial limits set by the Board. There is a clear delegation of authority from the Board to the Investment Committee, which is set out in writing and approved by the Board. Members of the Investment Committee are invited to present on relevant business activities and portfolio updates at each formal Board Meeting.

Operating Committee
The Operating Committee is made up of the majority of the Leadership Team and chaired by the Chief Operating Officer. The Committee meets every two weeks, or weekly if required.

The Committee addresses topics around people, processes and operations across the whole business, and is responsible for ensuring the entire business is functioning optimally, and is set up to deliver against agreed strategy. The Committee is also responsible for driving the progress of the 'Working Smarter' programme and other improvement initiatives.

The Committee operates within agreed financial limits set by the Board, and there is a clear delegation of authority from the Board to the Operating Committee, which is set out in writing and approved by the Board. The Chief Operating Officer gives updates on matters discussed at the Operating Committee at each formal Board meeting.

Strategy Committee
The Strategy Committee is made up of the Leadership Team and the In-house Legal Counsel. The Committee meets twice yearly, or more often if required.

The Committee is responsible for reviewing U+I's strategy and determining the extent to which it enables the Company to fulfil its purpose and values and meet its organisational objectives. The Committee, chaired by the Chief Operating Officer, reports into the Board.

Risk Management Committee
The Risk Management Committee is made up of the Leadership Team, the Legal Counsel and the Company Secretary. The Committee meets four times a year to discuss the risk profile and risk tolerance levels within the business, and to ensure that the necessary risk mitigation processes are in place. The Committee reports into the Audit and Risk Committee. Further information can be found on page 120.

Disclosure Committee
The Disclosure Committee is made up of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary. The Committee meets as and when required and has responsibility for the identification and disclosure, or where applicable the delay in disclosure, of inside information, and for ensuring that regulatory announcements comply with applicable legal or regulatory requirements. The Committee met twice during the period under review.

EFFECTIVENESS

Director independence
Peter Williams was appointed as Chairman of the Board following the AGM on 14 July 2016. On appointment, the Board considered that Peter met the independence criteria set out in the Code. The Chairman's biography can be found on page 99.

Sadie Morgan was appointed as an independent Non-executive Director on 3 April 2019. Further details regarding this appointment can be found in the Nomination Committee Report on pages 116 to 119.

The independence of each Non-executive Director has been assessed during the year, in line with the independence criteria contained within provision B.1.1 of the Code. The Board considered all the Non-executive Directors to be independent during the year with the exception of Barry Bennett who, along with Richard Upton, was the co-founder of Cathedral Group. The current ratio of Executive and independent Non-executive Directors is permissible for a smaller company under Code provision B.1.2.

New Corporate Governance Code Provision
The new UK Corporate Governance Code, effective for the Company for the year beginning 1 April 2019, states that 'at least half the Board, excluding the Chair, should be non-executive directors whom the board considers to be independent'. Following the appointment of Sadie Morgan, effective 3 April 2019, the Board, excluding the Chairman, comprises 50% independent Non-executive Directors in accordance with the provisions set out in the new Corporate Governance Code.

Information flow
The Company Secretary manages the provision of information to the Board, within an appropriate timeframe, in consultation with the Chairman and Chief Executive. As discussed on page 106, in addition to the formal meetings of the Board, there may be a requirement to hold ad hoc Board meetings where the approval of certain items cannot wait until the following scheduled meeting. When this occurs, Directors are given as much notice as possible, and all Directors are encouraged to attend these meetings, either in person or via telephone. The Company Secretary ensures that all Directors receive timely information in relation to the decisions that are being taken. The Chairman may arrange meetings with Non-executive Directors without any Executive Directors present to address any issues facing the Company.

The 2018 Board evaluation highlighted a requirement for the regular dissemination of information to the Board, with particular emphasis on project updates, outside of the normal Board and Committee process. To address this requirement a new process has been implemented whereby the Chief Executive circulates fortnightly updates on all key matters to ensure the Board is kept informed and engaged on major issues outside of the formal Board process.

Induction, training and professional development
The Chairman, assisted by the Company Secretary, is responsible for the formal induction of all new Directors. On joining the Board, a Director receives a comprehensive induction pack prepared by the Company Secretary. This pack includes material relating to the Director's obligations as a Director of the Company, as well as all aspects of Board and Committee governance. Induction meetings are arranged with Executive Directors, Non-executive Directors, and other relevant individuals, including all members of the Leadership Team, for briefings around business strategy, performance, finance and Company's projects. Visits to key project sites are arranged. At the time of writing this report Sadie Morgan was in the process of receiving a full induction following her appointment as a Non-executive Director on 3 April 2019. Further information regarding this induction can be found on page 119.

All Directors are given the opportunity to receive ongoing training and development whilst in office. Directors may request this as part of their annual performance evaluation, or through discussion with the Chairman or Company Secretary. The Chairman agrees training and development needs with each Director, as and when required. During the year, external experts attended Board meetings on the invitation of the Chairman to give updates on specific matters which had been identified as being of particular importance.

Development activities include regular presentations on the Company's projects and portfolio, along with discussions around market and economic trends, share price, trading performance and governance matters, led by Executive Directors and members of the Leadership Team.

Professional advice and support
All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board, through the Chairman, on corporate governance matters. Directors are also able to seek independent professional advice in respect of their duties at the Company's expense.

Time commitment
On appointment, all Directors are advised of, and requested to make, the necessary time commitment required to discharge their responsibilities effectively. This time commitment is also outlined in the letters of appointment issued to the Chairman and Non-executive Directors.

As part of the annual performance evaluation each Director is appraised on their time commitment dedicated to the Company. The Board is satisfied that all Directors have dedicated the required amount of time to the Company to effectively fulfil their role.

At the 2018 AGM the Board noted a 20% vote opposing the reappointment of the Chairman amid concerns around 'overboarding'. This matter was addressed with significant shareholders prior to the meeting. In light of this vote the Board reviewed the Chairman's commitments, and the steps taken to address the concerns raised. In light of the above concerns the Chairman reduced his number of listed company board appointments during the period to 31 March 2019.

During the 13-month period to 31 March 2019 the Chairman attended 100% of Board and Board Committee meetings, held regular 1:1 meetings with the Chief Executive and other Directors to discuss relevant matters, and attended meetings with shareholders as and when required.

The Board acknowledges the other commitments the Chairman has and, as a whole, is content that the Chairman's additional appointments do not impact on his ability to allocate sufficient time to discharge his responsibilities to U+I.

Board evaluation

The Board undertakes an annual performance evaluation in order to assess its own effectiveness. The Board strongly believes that the process of annually evaluating its effectiveness is helpful, provides a valuable opportunity to address any matters arising, and facilitates the continuous improvement of the Board, its Committees, and individual Director performance.

Previous Board, Board Committee and individual Director performance evaluations have been carried out through the use of detailed questionnaires, prepared by the Company Secretary, in conjunction with the Chairman. Responses have been collated and fed back to the Board and its Committees, following which a discussion takes place with recommendations made and action points taken as to improvements to be addressed during the following year. A review as to how the Board and its Committees effectively implemented these recommendations is tabled prior to beginning of the subsequent Board evaluation process.

During 2019, the Board, its Committees and the individual Director performance evaluations were facilitated by an external expert. This process is described on page 114.

2018 BOARD EVALUATION

In 2018 the Board undertook a formal performance evaluation of itself and its Committees by way of an internal questionnaire. As part of this process the effectiveness of individual Directors and their commitment to their respective roles was also reviewed.

The 2018 Board evaluation process identified no major issues with regards to the effectiveness of the Board's operations, and highlighted that the Board, its Committees and individual Directors continued to operate at a high standard, and were working effectively, following good governance practices.

Matters highlighted as a result of this evaluation process were discussed by the Board, and areas of focus for improvement were highlighted. Progress against these highlighted topics is detailed opposite.

AREA OF FOCUS	WHAT WE DID
Significant organisational changes had been made to the governance structure of the Company below Board level during the year. These changes required effective and ongoing embedding and monitoring by the Board to ensure the business continued to operate effectively.	During the year the composition of the Leadership Team was refreshed to ensure skills and experience were appropriately aligned to address the future requirements of the business. The Board was fully engaged throughout this process. In addition, discussions were held by the Board throughout the year, led by the Chief Operating Officer, highlighting internal changes being made to the business in order to ensure the most efficient and effective operational structure was in place. This would continue to be monitored by the Board on a regular basis.
Dedicated Board strategy days were highlighted as the correct forum within which to engage in in-depth discussions around the Company's strategic priorities in light of the potential for future political and economic uncertainty.	During the period to 31 March 2019 the Board held three strategy days. These offsite strategic forums, attended by the Board and the Leadership Team, provided the correct platform to engage in discussions around Board strategy and the strategic priorities of the Company, in light of the political and economic environment that was developing during the period. Further information on what was discussed at the three strategy days can be found on page 101.
The Company's preparation for managing an unexpected event should be reviewed along with its crisis management procedure and processes to ensure it was fully prepared to manage any such event.	The Risk Management Committee reviews all identified risks and risk mitigation processes reporting into the Audit and Risk Committee. During the year the Company reviewed its IT infrastructure and security, its financial reporting systems, as well as the ongoing review of management succession planning and crisis management processes.

2019 BOARD EVALUATION

BOARD EVALUATION PROCESS

The 2019 Board evaluation was conducted by an external independent facilitator, Professor Rob Goffee, Emeritus Professor of the London Business School. This was the first external evaluation undertaken by the Board. The evaluation process was divided into the six stages outlined below. Professor Goffee has no connection with the Company or any of the Board of Directors.

Stage 1. Preparation
An initial meeting was held between Professor Goffee, the Chairman and the CEO to:
- Outline the history of the Company and the Board.
- Establish the key issues facing the Board and its Committees.
- Agree the Board evaluation process.

Stage 2. Questionnaires
Questionnaires were circulated to all Directors focusing on:
- Board performance.
- Leadership and culture.
- Executive and Non-executive Director performance.
- Board Committee performance.
- Corporate governance.
- Board information.

Stage 3. Interviews
During January 2019 Professor Goffee conducted detailed interviews with each Board member. The output from the earlier questionnaires was used as the basis for these interviews to explore in more detail any issues raised, and to obtain supplementary comments and observations.

Stage 4. Reporting
A report containing the output from the Board evaluation process and a set of draft conclusions and recommendations was compiled by Professor Goffee, which was discussed initially with the Chairman and the Company Secretary. Professor Goffee then presented his report and recommendations to the Board at its meeting in March 2019.

Stage 5. Outturns
The conclusions and recommendations of the report were discussed by the Board, and the areas of focus for the forthcoming year, as outlined opposite and on page 115, were agreed.

Stage 6. Feedback
Following a Board discussion on the results of the evaluation, the Chairman took each Director through the individual feedback on their performance during the year, obtained as part of the evaluation process. The Chairman chaired a meeting of the Non-executive Directors without Executive Directors present where the performance of the Executive Directors was reviewed. The Senior Independent Director chaired a meeting of the Non-executive Directors without the Chairman or Executive Directors present, at which the performance of the Chairman was reviewed. Feedback was then given to all relevant parties.

BOARD EVALUATION RESULTS

The Board considered its performance during the year and, in conjunction with the output of the Board evaluation, agreed it was satisfied that individual Directors were demonstrating the commitment required to be effective in their roles. The Board, along with its Committees, demonstrated the correct skills and experience required to enable the discharge of its duties effectively on behalf of the Company.

The conclusions drawn from the Board evaluation process, led by Professor Goffee, identified a number of key positive attributes which demonstrated that the governance structure and processes of the Board and its Committees were working effectively:
- The Board was seen as effective in its performance and adhered to a culture of good governance practice.
- Board discussion was open, honest and constructive, and the Board was supportive whilst also providing robust challenge to management.
- All Directors contributed effectively and demonstrated commitment to their roles in the 13-month period to 31 March 2019.
- The Chairman and Non-executive Directors had the appropriate mix of skills and capabilities and brought valuable experience and strategic insight to Board discussions. This would be further enhanced with the introduction of Professor Sadie Morgan as a new Non-executive Director effective 3 April 2019.
- The Executive Directors worked well as a team, and brought contrasting but complimentary technical, creative and entrepreneurial skills to the business.

The Chairman, with the assistance of the Chief Executive and Company Secretary, understands the requirement to continually evolve as a Board in line with changing requirements and legislation, and is committed to building on the current strengths of the Board, whilst ensuring any perceived or potential areas of weakness are addressed as and when they may arise.

The Board discussed the findings and recommendations from Professor Goffee's report and, whilst confirming that the Board was operating effectively, there were areas identified which could be focused upon to turn a 'good' Board into a 'great' Board. These areas, along with a selection of observations from Directors, which came directly from the Board evaluation process, are set out on page 115.

Objectives for the Board
As part of the output from the 2019 Board evaluation, and in conjunction with Professor Goffee, it was agreed that Board objectives would be discussed, agreed and rolled out during the year, with the aim of focusing attention on certain areas highlighted through this evaluation process. We will address how the Board has performed against those areas highlighted on page 115, and the Board objectives to be agreed during the forthcoming year, in the 2020 Annual Report.

A selection of Director observations made during the 2019 Board evaluation process, along with areas for Board focus for the year ending 31 March 2020 highlighted through this process, are outlined below:

	EFFECTIVE PROCESSES DEMONSTRATED	ONGOING ATTENTION REQUIRED	AREAS OF BOARD FOCUS FOR THE YEAR ENDING 31 MARCH 2020
Board administration and information	"THE AGENDAS FOR BOARD MEETINGS ARE GENERALLY WELL MANAGED AND THE STRATEGY SESSIONS ARE VERY HELPFUL" "NOW THAT WE HAVE A BI-WEEKLY UPDATE FROM THE CEO I FEEL MORE INCLUDED IN BETWEEN MEETINGS"	"THE COMPANY IS IMPLEMENTING A NEW MANAGEMENT INFORMATION SYSTEM WHICH WILL IMPROVE INFORMATION COMING TO THE BOARD AND PRESENT IT IN A MORE MEANINGFUL WAY"	Ongoing regular dissemination of information to the Board outside of the formal Board and Board Committee process, and continued review and improvement of Board information to ensure Directors are receiving the appropriate level of detail.
Strategy	"THE SIX-MONTHLY STRATEGY DAYS ARE VERY USEFUL AND HELP TO KEEP US FOCUSED ON OUR OBJECTIVES"	"SOMETIMES WE STRUGGLE BETWEEN STRATEGIC AND OPERATIONAL ISSUES"	Continued evolution of separate strategic Board sessions to ensure a high-level, long-term strategic focus, whilst maintaining an appropriate overview of short-term operational priorities.
Succession planning	"THE STRATEGY SESSIONS INCLUDE ALL OF THE SENIOR LEADERSHIP TEAM BELOW BOARD LEVEL. IN ADDITION, LEADERSHIP TEAM MEMBERS PRESENT THEIR OWN PROJECTS TO THE BOARD. THIS HAS WORKED VERY WELL"	"NEED TO CONSTANTLY REVIEW THE BOARD'S EXPERIENCE TO MAKE SURE IT IS RELEVANT FOR THE CHALLENGES THE BUSINESS FACES"	Continued focus on Executive and Non-executive Director succession planning. Ensuring the ongoing visibility and engagement of talent below Board level through the regular presence of Leadership Team members at Board meetings, and ongoing Non-executive Director interaction with the wider workforce.
Governance and Director induction	"I STRONGLY BELIEVE THAT OUR CORPORATE GOVERNANCE IS GOOD. OUR COMPANY SECRETARY AND AUDITORS ARE VERY PROACTIVE IN ENSURING WE STAY ABREAST OF ALL THE ISSUES TO DO WITH GOVERNANCE"	"OUR BUSINESS MODEL AND THE NUMBER OF SCHEMES WE HAVE MEANS THERE IS AN AWFUL LOT TO GET TO GRIPS WITH WHEN YOU ARE NEW TO THE COMPANY"	Development of improved Non-executive Director induction process, and ongoing Board education and development through focused updates and presentations on relevant matters by subject matter experts, and ongoing exposure to significant projects.

NOMINATION COMMITTEE REPORT

"THE NEED TO CONTINUALLY REFRESH AND ADAPT THE SKILLS AND EXPERIENCE WE HAVE BOTH AS A BOARD AND AS A COMPANY IS ESSENTIAL AS OUR BUSINESS EVOLVES AND GROWS. WE CONTINUE OUR FOCUS TOWARDS BUILDING A TEAM WITH THE RIGHT MIX OF SKILLS AND EXPERIENCE TO EFFECTIVELY IMPLEMENT OUR STRATEGIC VISION."

Peter Williams
Chairman of the Nomination Committee

Highlights of Committee activities during the 13-month period to 31 March 2019:

- The appointment of Professor Sadie Morgan as a new independent Non-executive Director.
- A review of succession planning on the Board and at a senior level throughout the business.
- A review of the structure, size and composition of the Board.
- Discussions around aspects of diversity at all levels within the Company, and the property development industry in general.
- A review of Director performance and the recommendation to the Board for the re-election of all Directors at the 2019 AGM.
- A review of the new Corporate Governance Code requirements and its implementation within the business.
- Discussion around the results of Board and Committee evaluation process undertaken during the year, including a Board skills matrix and the implementation of Board objectives.

COMMITTEE ATTENDANCE

Director	Joined the Committee	Number of meetings attended/ meetings possible	% attendance
Peter Williams	04.01.16	3/3	100
Nick Thomlinson	03.01.12	3/3	100
Lynn Krige	14.07.16	3/3	100
Ros Kerslake	01.09.17	3/3	100
Sadie Morgan*	03.04.19	–	–

* Sadie Morgan joined the Company on 3 April 2019 and therefore did not attend any meetings of the Committee in the period to 31 March 2019.

For full biographies see pages 99 to 101.

Nomination Committee composition

The Nomination Committee is comprised of the Chairman and the independent Non-executive Directors. The Board considers that each member of the Committee is independent within the definition set out in the UK Governance Code. The table above sets out the attendance of members at the scheduled Committee meetings during the financial period under review.

Role of the Nomination Committee

The Committee is responsible for making recommendations to the Board, within its agreed terms of reference, on appointments to the Board. Our procedure for the appointment of a new Director is fulfilled through an effective search, interview and evaluation process led by an external consultant based upon specific criteria set out by the Committee.

The Committee's role, as set out in its terms of reference, includes:

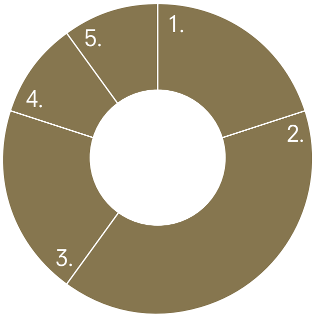
- Reviewing the structure, size and composition of the Board as a whole;
- Succession planning for Executive Directors and Non-executive Directors, and the roles of the Chairman and Chief Executive;
- Consideration of the balance of skills, knowledge, experience, time commitment and diversity of the Board;
- Recommending suitable candidates for the role of Senior Independent Director;
- Devising descriptions of the role and capabilities required for a particular appointment; and
- Providing recommendations on the composition of both the Audit and Risk and Remuneration Committees, in consultation with the Chairmen of those Committees.

Activities undertaken by the Committee during the period under review

The Committee meets as and when necessary. The Committee met three times during the 13-month period to 31 March 2019. During this period the Committee addressed the following matters:

- Recommendation made to the Board for the appointment of Professor Sadie Morgan as a new independent Non-executive Director;
- Review of the structure, size and composition of the Board and its Committees;
- Succession planning for Executive and Non-executive Directors and the Senior Leadership Team;
- Discussions around changes under the new Governance Code;
- Diversity on the Board and throughout the Company;
- Recommendation for the reappointment of all Directors at the 2019 AGM;
- Review of outcomes from the 2019 Board evaluation.

Nomination Committee – allocation of time



1. Board composition and structure: **20%**
2. New Non-executive Director appointment: **40%**
3. Board succession planning: **20%**
4. Diversity: **10%**
5. Other: **10%**

NEW NON-EXECUTIVE DIRECTOR APPOINTMENT

U+I was pleased to welcome Professor Sadie Morgan to the Board as a new independent Non-executive Director with effect from 3 April 2019. The process employed by the Committee in relation to the appointment of Sadie, as set out below, differed to that used for previous Non-executive Director appointments due to the specific requirements identified with regards to this position. In addition to the normal Board and Committee responsibilities of a Non-executive Director this role included three further specific components:

1. PPP Community Challenge Panel Chairman: In 2018, as part of our 'PPP: The Reset' campaign, U+I committed to the establishment of a new panel, chaired by an independent Non-executive Director, which would bring together representatives from the public sector, civic society and other developers with the specific remit of ensuring the Company was abiding by the standards it set itself on all relevant PPP projects.

2. Employee Engagement Panel Chairman: To comply with the requirements under the new Corporate Governance Code the Company will be enhancing its employee engagement strategy with the introduction of an Workforce Engagement Panel. This panel will include employees from all levels of the business and will report directly to the Board.

3. Design Panel: A new Design Panel is to be introduced during the year to ensure that architect selection for U+I projects reflects best in class designers. It will be the responsibility of this panel to navigate the tension between great design architects and architects who specialise in more functional projects. The new Non-executive Director will assist in the formation of this panel.

A candidate matching the specific skillset required was identified, and an independent external search consultant was used to assess this candidate against: i) the specific role requirements; and ii) the candidate's values, culture and fit as a potential U+I Director. Following an in-depth interview between the independent search consultant and the candidate, a report was drafted setting out recommendations to the Committee on the suitability of the candidate to this role.

All Committee members interviewed the proposed candidate to confirm that their skills and experience fit the requirements of the role, and that their values reflected those of the Board and the Company. The Committee subsequently recommended this appointment to the Board. All Directors met with the proposed candidate to assess their suitability to the role and fit within the U+I Board. The Board subsequently discussed and approved the proposed appointment.

Non-Executive Director Recruitment Process

Identification of requirement
Following on from the 2018 Board evaluation, the Committee engaged in discussions around the balance of skills, experience, independence and knowledge on the Board. This discussion made specific reference to commitments the Company would make during the forthcoming year. It was agreed that an additional Non-executive Director would be required, with a specific set of skills and experience, to assist in overseeing the implementation of these commitments.

Preparation of role specification
The Committee prepared a detailed role specification setting out the skills, knowledge and experience required for the role. A candidate with the specific skills and experience to fulfil the additional requirements outlined on this page was identified by the Committee.

Engagement of independent consultant
An independent recruitment consultant was engaged to approach, interview and assess the proposed candidate against the specific role requirements and their fit with U+I values, and subsequently make a recommendation as to the suitability of the identified candidate to the Committee.

Interviews
The proposed candidate had interviews with the Chairman and Chief Executive, followed by each Board Director to establish their suitability against the specific role requirements; of equal importance was their 'values' and their 'fit' as a Non-executive Director of U+I.

Recruitment
The Committee considered the consultant's feedback, and feedback from interviews, and made a recommendation for appointment to the Board, which was approved. A formal offer was made and accepted, and Professor Sadie Morgan was appointed as a new Non-executive Director on 3 April 2019.

It was confirmed that the additional requirements of this role, as set out on page 117, would in no way compromise the independence of the position of Non-executive Director.

Ridgeway Partners, an external search consultant, was used during the recruitment process to provide independent, expert advice. Ridgeway Partners is accredited under the enhanced code of conduct for executive search firms, it is also accredited under the Women on Boards code, and one of only three firms to have both the FTSE 350 and smaller company kitemarks; Ridgeway Partners has no other connection with the Company.

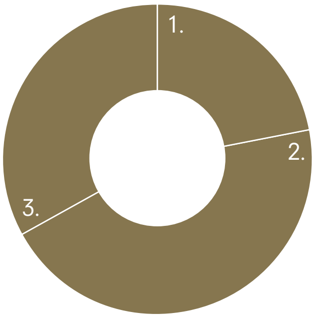
New Director induction

The Chairman, assisted by the Company Secretary, is responsible for the formal induction of all new Directors. Sadie Morgan, who joined the Board on 3 April 2019, is in the process of receiving a full induction, which will include a comprehensive induction pack prepared by the Company Secretary, induction meetings with key Directors and Leadership Team members, and also visits to project sites. Further details of Sadie Morgan's induction process can be found on page 119.

Directors standing for election or re-election

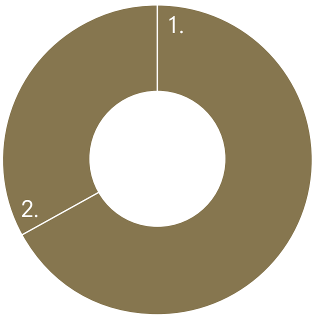
At the Nomination Committee meeting in March 2019 the Committee discussed the re-election of all Directors at the forthcoming 2019 AGM. Following a thorough review, in conjunction with the 2019 Board evaluation carried out by Professor Rob Goffee, an independent expert (as outlined on page 114), the Committee recommended that each Director, being eligible, should be put forward for annual re-election by shareholders. Following the annual performance reviews of individual Directors, the Chairman

Tenure on the Board as at 21 May 2019



1. Under 3 years: **22%** 2
2. 3–6 years: **45%** 4
3. 6+ years: **33%** 3

Board Diversity



1. Male: **67%** 6
2. Female: **33%** 3

considers that each Director continues to operate as an effective member of the Board, and has the skills, knowledge, experience and time to enable them to discharge their duties effectively.

Upon election, or re-election, Non-executive Directors are invited to serve for three-year fixed terms, subject to annual re-election by shareholders. All Non-executive Directors have confirmed that they have sufficient time to dedicate to their role. The terms of their appointment are available from the Company Secretary.

On the advice of the Committee, the Board will recommend the re-election of each Director to shareholders at the 2019 AGM, in line with provision B.7.1 of the Code. The Company believes that sufficient biographical details, along with other relevant information, for the Directors seeking annual re-election is provided on pages 99 to 101, in order for shareholders to make an informed decision regarding each Director's re-election.

Composition of the Board

The Committee has reviewed the size, structure and composition of the Board and concluded that, with the addition of Professor Sadie Morgan as an independent Non-executive Director on 3 April 2019, it has the appropriate composition to run as an effective Board. Further detail regarding the composition of the Board can be found on page 104.

Diversity

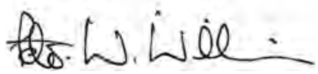
As part of its role the Committee will review the diversity on the Board. U+I embraces diversity in its broadest sense and recognises the benefits and value this brings both to the Board and to the Company as a whole, in terms of skills, knowledge and experience. The Company has a diversity and equal opportunities policy which prohibits any form of discrimination. During the year all employees undertook a mandatory online eLearning course on diversity and equality. The addition of Sadie Morgan to the Board has meant that there is currently one-third female representation on the Board. Details of the gender diversity on the Board, senior management, and across the Company are set out in the Sustainability Report on page 80. The Committee recognises that diversity is more than just gender based and will continue to focus on addressing the issues around diversity in its wider context within the property industry.

Committee effectiveness

I am pleased to report that the recent Board evaluation process concluded that the Nomination Committee operated effectively and there were no areas of significant concern during the year.

Areas of focus for 2019

During 2019 the Committee will continue to focus on developing its approach to succession planning for the Board, its Committees and the wider management team, whilst ensuring that the skills and experience on the Board and through the wider workforce are those required to effectively implement the strategy of the Company. The Committee will also consider issues around diversity and the new Governance Code requirements and will consider how effectively these are being addressed by the business.



Peter Williams,
Chairman of the Nomination Committee
21 May 2019

INDUCTION OF PROFESSOR SADIE MORGAN AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

U+I recognises that new Directors joining the Board will come from a variety of backgrounds, and have varying skills and experience that complement those of the Directors already established on the Board. Taking this into account we believe there should be no rigid induction process for new Directors. Our induction process is tailored according to the specific requirements of each individual Director.

The Chairman, through the Company Secretary, ensures that all new Directors undergo a comprehensive induction programme, with the required support to enable them to understand the requirements of their new role. Notably, this process will assist in their understanding of the history of U+I, the culture and strategy of the business, key projects, the financial position of the Company, and any key issues being addressed by the Board and its Committees at that time.

Sadie Morgan was appointed to the Board as an independent Non-executive Director on 3 April 2019. At the time of writing this report Sadie's induction process was ongoing. As part of this process Sadie has had meetings with the key senior personnel within the Leadership Team to give her a full understanding of U+I's business, it's projects, and the strategy and culture of the Company. Sadie has also met with a senior member of the finance team to understand the financial reporting requirements of the business. The Company Secretary prepared an extensive briefing pack with key information about the Company, the duties expected of a Director, governance structures and relevant procedures and processes, and led Sadie through this information answering any queries raised.

As part of this process Sadie will be introduced to several of U+I's major projects with visits to 8 Albert Embankment, Landmark Court, Morden Wharf and Mayfield planned in the near future to provide first-hand experience of how the Company operates, and how it is fulfilling its obligations to stakeholders.

Sadie will receive ongoing education and support in her role as a Non-executive Director along with the rest of the Directors on the Board.

"U+I IS COMMITTED TO ENSURING THAT NEW NON-EXECUTIVE DIRECTORS ARE GIVEN A COMPREHENSIVE, AS WELL AS A BESPOKE INDUCTION INTO THE COMPANY TO ENABLE A SMOOTH INTEGRATION INTO THEIR ROLES ON THE BOARD."

Peter Williams
Chairman of the Nomination Committee

Risk management and internal control
The Board has overall responsibility for the Group's risk management and internal control systems, and monitors these on an ongoing basis. The risk management and internal control systems put in place are designed to identify, evaluate and mitigate risks while at the same time enabling business objectives to be achieved. Further information on the Company's internal control framework is set out in the Audit and Risk Committee Report on pages 121 to 126.

Risk Management Committee
The regular process of identifying, evaluating and managing significant corporate risks has been delegated by the Board to the Audit and Risk Committee which, in turn, has delegated responsibility for overseeing the day-to-day risk management of the Company to the Risk Management Committee. The Committee is an Executive Committee and comprises the Leadership Team, the In-house Legal Counsel, and the Company Secretary.

The Committee's principal role, as set out in its terms of reference, includes:
- Advising the Audit and Risk Committee on the Company's risk appetite, tolerance and strategy, taking into account the current and prospective macro-economic and financial environment;
- Reviewing the Company's risk register, including the identification of new risks, continuous assessment, and identification of early warning factors and mitigating actions and controls;
- Reviewing the effectiveness of the Company's internal financial controls, internal controls and risk management systems; and
- Reviewing the Company's procedures for detecting fraud and prevention of bribery.

Annual activities of the Risk Management Committee
The Committee meets quarterly during the year, prior to each meeting of the Audit and Risk Committee, to ensure that the Group's risk management procedures are comprehensive and appropriate for the current economic climate, regulatory requirements and business operations.

During the year, the Committee performed a full review of all the risks facing the Company as set out on the risk register. The significant risks facing the Company have been identified and are set out on pages 82 to 85.

At each meeting the Committee reviews those risks with the highest impact and highest likelihood of occurrence, and the actions in place to ensure mitigation of the risks to the fullest extent possible. Those risks with less impact or likelihood of occurring are reviewed on a six-monthly basis. The Committee's remit includes all of the Group's subsidiaries and those joint ventures and associates which are administered by the Company. Risks arising from externally managed joint ventures are managed at the Boards of the joint venture companies. The Committee reports into the Audit and Risk Committee. In addition to the activities of the Risk Management Committee, a risk evaluation on each significant prospective development, investment or joint venture opportunity is evaluated by the Board. The Executive Directors regularly evaluate the Group's risk-weighted development exposure, which is then considered by the Board. All necessary actions have been, or are being, taken to remedy any perceived weaknesses acknowledged from the quarterly reviews. No significant failings or weaknesses were identified over the 13-month period under review.

AUDIT AND RISK COMMITTEE REPORT

"

THE COMMITTEE CONTINUES ITS FOCUS ON THE MANAGEMENT AND MITIGATION OF RISK, THE INTEGRITY OF FINANCIAL REPORTING AND THE INTERNAL CONTROL AND ASSURANCE PROCESSES.

"

Lynn Krige
Chairman of the Audit and Risk Committee

Highlights of Committee activities during the 13-month period to 31 March 2019:

- The change of year-end for U and I Group PLC and all subsidiary companies within the Group from 28 February to 31 March 2019.
- The review and approval of the half-year and the 13-month financial statements for the period to 31 March 2019.
- An in-depth assessment of the effectiveness of internal controls and control processes.
- Overview of the roll-out of a new finance reporting system across the business.
- Review of key risks and risk mitigation through the Risk Management Committee.
- Annual review of internal audit requirements.
- Oversight of GDPR compliance processes and procedures.
- Review of U+I's approach to the Modern Slavery Act, and approval of the modern slavery statement.
- Review of finance policies and procedures.
- Oversight of the roll-out of a suite of eLearning courses for all employees during the period.
- Review of new governance code requirements and legislative developments.

Dear Shareholder,
As Chairman of the Audit and Risk Committee (the Committee), I am pleased to present the report of the Committee for the financial period ended 31 March 2019.

Over the following pages of this report we aim to share insights into the activities undertaken or overseen by the Committee during the 13-month period to 31 March 2019. There were no significant changes to the Committee's primary functions during the period. The Committee focused the majority of its time overseeing the Company's financial reporting processes, along with the assurance, internal control and risk management frameworks of the Company. Highlights of the Committee's work during the year include:

Change of year-end
During the period the Company changed its year-end from 28 February to 31 March 2019. The change was made in order to align the Company with stakeholders, its peer group, and industry practice.

IT and cyber security
The Committee monitored the roll-out of a new financial reporting system during the period to streamline and enhance reporting processes across the business. In addition, cyber security continued to be an area of significant focus for the Committee during the period, for further details see page 123.

GDPR
The Committee established a working group to ensure the Company's processes and procedures were GDPR compliant ahead of the May 2018 deadline. During the year work continued around the wider aspects of information security and data protection, and, with assistance from external expertise, this work will continue through 2019 to ensure the Company has robust policies, procedures and the necessary culture in place with respect to information management and security.

Financial reporting process
The Committee spent a significant proportion of its time ensuring the integrity of its published financial information and processes, and reviewing significant financial reporting judgements. This included providing advice to the Board on the appropriateness of the Going Concern and Viability Statements. In this report we explain what judgements the Committee considered to be significant. See page 124 for further information.

Risk management
U+I's risk profile and appetite continued to evolve during the period, taking into account the ongoing uncertainty of the political and economic climate. The Risk Management Committee reviews U+I's risk register at each meeting, reporting into the Committee. This forms the basis of the Committee's risk assessment and subsequent mitigation. Information on the principal risks of the Company can be found on pages 82 to 85.

Internal controls
The Committee monitors the adequacy and effectiveness of the Group's internal control processes. During the year one meeting is dedicated to reviewing the internal control processes, see pages 125 and 126 for further information.

Internal audit
The Committee reviewed the Company's requirements with respect to internal audit during the year. It concluded that, in line with its peer group, a dedicated internal audit function was not required. Further information can be found on page 126.

Modern slavery
During the year the Committee reviewed the Company's approach to modern slavery and made recommendations to the Board. For more information see page 126.

Fair, balanced and understandable
The Committee, at the Board's request, reviewed the Annual Report and Accounts and confirmed that these were fair, balanced and understandable. More information on this can be found on page 125.

Committee evaluation
As part of the 2019 Board and Committee annual evaluation process the role and effectiveness of the Audit and Risk Committee was considered. I am pleased to report that the feedback received relating to the Committee was positive. The Committee continued to operate to a high standard and was effective in its support to the Board during the period.

New Corporate Governance Code provision:
The new UK Corporate Governance Code states that 'The board should establish an audit committee of independent directors, with a minimum membership of three directors, or in the case of smaller companies, two. The chair of the Board should not be a member'. In accordance with this new requirement Peter Williams, the Chairman of the Board, voluntarily stepped down as a member of the Audit and Risk Committee with effect from 29 March 2019.

Further information on these and other key areas considered by the Committee during the 13-month period to 31 March 2019 can be found within this report.

Lynn Krige,
Chairman of the Audit and Risk Committee
21 May 2019

COMMITTEE ATTENDANCE

Director	Joined the Committee	Number of meetings attended/ meetings possible	% attendance
Lynn Krige	10.03.16	4/4	100
Nick Thomlinson	03.01.12	4/4	100
Peter Williams*	04.01.16	4/4	100
Ros Kerslake	01.09.17	4/4	100

* In accordance with the requirements of the new Corporate Governance Code Peter Williams stepped down from the Committee with effect 29 March 2019.

Full biographies of the Committee members can be found on page 100.

Audit and Risk Committee composition
The table above sets out the composition of the Committee and the attendance of members at the scheduled Committee meetings during the 13-month period under review. The Committee currently consists of three independent Non-executive Directors following Peter Williams stepping down from the Committee on 29 March 2019.

Role of the Audit and Risk Committee
The Committee plays a crucial role in assisting the Board to discharge its responsibilities for the management of business risk by monitoring, reviewing and challenging the effectiveness and integrity of the Group's financial reporting and audit process, and the development and maintenance of a robust system of risk management and internal control.

The Board has determined that Lynn Krige is a qualified accountant with considerable experience, and has significant recent and relevant financial experience for the purposes of the Code. In addition, Nick Thomlinson and Ros Kerslake have significant property sector experience. The Company's Chief Executive Officer, Chief Development Officer, Chief Financial Officer, Financial Controller and In-house Legal Counsel attend the Committee meetings by invitation, as do Peter Williams and Barry Bennett, who are also chartered accountants. To help the Committee review and challenge the integrity of the Company's financial reporting, representatives from the external auditors attend appropriate parts of the meetings on invitation from the Chairman.

The Committee's principal responsibilities during the period under review fall under the following categories:

Financial reporting
- Review of significant financial reporting judgements and accounting policies, and compliance with accounting standards.
- Ensuring the quality, appropriateness and integrity of the half year and full year financial statements and their compliance with statutory requirements.
- Ensuring that the Annual Report is fair, balanced and understandable, along with consideration of the underlying assumptions presented in support of the Going Concern and Viability Statements and recommending their approval to the Board.

Risk management
- On behalf of the Board, and in conjunction with the Risk Management Committee, establishing the risk appetite of the Company, along with a review of the risk register and risk mitigation procedures.

Internal controls
- Monitoring the effectiveness of the Company's internal controls and compliance process.
- Review of delegated authorities and sign-off procedures.
- Review of key internal control policies.

Fraud and whistleblowing
- Review of procedures in place to prevent fraudulent behaviour and enable whistleblowing.
- If required, receive reports on fraudulent incidents and ensure an appropriate investigation is undertaken where required.

External audit
- Monitoring and reviewing the independence and performance of the external auditors and evaluating their effectiveness.
- Making recommendations for the appointment and re-appointment of the external auditors and approval of audit fees.

Internal audit
- Monitoring the requirement for an internal audit function and making subsequent Board recommendations.
- Agreeing internal audit plans where necessary.

External and internal property valuation
- Assessing the quality and appropriateness of the half year and full year external and internal valuations of the Group's property portfolio, together with an assessment of the methodology applied.

Significant financial matters
- During the year the Committee considered the appropriateness of significant financial matters made in connection with the financial statements as set out on page 124.

Committee activities during the 13-month period to 31 March 2019

The Committee met four times during the period ended 31 March 2019. Committee meetings are timed to coincide with the key responsibilities of the Committee during the year. As is standard each year, two of the meetings take place prior to the issue of the preliminary full-year and interim results, to review audit recommendations and to consider any significant issues arising from the audit and review process. A further meeting is held to agree the external audit terms of engagement, the auditors' scope and proposed approach, and the fees of the annual audit. One Committee meeting during the year is dedicated to reviewing the internal controls of the Company. The Committee also reviews the performance of the external auditors.

The Committee reviewed the following items during the period and, where required, made recommendations to the Board:

– **April 2018**: Year-end financial statements and Annual Report, Viability and Going Concern Statements, risk appetite and review of key risks, significant project risks, significant areas of judgement, external auditors' report, external property valuations, GDPR update, cyber-security update, non-audit fees, evaluation of U+I management's and external auditors' effectiveness with regard to the audit process, and recommended the re-appointment of the external auditors to the Board.

– **October 2018**: External auditors' interim report, interim results and financial statements, internal and external portfolio valuations, significant issues and areas of judgement, risk management, review of changes to tax legislation.

– **December 2018**: Learning and development session with presentations on key Brexit developments and new corporate governance requirements by external experts, review of interim accounts process and lessons learnt, update on new finance system roll-out, 2019 external audit planning, risk management appetite and review of key risks, and review of non-audit fees.

– **January 2019**: Full review of internal controls and control processes, risk assessment review including deep dive into specific key risks, whistleblowing policy review, review of requirement for internal audit, review of delegated authorities and a review of audit fees.

New financial reporting system

During the year, the Committee approved a proposal by the Chief Financial Officer to undertake a review of the finance system, processes and business reporting to determine and resolve any gaps in functionality and internal controls. Whilst the review was positive around the controls environment, it highlighted a need to improve process automation and reporting.

The current system was reviewed alongside other market leaders, and the Committee approved a recommendation to implement a new 'Tier 1' solution. The implementation project commenced in August 2018, and the roll-out is currently underway. The project's objectives are to implement tighter financial controls across areas of the business such as procurement, reporting, tax and cash collection, and is taking a two-phase approach. Phase I is providing as minimum like-for-like functionality, controls and reporting, whilst adding new functionality such as a procurement system. Phase II will deliver improvements in processes and reporting to facilitate greater controls and improvements in management information and the use of data around the business.

GDPR

With GDPR taking effect from May 2018, the Committee provided oversight over the Company's approach to data protection matters in anticipation of this deadline. A GDPR project team was established reporting into the Risk Management Committee. This team was supported by an independent data protection expert. As part of the preparation for the implementation of GDPR all employees were required to undergo specific online GDPR training, more in-depth training was focused on specific areas of the business. In addition to this training, data protection policies and processes were reviewed and updated.

Subsequent to the implementation of GDPR, a working group continues to monitor and review wider aspects around GDPR and information management security to minimise the ongoing risks associated with this area.

Cyber security

Cyber security, and the potential threat of business disruption through cyber security issues, continued to be an ongoing high priority for the Committee. During 2018 an external expert in cyber security gave an in-depth briefing on developments within the cyber security field to the Committee. In addition to the ongoing work around GDPR, the Committee is currently overseeing a review of the Company's online controls and information security to ensure information held on the Company's systems is protected to the fullest extent possible. Cyber risk is reviewed at each meeting of the Risk Management Committee along with relevant controls and mitigating actions. The Company continues to review its hardware and software systems, in addition to the ongoing education of its employees, to ensure all cyber threats are minimised to the fullest extent possible.

eLearning

As part of the Company's ongoing commitment to best practice, and to provide our employees with the necessary skills to perform their roles to the best of their abilities, whilst minimising risk, the Committee oversaw the roll-out of a full suite of mandatory eLearning courses for all employees during the 13-month period to 31 March 2019. Individual courses were rolled out on a monthly basis during 2018 covering the following key risk areas:

– Anti-money laundering and counter-terrorist financing;
– Information security and cyber risk awareness;
– Modern slavery;
– General Data Protection Regulation (GDPR);
– Anti-bribery and anti-corruption;
– Preventing financial crime;
– Health and Safety; and
– The Equality Act 2010.

All new employees to the Company are required to complete the above eLearning courses prior to the end of their probationary period.

Internal Audit

The Committee considered the Company's internal audit requirements during the period under review. It was concluded that, in line with the Company's peer group, and after consultation with the external auditor, a permanent internal audit function, or an outsourced function, was not required by the Company. Further details of this can be found on page 126.

Risk management

The Committee has the responsibility for overseeing the risk management process for the Company on behalf of the Board. This entails reviewing the risk profile, risk appetite, the principal risks and the effectiveness of the risk mitigation processes. The Committee delegates the day-to-day management of risk throughout the business to the Risk Management Committee (see page 120), which reports into the Committee. The Committee reviews the key risks of the Company, the risk register, and the risk mitigation processes in place.

A full review of the effectiveness of the risk management and risk mitigation processes was carried out by the Risk Management Committee during the 13-month period to 31 March 2019, at the request of the Committee. This included ongoing assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The results of this review, and any subsequent changes to the risk register, were approved by the Committee. The significant risks facing the Company are set out on pages 82 to 85.

The Committee dedicates its meeting in January to a full review of the internal control processes and procedures in place within the Group. At the meeting in January 2019 the Committee analysed the internal control structure, delegated authorities throughout the Group, and the major business processes covering areas such as operations, borrowings, cash management, accounting and reporting, statutory compliance and employment.

Other areas of review overseen by the Committee included IT, cyber security, corporate structure, gifts and entertainment, organisational design and whistleblowing.

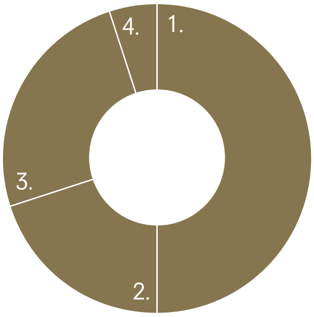
Significant issues considered by the Committee in relation to the Company's financial statements

Ensuring the integrity of the financial statements is fundamental to the Committee's remit. In preparing the accounts there are a number of areas requiring the exercise by management of particular judgement or a high degree of estimation. The Committee's role is to assess whether the judgements and estimates made by management are reasonable and appropriate. Set out below are what we consider to be the most significant accounting areas which required the exercise of judgement or a high degree of estimation during the year, together with details of how we addressed these.

– Construction risk: The Committee considered developments under construction both on balance sheet and in joint ventures, the recoverability of work in progress and the associated construction risks. The Committee challenged management in respect of the assumptions made relating to the completion of all material developments, including the ability of contractors to deliver the completed buildings, the likely financial outcome of each development, and the recoverability of all work in progress on balance sheet. In particular, consideration was given to the provision made against the carrying value of St Mark's Square, Bromley, and the methodology for arriving at that number to ensure that the remaining work in progress could be reasonably assessed to be recoverable. As a result the Committee concluded that the assets were appropriately recognised in the Group's financial statements.
– Direct property investments, the development and trading portfolios and the valuation of the investment properties: The Committee challenged executive management in respect of both independent external valuations and Directors' valuations across the entire property portfolio. In addition, the Committee challenged the external auditors in respect of the work they had conducted in connection with the internal and external valuations. The Committee was satisfied that there were no significant areas of contention and that the valuation procedures and methodologies used and the valuations themselves were appropriate. In respect of impairment charges recognised, the Committee was satisfied that, where applicable, the written down values reflected the net realisable value of the assets.
– Indirect property investments, accounting for investments in property secured loans and recoverability of financial assets: The Committee again discussed with executive management the valuation and recoverability of these assets along with the external auditors as to the work they had conducted. As a result, the Committee concluded that the assets were appropriately recognised in the Group's financial statements.
– Other reporting matters: The Committee considered the internal controls environment, management oversight of indirect property investments, and accounting and regulatory developments.

The Committee met without Executive Directors present during the year, and Lynn Krige, as Chairman of the Committee, met separately with the external auditors, PwC.

Audit and Risk Committee – allocation of time



1. Financial matters: **50%**
2. Risk management: **20%**
3. Internal controls: **25%**
4. Governance: **5%**

FRC review of 2018 Annual Report

During the period, the Group received a letter from the Financial Reporting Council confirming that the 2018 Annual Report had been subject to a review by its conduct committee responsible for promoting high quality corporate reporting, and ensuring compliance with relevant accounting and reporting requirements and rules. Their review of the Annual Report for the financial year ended 28 February 2018, was not intended to provide assurance that the Annual Report was correct in all material respects, as its purpose is not to verify the information provided, but to consider compliance with reporting requirements. Questions were raised in relation to restricted cash, working capital and fees and distributions from joint ventures, and adjustments have been made to the financial statements in response. All enquiries are now closed, and the review process is complete.

Fair, balanced and understandable
At the request of the Board, the Committee has considered whether, in its opinion, the 2019 Annual Report and Financial Statements are fair, balanced and understandable, and whether they provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee reflected on the information it had received and discussions during the year, and in particular considered the following questions:

FAIR	BALANCED	UNDERSTANDABLE
– Is the narrative reporting on the business performance in the Strategic Report consistent with the financial statements, and are key messages being reflected?	– Does the reporting give a balanced view of the performance including recognition of significant failures, or matters that had required considerable attention, as well as the successes?	– Would a reader of the accounts have, on balance, a similar view of the Company as someone who is intimately involved with the Company?
– Are any sensitive details being omitted, and does the Annual Report present the whole story?	– Does the reporting identify and give appropriate weight to any significant risks or issues the business faces in future, and has due weight been given to the most important financial measures and information?	– Is the framework of the report clear and understandable?
– Is there anything of which the Board is aware that will (or could) emerge in future that would surprise the reader of the accounts?	– Is a consistent message being presented throughout the report, and is the writing too optimistic, or alternatively overtly negative?	– Are the important messages highlighted appropriately throughout the document?

The Board requested that the Committee provide advice with regards to the above questions and, with this in mind, the Committee considered management's analysis and were content to recommend to the Board that the Annual Report taken as a whole was fair, balanced and understandable, and provided the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Board's statement to this effect is set out in the Statement of Directors' Responsibilities on page 156.

Viability Statement
The Committee has assessed whether five years continues to be an appropriate timeframe over which to make the Viability Statement. It was concluded that the current five-year assessment period remains appropriate and this was reviewed and adopted by the Board. The Viability Statement and our approach to assessing long-term viability can be found on page 86.

Non-audit services
U+I's Non-Audit Services Policy was adhered to throughout the year, providing additional control measures around the instruction of the auditors to undertake non-audit work. The policy requires that all non-audit fee work be reported to the Committee, and that all non-audit fee work falling into certain categories and above certain thresholds be reported prior to the work being undertaken as detailed below:
- Under £25,000: Approval is pre-approved by the Committee. Approval is required by the Chief Financial Officer, or the Chief Executive in his absence.
- In excess of £25,000 and up to £100,000: Approval required by the Chief Financial Officer and the Chairman of the Committee.
- In excess of £100,000: Approval required from the full Committee.

In addition, the policy prohibits the auditors from being considered for providing the following services: internal audit; bookkeeping services; and the design and implementation of financial information systems.

Reappointment of PwC as external auditor
PwC was reappointed as the Company's external auditor in 2018 following a full tender process led by the Committee. PwC have been the Company's auditors since 2008. The Committee has undertaken a review of PwC's performance every year since appointment. The Committee reviewed PwC's performance in relation to the audit for the 13-month period ended 31 March 2019. It sought the views of key members of the Finance Team, and concluded that PwC had performed well, provided an appropriate and robust level of challenge, and continued to be effective. In accordance with professional and regulatory standards, the lead audit partner is rotated at least every five years in order to protect audit independence and objectivity. Sandra Dowling was the lead audit partner for the financial period under review; this was Sandra's first year as lead audit partner for the Company.

Following the Committee's review of the effectiveness of the external audit process, and its assessment of the external auditor's independence and objectivity, it has recommended the reappointment of PwC as the Group's external auditor to the Board for recommendation to, and approval by, shareholders at the 2019 Annual General Meeting.

Internal control
The Directors acknowledge their responsibility for reviewing the effectiveness of the Group's system of internal controls to safeguard shareholders' investments and protect the Company's assets. The Directors acknowledge that they are responsible for determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives. The operational, financial and compliance risk controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Committee and the Risk Management Committee, has conducted a thorough and robust risk assessment of the business, identifying principal risks, their potential impact, likelihood of occurrence, controls and mitigating actions, together with early warning systems and any further actions which need to be implemented.

Detailed below is a description of the Group's internal control and risk management framework used in the process of preparing the Consolidated financial statements. The key features of U+I's system of internal control include:

– A comprehensive system of financial reporting and business planning with appropriate sensitivity analysis;
– A detailed authorisation process which ensures that no material commitments are entered into without competent and extensive approval;
– A defined schedule of matters reserved for the Board, and clearly defined roles of the Chairman and Chief Executive;
– An organisational structure with clearly defined levels of authority;
– Formal documentation of procedures;
– The close involvement of the Executive Directors in all aspects of the day-to-day operations, including regular meetings with senior management to review all operational aspects of the business and risk management systems;
– A review of the Group strategy and progress on developments at each scheduled Board meeting;
– A comprehensive insurance programme; and
– A formal whistleblowing policy.

Internal audit
A full review of the Company's requirements for an internal audit function was undertaken by the Chief Financial Officer in conjunction with the Committee Chairman in 2016. At this time it was agreed that the outsourced internal audit function should be stood down. In taking this decision, the Committee took into account the size and complexity of the business; it also sought the advice of the external auditors and conducted a review of internal audit functions within its peer group. The Committee agreed that it did not consider a permanent internal audit function, either in-house or outsourced, was required.

At the Audit and Risk Committee meeting held in January 2019 the Committee reviewed the requirement for an internal audit function and came to the conclusion that the function was not required at this time for the same reasons discussed in 2016. It was confirmed that a mechanism was in place whereby any areas that may need additional review and focus, as circumstances and the nature of risks change, would be adequately covered. Any such review would be carried out using experienced staff or external advisors. The Committee will continue to review the requirement for an internal audit function on an annual basis.

The Board has conducted a review of the effectiveness of the systems of internal control for the 13-month period ended 31 March 2019, and to the date of this report, and considers that there is a sound system of internal control which accords with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the Group's principal risks, including financial, operational and compliance controls, and that it is regularly reviewed.

Modern Slavery Act 2015
U+I recognises the importance of the Modern Slavery Act 2015, and is fully committed to ensuring that human trafficking and slavery play no part in any activities carried out by the Group or its supply chain. During the year a revised modern slavery statement was discussed and approved by the Board, you can find this on our website at uandiplc.com/investors/corporate-governance. All employees have completed an online modern slavery eLearning course and are fully aware of the Company's attitude and their personal responsibilities towards such matters.

As U+I is not a direct employer of sub-contracted individuals on our development projects, there is no onus on us to conduct a right to work check. However, we believe there are good reasons for establishing that a check has been conducted, as failure to do so can cause disruption to business operations, reputational damage, possible invalidations of insurances, as well as concerns about whether those workers have the requisite skills and knowledge. In 2019, U+I will therefore be incorporating into all future build contracts an obligation, beyond our current legal obligation, that our main contractors check the right to work status of all site employees using the approach outlined on the Governments' Home Office website.

Going concern
The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. The key areas of sensitivity are:

– Receipt, amount and timings of development profits;
– Timing and value of property sales;
– Availability of loan finance and related cash flows;
– Committed future expenditure;
– Future property valuations and their impact on covenants and potential loan repayments;
– Committed future expenditure; and
– Future rental income.

The forecast cash flows have been sensitised to reflect those cash flows which are less certain, and to take account of a potential deterioration of property valuations. In addition, the forecasts have been subject to sensitivity analysis, in which the impact of significant reductions to the property portfolio fair value and associated rental income on the Group's loan covenants was assessed. From their review, the Directors believe that the Group has adequate resources to continue to be operational as a going concern for at least 12 months and therefore have adopted the going concern basis in preparing the Group's 2019 financial statements.

Lynn Krige,
Chairman of the Audit and Risk Committee
21 May 2019

RELATIONS WITH SHAREHOLDERS AND STAKEHOLDERS

Our approach
As we have set out throughout this Report, at U+I we recognise the importance of building relationships and strong, mutually beneficial partnerships with our stakeholders based on trust and a reputation for getting things done. At the heart of everything we do is continuous, proactive engagement using the wide variety of channels outlined on these pages. Our relationships are underpinned by our three core values, imagination, intelligence and audacity, and our purpose that through truly transformational regeneration, and the making of great places, we can unlock untapped potential creating positive change for the benefit of all. We consider each project with our heads, to ensure it will deliver sustainable returns for our shareholders, and with our hearts, to evaluate how we can create long-term socio-economic benefits for the communities in which we work. This collaborative approach, which is demonstrated on pages 127 to 129, drives us to continue to challenge ourselves to deliver great places, and has seen us achieve a huge amount in the three years since we became U+I.

Why we engage
As a young, dynamic, market and thought-leading property regeneration and development business we are continually striving to improve, and to challenge ourselves as to how we can better fulfil our purpose. We can only do this by approaching everything we do with a socially responsible and sustainable focus. Listening to the experiences, ideas, requirements and concerns of our different stakeholders will enable us to deliver projects that improve the local environment and strengthen communities that we serve. Engaging with stakeholders is key to this process, the feedback we receive forms part of our Board and wider strategic discussions, as we focus on running a business that benefits all of our stakeholders for the long term.

OUR PEOPLE

We strongly believe that our people are our greatest asset, and ensuring a 'People First' approach is one of our key strategic priorities. Finding and working with intelligent, talented, entrepreneurial and creative people is essential to our continued success as a business. In return, our employees expect to be part of a great business they can be proud to work for.

How we engage with our employees
Continuous open and honest communication along with engaging, interactive events, and the correct reward structure to create a collaborative, inclusive culture and a positive working environment:

- Roll-out of an new, annual all-employee engagement survey to encourage engagement and improve business practices.
- Focus on talent development throughout the business with the roll-out of new talent strategy.
- Ongoing 'Working Smarter' initiative encompassing all areas of the business, including reconfiguration of office layout to encourage collaboration and knowledge sharing.
- An all-employee LTIP programme to encourage ownership, inclusiveness and strengthen a common sense of purpose.
- Appointment of new Board and Leadership Team members to strengthen expertise and experience.
- Monthly all-employee townhall meetings to disseminate information, engage our employees, and encourage greater collaboration, innovation and entrepreneurial spirit.
- Company-wide intranet to keep employees updated on key activities.
- A weekly Company-wide newsletter to ensure all employees are aware of work and social developments to encourage inclusiveness.
- All Non-executive Directors hosted open lunches where employees were able to benefit from their experiences and ask questions about lessons learnt throughout their careers.
- Relevant incentive programmes to reward talent, including project related incentives, wellbeing and gym memberships.
- A suite of all-employee eLearning courses rolled out on new and evolving governance and legislatory requirements.

Working for U+I

Working for U+I is about being part of an inspiring culture where talent is nurtured, and creativity is encouraged, as we build a team who share a passion and commitment for changing people's lives for the better, creating communities and legacies which we can all be proud of.

SHAREHOLDERS

Our shareholders expect accurate, honest disclosure and the delivery of sustainable long-term returns.

How we engage with our shareholders
Ongoing and regular engagement and conversations with investors through meetings, calls, feedback loops, market announcements, site visits, the AGM and social media:

- Comprehensive investor relations programme including regular engagement through calls and meetings with institutional investors who, in aggregate, held over 80% of the issued share capital of the Company, on strategy, remuneration and corporate governance matters.
- Launch of our new website with enhanced investor relations section to engage shareholders by offering greater clarity around U+I, our strategy, values, projects and approach. This includes shareholder feedback mechanisms.
- Investor site visits, including Mayfield (Manchester), Preston Barracks and Circus Street (Brighton), to demonstrate the scale and potential of our projects, and our distinctive approach.
- Bi-annual investor and analyst feedback through third-party advisors.
- Boundary redefining industry thought leadership events held in our offices through our 'U+I Think' programme, and through our 'Matter' publication (see right).
- Regular news flow distribution through press releases and RNS announcements to demonstrate that the Company is executing against predefined business strategy.
- Clearly defined financial KPIs for which management can be held accountable.
- Presentations made by Executive Directors to analysts, shareholders and the media, following the release of the preliminary and interim results.
- Face-to-face engagement with private shareholders during the AGM.
- Detailed investor relations report tabled at each Board meeting giving an up-to-date perspective on the investment market, changes to the shareholder register and key sector news.
- Award-winning Annual Report and Accounts to give further background on strategy, business model, outputs and project performance.

Matter

Redefining our sector through ground breaking thought leadership
Matter is our innovative, sector redefining, thought leadership publication, which reflects the ideas, concepts and values of U+I and highlights some of the themes and ongoing discussions that you might well hear were you to walk into one of our offices. Matter is designed to be challenging and engaging, and above all thought provoking. This is just one example of how U+I is looking to change the long-held stereotypes and perceptions within this industry by looking at and doing things differently.

To download your copy of Matter go to: matter.uandiplc.com

COMMUNITIES

U+I believes in the creation of positive change through unlocking the untapped potential of communities, creating great places to live and work, whilst preserving the unique heritage and identity of the sites we regenerate. Our purpose is to deliver positive long-term, socio-economic benefits by creating sustainable, thriving communities for the benefit of all.

How we engage with communities
We build strong and lasting relationships within the communities we operate. This is key to our continued success as a business. We do this through:

- Collaboration with local communities and stakeholders from the outset of our projects to ensure engagement and the cultivation of a shared vision, focusing on the turning of derelict, unloved spaces into thriving mixed-use areas that transform cities, boost tourism and create jobs.
- Extensive consultations to discuss the needs of the different local stakeholders to create lasting relationships built around trust and accountability.

- Whilst these discussions are ongoing we open up our sites for 'Worthwhile Use' projects, providing free/low-cost office, events and arts spaces for local communities and fledgling businesses seeking to grow (see Dirt Factory, Manchester below).
- A brand recognition benchmarking review within the communities in which we operate was carried out during the year.
- Regular forums and events to engage communities throughout the planning/consultation process to ensure the delivery of necessary amenities to support modern flexible working and living.
- Alignment with our chosen charity, Shelter. See page 80 for further details.
- Investment in fledgling start-up businesses in our regeneration sites through our Plus X business to encourage entrepreneurship, innovation, growth and productivity in local communities.
- Working alongside local suppliers on our projects to create new jobs, grow productivity and stimulate the economy.
- Including the environment and sustainability in our template so all our projects consider the carbon, energy, water and waste impacts on communities.

Dirt Factory, Mayfield

Leading the way in community engagement

Whilst more traditional developers may choose to close off a development site whilst awaiting the conclusion of the, sometimes lengthy, planning process, at U+I we take pride in doing things differently. We open up our sites and engage with communities to enable us to better understand the experiences, hopes and concerns of the local people.

Using our 'Worthwhile Use' philosophy we embrace the community by providing free or low-cost office, events and arts spaces. An example of this can be seen at our site in Mayfield, Manchester, where we have opened up our site to a variety of businesses, including creating the UK's first indoor mountain biking centre, to provide an inclusive space for the entire community to enjoy.

OUR PARTNERS

Our partners expect U+I to live up to our reputation and our promises by providing a professional, collaborative and innovative approach along with the high-quality execution of our projects and a continued track record of strong delivery.

How we engage with our partners

A continuous flow of calls, meetings and site visits amongst all parties involved in a project, to foster alignment and ensure projects are delivered to the highest standard:

- Regular collaboration and partnerships with local authorities, governments, councils and MPs through existing, mixed-use regeneration projects, to help effect change in communities and support their agendas to increase office and housing capacity and stimulate local economies.
- Working with architects, funders, local residents and fledgling start-ups, amongst others, to engage untapped potential and deliver ambitious projects.
- Reputation benchmarking exercise with 75 in-depth phone interviews with senior partners in the public and private sector to understand how the U+I brand was perceived.
- Wide-ranging engagement of stakeholders for our 'PPP: The Reset' campaign and the subsequent establishment of an independent PPP Community Challenge Panel to ensure U+I and our schemes are delivering on our promises (see right).
- Ongoing and regular discussions with partners throughout our project programmes and beyond to encourage open and honest feedback and areas for improvement.
- U+I 'Think' events to challenge the status quo and promote innovation within the real estate sector with panels of thought leaders and change makers.
- Nurturing strong relationships and delivering on other key projects to build trusting and complementary relationships.
- Partnership with our chosen Company charity Shelter, allowing employees to hold events and raise money, which was then matched by the Company, raising over £30,000 in the 13-month period to 31 March 2019.

PPP: The Reset

Following through on the delivery of our promises to our partners

During 2018, we confirmed our commitment to industry redefining, good governance practice, through increased transparency and accountability with regards to delivering on the promises we make during our stakeholder engagement process at the outset of our major PPP projects. Following our 'PPP: The Reset' campaign, a PPP Community Challenge Panel chaired by an independent Non-executive Director, and reporting directly to the Board, is being created which will hold the Company to account on those promises made.

CONNECTING REMUNERATION AND PERFORMANCE

ANNUAL STATEMENT FROM THE REMUNERATION COMMITTEE CHAIRMAN

"THE COMMITTEE CONTINUES ITS FOCUS ON ALIGNING THE REMUNERATION FRAMEWORK WITH THE STRATEGIC OBJECTIVES OF THE BUSINESS AND THE CREATION OF SHAREHOLDER VALUE OVER THE LONG TERM"

Nick Thomlinson
Chairman of the Remuneration Committee

Highlights of Committee activities during the 13-month period to 31 March 2019:

- No salary increases for the financial year beginning 1 April 2019, the fourth consecutive year that salaries have not increased.
- Early adoption of remuneration provisions set out in the revised UK Corporate Governance Code.
- Incentive framework heavily weighted towards long-term performance.
- Awards under the LTIP subject to an extended holding period introduced the previous year.
- 91% approval of our 2018 Remuneration Report by Shareholders.

Dear Shareholder
As Chairman of the Remuneration Committee I am pleased to present our Directors' Remuneration Report for the 13-month financial period ended 31 March 2019.

Implementation of Policy for 2019/20
We are not making any changes to the operation of our Policy for 2019/20. Executive Directors' salaries are not being increased for the fourth consecutive year. Awards under our Long-Term Incentive Plan (LTIP) will continue to be based on three-year and four-year NAV growth and will be subject to the extended holding period introduced last year.

Disclosure
In the interests of succinct and clear disclosure we have introduced a 'remuneration at a glance' section which immediately follows this letter. This section provides details of the Company's performance against relevant KPIs, as well as a summary of our Remuneration Policy and its implementation in the financial periods ending 31 March 2019 and 31 March 2020.

Remuneration out-turns for 2018/19
Our incentive framework for Executive Directors continues to be heavily weighted towards the LTIP rather than the annual bonus.

In terms of annual bonus out-turn, taking into account performance for the year, the Executive Directors received payments ranging from 20% to 23% of salary. This reflected good progress against individual strategic objectives, and moderate performance against our stretching financial objectives. Further detail on bonus payments and performance for the year are set out on pages 138 to 140.

Our LTIP performance is measured 50% over three years and 50% over four years. LTIP vesting for the period ended 31 March 2019 therefore reflects 50% of the award made in 2015 (which achieved vesting of 22.6%) and 50% of the award made in 2016 (which did not achieve the threshold vesting of 5% per annum, and therefore lapsed).

Remuneration governance developments
The last year has seen a number of important developments in corporate governance and investor expectations, including the publication of the updated UK Corporate Governance Code. The Committee welcomes the new Code and is pleased to report that the Company's remuneration policies and practices already comply with a number of its provisions. For example we introduced holding periods on the LTIP two years ago, which extend the overall time horizon of the LTIP to five years. We will be undertaking a full review against the new Code as part of our Policy review during 2019.

The Committee was pleased that our Directors' Remuneration Report received the support of 91% of our shareholders at the 2018 AGM and we look forward to your continued support at the forthcoming AGM.

N H Thomlinson

Nick Thomlinson,
Chairman of the Remuneration Committee
21 May 2019

REMUNERATION AT A GLANCE

Remuneration Policy
Prior to the 2017 AGM, the Company engaged with shareholders representing over 70% of the issued share capital of the Company. The Remuneration Policy was presented and approved by 95% of those shareholders voting at the 2017 AGM. This policy will operate for three years until the 2020 AGM.

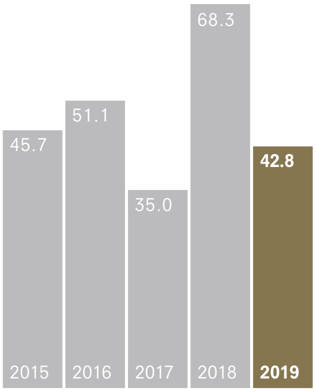
The key objectives of the Company's Remuneration Policy are as follows:

- To ensure that Executive Directors and senior managers are rewarded in a way that attracts, retains, motivates and rewards management of the highest quality.
- To operate incentive plans designed to encourage Executive Directors and senior managers to align their long-term career aspirations with the long-term interests of the Company and shareholders' expectations.
- To promote the attainment of both individual and corporate achievements, measured against performance criteria required to deliver the long-term growth and sustainability of the business.
- To encourage sustained performance over the medium and long term without taking undue risk.

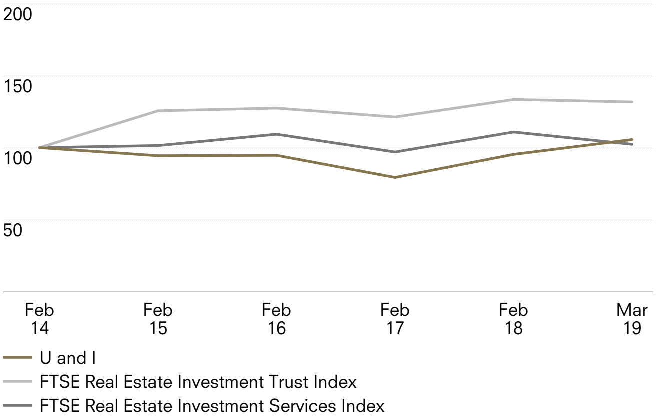
The total pay framework is based on a mixture of fixed and variable elements considered on a meritocratic basis at individual and Group level, taking into account the remuneration awarded to employees in the Group. The balance between fixed and variable pay is considered appropriate, given that the various incentive plans/schemes ensure a significant proportion of a key individual's remuneration package is performance-related, thereby correlating with the strategic aims of the business and the performance of the Company.

Performance in 2018/19
The graphs below show the Company's performance over the last five financial periods in respect of (i) total shareholder return against relevant Real Estate Investment indices; (ii) NAVps growth; and (iii) development and trading gains.

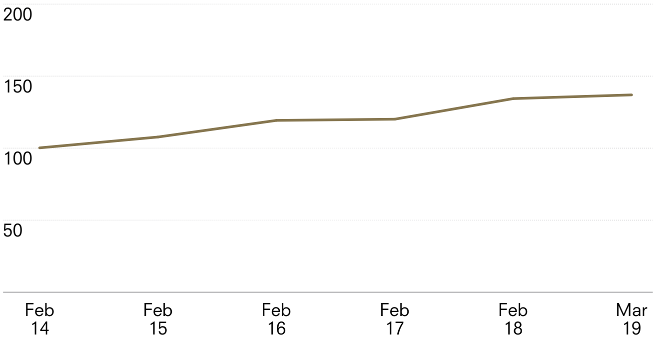
Development and trading gains (£million)



TSR (5 years)



Growth in NAVps and dividends



Remuneration Policy implementation in 2018/19 and 2019/20
The following table sets out a summary of our Remuneration Policy as well as its implementation in 2018/19 and 2019/20.

<table>
<tr><th>COMPONENT</th><th>SUMMARY OF POLICY</th><th>IMPLEMENTATION IN 2018/19</th><th>IMPLEMENTATION IN 2019/20</th></tr>
<tr><td>Salary</td><td>Core element of remuneration set at a level to attract and retain individuals of the calibre required to shape and execute the Company’s strategy.</td><td>Salaries for the financial year starting 1 March 2018 were:
<table>
<tr><th></th><th>1 March 2018
£’000</th></tr>
<tr><td>M S Weiner</td><td>375</td></tr>
<tr><td>R Upton</td><td>350</td></tr>
<tr><td>M O Shepherd</td><td>325</td></tr>
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<tr><td>R Upton</td><td>350</td></tr>
<tr><td>M O Shepherd</td><td>325</td></tr>
</table></td></tr>
<tr><td>Retirement benefits</td><td>Provides Executive Directors with retirement benefits consistent with the role.</td><td>Defined contribution pension arrangements are provided at 17.5% of salary per annum.</td><td>No changes to the pension contributions for incumbent Executive Directors.

The Committee will review pension contributions during 2019/20 taking into account the revised UK Corporate Governance Code. In the event of a new Executive Director hire the Committee would be mindful of shareholders’ evolving views of pension alignment with the workforce.</td></tr>
<tr><td>Benefits</td><td>Provides Executive Directors with market-competitive benefits consistent with the role.

Typical benefits include cash in lieu of motor vehicle, private medical insurance, income protection insurance and life assurance.</td><td>Benefits received during the year include cash in lieu of motor vehicle, subsidised gym membership and medical insurance.</td><td>No changes.</td></tr>
<tr><td>Bonus</td><td>Incentivises and rewards Executive Directors for the successful delivery of financial and strategic objectives on an annual basis.

Any bonus above 50% of the maximum opportunity is paid in shares which the Director is expected to hold for at least two years.

Malus and clawback provisions apply.</td><td>For 2018/19, Executive Directors had a maximum bonus opportunity of 75% of salary.

The table below sets out details of the measures used, and performance achieved:
<table>
<tr><th>Measure</th><th>Weighting</th><th>Performance</th></tr>
<tr><td>NAV growth</td><td>30%</td><td>0%</td></tr>
<tr><td>Development and trading gains</td><td>30%</td><td>0.47%</td></tr>
<tr><td>Strategic and personal objectives and priorities</td><td>40%</td><td>26%–30%</td></tr>
<tr><td>Total</td><td>100%</td><td>26%–30%</td></tr>
<tr><td>Total (% of salary)</td><td></td><td>20%–23%</td></tr>
</table></td><td>Maximum bonus opportunity for 2019/20 will be 75% of salary.

The structure for 2019/20 will be unchanged from 2018/19.</td></tr>
</table>

COMPONENT	SUMMARY OF POLICY	IMPLEMENTATION IN 2018/19	IMPLEMENTATION IN 2019/20
Long-Term Incentive Plan	Incentivises and rewards Executive Directors for delivery of the Company's strategic plan of building shareholder value. Awards are subject to achieving performance targets set by the Committee. Awards are subject to a combined performance period and holding period of five years. Malus and clawback provisions apply.	**LTIP awards outurns** – The second half of the 2015 LTIP awards vested at 22.6% of maximum following NAVps growth of 5.2% over the four-year performance period. – The first half of the 2016 LTIP awards vested at 0% of maximum following NAVps growth of 3.4% over the three-year performance period. **LTIP awards made in 2018** In 2018 Executives were granted the following LTIP awards subject to three-year and four-year NAVps growth performance: Face value of award M S Weiner: 300% of salary R Upton: 300% of salary M O Shepherd: 100% of salary Awards are subject to NAVps growth performance targets which are measured equally over a three-year and four-year performance period as follows: Targets at years three and four Threshold vesting (20% of maximum): 5% p.a. Maximum vesting (100% of maximum): 12% p.a. Awards are subject to a combined performance period and holding period of five years.	**LTIP awards to be made in 2019** In 2019 Executives will be granted the following LTIP awards: Face value of award M S Weiner: 300% of salary R Upton: 300% of salary M O Shepherd: 100% of salary Awards are subject to NAVps growth performance targets which are measured equally over a three-year and four-year performance period as follows: Targets at years three and four Threshold vesting (20% of maximum): 5% p.a. Maximum vesting (100% of maximum): 12% p.a. Awards are subject to a combined performance period and holding period of five years.
Shareholding guidelines	Aligns Executive Directors with the shareholder experience.	Executive Directors are expected to build a shareholding of 50% of salary within two years of appointment and 100% of salary within four years of appointment. Thereafter, they are required to retain 50% of net vested shares from the LTIP until they build shareholdings of 200% of salary for the Chief Executive Officer and 150% of salary for the Chief Development Officer and the Chief Financial Officer.	No changes.

ANNUAL REMUNERATION REPORT

The Annual Remuneration Report on pages 135 to 144 provides details of remuneration for the 13-month financial period ended 31 March 2019, and how our Policy will be implemented for the financial year commencing 1 April 2019.

Implementation of Remuneration Policy in the financial year commencing 1 April 2019
The table below provides an overview of the components of the remuneration framework for all Executive Directors:

Fixed pay + Annual bonus + LTIP

Salary
The salaries which will apply for the financial year beginning 1 April 2019 are set out below:

	1 April 2019 £'000	1 March 2018 £'000	% increase
M S Weiner	**375**	375	0
R Upton	**350**	350	0
M O Shepherd	**325**	325	0

Retirement benefits
The existing money purchase pension scheme is now closed to future contributions and new joiners and pension is provided via a Group Personal Pension Plan. The contribution structure for Executive Directors is 17.5% of salary for the financial year commencing 1 April 2019.

During the year the Committee will review the pension policy for Executive Directors taking into account the revised UK Corporate Governance Code. In the event of a new Executive Director hire the Committee would be mindful of shareholders' evolving views of pension alignment with the workforce.

Executive Directors do not have a prospective entitlement to a defined benefit pension.

Annual bonus
The annual bonus structure sets financial and strategic/personal targets at the beginning of each year. The targets set for 2018/19 are disclosed in the incentive out-turns section on pages 138 and 139. For 2019/20 we will continue with this structure. The performance measures and weightings for the 2019/20 annual bonus are set out below:

	Measure	Weighting
Financial	NAV growth	30%
	Development and trading gains	30%
Non-financial and strategic	Strategic and personal objectives and priorities	40%

The financial targets for the 2019/20 financial year (including threshold and maximum) and our performance against them will be disclosed in next year's report.

Annual bonus opportunities for the financial year beginning 1 April 2019 are shown below. Bonus amounts above target are held as shares for a period of two years.

	On target bonus for year as a percentage of salary %	Maximum bonus for year as a percentage of salary %
M S Weiner	37.5	75
R Upton	37.5	75
M O Shepherd	37.5	75

Long-Term Incentive Plan
Awards of 300% of salary will be made to M S Weiner and R Upton. M O Shepherd will receive an award of 100% of salary.

Awards will be subject to U+I's NAV growth, 50% measured over a three-year period and 50% measured over a four-year period as outlined below:

	Targets at year three and four	Three-year cumulative targets	Four-year cumulative targets
Threshold vesting (20% of maximum)	5% p.a.	15.8%	21.6%
Maximum vesting (100% of maximum)	12% p.a.	40.5%	57.4%

Pro-rated vesting will occur for performance between these points.

For awards following 1 March 2017, the holding period has been extended such that the entire award will have a combined performance and holding period of five years.

Awards are subject to a risk underpin. For awards to vest, the Committee must be satisfied that performance has not been achieved as a result of inappropriate financial risk (e.g. very high levels of gearing), and that the level of financial and business risk is in line with the Company's stated strategy.

Clawback and malus
In line with the UK Corporate Governance Code, incentive awards made following 1 March 2016 are subject to both malus and clawback.

Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as a material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment.

Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.

Clawback provisions will apply to the annual bonus for up to two years following the payment of cash/shares. For LTIP awards, malus and clawback provisions may be applied for up to five years post grant.

During the year the Committee will review our clawback and malus triggers taking into account the updated 2018 UK Corporate Governance Code.

Savings-related option scheme
The renewal of our Save As You Earn Option Plan was approved by shareholders at our 2014 Annual General Meeting.

Non-executive Directors' fees
Fees for the financial year commencing 1 April 2019 are set out in the table below:

	1 April 2019 £'000	1 March 2018 £'000
Chairman	**120**	120
Basic fee	**42**	42
Chairman of Audit or Remuneration Committee	**7.5**	7.5
Membership of Audit or Remuneration Committee	**5**	5
Senior Independent Director	**5**	5

Single total figure of remuneration (audited)

The table below sets out the total remuneration receivable by each of the Directors who held office for the 13-month period to 31 March 2019 with a comparison to the previous financial year:

Executive Directors		Fees and salary £'000	Benefits[3] £'000	Pension[4] £'000	Annual bonus £'000	DPP[5] £'000	LTIP £'000	Total £'000
M S Weiner	**2019[1]**	**406**	**20**	**62**	**81**	**–**	**83**	**652**
	2018	375	18	58	218	1,003	200	1,872
R Upton[2]	**2019[1]**	**286**	**16**	**60**	**86**	**–**	**83**	**531[2]**
	2018	350	19	55	206	–	200	830
M O Shepherd	**2019[1]**	**352**	**21**	**54**	**70**	**–**	**20**	**517**
	2018	325	19	50	194	–	48	636
Non-executive Directors								
P W Williams	**2019[1]**	**130**	**–**	**–**	**–**	**–**	**–**	**130**
	2018	120	–	–	–	–	–	120
N H Thomlinson	**2019[1]**	**64**	**–**	**–**	**–**	**–**	**–**	**64**
	2018	60	–	–	–	–	–	60
B Bennett	**2019[1]**	**45**	**–**	**–**	**–**	**–**	**–**	**45**
	2018	42	–	–	–	–	–	42
L G Krige	**2019[1]**	**59**	**–**	**–**	**–**	**–**	**–**	**59**
	2018	55	–	–	–	–	–	55
R Kerslake[6]	**2019[1]**	**56**	**–**	**–**	**–**	**–**	**–**	**56**
	2018	26	–	–	–	–	–	26
S Morgan[7]	**2019[1]**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	–	–	–	–	–	–	–

1 As a result of the change in the Company's year-end, amounts shown for 2019 are in respect of a 13-month period whereas amounts shown for 2018 are in respect of a 12-month period.
2 As announced in July 2018, R Upton took a short sabbatical between 1 September 2018 and 31 December 2018. He continued to work for one day per week during the course of his sabbatical, and his salary and elements of his annual bonus for 2019 have been pro-rated to reflect his sabbatical.
3 Benefits received during the year include cash in lieu of motor vehicle, subsidised gym membership and medical insurance.
4 Pension contributions received during the year include contributions to the Company's approved scheme or cash supplements.
5 DPP payments for Directors ceased in the financial year ending 28 February 2018 in accordance with the approved remuneration policy. The 2018 figure relates to awards on projects realised during the year. Awards on projects were subject to netting off.
6 R Kerslake became a Non-executive Director of the Company on 1 September 2017, and also became a member of the Audit and Risk Committee, Remuneration and Nomination Committees on this date.
7 S Morgan became a Non-executive Director of the Company with effect 3 April 2019 and therefore received no remuneration for the period under review.

Aggregate remuneration for the Executive Directors for the period ending 31 March 2019 totalled £1,334k, excluding cash in lieu of pension contributions and LTIP payments.

Incentive out-turns (audited)

Annual bonus

The annual bonus structure operates using financial and strategic/personal targets set at the beginning of each financial period.

The tables below provide details of financial targets and our performance against them:

Financial targets – 60% of total bonus award

The financial measures and targets were as follows:

NAV growth (30%)

	Threshold performance (20% payout)	Maximum performance (100% payout)	NAV per share growth achieved for period ended 31 Mar 2019	% of actual payout for NAV growth (maximum 30%)*
NAV per share growth (including dividends)*	5%	12%	0.9%	0

* Payouts are calculated on a straight-line basis between threshold and maximum performance. For 'target' performance (50% of maximum), this is growth of 7.6% per annum.

Development and trading gains (30%)

	Targets				Actual performance and payout	
	0% payout	50% payout	75% payout	100% payout	Development and trading gains for the period ended 31 Mar 2019	% of actual payout for development and trading gains (maximum 30%)*
Development and trading gains*	42.75	45.9	47.5	52.25	42.85	0.47

* Payouts are calculated on a straight-line basis between performance points.

Non-financial targets – 40% of total bonus award
Personal objectives were set at the beginning of the financial period which focused on both the delivery of strategic priorities for 2018/19 and the longer term.

M. S. WEINER

Refining strategy
- Major new project wins including CFNE, Arts Building, Newtown Works, White Heather Industrial Estate and 3 investment assets – representing successful realisation of a strategy of focusing on 'fewer, larger' projects.
- Roll-out of refreshed strategic organisation communications to ensure consistent messaging and alignment – linking strategy from the corporate level to day-to-day roles.
- Monthly in-house strategy updates to U+I team to embed purpose, values and strategy into the business.
- Reputation Benchmark exercise to consider external perceptions of U+I and its strategy.

Investor relations
- New broking team fully integrated into the IR process. Improved analyst coverage as part of this process.
- Significant increased investor relations activity – hosting capital markets events as well as speaking at investor conferences.

Capital structures
- Good progress against the strategic objective of seeking large scale capital partner(s) – Colony Capital joined the St James's Gate bid team as an equity partner.
- Building team to implement diversification of the Company's JV relationships.

Operating model
- Shaping the senior leadership team towards best in class. Recent changes to the team expected to lead to further gains in accountability and efficiency in FY2020.

Engaged workforce
- Good progress on initiatives to improve team chemistry including establishment of a Company Charity Committee.
- Employee engagement review undertaken.

External and public affairs
- Led the 'PPP: The Reset' campaign as the Company's spokesperson.

Non-financial element of annual bonus as % of salary	19.5

R. UPTON

New business origination
- Directed new business strategy which led to a comprehensive re-structuring of the team and three new short-term opportunities being secured.
- Led the pitch on a significant project including returning from sabbatical for two key presentations.

Asset business plans and project realisations
- Introduction of a milestone project monitoring process as part of an improved management information system. These milestones now form the bedrock of individual asset business plans and internal project monitoring.
- Since January has taken an increasing role in directing the strategy for the Company's major projects – Mayfield, 8 Albert Embankment and Morden Wharf.
- Led CPO strategy in relation to Curzon Park.
- Directed Preston Barracks residential land sale negotiations generating a profit level in advance of forecast.

Public affairs programme
- Completion of a programme of high-profile speaking engagements. Principal spokesperson on all public affairs matters, including appearing at the London Local Plan Inquiry.

Operating model
- Completion of first stage of the Working Smarter project including the review and refinement of the Company's 'Factory Floor' and the organisational structure required to deliver the process.
- Led the re-structuring of the marketing and communications teams leading to improved focus on project marketing over corporate brand.
- Initiated and authored a revised internal strategy review for the Board including management of external consultants.

Non-financial element of annual bonus as % of salary	22.5

M. O. SHEPHERD

Financing
- Successful negotiation of £19.7m loan facility with Barclays to provide increased flexibility and greater security to the Company's funding lines.
- Maintained all Company debt relationships to assist in substantial refinancing discussions.

Financial control/process
- Undertook finance function diagnostic to consider step change improvements to team process and infrastructure.
- Implemented 'Project Bean', an innovation initiative to improve the finance function and its integration with the regeneration team.

Investor relations
- Achievement of increased engagement with analysts, shareholders and potential investors to raise the understanding of the U+I business model.
- Attended investor conferences focused on the PCB market with the aim to improve stock liquidity.
- Increased responsibility as first point of call for Investor Relations. Successful transition of Head of IR reporting line to Chief Financial Officer.

Efficiency and cost effectiveness
- Focus on delivering a continual decrease in net recurring overheads. Initiated a peer review of the treatment of certain internal costs and agreed a working framework with the auditors to capitalise elements of overhead to better reflect the Company's operating model.
- Identification of further overhead savings to be targeted over the next financial year.

Non-financial element of annual bonus as % of salary	19.5

Bonus opportunities for 2018/19 have been pro-rated to reflect the change in the Company's year-end to 31 March 2019.

In light of both corporate and individual performance, the Committee determined the following bonus awards be made for the financial period ended 31 March 2019:

Executive Director	Total award % of maximum	Total award % of salary	Total bonus award (£'000)
M S Weiner	26.5	19.9	81
R Upton	30.4	22.8	86
M O Shepherd	26.5	19.9	70

As announced in July 2018, R Upton took a short sabbatical between 1 September and 31 December 2018. The Committee took his sabbatical into account when determining his annual bonus and applied a pro-rata reduction where appropriate. The approach that the Committee took was to consider each objective. The Committee pro-rated the bonus for certain objectives. In the case of some 'milestone' objectives the Committee considered that it would not be appropriate to apply a pro-rata reduction. For example throughout his sabbatical R Upton led an important bid which would be a significant development project for the Company, including returning from his sabbatical for two key presentations. The financial element of the bonus was pro-rated in full.

100% of any annual bonus awarded which is above target (50% of the maximum opportunity) will be paid in shares which the recipient must hold for at least two years. All annual bonus' awarded to Executive Directors in 2019 were below target therefore no element of Executive Director bonus was paid in shares.

Long-Term Incentive Plan (audited)

LTIP awards made in 2015

Awards were made under the LTIP in 2015 with the first half of awards subject to the Company's growth in NAV per share over the three-year performance period 1 March 2015 to 28 February 2018. Details of the NAV growth over the three-year performance period were provided in last year's Annual Report on Remuneration. The second half of awards are subject to the Company's growth in NAV per share over the four-year performance period 1 March 2015 to 31 March 2019. Details of the NAV growth over the four-year performance period are set out in the table below:

	NAVps % growth per annum	Vesting % of maximum
Threshold	5	20
Maximum	12	100
Performance	5.2	22.6

The Committee was satisfied that the risk underpin had been satisfied.

Two-thirds of the shares that vest in respect of performance to 31 March 2019 are subject to an additional holding period of one year.

LTIP awards made in 2016

Awards were made under the LTIP in 2016 with the first half of awards subject to the Company's growth in NAV per share over the three-year performance period 1 March 2016 to 31 March 2019. Details of the NAV growth over the three-year performance period are set out in the table below:

	NAVps % growth per annum	Vesting % of maximum
Threshold	5	20
Maximum	12	100
Performance	3.2	0

The second half of awards made in 2016 are subject to the Company's growth in NAV per share over a four-year performance period 1 March 2016 to 31 March 2020. Details of the NAV growth performance will be disclosed next year following the end of the performance period.

Payments made/awards granted during the year

Long-Term Incentive Plan (audited)

On 7 June 2018, awards were made under the Long-Term Incentive Plan as follows:

Executive Director	Type	Number of shares	Face value (% of salary)[1]	Performance conditions[2]	End of performance periods	% vesting at threshold
M S Weiner	Conditional share award	460,122	300	% NAVps growth	28 Feb 2021/ 29 Feb 2022	20%
R Upton		429,447	300			20%
M O Shepherd		132,924	100			20%

1 The face value has been calculated based on the share price of 244.50 pence taken on 7 June 2018 as an average of the closing mid-market price from the preceding five days.
2 Awards are subject to U+I's NAV per share growth (including dividends), 50% measured over a three-year period and 50% measured over a four-year period; see page 134 for further information.

Executive Directors' shareholdings (audited)

Executive Directors are subject to a shareholding requirement of one half basic salary within two years of appointment, rising to an amount equivalent to two times basic salary for the Chief Executive Officer and one and a half times basic salary for the Chief Development Officer and Chief Financial Officer. 50% of net vested shares will be retained until these guidelines are achieved. M S Weiner and R Upton have met their respective shareholding requirements; M O Shepherd will retain 50% of net vested shares until such time as he has reached his 150% shareholding guideline.

The interests of all the Directors (together with interests held by his or her connected persons), all of which were beneficial, in the share capital of the Company, are:

Executive Directors	Shares owned outright as at 31 March 2019[1,2]	Shareholding as a % of salary[3]	Interest in shares subject to performance	Interest in options subject to continued employment only
M S Weiner	457,531	228	1,814,657	11,815
R Upton	3,293,740	1,762	1,709,115	0
M O Shepherd	194,874	112	514,922	11,815
Non-executive Directors				
P W Williams	100,000	–	0	0
N H Thomlinson	20,000	–	0	0
B Bennett	35,000	–	0	0
L G Krige	0	–	0	0
R Kerslake	0	–	0	0
S Morgan	0	–	0	0

1 Including shares held by connected persons.
2 There have been no changes in share interests held by Directors between 31 March 2019 and 21 May 2019, the date of signing this report.
3 Calculation derived from the market value of 187.20 pence per share and Directors' salary as at close of market on 29 March 2019.

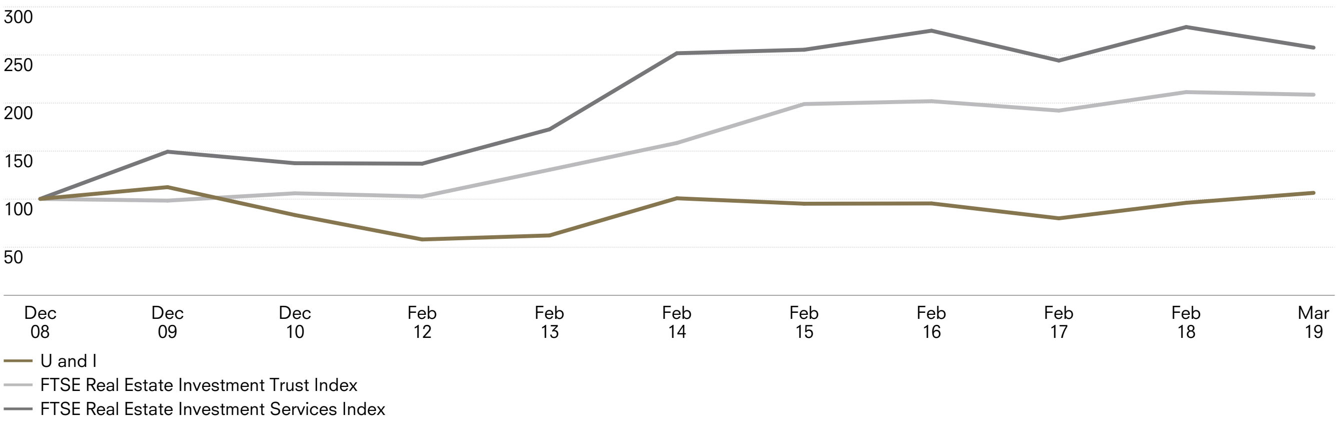
External directorships

M S Weiner is a trustee for the charity Jewish Care, he does not receive any fees for this role. R Upton is a Commissioner for English Heritage for which he receives a nominal fee of c.£7,000. M O Shepherd does not hold any external appointments at this time.

Historical Total Shareholder Return performance

The graph below shows the Company's TSR performance over the last ten financial periods in-line with the disclosure regulations. TSR has been calculated as share price growth plus reinvested dividends and is shown against both the FTSE Real Estate Investment Trust Index and the FTSE Real Estate Investment Services Index. The Company is a constituent of the FTSE Real Estate Investment Services Index, but a number of constituents of the FTSE Real Estate Investment Trust Index are also considered as within the Company's peer group.

TSR (10 years)



Chief Executive Officer remuneration for previous ten years

The table below shows the total remuneration figure for the Chief Executive Officer for the same ten-year period as the TSR chart above. The annual bonus and LTIP percentages show the payout for each year as a percentage of the maximum opportunity.

	2009	2010	2012[1]	2013	2014	2015	2016 M H Marx[2]	2016 M S Weiner[3]	2017	2018	**2019[4]**
Single total figure of remuneration (£'000)	767	865	714	487	882	1,002	257	1,633	1,723	1,872	**652**
Annual bonus (% of maximum)	80	63	21	0	67	86.7	–	59	26.8	77.4	**26.5**
LTIP vesting (% of maximum)	–	–	–	–	–	–	18	18	–	38.1	**11.3**

1 As a result of the change in the Company's year-end, amounts shown for 2012 are in respect of a 14-month period ending 29 February 2012.
2 M H Marx's figure relates to both the time he was Chief Executive Officer of the Company from 1 March 2015 to 14 July 2015, and from 15 July 2015 to 29 February 2016 when he received a basic fee as a Non-executive Director.
3 M S Weiner's figure relates to both the time he was a Executive Director of the Company from 1 March 2015 to 14 July 2015, and from 15 July 2015 to 29 February 2016 when he was Chief Executive Officer of the Company.
4 As a result of the change in the Company's year-end, amounts shown for 2019 are in respect of a 13-month period ending 31 March 2019.

Percentage change in Chief Executive Officer remuneration

The table below sets out in relation to salary, taxable benefits and annual bonus, the percentage change in remuneration in relation to the Chief Executive Officer compared to the wider workforce.

	Chief Executive % change	Wider workforce % change
Salary	0	9.3
Taxable benefits	1.4	-15
Annual bonus	-63	-39

Relative importance of spend on pay

The following table sets out the overall expenditure on pay and total dividends and share buybacks paid in the year.

	2019	2018	% change
Dividends[1]	7,401	7,382	0.25
Supplemental dividend[1,2]	5,114	15,033	-66.0
Overall expenditure on pay[3]	11,730	14,163	-17.2

1 These figures have been extracted from Note 7 to the Consolidated financial statements on page 187.
2 A supplemental dividend of 12.0 pence per share, amounting to £15,033,000 for 2018, was declared post 2018 year end, and therefore not deducted from net assets in 2018. A supplemental dividend of 4.1 pence per share, amounting to £5,114,000 for 2019, was declared post 2019 year end, and therefore not deducted from the net assets in 2019.
3 These figures have been extracted from Note 4 to the Consolidated financial statements on page 184.

Role and constitution of the Committee

During the year the Committee reviewed the terms of reference and made a number of changes to account for the updated 2018 UK Corporate Governance Code. The Committee's principal roles have been expanded so that in addition to the Executive Directors the Committee is responsible for determining the remuneration for members of the senior management. The Committee's full terms of reference are set out on the Company's website www.uandiplc.com and are available on request from the Company Secretary.

Wider workforce remuneration

The success of the projects we deliver relies in turn on our ability to harness the intelligence, imagination and audacity of our people. These values underpin everything we do, and our goal is to nurture them by providing a culture where people are proud to work for us.

During 2019/20 the Committee has widened our scope so that we are responsible for reviewing wider workforce remuneration in-line with the updated 2018 UK Corporate Governance Code.

Advisors

The Committee sought professional advice from external remuneration consultants Deloitte LLP (who are members of the Remuneration Consultants Group and, as such, voluntarily operate under their code of conduct in relation to executive remuneration consulting).

Deloitte was appointed as advisor to the Committee following a full tender process. The Committee is satisfied that the advice it receives is objective and independent. Deloitte's fees for providing advice to the Remuneration Committee amounted to £26,800. Representatives of Deloitte LLP attended three meetings of the Committee by invitation. Fees are determined on the basis of time spent and work and materials. Deloitte LLP currently also provided services to the Company in relation to planning and development real estate advice.

M S Weiner, Chief Executive Officer, provided advice in respect of the remuneration of the other Executive Directors but was not in attendance when his own remuneration was discussed.

The Remuneration Committee as constituted by the Board

The Committee met four times in the year under review.

Committee members	Joined the Committee on	Considered independent Non-executive Director	Number of meetings attended/ number of meetings possible	% attendance
N H Thomlinson (Chairman)	03.01.12	Yes	4	100
P W Williams	04.01.16	–[1]	4	100
L Krige	14.07.16	Yes	4	100
R Kerslake	01.10.17	Yes	4	100
S Morgan[2]	03.04.19	Yes	–	–

1 Chairman, independent on appointment.
2 S Morgan became a member of the Committee on 3 April 2019 and, as such, attended no meetings in the period to 31 March 2019.

Service contracts – Executive Directors

The dates of the current contracts in place for the Executive Directors are as follows:

Executive Director	Date of contract
M S Weiner	23 July 2015
R Upton	19 May 2014
M O Shepherd	23 July 2015

The Executive Directors' service contracts do not specify an expiry date and may be terminated upon 12 months' notice by either Director or the Company.

Remuneration Committee evaluation

Following the 2019 Board evaluation process, the effectiveness of the Committee was reviewed and the Committee was considered to be operating effectively. No member has any personal financial interest in the matters to be decided.

Statement of voting at the last Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out the actual voting in respect of the advisory vote to approve the Annual Report on Remuneration at the Company's Annual General Meeting on 5 July 2018 as well as the binding vote to approve the Remuneration Policy at the Company's Annual General Meeting on 11 July 2017:

	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve Remuneration Report (2018 AGM)	93,463,542	91.22	8,999,825	8.78	7,528
Approve Remuneration Policy (2017 AGM)	92,018,752	95.34	401,030	4.66	1,690,512

Incentive awards outstanding at year-end (audited)

Details of incentive awards outstanding at the year-end are shown in the tables below:

Long-Term Incentive Plan

	Date of grant	Market price at date of grant Pence per share	28 February 2018 Number of shares	Granted	Dividend Equivalent shares granted	Lapsed	Exercised	31 March 2019 Number of shares	Final vesting date
M S Weiner	05.06.15	273.40	373,079	–	11,560	115,468	82,631	186,540	05.06.2019
	09.06.16	191.10	588,697	–		–	–	588,697	09.06.19/20
	30.05.17	194.20	579,299	–		–	–	579,299	30.05.20/21
	07.06.18	244.50	–	460,122		–	–	460,122	07.06.21/22
R Upton	05.06.15	273.40	373,079	–	11,560	115,468	82,631	186,540	05.06.2019
	09.06.16	191.10	549,450	–		–	–	549,450	09.06.19/20
	30.05.17	194.20	540,679	–		–	–	540,679	30.05.20/21
	07.06.18	244.50	–	429,447		–	–	429,447	07.06.21/22
M O Shepherd	05.06.15	273.40	89,155	–	2,762	27,593	19,746	44,578	05.06.2019
	09.06.16	191.10	170,068	–		–	–	170,068	09.06.19/20
	30.05.17	194.20	167,353	–		–	–	167,353	30.05.20/21
	07.06.18	244.50	–	132,924		–	–	132,924	07.06.21/22

The new LTIP introduced for the year beginning 1 March 2015 replaced the previous Performance Share Plan.

Save as You Earn (SAYE) (audited)

	28 February 2018 Number of shares	Granted	Lapsed	Exercised	31 March 2019 Number of shares	Exercise price pence per share	Market price at exercise pence per share	Gain on exercise £'000	Date from which exercisable	Expiry date
M S Weiner 2017	11,815	–	–	–	11,815	152.00	–	–	01.02.21	31.07.21
M O Shepherd 2017	11,815	–	–	–	11,815	152.00	–	–	01.02.21	31.07.21

These options are not subject to performance conditions. The options may be exercised after three years at a price not less than 80% of the market value of the shares at the time of invitation. No options were exercised during the year.

REMUNERATION POLICY

An updated Remuneration Policy (the Policy) was presented and approved by shareholders at the 2017 AGM and will operate until the 2020 AGM. Since no changes to the Policy are proposed for the year ahead, this part of the report will not be subject to a shareholder vote at our 2019 AGM. We have included those changes to the Policy approved at the 2017 AGM and the policy tables for Executive Directors and Non-executive Directors below for reference. The full Policy can be found on our website at uandiplc.com/investors.

Changes to the application of the Remuneration Policy effective following the 2017 AGM

The key changes between the Policy and the policy which was approved by shareholders at our 2014 AGM are as follows:

- Extending the holding period that applies to our LTIP awards such that the combined performance and holding period is five years in total for the entire award for awards from 1 March 2017.
- From 2016/17 we changed our approach to the annual bonus, moving to a structure with financial and strategic/personal targets set at the beginning of each year. To reflect this change in operation, we introduced a minimum weighting for financial measures of 50% for the annual bonus.
- We introduced an additional shareholding guideline requiring Executive Directors to retain 50% of net vested shares from the LTIP until they build up shareholdings of 200% of salary for the Chief Executive Officer and 150% of salary for the Chief Development Officer and Chief Financial Officer.

Main components of the Remuneration Policy

Policy table for Executive Directors

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
Salary Core element of remuneration set at a level to attract and retain individuals of the calibre required to shape and execute the Company's strategy.	Contractual fixed cash amount. Typically, salary levels are reviewed on an annual basis. The Committee takes into account a number of factors when setting base salary, including: – Size and scope of the role; – Skills and experience of the individual; – Performance of the Company and individual; – Appropriate market data; and – Pay and conditions elsewhere in the Company.	Salary increases may be applied taking into account the factors outlined in this table. During review, consideration will also be given to increases applied to the wider employee population. In certain circumstances, such as an increase in the size and scope of the role or increased experience where an individual has been hired on a lower salary initially, higher increases may be given. There is no maximum salary opportunity.	None.

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
Benefits To provide Executive Directors with market competitive benefits consistent with the role.	Executive Directors currently receive the following benefits: – Cash in lieu of motor vehicle; – Private medical insurance; – Income protection insurance; and – Life assurance. Other benefits that are consistent with the role may be provided if the Committee considers it appropriate. Payments may be made to Executive Directors in lieu of any unutilised holiday allowance. The Committee may permit additional holiday in lieu of remuneration. Relocation and expatriate benefits may also be provided, if an existing or new Executive Director is required to relocate. The Executive Directors may participate in any all employee share plans adopted by the Company on the same basis as other employees.	The cost of benefits may vary from year to year depending on an individual's circumstances and the varying cost of benefits premiums. There is no maximum benefits value.	None.
Annual bonus Incentivises and rewards Executive Directors for the successful delivery of financial and strategic objectives on an annual basis.	Payments are based on performance in the relevant financial year. Payments up to 50% of the maximum opportunity ('Target' performance) are made in cash. Any bonus above 50% of the maximum opportunity will be paid in shares which the Director is expected to hold for at least two years. Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as a material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment. Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.	150% of salary per annum. Executive Directors, excluding the Chief Executive, will have a lower maximum opportunity than the percentage stated above. For the financial year ending 31 March 2020, Executive Directors, including the CEO, will have a maximum of 75% of salary.	The annual bonus is based on a range of financial, strategic and individual measures set by the Committee at the beginning of each year. The weightings will also be determined annually to ensure alignment with the Company's strategic priorities. At least 50% of the bonus will be based on financial measures. The Committee reviews the basis of performance measurement under the annual bonus from time to time and may review and amend the measures as it considers appropriate. 50% of the maximum bonus opportunity will be payable for 'Target' performance.

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
Long-Term Incentive Plan (LTIP) Incentivises and rewards Executive Directors for delivery of the Company's strategic plan of building shareholder value.	Awards of nil-cost options or conditional shares. The awards vest subject to the achievement of performance targets set by the Committee. 50% of the award is based on performance measured over three years, with the remaining 50% based on performance measured over four years. Following vesting, the awards will normally be subject to an additional holding period of up to two years such that the combined performance and holding period will not be less than five years in total. Dividend equivalents may be paid on vested awards. Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment. Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.	300% of salary per annum.	The primary performance measure will be net asset value per share growth (including dividends). No less than 50% of an award will be based on this measure. The Committee retains the flexibility to introduce additional measures. For threshold levels of performance, no more than 25% of the award vests with 100% of the award vesting for maximum performance.
Retirement benefits To provide Executive Directors with retirement benefits consistent with the role.	Defined contribution pension arrangements are provided. Pension benefits are provided through a Group Personal Pension Plan, non-pensionable cash supplement or contribution to a Personal Pension arrangement.	17.5% of salary per annum.	None.
Shareholding guidelines To align Executive Directors with the shareholder experience.	The Company operates shareholding guidelines for Executive Directors. They are required to build a shareholding of 50% of salary within two years of appointment and 100% of salary within four years of appointment. Thereafter, they will be required to retain 50% of net vested shares from the LTIP until they build shareholdings of 200% of salary for the Chief Executive Officer and 150% of salary for the Chief Development Officer and Chief Financial Officer.	Not applicable.	Not applicable.

Legacy arrangements and transition

Prior to the Policy being approved in 2014, the Committee undertook a review of incentive arrangements and the LTIP replaced a number of plans. While no new awards will be made under these plans, detail has been included on the Development Profit Plan as there are awards outstanding. Any subsisting awards for legacy plans will continue in accordance with the relevant plan rules.

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
Development Profit Plan (DPP) Incentivises and rewards Executive Directors for the performance of their portfolio of projects.	No awards have been made to Executive Directors for projects which commence following 1 March 2015. Awards may pay out once a project makes a realised profit. No payments will be made in respect of profits realised after 1 March 2018. 50% of the payment is made in cash or shares at the time profit is realised. The remaining 50% is deferred until the end of the financial year and paid in cash or shares at this point.	The maximum aggregate pool available for distribution to Executive Directors and the wider team is 10% of the realised profit above a hurdle for each development project.	Payments are only made under this plan once profit has been realised on a development above a threshold return (a notional cost of equity). Losses attributable to other projects in which a Director has been made an award are also taken into account when calculating payments to ensure that participants are incentivised to mitigate losses while maximising project profits. This calculation is at the Committee's discretion and will not apply in respect of certain legacy awards and projects. Where unrealised losses are deducted in the calculation but a profit is subsequently recognised a balancing payment may be made.

Policy table for Non-executive Directors

COMPONENT	THE COMPANY'S APPROACH
Chairman fees	Comprises an all-inclusive fee for all Board and Committee responsibilities. Determined by the Remuneration Committee and approved by the Board.
Non-executive Director fees	Comprises a basic fee in respect of their Board duties. Further fees may be paid in respect of additional Board or Committee duties. Recommended by the Chairman and Chief Executive and approved by the Board.

Approved by the Board and signed on its behalf by:

N H Thomlinson.

Nick Thomlinson,
Chairman of the Remuneration Committee
21 May 2019

DIRECTORS' REPORT

The Directors present their report and the audited Consolidated financial statements for the financial period ended 31 March 2019.

This report contains forward-looking statements. These statements are not guarantees of future performance; rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ from any future results or developments expressed or implied from the forward-looking statements.

Principal activities
The principal activity of the Company is that of a holding company. The principal activities of the Group during the period were property investment and development, investment and trading.

Incorporation
U and I Group PLC is incorporated in Great Britain and registered in England and Wales, registration number 1528784.

Business review and future developments
A review of the Group's operations, the Company's business model, the current state of the business and future prospects, including financial and non-financial key performance indicators and principal risks and uncertainties, is contained within the Strategic Report, and should be read in conjunction with this report. Further details of the financial and non-financial key performance indicators, the principal risks, and the information which comprises the business review as required by Section 417(1) of the Companies Act 2006 may be found in the Strategic Report on pages 1 to 93.

Results and dividends
The profit for the financial period amounted to £6,320,000 (2018: £40,256,000 profit). An interim Ordinary dividend of £3,010,000 representing 2.4 pence per Ordinary share was paid on 30 November 2018 (24 November 2017: £3,003,000 representing 2.4 pence per Ordinary share). The Board recommends a final Ordinary dividend of 3.5 pence per Ordinary share amounting to £4,366,000 payable on 6 September 2019 to shareholders on the register at 9 August 2019 (17 August 2018: £4,400,000 representing 3.50 pence per Ordinary share). A further supplemental dividend of 4.1 pence per Ordinary share was announced to the market on 22 May 2019 amounting to £5,114,000 payable on 12 July 2019 to shareholders on the register at 7 June 2019. Subject to shareholder approval, this makes a total dividend declared of 10 pence per Ordinary share for the financial period (2018: 17.9 pence per Ordinary share). Further information on the Company's dividend policy can be found in note 7 to the financial statements.

Group structure
Details of the Group's subsidiary undertakings are disclosed in note 41 to the Consolidated financial statements on pages 223 to 227.

Operations outside the UK
The Group currently operates or has subsidiaries, associates or joint ventures which are located in The Netherlands, Luxembourg and Ireland.

Share capital
The Company's issued share capital at 31 March 2019 consisted of 125,431,713 Ordinary shares of 50 pence each. At the date of this report, 125,431,713 Ordinary shares of 50 pence each have been issued, are fully paid up and are quoted on the London Stock Exchange. The Company's share capital represents a single class of shares, with all shares ranking equally and fully paid. Details of the share capital are set out in note 19 to the Consolidated financial statements on pages 208 to 210.

The rights and obligations attaching to the shares are specified in the Company's Articles of Association, or alternatively may be governed by statute. There are no restrictions on the transfer of shares in the Company other than those specified by law or regulation. There are no restrictions on voting rights other than as specified by the Articles of Association.

Three resolutions relating to share capital will be proposed as Special Business at the forthcoming Annual General Meeting. The full text of the resolutions can be found in the Notice of the Annual General Meeting. At a General Meeting of the Company, every member has one vote on a show of hands and, on a poll, one vote for each share held. The Notice of a General Meeting specifies deadlines for exercising voting rights, either by proxy or being present in person, in relation to the resolutions proposed at the General Meeting.

Purchase of the Company's shares
At the Annual General Meeting held on 5 July 2018, members authorised the Company to make market purchases of up to 12,534,976 of its own Ordinary shares of 50 pence each. That authority expires at the forthcoming Annual General Meeting of the Company on 4 September 2019 when a resolution will be put to shareholders to renew it so as to allow purchases of up to a maximum of no more than 10% of the Company's issued share capital. No shares in the Company have been purchased by the Company in the period from 5 July 2018 (the date the current authority was granted) to the date of this report.

Change of control
The Group has entered into significant agreements with its commercial partners, which contain change of control clauses and which may give rise to termination or renegotiation in that event. If enforced, the Company may be deprived of potential future earning capacity from such schemes. The Company is party to a number of committed bank facilities which, upon a change of control, are terminable at the banks' discretion. In addition, under such circumstances, the Company's share option schemes would normally vest or become exercisable subject to the satisfaction of the performance conditions.

Takeover Directive
Details of the required disclosure under the Takeover Directive can be found in this Directors' Report and also in the Remuneration Report on pages 131 to 148 and are incorporated herein by cross-reference.

Corporate governance
The Company's statement on corporate governance can be found in the Corporate Governance Report on page 102 of the Annual Report. The Corporate Governance Report forms part of this report and is incorporated into it by cross-reference.

Share option schemes
On 19 December 2017, a grant was made under the Save As You Earn Option Plan 2005 for a total of 339,666 options over shares at 152 pence per share to 61 members of staff. All employees of the Company are eligible to participate in the Save As You Earn Option Plan. Further details of the share option schemes are contained in note 19 to the Consolidated financial statements.

Employee Benefit Trust
VG Corporate Trustee Limited acts as trustee of the U and I Group PLC's Employee Benefit Trust (EBT). The EBT purchases U and I Group PLC ordinary shares in the market from time to time for the benefit of satisfying outstanding employee awards under the Company's LTIP. The EBT purchased a total of 946,134 shares in the market during the period under review. 118,792 shares were transferred to the EBT by the Company out of treasury during the period under review for the purpose of satisfying LTIP awards. The EBT released 374,143 shares during the year to satisfy vested LTIP awards. At 31 March 2019 the EBT held 690,783 U and I Group PLC shares in trust. The trustees of the EBT may exercise all rights attached to the Company's Ordinary shares in accordance with their fiduciary duties other than as specifically restricted in the documents which govern the employee LTIP. Further details regarding the EBT, and of shares issued pursuant to U and I Group PLC's LTIP during the year are set out in note 19 to the financial statements.

Waiver of dividends
A dividend waiver is in place from VG Corporate Trustee Limited acting as trustee of the U and I Group PLC's Employee Benefit Trust, in respect of all dividends, and future dividends, payable by U+I on shares which it holds in trust.

Directors
The Directors serving during the period and up to the date of signing the Group financial statements are shown in Table 1 below.

All Directors will retire at the 2019 Annual General Meeting and, being eligible, will offer themselves for election or re-election; see page 151. The Directors are voluntarily offering themselves for re-election as a matter of best practice in accordance with the UK Corporate Governance Code. Following the performance evaluation of the Board, all Directors were judged to have made a significant contribution to the Board's deliberations, reflecting their commitment to the role. The rules that the Company has governing the appointment and replacement of Directors are contained in its Articles of Association.

Conflicts of interest
Under the Companies Act 2006, a Director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Directors are required to notify the Board as soon as they become aware of any actual or potential conflicts of interest with their duties to the Company, or of any material changes in any existing actual or potential conflicts that may have been authorised by the Board. No significant conflicts of interest arose during the period under review.

Table 1

P Williams	Chairman
M Weiner	Chief Executive Officer
R Upton	Chief Development Officer
M Shepherd	Chief Financial Officer
N Thomlinson	Independent Non-executive Director
B Bennett	Non-executive Director
L Krige	Independent Non-executive Director
R Kerslake	Independent Non-executive Director
S Morgan	Independent Non-executive Director (appointed 3 April 2019)

Biographical details of the Directors are shown on pages 99 to 101.

Directors' service contracts and interests in the Company's shares
The details of Directors' service contracts and the interests in the shares of the Company of the Directors who were in office as at 31 March 2019 are disclosed in the Remuneration Policy and Remuneration Report on pages 131 to 148.

None of the Directors had any material interest in any contract that was significant in relation to the Group's business at any time during the period, other than a service contract, and as disclosed in the Remuneration Report.

Related party transactions
Related party transactions between the Directors and the Company are set out in note 25 to the Consolidated financial statements.

Directors' and Officers' liability insurance
Article 153 of the Company's Articles of Association provides, among other things, that, insofar as permitted by law, every Director shall be indemnified by the Company against all costs, charges, expenses, losses or liabilities incurred in the execution and discharge of the Directors' duties, power or office. The Company maintains, at its expense, a Directors' and Officers' liability insurance policy at an adequate level which is reviewed annually. This insurance policy does not provide cover where a Director or Officer is proved to have acted fraudulently or dishonestly. This third-party indemnity insurance was in force during the financial period and also at the date of approval of the financial statements.

Articles of Association
The Articles of Association may be amended by a Special Resolution of the shareholders.

Annual General Meeting
The Company's AGM provides an opportunity for the Board to respond to shareholders' questions. The information necessary for informed participation is made available with as much notice as possible. Directors are introduced to shareholders at the AGM, including the identification of Non-executive Directors and Committee Chairmen. More information regarding the 2019 AGM, including the resolutions being put to the meeting, can be found on pages 150 to 153. The Company's website (uandiplc.com) is updated at the same time as the Regulatory Information Service, to provide additional information dissemination for shareholders. Shareholders are also invited to subscribe to the Company's email news alert service on the Company's website.

The results of the voting at the 2018 AGM are shown in Table 2 on page 151.

The Annual General Meeting will be held on 4 September 2019 at 12 noon at 7A Howick Place, London SW1P 1DZ.

At the Annual General Meeting, the following resolutions will be proposed:

Ordinary Resolution 1 – Report and Accounts
The Directors will present the financial statements and Reports of the Directors and Auditors for the financial period ended 31 March 2019.

Resolution 2 – To approve the Directors' Remuneration Report
In accordance with the Directors' remuneration reporting regime as set out in Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the Company's 2018 Directors' Remuneration Report comprises the Remuneration Committee Chairman's Annual Statement, the Annual Report on Remuneration (the Annual Remuneration Report), and a summary of the Directors' Remuneration Policy (the Policy).

The Directors' Remuneration Policy was approved by shareholders at the 2017 Annual General Meeting and took immediate effect. The Policy is subject to a shareholder vote at least once every three years and, subject to any proposed changes being required, will next be laid before shareholders for approval at the Annual General Meeting in 2020. The Company is not able to make remuneration or loss of office payments to a current or past Director, unless the payment is consistent with the approved Policy, or has been otherwise approved by shareholders.

Resolution 2 seeks shareholder approval for the Annual Remuneration Report. This is set out on pages 135 to 144 of the Annual Report and sets out details on how our Directors were paid in the financial period ended 31 March 2019, and how their pay will be structured in the financial period ending 31 March 2020. The Annual Remuneration Report will be prepared on an annual basis and is subject to an advisory shareholder vote.

Ordinary Resolutions 3 to 11 – Election and Re-election of Directors
In line with the provisions of the Company's Articles of Association, Professor Sadie Morgan, who was appointed by the Board since the date of the last Annual General Meeting, will retire and submit herself for election by shareholders. Details of Professor Morgan's background and experience can be found on page 101.

The Directors seek to maintain the highest standards of corporate governance and, in accordance with the recommendations of the UK Corporate Governance Code, those Directors elected or re-elected at the 2018 Annual General Meeting will voluntarily retire and those wishing to serve again shall submit themselves for re-election by the shareholders at the 2019 Annual General Meeting. The Chairman is satisfied that, following individual formal performance evaluations, the performance of the Directors standing for re-election continues to be effective and demonstrates commitment to the role. The Nomination Committee has considered each of the Non-executive Directors seeking re-election and concluded that their collective background, skills, experience, independence and knowledge of the Company enables the Board and Committees to discharge their respective duties and responsibilities effectively. The workings of the Board and Committees are more particularly detailed in the Corporate Governance section on pages 94 to 148. Biographical details of all the Directors appear on pages 99 to 101 of the Annual Report.

Ordinary Resolution 12 – Declaration of final dividend
A final dividend can only be paid after the shareholders at a General Meeting have approved it. A final dividend of 3.5 pence per Ordinary share is recommended by the Directors for payment to shareholders who are on the register at the close of business on 9 August 2019.

Ordinary Resolutions 13 and 14 – Re-appointment and remuneration of auditors
Resolutions 13 and 14 propose the re-appointment of PwC as auditors of the Company and authorise the Directors to set their remuneration.

Special Resolution 15 – Authority to purchase own shares
The Company is seeking authority to purchase up to 10% of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in this Resolution. This power would only be used after careful consideration by the Directors, having taken into account market conditions prevailing at that time, the investment needs of the Company, its opportunity for expansion and its overall financial position. The Directors have discussed the possibility of making market purchases of the Company's shares, and, should they believe such action would be in the best interests of shareholders and would enhance net assets or earnings per share, would consider exercising their authority during the period. As at 21 May 2019 (being the latest practicable date prior to publication of the Notice

Table 2: Results of the 2018 Annual General Meeting

Resolution		For % of votes cast[1,2]	Against % of votes cast[2]
1	Receive Annual Report and Accounts	99.94%	0.06%
2	Remuneration Report	91.22%	8.78%
3 to 10	Appointment of Directors	79.32–99.95%	0.05%–20.68%
11	Declare final dividend	100	0
12	Appointment of Auditor	99.91	0.09
13	Auditor's remuneration	99.95	0.05
14	Authority to purchase own shares	99.91	0.09
15	Authority to allot shares	99.83	0.17
16	Disapplication of pre-emption rights	99.87	0.13
17	Meetings on 14 days' notice	99.09	0.91
18	Political donations	99.88	0.12

1 Includes those votes for which discretion was given to the Chairman
2 Does not include votes withheld.

of Annual General Meeting), the Company has an unexpired authority to repurchase 12,534,976 Ordinary shares of which 12,534,976 Ordinary shares remain outstanding.

As at 21 May 2019 (being the latest practicable date prior to publication of the Notice of the Annual General Meeting), the total number of options to subscribe for shares in the capital of the Company was 281,774 (approximately 0.22% of the Company's issued share capital and approximately 0.20% of the Company's issued share capital if the full authority proposed by Resolution 15 was used).

Under the Companies Act 2006, the Company is allowed to hold its own shares in treasury following a buyback, instead of cancelling them. Such shares may be re-sold for cash or used for the purpose of employee share schemes, but all rights attaching to them, including voting rights and any right to receive dividends, are suspended whilst they are held in treasury. Accordingly, if the Directors exercise the authority conferred by Resolution 15, the Company will have the option of holding these shares in treasury, rather than cancelling them. The authority sought at the Annual General Meeting will expire at the conclusion of the next Annual General Meeting of the Company or on 1 December 2020 (being the latest date by which the Company must hold an Annual General Meeting in 2020). At the date of this report the Company did not hold any shares in treasury.

Ordinary Resolution 16 – Allotment of shares
The Directors may only allot Ordinary shares or grant rights over Ordinary shares if authorised to do so by shareholders. The authority granted to the Directors at the Company's previous Annual General Meeting in 2018 to allot shares or grant rights to subscribe for, or convert any securities into, shares is due to expire at the conclusion of this period's Annual General Meeting. Accordingly, the Directors will be seeking new authority under Section 551 of the Companies Act 2006 to allot shares (including treasury shares) or grant rights to subscribe for, or to convert any security into, shares which will expire at the conclusion of the next Annual General Meeting of the Company or on 1 December 2020 (being the latest date by which the Company must hold an Annual General Meeting in 2020).

If passed, paragraph (a) of Resolution 16 would give the Directors authority to allot Ordinary shares or grant rights to subscribe for, or convert any security into, Ordinary shares up to an aggregate nominal amount of £20,903,195 representing approximately one-third (33.33%) of the Company's issued Ordinary share capital and calculated as at 21 May 2019 (being the last practicable date prior to publication of the Notice of the Annual General Meeting). In accordance with the latest institutional guidelines issued by the Association of British Insurers (ABI), paragraph (b) of Resolution 16, if passed, would give the Directors authority to allot further shares in connection with a fully pre-emptive offer by way of a rights issue to shareholders up to a further aggregate nominal amount of £20,903,195 representing approximately one-third (33.33%) of the Company's issued Ordinary share capital and calculated as at 21 May 2019 (being the last practicable date prior to publication of the Notice of the Annual General Meeting). As at 21 May 2019 the Company held no shares in treasury.

The Directors regularly give consideration to the possible exercise of this authority. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. Accordingly, the Directors intend to renew this authority annually.

Special Resolution 17 – Disapplication of pre-emption rights
Under Section 561(1) of the Companies Act 2006, if the Directors wish to allot any shares and other relevant securities, grant rights over shares, or sell treasury shares for cash (other than in connection with an employee share scheme), they must in the first instance offer them to existing shareholders in proportion to their holdings. The Directors seek authority to renew the disapplication of shareholders' pre-emptive rights. The purpose of paragraph (i) of Resolution 17 is to authorise the Directors to allot any shares pursuant to the authority given by paragraph (a) of Resolution 16 for cash either (a) in connection with a pre-emptive offer or rights issue or (b) otherwise up to an aggregate nominal value of £3,135,793 (being equivalent to 5.0% of the total issued Ordinary share capital of the Company as at 21 May 2019 (being the latest practicable date prior to publication of the Notice of the Annual General Meeting)) and which includes the sale on a non-pre-emptive basis of any shares held in treasury, in each case without the shares first being offered to existing members in proportion to their existing holdings.

The purpose of paragraph (ii) of Resolution 17 is to authorise the Directors to allot any shares pursuant to the authority given by paragraph (b) of Resolution 16 for cash in connection with a rights issue without the shares first being offered to existing members in proportion to their existing holdings. This is in line with corporate governance guidelines issued by the Pre-emption Group. The Board considers the authority sought to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued Ordinary share capital of the Company within a rolling three-year period without prior consultation with shareholders.

Special Resolution 18 – Notice period for general meetings
The Companies (Shareholders' Rights) Regulations 2009 increased the notice period for general meetings of a company to 21 clear days unless shareholders approve a shorter period, which cannot be less than 14 clear days.

At the Annual General Meeting of the Company held on 5 July 2018, shareholders authorised the calling of general meetings, other than an Annual General Meeting, on not less than 14 clear working days' notice. Resolution 18 seeks the approval of shareholders to renew the authority to be able to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. If the proposals at a given meeting are not time sensitive, the Company will not normally use the shorter notice period. The approval will be effective until the Company's next Annual General Meeting, when it is expected that a similar resolution will be proposed. It should also be noted that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Ordinary Resolution 19 – Political donations
Part 14 of the Companies Act 2006, amongst other things, prohibits the Company and its subsidiaries from making political donations or from incurring political expenditure in respect of a political party or other political organisation or an independent election candidate unless authorised by the Company's shareholders. Aggregate donations made by the Group of £5,000 or less in any 12-month period will not be caught.

Neither the Company nor any of its subsidiaries has any intention of making any political donation or incurring any political expenditure. However, the Companies Act 2006 defines 'political organisation', 'political party', 'political donation' and 'political expenditure' widely. Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commit any breaches of the Companies Act 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred.

Resolution 19 authorises the Company and its subsidiaries to:
- make political donations to political parties or independent election candidates, not exceeding £10,000 in total;
- make political donations to political organisations, other than political parties, not exceeding £10,000 in total; and
- incur political expenditure, not exceeding £10,000 in total, provided that the aggregate amount of any such donations and expenditure shall not exceed £10,000 during the period beginning with the date of the passing of the Resolution and ending on the date of the Company's next Annual General Meeting.

Financial risk management
Disclosures in respect of financial risk management objectives and exposures are set out in note 17d to the Consolidated financial statements on pages 204 to 207.

Financial instruments
Details of the financial instruments used by the Group and the Company are set out in note 17c to the Consolidated financial statements on page 203.

Charitable and political donations
Charitable donations during the period were £23,879 (2018: £44,819). The Group supported a number of charities serving the community in which the Group operates. These included national and local charitable organisations and covered a wide range of causes, including education, public services, community support schemes and events organised on behalf of major charities.

Significant shareholdings
Information provided to the Company pursuant to the Financial Conduct Authority's Disclosure and Transparency Rules (DTR 5) is published on a Regulatory Information Service and on the Company's website. As at 21 May 2019 (being the last practicable date prior to publication of the Annual Report), the following information had been received in accordance with DTR 5 from holders of notifiable interests in the Company's issued share capital.

The information provided in Table 3 below was correct at the date of notification; however, the date the notification was received from the shareholder may not be within the financial period under review. It should be noted that these holdings, and percentage of share capital held, are likely to have changed since the Company was notified. Notification of any change is the responsibility of those with the notifiable interest, and is not required until the next notifiable threshold has been crossed.

Table 3

Holder	Shares	% holding*
Aberforth Partners LLP	15,059,622	12.01
Fidelity Woldwide Investment	13,644,678	10.87
J O Hambro Capital Management	13,737,550	10.95
Standard Life Aberdeen plc	6,258,083	4.99
BMO Global Asset Management (UK)	5,875,946	4.71
Threadneedle Asset Management	5,722,553	4.68
Ennismore Fund Management Ltd	5,149,730	4.12
The Wellcome Trust Limited	5,108,153	4.08

* Percentage holding in the Company at the time of most recent notification does not necessarily reflect current holding; see www.uandiplc.com/investors for more details.

Human rights

This report does not contain information about any policies of the Group in relation to human rights issues since it is not considered necessary for an understanding of the development, performance or position of the Group's business activity due to the existing regulatory requirements in the UK. The Company does have policies which adhere to internationally proclaimed human rights principles.

In the 13-month period to 31 March 2019, the Group is not aware of any incident in which the Group's activities have resulted in an abuse of human rights.

Equal opportunity, diversity and disability

The Board acknowledges the importance of diversity in all forms and is committed to the principle of equal opportunity in employment. Current and potential employees are offered the same opportunities regardless of gender, gender reassignment, race, colour, religion, nationality, ethnic origin, age, sexual orientation, marital status or disability. It is the Group's policy to apply best practice in the employment of disabled people, including, wherever possible, the retraining and retention of staff who become disabled during their employment.

Details of the gender diversity within the Company as at 31 March 2019 can be found in the Sustainability Report on page 80.

Employee engagement

The Group recognises the importance of engaging its employees and keeps them regularly informed on matters affecting them through various media, including the display of notices in communal areas, memoranda and emails, presentations, meetings and the Company's intranet and website. In accordance with the new Corporate Governance Code applicable to the Company for the year commencing 1 April 2019, the Company intends to establish a Workforce Engagement Panel chaired by an independent Non-executive Director, reporting directly into the Board. Further information regarding employee engagement can be found on pages 80 and 127.

It is the Directors' belief that employees are instrumental in the continued improvement in the Group's performance and they are committed to encouraging and facilitating the continuing professional development of employees to ensure they are equipped to perform their particular roles. Training and development are provided and available to all employees.

The Company operates a number of share option schemes which seek to incentivise and reward employees for the sustainable creation of shareholder value over the longer term.

Independent auditors

Our auditors, PwC, have indicated their willingness to continue in office. The Board, on the advice of the Audit and Risk Committee, recommends their re-appointment, and a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

Post balance sheet events

Details of events which have occurred since 31 March 2019, and up to the date of this report, are disclosed in note 27 to the Consolidated financial statements.

Greenhouse gas emissions

The Company has reported greenhouse gas (GHG) emissions in line with the requirements set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Company's GHG emissions are reported based on an operational control boundary for sources of emissions falling within the Company's consolidated financial statements. The reporting period for GHG emissions is 1 March 2018 to 31 March 2019, which aligns with the financial reporting year covered by the Directors' Report. The reporting period is therefore 13 months due to the change in financial year-end, compared to the 12-month reporting period for the previous year (ending 28 February 2018).

The Company has used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), and Defra GHG Conversion Factors for Company Reporting 2018 for the financial year ending 31 March 2019 to calculate its GHG emissions (see Table 4 below).

An intensity ratio of GHG emissions per square foot of investment property managed and property occupied by the Company is reported (see Table 5 below).

Table 4

Greenhouse Gas (GHG) Emissions Scope (tCO_2e)	**Reporting year ended 31 March 2019**	Reporting year ended 28 February 2018
Scope 1[a,b,d]	**506**	341
Scope 2[c,d]	**734**	1,107
Total	**1,240**	1,448

a Scope 1 covers emissions from direct combustion of fuel from operation of properties and company owned vehicles.
b Fugitive emissions data from use of air conditioning was not available for this report, in the absence of data it was considered that a reasonable estimation could not be calculated based on the limited information available.
c Scope 2 covers emission from electricity purchased for own use. There were no purchases of heat, steam and cooling for own use in the reporting period.
d Where gas/electricity consumption data was not available to cover all months of the reporting period, an estimation of the emissions have been calculated using an average of gas/electricity consumption from the overall available data for properties within the reporting scope.

Table 5

Intensity Ratio (tCO_2e/sq.ft)	**Reporting year ended 31 March 2019**	Reporting year ended 28 February 2018
GHG emissions per square foot of property occupied	**0.005**	0.006
GHG emissions per square foot of investment property managed	**0.002**	0.001

Table 6

Information	Page number
Agreement with controlling shareholders*	n/a
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Waiver of emoluments by a Director	n/a
Waiver of future emoluments by a Director	n/a

* Information required to be disclosed in the Annual Report under Listing Rule 9.8.4R is marked with an asterisk(*).

Index of Directors' Report disclosures

The information required to be disclosed in the Directors' Report can be found in the Annual Report on the pages listed in Table 6. Pursuant to Listing Rule 9.8.4C.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

– So far as he/she is aware, there is no relevant audit information of which the Group's auditors are unaware; and
– He/she has taken all the steps that he/she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

Chris Barton,
Company Secretary
21 May 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 99 to 101, confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

On behalf of the Board

Matthew Weiner,
Chief Executive Officer
21 May 2019

Marcus Shepherd,
Chief Financial Officer
21 May 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF U AND I GROUP PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- U and I Group PLC's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2019 and of the Group's profit and cash flows for the 13 month period (the 'period') then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: Consolidated and Company Balance Sheets as at 31 March 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statement of Changes in Equity for the 13 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

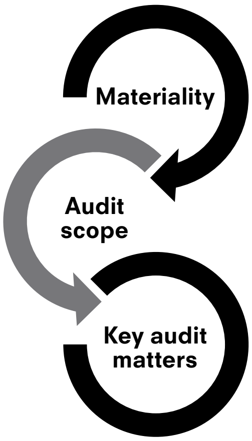
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 March 2018 to 31 March 2019.

Our audit approach

Overview



- Overall Group materiality: £6.2 million (2018: £6.7 million), based on 1% of total assets
- Specific Group materiality: £1.4 million (2018: £2.9 million), based on 5% adjusted profit before tax
- Overall Company materiality: £5.6 million (2018: £6.0 million), based on 1% of total assets

- All work in support of the Group and Company audit opinion is performed by the Group audit team

- Valuation of investment properties, either held directly or within joint ventures (Group)
- Carrying value of certain development and trading properties, either held directly or within joint ventures (Group)
- Carrying value and/or recoverability of certain financial assets (Group and Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and Company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK tax legislation and we considered the extent to which non-compliance might have a material effect on the Group and Company financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the Group and Company financial statements such as the Listing Rules and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties, either held directly or within joint ventures, carrying value of certain development and trading properties, either held directly or within joint ventures, or the carrying value and/or recoverability of certain financial assets.

Audit procedures performed by the Group engagement team included:
- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties, either held directly or within joint ventures, the carrying value of certain development and trading properties, either held directly or within joint ventures or the carrying value and/or recoverability of certain financial assets (see related key audit matters below); and
- Identifying and testing journal entries, in particular any journal entries posted to revenue with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, either held directly or within joint ventures (Group) (Refer to note 9 to the financial statements, pages 189 to 191, and also to note 13 to the financial statements, pages 193 to 198 and page 124, Audit and Risk Committee Report) The Group directly owns, or owns via joint ventures, a portfolio of investment properties located throughout the UK and Ireland, predominantly retail units and shopping centres. The total value of the directly held portfolio is £154.0 million as per the consolidated balance sheet. Included within investments in joint ventures of £103.9 million as per the consolidated balance sheet are investment properties. The Group's share of the net assets of which these investment properties are included is £7.9 million. The majority of valuations are carried out by third party valuers in accordance with the RICS Valuation – Professional Standards and IFRSs as adopted by the European Union. A small element of the portfolio (£15.2 million) is valued internally by the directors. There are significant judgements and estimates inherent in the valuation of the investment property portfolio. Where available, the valuations take into account evidence of market transactions for properties and locations comparable to those of the Group's properties. The wider challenges currently facing the UK retail real estate occupier and investor markets further contributed to the subjectivity for the period ended 31 March 2019. The most significant judgements and estimates affecting all the valuations include yields and estimated rental value ('ERV') (as described in note 9 of the financial statements). The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuations when aggregated could result in material misstatement, is why we have given specific audit focus and attention to this area.	The valuers used by the Group and joint ventures are CBRE, Savills and Lambert Smith Hampton (LSH). They are all well-known and established firms. We assessed the competence and capabilities of the firms and verified their qualifications. We also assessed their independence by discussing the scope of their work and reviewing the terms of their engagement for unusual terms or fee arrangements. Based on this work, we are satisfied that they remain independent and competent and that the scope of their work was appropriate. We tested the data inputs underpinning the investment property valuations for a sample of properties, including rental income, acquisitions and capital expenditure, by agreeing them to the underlying property records held by the Group. The underlying property records were themselves tested back to signed and approved lease contracts or sale/purchase contracts and approved third party invoices as applicable. We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as Estimated Rental Value. We attended meetings with management and the valuers, at which the valuations and the key assumptions therein were discussed. Our work covered the valuation of each property held directly or indirectly by the Group. Where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with the valuers and obtained evidence to support explanations received. The valuation commentaries provided by the valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate. We found that the assumptions used by the valuers were predominantly consistent with our expectations and comparable benchmarking information for the asset type, and that the assumptions were applied appropriately and reflected those available comparable market transactions. Where assumptions did not fall within our expected range we were satisfied that variances were due to property specific factors. We concluded that the assumptions used in the valuations were supported by the evidence we obtained.

Key audit matter	How our audit addressed the key audit matter
Carrying value of certain development and trading properties, either held directly or within joint ventures (Group) (Refer to note 14 to the financial statements on page 198 and also to note 13, pages 193 to 198 and to page 124, Audit and Risk Committee Report) The Group directly owns, or owns via joint ventures, a portfolio of development and trading properties. These properties are held at the lower of cost and net realisable value in accordance with IAS 2 – Inventory. As qualifying costs are incurred on existing developments, these are added to the asset balance. The total value of the Group's directly held development and trading properties is £203.8 million as at 31 March 2019. Included within investments in joint ventures of £103.9 million as per the consolidated balance sheet are development and trading properties. The Group's share of the net assets of which these development and trading properties are included is £96.0 million. The portfolio consists of a variety of assets located throughout the UK and Ireland. It includes assets subject to significant judgements as a result of contractor and development risk and assets acquired during periods in which market values were higher than currently. We identified those properties within the portfolio where there has been significant investment, an adverse planning decision, or an impairment in the period and these where subject to additional focus. A change in conditions for these specific assets or a relatively small percentage change in either the property or construction markets could result in a material impact to the financial statements.	We have reviewed the development appraisals produced by management that support the assessment of the net realisable value for individual assets. We assessed the competence and capabilities of management in producing these appraisals and were satisfied that the individuals are sufficiently qualified. We met with management, along with our valuations specialists, to understand the status and future plans for each asset. We also visited a number of the development sites. We challenged management on cost and revenue assumptions within the development appraisals, and compared assumptions to readily-available market data and recent comparable market transactions. Where applicable due to the advanced stage of the development, we also agreed third party supporting the book value through a review of pre-letting agreements, forward sales, quantity surveyor cost to complete estimates, board minutes and planning consent forms. We tested qualifying cost additions during the period, on a sample basis, to third party invoices, and budgeted costs to complete compared with supporting evidence (for example construction contracts). We tested acquisitions and disposals by agreeing back to relevant sales agreements and bank statements. Additionally, we performed a look-back test, comparing historical book values of assets to disposal proceeds following their sale. Based on this work we were satisfied with the evidence that development and trading properties were held at the lower of cost and net realisable value.

Key audit matter	How our audit addressed the key audit matter
Carrying value and/or recoverability of certain financial assets – Group and Company (Refer to note 17 to the financial statements, pages 200 to 207, and also to page 124, Audit and Risk Committee Report) The Group and Company hold a number of indirect property interests on the Consolidated and Company balance sheets that are classified as: Financial assets held at amortised cost – split between – £3.2 million in non-current assets (Group), £9.0 million – current assets (Group and Company). Financial assets held at fair value through profit and loss – split between – £13.2 million in non-current assets (Group), £13.6 million current assets (Group and Company) The financial asset amounts reported are assessed through valuation of underlying assets, businesses or ventures that the Group and Company has lent money or invested into. We focussed on this area as there are significant judgements and estimates inherent in the amounts reported within the financial statements. There continues to be a risk associated with the recoverability of the Northpoint Development loan notes (£9 million financial assets held at amortised cost and £5.2 million of the current £13.6 million of financial assets held at fair value through profit and loss), which rely on a number of property developments being completed over the next five year period. The current financial assets held at fair value through profit and loss balance of £13.6 million includes an amount due of £8.4 million from Curzon Park Limited. The loan value has been determined by management estimating the fair value due to Curzon Park Limited of the land that was subject to a compulsory purchase order during the period.	We have obtained supporting documentation for the classification and assessment of carrying value of the financial assets reported within the financial statements. Where the amounts recorded are supported by underlying asset or investment valuations, we benchmarked and sensitised management's assumptions. This included obtaining support for expectations of future disposals, comparison of expected sales prices to publically available market data and the benchmarking of future cost assumptions to current live developments within the portfolio. For loan repayments in the period we tested cash received through to bank statements. In relation to the loans to Northpoint Developments Limited, we held discussions with management and obtained the appraisals supporting the profitability of the underlying schemes, corroborating this to publically available market data and costs incurred to date. We tested cash receipts received in relation to part repayment of the working capital loans received during the period through to bank statements and obtained supporting evidence for movements in the underlying property appraisals that have supported a fair value uplift on the remaining balance. In relation to the Curzon Park financial asset, we have reviewed legal documentation and challenged management's estimate of the fair value of the land, including reviewing the external assessment supporting the land value at the date of compulsory purchase. We have agreed the advance payment received during the period in cash to the bank statement. Based on this work, we are satisfied that the financial assets held at amortised cost or fair value through profit and loss are not materiality misstated.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

All work in support of the Group audit opinion is performed by the Group audit team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£6.2 million (2018: £6.7 million).	£6.1 million (2018: £6.0 million).
How we determined it	1% of total assets.	1% of total assets.
Rationale for benchmark applied	We determined materiality based on total assets given the valuation of investment properties, development and trading properties, whether held directly or through joint ventures and associates, is the key determinant of the Group's value.	The Company's main activity is the holding of investments in subsidiaries. Given this, we set an overall Company materiality level based on total assets.
Specific materiality	£1.4 million (2018: £5.9 million).	Not applicable
How we determined it	5% of adjusted profit	Not applicable
Rationale for benchmark applied	A number of key performance indicators of the Group are driven by income statement items and we therefore also applied a lower specific materiality for testing determinants of profit, excluding the revaluation movements of investment properties, loss on disposal of investment properties and net finance costs.	Not applicable

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.3 million (Group audit) (2018: £0.3 million) and £0.3 million (Company audit) (2018: £0.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 94 to 156) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ('DTR') is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 94 to 156) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

– The directors' confirmation on page 102 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
– The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
– The directors' explanation on page 102 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

– The statement given by the directors, on page 102, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
– The section of the Annual Report on pages 121 to 126 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
– The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 156, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 28 May 2008 to audit the financial statements for the year ended 31 December 2008 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 31 December 2008 to 31 March 2019.

Sandra Dowling (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

21 May 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 13-MONTH PERIOD ENDED 31 MARCH 2019

	Notes	13-month period ended 31 March 2019 Total £'000	Year ended 28 February 2018 Total £'000
Revenue	2	**150,310**	173,684
Direct costs	2	**(123,449)**	(117,477)
Gross profit	2	**26,861**	56,207
Operating costs	2	**(21,859)**	(24,235)
(Loss)/gain on disposal of investment properties	2	**(223)**	3,324
Loss on revaluation of property portfolio	9	**(11,165)**	(2,417)
Operating (loss)/profit	3	**(6,386)**	32,879
Other income		**2,547**	2,089
Share of post-tax profits of joint ventures and associates	2	**12,128**	16,175
Profit from sale of investments	2	**3,888**	6,713
(Loss)/gain on sale of other plant and equipment		**(42)**	5
Profit before interest and income tax		**12,135**	57,861
Finance income	5(a)	**617**	94
Finance costs	5(b)	**(6,432)**	(9,783)
Profit before income tax		**6,320**	48,172
Income tax	6	**(1,120)**	(7,916)
Profit for the period/year		**5,200**	40,256
OTHER COMPREHENSIVE INCOME			
Profit for the period/year		**5,200**	40,256
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**163**	292
Revaluation of operating property	10	**40**	35
Total comprehensive income for the period/year		**5,403**	40,583
Basic earnings per share attributable to the Parent*	8	**4.2p**	32.2p
Diluted earnings per share attributable to the Parent*	8	**4.2p**	32.2p

* Adjusted earnings per share from continuing activities is given in note 8.

All amounts in the Consolidated Statement of Comprehensive Income relate to continuing operations.

The notes on pages 170 to 213 are an integral part of these Consolidated financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	31 March 2019 £'000	31 March 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
NON-CURRENT ASSETS					
Direct real estate interests					
Investment properties	9	**154,041**		139,506	
Operating property	10	**750**		775	
Trade and other receivables	15(a)	**4,617**		2,487	
			159,408		142,768
Indirect real estate interests					
Investments in associates	13(a)	**5,763**		–	
Investments in joint ventures	13(b)	**103,870**		92,806	
Intangible assets – goodwill	11	**2,328**		2,328	
Financial assets at amortised cost	17(a)	**3,204**		–	
Financial assets at fair value through profit or loss	17(a)	**13,244**		–	
Financial assets – available-for-sale	17(a)	**–**		15,812	
Financial assets at fair value through other comprehensive income	17(a)	**1,271**		–	
			129,680		110,946
Other non-current assets					
Other plant and equipment	12	**4,594**		4,241	
Derivative financial instruments	17(c)	**–**		10	
Deferred income tax assets	18	**1,294**		1,225	
			5,888		5,476
Total non-current assets			**294,976**		259,190
CURRENT ASSETS					
Inventory – development and trading properties	14	**203,759**		216,393	
Financial assets at amortised cost	17(a)	**8,962**		8,888	
Financial assets – available-for-sale	17(a)	**–**		7,949	
Financial assets at fair value through profit or loss	17(a)	**13,672**		–	
Trade and other receivables	15(b)	**60,426**		119,629	
Monies held in restricted accounts and deposits		**8,841**		11,473	
Cash and cash equivalents		**31,911**		40,626	
			327,571		404,958
Total assets			**622,547**		664,148
CURRENT LIABILITIES					
Trade and other payables	16(a)	**(77,286)**		(99,716)	
Current income tax liabilities		**(1,230)**		(7,748)	
Borrowings	17(b)	**(37,394)**		(63,209)	
Provisions	16(b)	**(36)**		(2,513)	
			(115,946)		(173,186)
NON-CURRENT LIABILITIES					
Borrowings	17(b)	**(142,362)**		(107,975)	
Deferred income tax liabilities	18	**(3,448)**		(3,290)	
Provisions	16(b)	**(646)**		(416)	
			(146,456)		(111,681)
Total liabilities			**(262,402)**		(284,867)
Net assets			**360,145**		379,281
EQUITY					
Share capital	19	**62,716**		62,671	
Share premium	20	**104,590**		104,475	
Other reserves	20	**54,457**		56,628	
Retained earnings	20	**138,382**		155,507	
Total equity			**360,145**		379,281
Basic/diluted net assets per share attributable to the owners of the Parent	8		**289p/289p**		303p/303p

The notes on pages 170 to 213 are an integral part of these Consolidated financial statements.
Approved and authorised for issue by the Board of Directors on 21 May 2019 and signed on its behalf by:

M S Weiner
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 13-MONTH PERIOD ENDED 31 MARCH 2019

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2017		62,613	104,325	54,551	126,136	347,625
Profit for the year ended 28 February 2018		–	–	–	40,256	40,256
Other comprehensive income:						
– Revaluation of operating property		–	–	35	–	35
– Currency translation differences		–	–	292	–	292
Total comprehensive income for the year ended 28 February 2018		–	–	327	40,256	40,583
Issue of Ordinary shares	20	58	150	–	–	208
Share-based payments	20	–	–	1,750	–	1,750
Final dividend 2017	7	–	–	–	(4,379)	(4,379)
Supplemental dividend 2017	7	–	–	–	(3,503)	(3,503)
Interim dividend 2018	7	–	–	–	(3,003)	(3,003)
Total contributions by and distributions to owners of the Company		58	150	1,750	(10,885)	(8,927)
Balance at 28 February 2018		62,671	104,475	56,628	155,507	379,281
Profit for the 13-month period ended 31 March 2019		–	–	–	5,200	5,200
Other comprehensive income:						
– Revaluation of operating property		–	–	40	–	40
– Currency translation differences		–	–	163	–	163
Total comprehensive income for the period ended 31 March 2019		–	–	203	5,200	5,403
Issue of Ordinary shares	20	45	115	–	–	160
Share-based payments (net movement)	20	–	–	(1,081)	109	(972)
Treasury shares (net movement)	20	–	–	(1,293)	–	(1,293)
Final dividend 2018	7	–	–	–	(4,390)	(4,390)
Supplemental dividend 2018	7	–	–	–	(15,033)	(15,033)
Interim dividend 2019	7	–	–	–	(3,011)	(3,011)
Total contributions by and distributions to owners of the Company		45	115	(2,374)	(22,325)	(24,539)
Balance at 31 March 2019		**62,716**	**104,590**	**54,457**	**138,382**	**360,145**

The notes on pages 170 to 213 are an integral part of these Consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE 13-MONTH PERIOD ENDED 31 MARCH 2019

	Notes	31 March 2019 £'000	28 February 2018 £'000
CASH GENERATED FROM/(USED IN) OPERATIONS			
Cash flows generated from/(used in) operating activities	21	**31,562**	(211)
Interest paid		**(7,189)**	(9,140)
Income tax paid		**(7,550)**	(296)
Net cash generated from/(used in) operating activities		**16,823**	(9,647)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**417**	3,803
Proceeds on disposal of other plant and equipment		**10**	5
Proceeds on disposal of investment properties		**7,293**	39,253
Proceeds from sale of investments		**10,506**	–
Purchase of other plant and equipment		**(1,225)**	(822)
Purchase of investment properties		**(30,496)**	(2,432)
Investment in joint ventures		**(31,351)**	(31,535)
Cash inflow from joint ventures and associates – disposals		**–**	4,000
Cash inflow from joint ventures and associates – profit distribution		**–**	6,482
Cash inflow from joint ventures and associates – dividends		**17,654**	–
Cash inflow from joint ventures and associates – repayment of loan		**8,998**	972
Cash outflow for financial asset loans		**(3,784)**	(5,676)
Cash inflow from financial assets – loans repaid by other real estate businesses		**10,518**	10,455
Net cash (used in)/generated from investing activities		**(11,460)**	24,505
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(22,434)**	(10,885)
Issue of new shares		**160**	208
Purchase of treasury shares		**(1,293)**	–
Repayments of borrowings		**(38,233)**	(120,529)
New bank loans raised		**46,013**	118,110
Transaction costs associated with borrowings		**(923)**	(922)
Cash released from restricted accounts		**31,910**	27,434
Cash retained by restricted accounts		**(29,278)**	(11,421)
Net cash (used in)/generated from financing activities		**(14,078)**	1,995
Net (decrease)/increase in cash and cash equivalents		**(8,715)**	16,853
Cash and cash equivalents at the beginning of the year		**40,626**	23,785
Exchange loss on cash and cash equivalents		**–**	(12)
Cash and cash equivalents at the end of the period/year		**31,911**	40,626
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash at bank and in hand		**31,911**	40,626
Bank overdrafts	17(b)	**–**	–
Cash and cash equivalents at the end of the period/year		**31,911**	40,626
NET DEBT COMPRISES:			
Monies held in restricted accounts and deposits		**8,841**	11,473
Cash and cash equivalents		**31,911**	40,626
Financial liabilities:			
– Current borrowings	17(b)	**(37,394)**	(63,209)
– Non-current borrowings	17(b)	**(142,362)**	(107,975)
Net debt		**(139,004)**	(119,085)

An analysis of the movement in net debt is provided in note 21.

The notes on pages 170 to 213 are an integral part of these Consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13-MONTH PERIOD ENDED 31 MARCH 2019

1 Basis of preparation and accounting policies

a)

(i) General information

The Consolidated financial statements of the Group for the 13-month period ended 31 March 2019 comprise the results of U and I Group PLC and its subsidiaries and were authorised by the Board for issue on 21 May 2019.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 7A Howick Place, London SW1P 1DZ.

(ii) Going concern

The Group meets its day to day working capital requirements through its cash reserves and bank facilities. The current economic conditions continue to create uncertainty. The Group produces regular forecasts and cash flow projections to confirm that it can continue to operate within the level of its existing banking facilities. The Group considers the risks and uncertainties highlighted in the Viability Statement when reviewing its projections. Following this review, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing its Consolidated financial statements.

b) Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRSIC) interpretation as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies which follow set out those policies which were applied consistently in preparing the financial statements for the 13-month period ended 31 March 2019 and the year ended 28 February 2018.

The Consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of investment property, operating property, financial assets classified as fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI), financial liabilities and derivative instruments at fair value through profit and loss.

c) Critical accounting judgements and estimates

When preparing the Group financial statements, management are required to make judgements, assumptions and estimates concerning the future. These judgements and assumptions are made at the time the financial statements are prepared and adopted based on the best information available. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent. Management believe that the underlying assumptions are appropriate. Areas requiring judgements or estimates are discussed in the following section.

Judgements other than estimates

1.1 Classification of directly owned property assets

The Group earns revenue from property development, trading and investment, and operating serviced offices.

Property development includes the entire development process from identification of an opportunity through to construction, letting and sale of a completed scheme. This activity is undertaken both on the Group's own Balance Sheet and in partnership with institutional investors, usually via a pre-sale of the completed development.

Property trading refers to participation in the development process, where the Group acquires an interest in land and enhances the potential development, for instance by procuring or changing planning permission, before selling on to a third party to complete the development.

Property investment represents the acquisition of income-generating real estate which is held for the purposes of income and capital gain, through active asset management.

In most cases the property interest is held directly by the Group and is classified either as investment property (refer note 9) or as inventory for development and trading properties (refer note 14).

The varied nature of the Group's properties is such that a number exhibit characteristics consistent with more than one classification; also, the Directors' strategy for an asset may change during its ownership. The Directors determine the status of each asset according to their intention on acquisition. A change in classification is made only in exceptional circumstances, where the strategy and use have demonstrably changed. Two assets have been reclassified from inventory to investment properties during the period (refer note 9).

1.2 Classification of projects in partnership

In addition to its directly owned and managed activities, the Group participates in similar activities in partnership with others, typically to access expertise in different locations or market sectors. The Group's financial participation may be by way of equity investment or loan. In each case a judgement is required as to the status of the Group's interest, as an associate, a joint venture, a joint operation or a financial asset, typically focusing on the extent of control exercised by the Group.

The Group's share of control is governed and achieved by a mixture of rights set out in agreements and participation in the management of each business. The exercise of control in practice does not always follow the legal structure. The Directors have considered the position in respect of each venture, taking account of the operation in practice, and have determined the status of each accordingly.

These investments are reported under the relevant balance sheet headings, with a summary in note 26.

1.3 Acquisition of subsidiaries

The Group sometimes acquires properties through the purchase of entities which own real estate. At the time of acquisition, the Group considers whether the transaction represents the acquisition of a business. In cases where the entity is capable of being operated as a business, or an integrated set of activities is acquired in addition to the property, the Group accounts for the acquisition as a business combination. When the acquisition does not represent a business, it is accounted for as the purchase of a group of assets and liabilities. In making this distinction, the Group considers the number of items of land and buildings owned by the entity, the extent of ancillary services provided by the entity, and whether the entity has its own staff to manage the property (over and above the maintenance and security of the premises).

Estimates

1.4 Valuation of property assets

The key source of estimation uncertainty rests in the values of property assets, which affects several categories of assets in the Consolidated Balance Sheet.

The investment portfolio (and the operating property) are stated at fair value, which requires a number of judgements and estimates in assessing the qualities of the Group's assets relative to market transactions. Details of the judgements and assumptions made are set out in notes 1(i), 1(j), 9 and 10.

The same uncertainties affect the determination of fair value of certain financial instruments, described in note 17, with the further complexity that the value of these assets requires estimates of future construction costs, tenant demand and market yields.

The Group's development and trading properties are carried at the lower of cost and net realisable value. The determination of net realisable value relies upon similar estimates, with the added challenge, in some cases, of judgements about uncertain planning outcomes. These amounts are disclosed in note 14.

1.5 Impairment reviews
During the period, the Curzon Park site was subject to a compulsory purchase order (CPO) and the Group received an initial payment of compensation. The Directors are continuing their negotiations with the Government regarding the final settlement due for the site. The timing and amount of future receipts remain uncertain, however, following consultations with CPO advisors as to the minimum amount expected to receive, the Directors have reversed £4,613,000 of the impairment previously booked against the Group's joint venture holding. The expected credit loss in respect of the site is discussed further in note 17(a).

1.6 Derivative financial instruments
The Group is party to a number of interest rate swap agreements which are accounted for as derivatives and measured at fair value. The estimation of this figure is based upon market assumptions about future movements in interest and exchange rates. The estimated fair values and the movements in the period/year are set out in note 17(c).

1.7 Group Long-Term Incentive Plan (LTIP)
During the period, the Group made awards to staff under the Group's LTIP. The awards vest according to a number of performance criteria, the primary measure being net asset value growth over a three-year period. In calculating the provision to accrue, management are required to estimate net asset growth over the vesting period. The estimate is reassessed at each reporting date. Following assessment, the 2016 LTIP will not vest and previous provisions have been reversed.

1.8 Revenue
The Group develops and sells properties. The development or sale contract will specify certain conditions which need to be satisfied and considered highly probable in order for revenue to be recognised. The Directors need to consider the terms within each contract in order to determine the amount and when revenue is recognised. The Directors will also need to consider the certainty surrounding the payment of contingent or variable consideration.

d) New and amended accounting standards
The following new standards and amendments have been adopted by the Group for the first time for the financial period beginning 1 March 2018:
- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers
- Amendments to IAS 40, Investment Property
- The Group has amended its accounting policies following the adoption of IFRS 9 and IFRS 15.

The Group adopted the amendments to IAS 40 using the prospective application method as permitted by the standard. The Group has assessed the impact of the amendment on the classification of existing property as at 1 March 2018 and has concluded that no reclassifications are required on adoption of the amendment.

A number of new standards, amendments and interpretations are effective for accounting periods commencing after 1 March 2019 and have not been applied in preparing these financial statements. The Group does not expect any of the amendments to have a material impact on its financial statements of the Group or Company, except as stated below:
- IFRS 16, 'Leases', was issued in January 2016 and is mandatory for the accounting period commencing 1 April 2019, with early adoption permitted. Under the new standard, the key change is that most operating leases will be accounted for on balance sheet for lessees, with the exception of short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay future rentals are recognised. The Group is currently assessing the impact of IFRS 16 on its current accounting practices. It is estimated that its implementation will increase both the assets and liabilities of the Group by approximately £13.2 million. Implementation will not have a material impact on the Group's Income Statement or net assets.
- IFRIC 23, 'Uncertainty over income tax treatments' was issued in June 2017 and clarifies the application of recognition and measurement requirement in IAS 12, 'Income Taxes', when there is uncertainty over income tax treatments. IFRIC 23 is effective for the accounting period commencing 1 April 2019, with early adoption permitted. The Group is currently assessing the impact of IFRIC 23.
- Amendment to IFRS 3, 'Business combinations' is effective for periods beginning on or after 1 January 2020 with earlier application permitted and relates to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business and gives the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment is required. This will be relevant where the value of the acquired entity is concentrated in one property or a group of similar properties. There will be no impact on transition since the amendments are effective for business combinations acquired on or after the transition date.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1 Basis of preparation and accounting policies continued

d) New and amended accounting standards continued

Changes in accounting policies

This note provides a summary of the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group's Consolidated financial statements.

Impact on the Consolidated financial statements

As a result of the changes in the Group's accounting policies, the prior year Consolidated financial statements have been restated. Adoption of IFRS 9 has resulted in the reclassification of various financial assets. The reclassification is not reflected as at 28 February 2018 but are recognised in the opening Consolidated statement of financial position on 1 March 2018.

Adoption of IFRS 15 did not result in any restatement of the 2018 Consolidated financial statements. There was no impact from the adoption of IFRS 9 and IFRS 15 on retained reserves of the Group.

Any future gains or losses in respect of Financial assets through OCI will be recorded in the Net unrealised gain reserve.

The table below shows the adjustments for each individual line item:

	28 February 2018 as originally presented £'000	IFRS 9 £'000	1 March 2018 restated £'000
NON-CURRENT ASSETS			
Direct real estate interests			
Investment properties	139,506	–	139,506
Operating property	775	–	775
Trade and other receivables	2,487	–	2,487
	142,768	–	142,768
Indirect real estate interests			
Investments in joint ventures	92,806	–	92,806
Intangible assets – goodwill	2,328	–	2,328
Financial assets at fair value through profit or loss (FVPL)	–	14,527	14,527
Financial assets – available-for-sale	15,812	(15,812)	–
Financial assets at fair value through other comprehensive income (FVOCI)	–	1,285	1,285
	110,946	–	110,946
Other non-current assets			
Other plant and equipment	4,241	–	4,241
Derivative financial instruments	10	–	10
Deferred income tax assets	1,225	–	1,225
	5,476	–	5,476
Total non-current assets	259,190	–	259,190
CURRENT ASSETS			
Inventory – development and trading properties	216,393	–	216,393
Financial assets at amortised cost	8,888	–	8,888
Financial assets available-for-sale	7,949	(7,949)	–
Financial assets at fair value through profit or loss	–	7,949	7,949
Trade and other receivables	119,629	–	119,629
Current income tax asset	–	–	–
Monies held in restricted accounts and deposits	11,473	–	11,473
Cash and cash equivalents	40,626	–	40,626
	404,958	–	404,958
Total assets	664,148	–	664,148

i. IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 resulted in changes to accounting policies and adjustments to the amounts recognised in the Consolidated financial statements. The new accounting policies are set out in note 1 (n). There has been no impact on the Group's retained earnings following the adoption of IFRS 9.

On the date of initial application, 1 March 2018, the measurement categories of financial instruments of the Group were as shown in the table below.

Development loans
Development loans have been reclassified from available-for-sale financial assets to FVPL as payments do not comprise solely of principal and interest receipts. They are held in order to participate in potential future profits. Any adjustment to fair value will be recognised in profit or loss.

La Salle Investment
The Group's investment in the La Salle investment fund is classified as FVOCI as the return to the Group is achieved by selling the assets within the fund. This financial asset has been reclassified from available-for-sale.

Impairment of financial assets
The Group has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:
- Trade receivables for sales of inventory and investment assets
- Trade receivables for investment property tenants
- Loan notes and loans and receivables from other real estate businesses

Under IFRS 9, the Group is required to revise its impairment methodology for the class of financial assets above. From 1 March 2018, the Group has to assess on a forward-looking basis the expected losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

IFRS 9 Accounting policies applied and calculations of provisions are detailed in note 1(n).

ii. IFRS 15 Revenue from Contract with Customers

Impact of adoption
The Group has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 March 2018 and as a result has reviewed its income streams to establish whether the policy changes have resulted in adjustments to the amounts recognised in the 28 February 2018 financial statements.

IFRS 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

Revenue is recognised over time if:
- The customer simultaneously receives and consumes the benefits as the entity performs
- The customer controls the asset as the entity creates or enhances it or
- The seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

	Original (IAS 39)	IAS 39 carrying value £'000	New (IFRS 9)	IFRS 9 carrying value £'000
Development loans	Available-for-sale	14,527	FVPL	14,527
La Salle investment	Available-for-sale	1,285	FVOCI	1,285
Derivative financial instruments	FVPL	10	FVPL	10
Loan notes	Amortised cost	8,888	Amortised cost	8,888
Trade and other receivables	Available-for-sale	7,949	FVPL	7,949
Cash and cash equivalents	Amortised cost	40,626	Amortised cost	40,626

1 Basis of preparation and accounting policies continued

d) New and amended accounting standards continued

The following table summarises the changes in terminology with respect to the timing of revenue recognition between IAS 11 and IAS 18 compared to IFRS 15 and the new revenue recognition policies under IFRS 15. From our assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under IFRS 15.

Type of revenue	Description	Revenue recognition policy under IAS 11 and IAS 18	Revenue recognition policy under IFRS 15
Project management fees	The Group provides project management services on pre-funded or sold development schemes and earns fees over the course of a development contract term. Fees are invoiced monthly in line with draw down requests.	Recognised on an accruals basis based on the contract terms.	Over time
Trading property sales	Sales of inventory are recognised when significant conditions of the contract have been satisfied, this is generally on unconditional exchange of contracts.	Recognised once the risks and rewards of ownership have transferred to the purchaser.	Point in time
Development proceeds	Development revenue is recognised to match the proportion of development work completed on a percentage completion basis as determined by consultant monitoring surveyors or by a suitable method particular to the contract. The Group will only recognise revenue when the outcome can be determined with reasonable certainty.	Recognised once the risks and rewards of ownership have transferred to the purchaser.	Over time

Summary of significant accounting policies

e) Basis of consolidation

The Consolidated financial statements of the Group include the financial statements of U and I Group PLC (the Company), its subsidiaries and its share of results of joint ventures and associates.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group has control when it has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The Group is deemed to have control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of defacto control, taking account of how the entity operates in practice.

The results of subsidiaries acquired during the period are included from the effective date of acquisition, being the date on which the Group obtains control. They are deconsolidated on the date that control ceases.

Where property is acquired, via corporate acquisition or otherwise, management consider the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in note 1(c), 1.3.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations are accounted for under the acquisition method. Any excess of the purchase price of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from re-measurement are recognised in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. This fair value includes any contingent consideration at the acquisition date. Any subsequent change to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised with either the profit or loss recognised in the income statement.

Acquisition-related costs are expensed as incurred.

The Group recognises any non-controlling interest on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the identifiable net assets acquired.

Intra-Group balances and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the Consolidated financial statements. Where necessary, adjustments have been made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used and accounting periods into line with those of the Group.

f) Associates and joint ventures
An associated company is defined as an undertaking other than a subsidiary or joint venture over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted using the equity method of accounting. The Group's investment in associates includes goodwill identified on acquisition.

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed all of its joint arrangements and determined them to be joint ventures, accounted for using the equity method.

Under the equity method, the interest in associates or joint ventures is carried in the Consolidated Balance Sheet at cost adjusted thereafter for the Group's share of post-acquisition profits or losses, recognised in the Group income statement. When the Group's share of losses in an associate or joint venture equals or exceeds the Group's interest, including any unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

g) Intangible assets
(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in Intangible assets. Goodwill is tested annually, or more frequently if circumstances change, for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(ii) Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be subsequently reversed. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Prior impairment of non-financial assets, other than goodwill, are reviewed for possible reversal at each reporting date.

h) Revenue recognition
The Group recognises revenue when it is highly probable and when the specific criteria have been met for each of the Group's activities as described below.

i. Rental income is recognised on a straight-line basis over the term of the lease. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at inception of the lease, the Directors are reasonably certain that the tenant will exercise that option. Lease incentives are usually in the form of rent-free periods and/or capital contributions. Assets held within both the investment and development and trading segments earn rental income.
ii. Lease surrender payments from tenants are recognised in income when they are contractually agreed.
iii. Trading property sales are recognised when the significant conditions of the contract have been satisfied, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all of the significant conditions are satisfied.
iv. Licence fee income from serviced offices is recognised on a straight-line basis over the term of the licence. Other income from serviced offices is recognised when the service is provided.
v. Project management fee income is recognised overtime in conjunction with the contract term for which project management services are provided.
vi. Development revenue and profits are recognised in accordance with IFRS 15, 'Revenue from Contracts with Customers' and IFRIC 15 'Agreements for the Construction of Real Estate'. Where only the construction risk remains, the revenue and profit on the development are recognised so as to match the proportion of development work completed on a percentage completion basis as determined by consultant monitoring surveyors or using a suitable method particular to the contract concerned. The Group will only recognise revenue when the outcome can be determined with reasonable certainty. Full provision is made for losses as soon as such losses are foreseen. Profits are recognised within the development and trading segment.

    Some development contracts may include multiple elements. In such cases, the Group assesses whether individual elements have separate performance obligations. Where separate performance obligations exist, the transaction price will be allocated between each component based on stand-alone selling prices. Where selling prices are not identifiable, they are estimated based on an expected cost plus margin method.
vii. Finance income is recognised by reference to the principal outstanding using the effective interest method and is included in Finance income in the income statement.
viii. Dividend income from investments is recognised when the Group's right to receive income has been established.

1 Basis of preparation and accounting policies continued

i) Investment properties

i. Investment properties are those properties, including land holdings, that are held for long-term rental yields or for capital appreciation or both. Investment properties may be freehold or leasehold properties and must not be occupied by members of the Group. For leasehold properties that are classified as investment properties, the associated leasehold obligations are accounted for as finance lease obligations if they qualify to be treated as such.
ii. Investment properties are measured initially at cost, including directly attributable transaction costs, and thereafter are stated at fair value. Surpluses and deficits arising from changes in the fair value of investment properties are recognised in the income statement in the period in which they arise.
iii. Subsequent expenditure is capitalised to the asset's carrying value when the future economic benefit associated with the expenditure will flow to the Group. All other costs are expensed when incurred.
iv. Completed investment properties are valued, at each reporting date, by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used, which are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rate, and make reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.
v. Investment properties under construction are valued by the Directors on the basis of the expected value of the property when complete, less deductions for the costs required to complete the project and appropriate adjustments for risk and finance costs. In preparing these valuations, the Directors consult with agents and other advisors to derive appropriate assumptions specific to each asset.
vi. Gains or losses on disposal of investment properties are calculated by reference to carrying value and recognised when the risks and rewards of ownership are considered to have passed to the purchaser, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all of the significant conditions are satisfied. Gains and losses are recognised within gains or losses on disposal of investment properties in the income statement.
vii. Investment properties held for sale are held at fair value and classified separately within current assets in the Balance Sheet.

j) Property, plant and equipment

(i) Operating properties – serviced offices

Operating properties are held for business purposes rather than for investment, generating revenue by way of licence fees and ancillary services. These properties are recognised initially at cost, which includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Thereafter, the asset is carried at valuation less depreciation and impairment charged subsequent to the date of revaluation. A revaluation surplus is credited to Other comprehensive income and accumulated in equity under the heading of Net unrealised gain/(loss) reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the income statement to that extent.

Operating properties are valued at each reporting date by independent, professional valuers on the basis of Highest and Best Use Value. Surpluses and deficits in the period are included in the Property revaluation reserve within equity, except where carrying value is below depreciated cost, in which case surpluses and deficits are included in the income statement. Depreciation is provided so as to write off the value of the properties, excluding land, over their expected useful lives, usually 25 years.

(ii) Other plant and equipment

Other plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Depreciation is provided so as to write off the cost less estimated residual value of the assets over their expected useful lives on a straight-line method. The principal annual rates used for this purpose are as follows:

Fixtures, fittings and computer equipment – 10% to 33%

Motor vehicles – 20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised in the income statement.

k) Leases – Group as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the term of the lease.

l) Inventory – development and trading properties

Property and development interests acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at the lower of cost and estimated net realisable value.

Cost includes directly attributable expenditure and interest. The Group have capitalised certain internal staff costs directly attributable to the development of schemes. Staff costs capitalised are estimated with reference to the time spent on the project during the period. Where the Directors consider that the costs are not recoverable from the sale or development of the asset, the project or site is written down to its net realisable value, with the write down taken to the income statement.

Net realisable value is calculated as the estimated selling price of the project or site, based upon the current plans, less costs to complete and associated selling costs.

m) Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in Other comprehensive income or directly in equity. In this case, the tax is also recognised in Other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, together with any adjustment in respect of previous years, in the jurisdiction where the Company and its subsidiaries operate and generate taxable income. Appropriate provisions are made based on the amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, with the following exceptions:
- Where the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates where the timing of the reversal of the temporary difference can be controlled by the Parent, venture partner or investor respectively, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying value of the Group's investment property portfolio is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the Consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is calculated based on the respective temporary differences and tax consequences arising from recovery from sale.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

n) Financial assets and financial liabilities – accounting policy applied from 1 March 2018
(i) Financial assets
Classification
From 1 March 2018, the Group classifies its financial assets in the following measurement categories:
- Those measured subsequently at fair value (either through OCI or through profit or loss); and
- Those measured at amortised cost.

Classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI. Investments in equity instruments, not held for trading, gains and losses are recognised at fair value through other comprehensive income (FVOCI).

Recognition and derecognition
Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual terms of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred.

Measurement
Financial assets are measured at fair value plus directly attributable transaction costs on acquisition unless they are measured at fair value through profit or loss (FVPL). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:
- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

1 Basis of preparation and accounting policies continued

n) Financial assets and financial liabilities – accounting policy applied from 1 March 2018 continued

Equity instruments
The Group subsequently measures all equity investments (excluding joint ventures and associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less any impairment provisions. The Group holds trade receivables with the objective to collect contractual cash flows.

Cash and cash equivalents
Cash and cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with no significant risk of changes in value. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a financial liability. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents are stated net of outstanding bank overdrafts.

Impairment
Due to the adoption of IFRS 9, from 1 March 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial assets are assessed for impairment at each reporting date. Assets are impaired where there is evidence that as a result of events that occurred after initial recognition, the estimated future cash flows from the assets have been adversely affected. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment decreases, the reversal of the previously recognised impairment is recognised in the income statement.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group has classified trade and receivables into two categories as the transaction type and values vary significantly.

Trade receivables for sales of inventory and investment assets are only recorded once significant negotiations, due diligence and legal contracts have been completed. The receivable is recorded once contracts have been exchanged and there is a firm completion date set. The recoverability of the receivable will be reviewed at the reporting date and adjusted on a contract by contract basis as necessary.

To measure the expected credit loss of trade receivables, the Group has reviewed aged balances on a portfolio basis. The Group has based its assessment on previous bad debts, current trading conditions of the tenant portfolio in the different sectors they operate and future expectations.

The loss allowance for trade receivables would have been £164,000 as at 28 February 2018. The Group has adopted IFRS 9 on a prospective basis resulting in a loss allowance of £104,000 being provided as at 31 March 2019.

Financial assets are included within current assets except for assets maturing after one year, which will be classified as non-current.

(ii) Financial liabilities
The Group recognises a financial liability when it first becomes party to the contractual rights and obligations in the contract.

Loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in Finance income and Finance costs.

Other financial liabilities, including trade and other payables, are initially recognised at fair value and subsequently at amortised cost and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(iii) Derivatives
The Group enters into derivative financial instruments, including interest rate swaps, caps and collars and cross-currency swaps, to manage its exposure to interest rate and foreign exchange rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as an effective hedging instrument, in which case the fair value is taken through Other comprehensive income.

The Group does not have any hedging instruments as at 31 March 2019.

Financial assets and financial liabilities – accounting policy applied until 28 February 2018
Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual terms of the instrument.

(i) Financial assets
The Group determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired as follows:

Loans and other receivables with fixed or determinable payments that are not quoted on an active market. The Group's loans and receivables are included within Trade and other receivables, Cash and cash equivalents, Monies held in restricted accounts and deposits and Other financial assets in the Consolidated Balance Sheet.

Financial assets at fair value through profit or loss represent interest and currency swaps which are categorised as held for trading unless they are designated as hedges.

Available-for-sale financial assets are non-derivatives that are designated as such or are not classified in any other category. After initial recognition at cost, available-for-sale assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement. Equity instrument financial assets are held at cost in the event that the fair value of the instruments is not reliably measurable.

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Subsequent recoveries of amounts previously written off are credited against the appropriate cost line in the income statement.

Amounts due from customers for contract work are included in Trade and other receivables and represent revenue recognised in excess of payments on account received.

Monies held in restricted accounts and deposits represent cash held by the Group in accounts with conditions that restrict the use of these monies by the Group and, as such, does not meet the definition of Cash and cash equivalents as defined in IAS 7, 'Statement of Cash Flows'.

Movements in restricted deposit accounts are classified as financing activities within the Consolidated Cash Flow Statement as the deposit balances are directly attributable to the associated loan.

Cash and cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with no significant risk of changes in value. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a financial liability. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents are stated net of outstanding bank overdrafts.

Financial assets are included within current assets except for assets maturing after one year, which will be classified as non-current.

Financial assets are assessed for impairment at each reporting date. Assets are impaired where there is evidence that as a result of events that occurred after initial recognition, the estimated future cash flows from the assets have been adversely affected. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment decreases, the reversal of the previously recognised impairment is recognised in the income statement.

(ii) Financial liabilities
Loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in Finance income and Finance costs.

Other financial liabilities, including trade and other payables, are initially recognised at fair value and subsequently at amortised cost and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(iii) Derivatives
The Group enters into derivative financial instruments, including interest rate swaps, caps and collars and cross-currency swaps, to manage its exposure to interest rate and foreign exchange rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as an effective hedging instrument, in which case the fair value is taken through Other comprehensive income.

(iv) Hedging
The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months, and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. The gain or loss of the effective portion of changes in the fair value of the hedging instrument is recognised in Other comprehensive income. The gain or loss relating to an ineffective portion is recognised immediately in the income statement. Amounts taken to equity are recycled to the income statement in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship or the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

The Group did not have any hedging instruments as at 28 February 2018.

o) Borrowing costs
Gross borrowing costs relating to direct expenditure on investment properties and inventories under development are capitalised. The interest capitalised is calculated using the rate of interest on the loan to fund the expenditure, or the Group's weighted average cost of borrowings where appropriate, over the period from commencement of the development work until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

1 Basis of preparation and accounting policies continued

o) Borrowing costs continued

Capitalised interest is written off to direct costs on disposal of inventory or to operating profit on disposal of investment properties.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

p) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Onerous lease provisions are created for properties that are unoccupied, sub-let at below the rent payable on the head lease or for operating sites where the projected future trading revenue is insufficient to cover the value-in-use.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The amortisation in the discount is recognised as an interest expense.

q) Employee benefits

(i) Pensions

The Group operates a defined contribution scheme whereby the Group pays fixed contributions into a pension fund. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to employee service in the current or prior periods. The charge to the income statement in the period represents the actual amount payable to the scheme in the period. Differences between contributions payable in the period and contributions paid are shown as either accruals or prepayments in the Balance Sheet.

(ii) Profit-sharing and bonus plans

The Group recognises a liability and expense for bonus and profit-sharing in accordance with the bonus plans outlined in the Remuneration Report on pages 131 to 148. The Group recognises a liability when contractually obliged.

r) Foreign currencies

The Consolidated financial statements of the Group are presented in UK Sterling, the Company's functional and presentation currency. Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the dates of the transactions or valuation when items are re-measured.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange gains or losses are presented net in the Income Statement within Finance costs or Finance income respectively. All other foreign exchange gains and losses are presented net in the Consolidated Statement of Comprehensive Income.

The results and financial position of Group entities that have a functional currency different from the reporting currency are translated as follows:

- Assets and liabilities are translated at the rates ruling at the balance sheet date
- Income and expenses are translated at average exchange rate for the period
- All other exchange differences are reported in Other comprehensive income.

s) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Leadership Team.

t) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new Ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where a Group company purchases its own share capital out of distributable reserves, the shares can be held as treasury shares. The shares are carried at the consideration paid, including any directly attributable costs of acquiring the shares. The value of the shares is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or re-issued. If the shares are subsequently re-issued, their value is re-attributed to the Company's equity holders.

u) Share-based payments

The Group operates a number of share-based compensation plans, both equity and cash settled, under which the entity receives services from employees as consideration for cash or equity-settled instruments of the Group.

The fair value of the employee services received in exchange for the grant of the option is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Long-Term Incentive Plan (LTIP)

The LTIP commenced on 1 March 2015.

Under the scheme, Ordinary shares are conditionally awarded based on the performance of the Group over a four-year period for Executive Directors and a three-year period for staff. The performance of the Group is referenced to the net asset value per share growth over the vesting period and is based on non-market conditions. The Directors assess the likelihood of the award vesting and the maximum amount that will vest based on a forward-looking forecast of the Group.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the Group revises its estimate of the number of options that are expected to vest based on the non-market and service conditions. Any adjustment to original estimates is recognised in the income statement with a corresponding adjustment to equity.

When the options are exercised, the Company will either issue new Ordinary shares or utilise existing treasury shares held by the Company.

v) Dividend distribution
Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

w) Exceptional items
Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material, non-recurring items of income or expense that have been shown separately due to the significance of their nature or amount.

x) Definitions
Operating profit: stated after loss on disposal of investment properties, the revaluation of the investment portfolio and exceptional items and before the results of associates, jointly controlled entities and finance income and costs.

IPD Index and Total Portfolio Return: total return from the completed investment portfolio, comprising net rental income or expenditure, capital gains or losses from disposals and revaluation surpluses or deficits, divided by the average capital employed during the financial period, as defined and measured by Investment Property Databank Limited (IPD), a company that produces independent benchmarks of property returns.

Total shareholder return: movement in share price over the period plus dividends paid as a percentage of the opening share price.

Gearing: expressed as a percentage and measured as net debt divided by total shareholders' funds.

Loan to value gearing: expressed as a percentage of net debt as a proportion of total property assets, including shares of properties and net debt in all projects held in partnership (refer note 26).

Net debt: total debt less cash and short-term deposits, including cash held in restricted accounts.

2 Segmental analysis

The segmental information presented consistently follows the information provided to the CODM and reflects the two sectors in which the Group operates. The CODM, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Leadership Team. Following the decision to scale down its serviced office business the Group has reassessed its operating divisions. From 1 March 2018, for management purposes, the Group is now organised into two operating divisions, whose principal activities are as follows:

- Investment – management of the Group's investment portfolio, generating rental income and valuation surpluses from property management; and
- Development and trading – managing the Group's development and trading projects. Revenue is received from project management fees, development profits and the disposal of inventory.

The remaining elements of the service office operation are now reported under the investment division.

Operating revenue for the year ended 28 February 2018 was received from serviced office operations and was principally received under short-term licence agreements. During the period, the operating segment would have reported a deficit of £196,000.

These divisions are the basis on which the Group reports its primary segmental information. All operations occur and all assets are located in the United Kingdom or the Republic of Ireland. All revenue arises from continuing operations.

Unallocated amounts relate to general corporate assets and liabilities which cannot be allocated to specific segments; an analysis is provided in the table on page 184.

These divisions are the basis on which the Group reports its primary segmental information. All operations occur and all assets are located in the United Kingdom, except assets of £47,575,000 (28 February 2018: £30,004,000) which are located in the Republic of Ireland. All revenue arises from continuing operations.

2 Segmental analysis continued

13-month period ended 31 March 2019	Investment £'000	Development and trading £'000	Total £'000
Segment revenue	16,299	134,011	150,310
Direct costs	(8,719)	(114,730)	(123,449)
Segment result	7,580	19,281	26,861
Operating costs	(1,322)	(10,976)	(12,298)
Unallocated overhead costs			(9,561)
Loss on disposal of investment properties	(223)	–	(223)
Loss on revaluation of property portfolio	(11,165)	–	(11,165)
Operating loss			(6,386)
Other income	481	2,066	2,547
Share of post-tax (losses)/profits of joint ventures and associates	(5,002)	17,130	12,128
(Loss)/profit on sale of investment	(42)	3,930	3,888
Unallocated loss on sale of other plant and equipment			(42)
Profit before interest and income tax			12,135
Finance income	250	367	617
Finance costs	(3,725)	(2,707)	(6,432)
Profit before income tax			6,320
Income tax			(1,120)
Profit for the period			5,200
ASSETS AND LIABILITIES			
Segment assets	174,757	410,417	585,174
Unallocated assets			37,373
Total assets			622,547
Segment liabilities	(74,834)	(181,178)	(256,012)
Unallocated liabilities			(6,390)
Total liabilities			(262,402)

A summary of unallocated assets and liabilities is shown on page 184.

13-month period ended 31 March 2019	Investment £'000	Development and trading £'000	Total £'000
OTHER SEGMENT INFORMATION			
Capital expenditure	30,519	–	30,519
Unallocated capital expenditure			1,202
Impairment of assets	–	(9,137)	(9,137)
Depreciation	96	–	96
Unallocated depreciation			789
Development and trading expenditure	–	103,832	103,832
REVENUE			
Rental income	13,725	2,465	16,190
Serviced office income	2,408	–	2,408
Project management fees	–	345	345
Trading property sales	–	7,393	7,393
Other property income	–	7,371	7,371
Development proceeds	–	116,374	116,374
Other	166	63	229
	16,299	134,011	150,310

In the 13-month period ended 31 March 2019, three projects with turnover totalling £88,301,000 generated in excess of 10.0% of total revenue and fell within the development and trading segment.

Year ended 28 February 2018	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
Segment revenue	12,086	157,481	4,117	173,684
Direct costs	(3,656)	(109,037)	(4,784)	(117,477)
Segment result	8,430	48,444	(667)	56,207
Operating costs	(3,579)	(20,656)	–	(24,235)
Gain on disposal of investment properties	3,324	–	–	3,324
Loss on revaluation of property portfolio	(2,417)	–	–	(2,417)
Operating profit/(loss)	5,758	27,788	(667)	32,879
Other income	483	1,606	–	2,089
Share of post-tax profits of joint ventures and associates	3,142	13,033	–	16,175
(Loss)/profit on sale of investment	(99)	6,812	–	6,713
Unallocated gain on sale of other plant and equipment				5
Profit before interest and income tax				57,861
Finance income	35	59	–	94
Finance costs	(4,942)	(4,841)	–	(9,783)
Profit before income tax				48,172
Income tax				(7,916)
Profit for the year				40,256
ASSETS AND LIABILITIES				
Segment assets	175,388	444,763	2,402	622,553
Unallocated assets				41,595
Total assets				664,148
Segment liabilities	(74,243)	(192,548)	(3,965)	(270,756)
Unallocated liabilities				(14,111)
Total liabilities				(284,867)

Year ended 28 February 2018	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
OTHER SEGMENT INFORMATION				
Capital expenditure	3,038	–	22	3,060
Unallocated capital expenditure				194
Impairment of assets	–	(9,415)	–	(9,415)
Depreciation	173	–	63	236
Unallocated depreciation				724
Development and trading expenditure	–	137,342	–	137,342
REVENUE				
Rental income	12,012	2,069	–	14,081
Serviced office income	–	–	4,117	4,117
Project management fees	–	358	–	358
Trading property sales	–	20,985	–	20,985
Other property income	–	2,695	–	2,695
Development proceeds	–	131,374	–	131,374
Other	74	–	–	74
	12,086	157,481	4,117	173,684

In the year ended 28 February 2018, project with turnover totalling £23,250,000 generated in excess of 10.0% of total revenue and fell within the development and trading segment.

2 Segmental analysis continued

	31 March 2019 £'000	28 February 2018 £'000
UNALLOCATED ASSETS CAN BE ANALYSED AS FOLLOWS:		
Other plant and equipment	**4,448**	4,087
Deferred income tax asset	**1,294**	1,225
Derivative financial instruments	**–**	10
Trade and other receivables	**8,773**	5,596
Cash and cash equivalents	**22,858**	30,677
	37,373	41,595
UNALLOCATED LIABILITIES CAN BE ANALYSED AS FOLLOWS:		
Current borrowings	**(17)**	(17)
Trade and other payables	**(2,925)**	(10,804)
Deferred income tax liability	**(3,448)**	(3,290)
	(6,390)	(14,111)

3 Operating loss

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
OPERATING (LOSS)/PROFIT IS STATED AFTER (CREDITING)/CHARGING:		
Share-based payments (credit)/charge	**(10)**	1,750
Write down of development and trading properties to net realisable value	**9,137**	8,415
Reversal of previous impairment	**(5,705)**	–
Write down of financial assets to net realisable value	**–**	1,000
Depreciation: – Operating property	**65**	60
– Other plant and equipment	**820**	900
Impairment of trade receivables recognised in direct costs	**134**	1,155
AUDITORS' REMUNERATION		
Fees payable to the Company's auditors and their associates for the audit of Company and Group financial statements	**246**	241
Fees payable to the Company's auditors and their associates for other services:		
– Audit of the Company's subsidiaries	**300**	348
– Half year review	**46**	45
– Other services	**–**	8
	592	642

4 Employees

Employee benefit expense	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
Wages and salaries	**11,704**	10,130
Social security costs	**1,607**	1,505
Cost of employee share option schemes	**(10)**	1,750
Other pension costs	**970**	778
	14,271	14,163
Less capitalised costs[1]	**(2,541)**	–
	11,730	14,163

1 From 1 March 2018, the Group has capitalised certain internal staff costs directly attributable to development schemes. Staff costs capitalised are estimated with reference to the time spent on each project during the period.

Average monthly number of employees, including Directors	13-month period ended 31 March 2019 Number	Year ended 28 February 2018 Number
Property development and investment	**94**	83
Operating property activities	**26**	36
	120	119

The Directors are considered to be the only key management personnel. Their remuneration is shown in the Remuneration Report on pages 131 to 148.

5 Finance income and costs

a) Finance income

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
Interest receivable on loans and deposits	**463**	94
Net foreign currency differences arising on retranslation of cash and cash equivalents	**154**	–
	617	94

b) Finance costs

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
Interest on bank loans and other borrowings	**(9,138)**	(8,488)
Amortisation of transaction costs	**(449)**	(1,405)
Provision: unwinding of discount	**(19)**	(7)
Fair value loss on financial instruments – interest rate swaps, caps and collars	**(10)**	(247)
Net foreign currency differences arising on retranslation of cash and cash equivalents	**–**	(1,376)
	(9,616)	(11,523)
Capitalised interest on development and trading properties	**3,184**	1,740
Total finance costs	**(6,432)**	(9,783)
Net finance costs	**(5,815)**	(9,689)
Net finance costs before foreign currency differences	**(5,969)**	(8,313)

Interest was capitalised at an average rate of 6.21%. £2,701,000 of capitalised interest (28 February 2018: £nil) was written off in the period. The tax treatment of capitalised interest follows the accounting treatment.

6 Income tax

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
Current tax	**1,835**	6,549
Adjustment in respect of prior years	**(804)**	1,511
Total current tax charge	**1,031**	8,060
Deferred tax charge/(credit)	**89**	(144)
Income tax charge	**1,120**	7,916

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
Tax on items credited to equity:		
Deferred tax credit on other revaluations	**–**	–
Total credit in the income statement	**–**	–

Tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
Profit before tax	**6,320**	48,172
Tax on profit on ordinary activities at 19.0% (28 February 2018: 19.1%)	**1,201**	9,191
Tax effects of:		
Amounts not deductible for tax purposes	**506**	103
Non-taxable capital gains	**2,670**	(347)
Non-taxable income	**(3,094)**	(3,322)
Provision for unrealised Group profit	**(311)**	–
Adjustment in respect of prior years	**(552)**	1,494
Impact on change in UK tax rate	**19**	40
Income tax at lower rates	**(2)**	142
Recognition of tax losses	**(324)**	55
Brought forward losses utilised	**1,007**	560
Total tax charge	**1,120**	7,916

Deferred income tax is calculated on the temporary differences under the liability method using a tax rate of 17.0% (28 February 2018: 17.0%).

7 Dividends

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
DECLARED AND PAID DURING THE PERIOD/YEAR		
Equity dividends on Ordinary shares:		
Final dividend for 28 February 2018: 3.50 pence per share (28 February 2017: 3.50 pence per share)	**4,390**	4,379
Interim dividend for 31 March 2019: 2.40 pence per share (28 February 2018: 2.40 pence per share)	**3,011**	3,003
Supplemental dividend for 28 February 2018: 12.00 pence per share (28 February 2017: 2.80 pence per share)	**15,033**	3,503
	22,434	10,885
DIVIDEND DECLARED BUT NOT PAID SINCE 31 MARCH 2019		
Supplemental dividend for 31 March 2019: 4.1 pence per share (28 February 2018: 12.00 pence per share)	**5,114**	15,041
PROPOSED FOR APPROVAL BY SHAREHOLDERS AT THE ANNUAL GENERAL MEETING		
Final dividend for 31 March 2019: 3.50 pence per share (28 February 2018: 3.50 pence per share)	**4,366**	4,387

On 21 May 2019, the Board approved the payment of a supplemental dividend of 4.1 pence per share, which will be paid on 12 July 2019 to Ordinary shareholders on the register at the close of business on 7 June 2019 and will be recognised in the year ending 31 March 2020.

Subject to approval by shareholders, the final dividend of 3.50 pence was approved by the Board on 21 May 2019 and has not been included as a liability or deducted from retained earnings as at 31 March 2019. The final dividend is payable on 6 September 2019 to Ordinary shareholders on the register at the close of business on 9 August 2019 and will be recognised in the year ending 31 March 2020.

8 Earnings per share and net assets per share

Basic earnings per share amounts are calculated by dividing profit or loss for the period attributable to owners of the Parent by the weighted average number of Ordinary shares outstanding during the period, excluding shares purchased by the Parent and held as treasury shares.

Diluted earnings per share amounts are calculated by dividing the profit or loss attributable to owners of the Parent by the weighted average number of Ordinary shares outstanding during the period plus the weighted average number of Ordinary shares that would be issued on the conversion of all the dilutive potential Ordinary shares into Ordinary shares.

Basic net assets per share amounts are calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date excluding shares purchased by the Parent and held as treasury shares.

Diluted net assets per share amounts are calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date plus the number of Ordinary shares that would be issued on the conversion of all the dilutive potential Ordinary shares into Ordinary shares.

Management have chosen to disclose the European Public Real Estate (EPRA) adjusted net assets per share and earnings per share from continuing activities in order to provide an indication of the Group's underlying business performance and to assist comparison between European property companies.

EPRA earnings is the profit or loss after taxation excluding investment property revaluations (including valuations of joint venture investment properties), impairment of development and trading properties, exceptional items and mark-to-market movements of derivative financial instruments (including those of joint ventures) and intangible asset movements and their related taxation.

EPRA net assets (EPRA NAV) are the balance sheet net assets adjusted to reflect the fair value of development and trading assets, excluding mark-to-market adjustment on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations and diluting for the effect of those shares potentially issuable under employee share schemes.

EPRA NAV per share is EPRA NAV divided by the number of Ordinary shares in issue at the balance sheet date.

EPRA triple net assets (EPRA NNNAV) is EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.

EPRA NNNAV per share is EPRA NNNAV divided by the number of Ordinary shares in issue at the balance sheet date.

8 Earnings per share and net assets per share continued

The calculation of basic and diluted earnings per share and EPRA profit per share is based on the following data:

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
PROFIT		
Profit for the purpose of basic and diluted earnings per share	5,200	40,256
Revaluation deficit/(surplus) (including share of joint venture revaluation surplus)	8,711	(13,454)
Loss/(gain) on disposal of investment properties	223	(3,324)
Impairment of development and trading properties	9,137	8,415
Impairment of financial assets	–	1,000
Reversal of previous impairments	(5,705)	–
Mark-to-market adjustment on interest rate swaps (including share of joint venture mark-to-market adjustment)	411	140
EPRA adjusted profit from continuing activities attributable to owners of the Company	17,977	33,033

	13-month period ended 31 March 2019 £'000	Year ended 28 February 2018 £'000
NUMBER OF SHARES		
Weighted average number of Ordinary shares for the purpose of earnings per share	124,674	125,218
Effect of dilutive potential Ordinary shares:		
Share options	98	57
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	124,772	125,275
Basic earnings per share (pence)	4.2p	32.2p
Diluted earnings per share (pence)	4.2p	32.2p
EPRA adjusted earnings per share (pence)	14.4p	26.4p
EPRA adjusted diluted earnings per share (pence)	14.4p	26.4p

The Directors consider the acquisition and disposal of trading assets to be part of the core business of the Group and therefore have not adjusted profit for the gain on disposal when calculating EPRA adjusted earnings per share.

Net assets per share and diluted net assets per share have been calculated as follows:

	Net assets £'000	No. of shares '000	31 March 2019 Net assets per share Pence	Net assets £'000	No. of shares '000	28 February 2018 Net assets per share Pence
Basic net assets per share attributable to the owners	360,145	124,741	289	379,281	125,343	303
Cumulative mark-to-market adjustment on interest rate swaps	(430)			(19)		
EPRA adjusted net assets per share	359,715	124,741	288	379,262	125,343	303
Cumulative mark-to-market adjustment on interest rate swaps	430			19		
Fair value of debt	(12,648)			(9,514)		
EPRA adjusted triple net assets per share	347,497	124,741	280	369,767	125,343	295
Effect of dilutive potential Ordinary shares	521	294		625	447	
Diluted net assets per share	360,666	125,035	289	379,906	125,790	303
EPRA diluted net assets per share	360,236	125,035	288	379,887	125,790	303
EPRA diluted triple net assets per share	348,018	125,035	280	370,392	125,790	295

The Board has concluded that there is no benefit to stakeholders to provide an EPRA adjusted NAV per share calculation as a large proportion of the property portfolio does not qualify for valuation, as it falls outside of the criteria for calculation.

9 Investment properties

	Freehold £'000	Long leasehold £'000	Total £'000
At valuation 1 March 2017	136,873	42,326	179,199
Additions:			
– acquisitions	–	1,627	1,627
– capital expenditure	528	277	805
Transfer from development and trading assets	13,000	471	13,471
Disposals	(51,688)	(1,491)	(53,179)
Deficit on revaluation	(1,322)	(1,095)	(2,417)
At valuation 28 February 2018	97,391	42,115	139,506
Additions:			
– acquisitions	24,108	5,061	29,169
– capital expenditure	171	1,156	1,327
Transfer from development and trading assets	–	2,720	2,720
Disposals	–	(7,516)	(7,516)
Deficit on revaluation	(6,873)	(4,292)	(11,165)
At valuation 31 March 2019	**114,797**	**39,244**	**154,041**

Direct costs of £6,115,000 (28 February 2018: £3,656,000) arose as a result of ownership of investment properties.

Two development and trading assets were transferred to investment properties during the period following a change in strategy and use of the assets. The Group intends to hold the properties for the foreseeable future for capital appreciation and rental income.

a) Reconciliation of market value of investment properties to the net book amount
The following table reconciles the market value of investment properties to their net book amount. The components of the reconciliation are included within their relevant balance sheet heading.

	31 March 2019 £'000	28 February 2018 £'000
Market value as assessed by the independent valuers or Directors	**157,328**	142,092
Amount included in prepayments and accrued income in respect of lease incentives	**(3,287)**	(2,586)
Net book amount of Investment properties – non-current assets	**154,041**	139,506

At 31 March and 30 September (previously 28 February and 31 August) each year, the Group engages professionally qualified valuers who hold a recognised professional qualification and who have recent experience in the locations and sectors of the investment portfolio. As at 31 March 2019, completed investment properties have been valued by CBRE Ltd at a value of £138,748,000 (28 February 2018: £124,329,000). The current value equates to the highest and best use value of the asset.

The valuers have consented to the use of their name in the financial statements.

Included within Investment properties are freehold land and buildings representing investment properties under development, amounting to £15,293,000 (28 February 2018: £15,177,000), which have been valued by the Directors. These properties comprise buildings and landholdings for current or future development as investment properties. This approach has been taken because the value of these properties is dependent on a detailed knowledge of the planning status, the competitive position of these assets and a range of complex project development appraisals.

Investment properties under development include £8,075,000 (28 February 2018: £8,075,000) of landholdings adjacent to retail properties within the Group's portfolio, acquired for the purpose of extending the existing shopping centres. The fair value of these properties rests in the planned extensions, and is difficult to estimate pending confirmation of designs and planning permission, and hence has been estimated by the Directors at cost as an approximation to fair value.

£138,593,000 (28 February 2018: £122,059,000) of total investment properties are charged as security against the Group's borrowings.

9 Investment properties continued

b) Valuation methodology

Our valuers are engaged as external valuers, as defined in the current edition of RICS Valuation Professional Standards. The valuation process involves the Investment Team, our asset services provider and valuers. Prior to the valuation date, full tenancy information, verified by both the Investment Team and asset services provider, is provided to the valuers. New lettings, completed and pending lease events and asset management proposals are provided by the Investment Team on an asset-by-asset basis. The valuers' assimilated income information is checked by the Investment Team before the valuers report numbers.

The valuers benefit from their own internal databases and proprietary/external resources for both rental and capital evidence/yield evidence.

The comparator method is used for establishing rental values. Rental evidence is either self-generating for multi-let assets, in particular shopping centres, or sourced through market evidence. Where appropriate, net effective rents are applied during extant lease terms and market rents applied at reversion.

With the majority of the investment portfolio comprising income-producing property, fair value is established using an investment method of valuation. Appropriate capitalisation rates are applied to the asset's income stream in order to arrive at a yield profile, i.e. net initial yield, equivalent yield and reversionary yield that can be reconciled with market evidence. For multi-let properties, generally the approach involves applying differential capitalisation rates to the income stream, making adjustments for tenant covenant, term to expiry and unit quality, in order to arrive at a blended position. For example, a foodstore anchor tenant with a strong covenant could be capitalised at a rate of 5.50% and an independent/sole trader could be capitalised at a rate of 8.25% at the same property. Similarly, outward adjustments to capitalisation rates applied to vacant units in multi-let properties are made to reflect letting and covenant risk associated with future tenants.

There were no changes to valuation techniques during the period.

The following table analyses the non-financial assets carried at fair value by valuation method. The different hierarchy levels have been defined as follows:

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities. This may be the agreed sales price of an asset where exchange has occurred after the year-end date (Level 1).
ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
iii. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). These assets are valued by external valuers and Directors (Level 3). An analysis of Level 3 assets is provided below.

It is the Group's policy to recognise transfers into and out of hierarchy levels at the date of the change in circumstance.

There are no Level 1 or Level 2 assets and there have been no transfers between levels during the 13-month period ended 31 March 2019 or year ended 28 February 2018.

Analysis of Level 3 investment properties

Class of property: Level 3	**Market value 31 March 2019 £'000**	Market value 28 February 2018 £'000	Valuation technique	Key unobservable inputs	Equivalent yield range 31 March 2019	50 basis point yield contraction £'000	50 basis point yield expansion £'000
Shopping centres	**65,700**	84,295	Income capitalisation	Equivalent yields	7.53%–10.70%	4,025	(3,645)
Retail/commercial space	**54,260**	25,520	Income capitalisation	Equivalent yields	5.00%–10.11%	4,320	(3,645)
Office	**22,075**	17,100	Income capitalisation	Equivalent yields	6.50%	1,900	(1,650)
Land held for development	**6,783**	6,667	Residual development method	Price per acre/development margin	£0.45 million per acre/15.0%–20.0%	–	–
Buildings held for development	**8,510**	8,510	Residual development method	Estimated profit margin	15.0%–20.0%	–	–
	157,328	142,092					

Further information relating to the Group's investment portfolio is set out in the Portfolio Review on pages 24 to 32.

The Group engages external, independent and qualified valuers to determine the fair value of Level 3 assets. The valuers liaise with the Investment Team regularly, reviewing tenant information relating to covenant strength, lease period and rental terms. Valuers will also review comparable transactions in the market. The fair value of Level 3 assets is also determined by reviewing local sales data or, where the assets are held for the purpose of extending an existing retail asset, by reviewing appraisals relating to the proposed scheme.

10 Operating property

	Long leasehold £'000
VALUATION	
At 1 March 2017	1,712
Surplus on revaluation	35
At 28 February 2018	1,747
Surplus on revaluation	40
At 31 March 2019	**1,787**
ACCUMULATED DEPRECIATION	
At 1 March 2017	912
Charge for the year	60
At 28 February 2018	972
Charge for the period	65
At 31 March 2019	**1,037**
Net book amount 31 March 2019	**750**
Net book amount 28 February 2018	775
Net book amount 1 March 2017	800
Original cost of operating property at 31 March 2019 and 28 February 2018	**1,583**

The operating property is charged as security against the Group's borrowings.

Depreciation expense of £65,000 (28 February 2018: £60,000) is included within operating costs.

The surplus on revaluation of long leasehold property for the 13-month period ended 31 March 2019 is £40,000 (28 February 2018: £35,000). If the operating property was measured using the cost model, the carrying value would be £546,000 (28 February 2018: £611,000).

The Group's operating property has been valued at market value as at 31 March 2019 and 28 February 2018 by independent professional valuers CBRE Ltd, on the basis of highest and best use value in accordance with RICS Valuation Professional Standards and without any special assumptions. The values disclosed above are as stated by the valuer in its valuation report to the Directors.

The valuers have consented to the use of their name in the financial statements.

11 Intangible assets

	£'000
GOODWILL	
At 1 March 2017, 28 February 2018 and 31 March 2019	**2,328**

In 2014, the Group acquired 100% of the issued shares in Cathedral Group (Holdings) Limited, Cathedral Special Projects (Holdings) Limited and Cathedral (ESCO) Limited and 95% of the shares issued in Deadhare Limited, a property development group specialising in mixed-use regeneration schemes in the South East. The goodwill of £2,328,000 represents the unrecognised asset of the highly skilled workforce and specialist development knowledge acquired with Cathedral.

Goodwill has been tested for impairment at the reporting date.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the operating segment. The recoverable amount of all CGUs has been determined based on value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by management covering a period up to the completion of each project (or less than five years). The pre-tax discount rate used was 11.0% (28 February 2018: 11.0%). No provision for impairment was considered necessary. No reasonable change in any assumption would give rise to a material impairment.

12 Other plant and equipment

	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Total £'000
COST			
At 1 March 2017	8,075	108	8,183
Additions	812	10	822
Disposals	(2,359)	–	(2,359)
At 28 February 2018	6,528	118	6,646
Additions	1,189	36	1,225
Disposals	(805)	(84)	(889)
At 31 March 2019	**6,912**	**70**	**6,982**
ACCUMULATED DEPRECIATION			
At 1 March 2017	2,328	85	2,413
Charge for the year	882	18	900
Disposals	(908)	–	(908)
At 28 February 2018	2,302	103	2,405
Charge for the period	809	11	820
Disposals	(765)	(72)	(837)
At 31 March 2019	**2,346**	**42**	**2,388**
Net book amount 31 March 2019	**4,566**	**28**	**4,594**
Net book amount 28 February 2018	4,226	15	4,241
Net book amount 1 March 2017	5,747	23	5,770

Depreciation expense of £806,000 (28 February 2018: £723,000) is included within operating costs and £14,000 (28 February 2018: £177,000) is included within direct costs.

13 Investments

	Investments in associates £'000	Investments in joint ventures £'000
At 1 March 2017	8,372	46,089
Additions	–	31,535
Share of profit/(loss)	7	(609)
Share of revaluation surplus	–	16,670
Share of mark-to-market adjustment on interest rate swaps	–	107
Share of results	7	16,168
Transfer to subsidiaries	(1,500)	–
Disposal of associate	(2,500)	–
Distributions under profit share arrangements	(4,379)	(14)
Capital distributions – repayment of loans	–	(972)
At 28 February 2018	–	92,806
Additions	5,777	25,574
Share of (loss)/profit	(14)	10,109
Share of revaluation surplus	–	2,454
Share of mark-to-market adjustment on interest rate swaps	–	(421)
Share of results	(14)	12,142
Dividend distributions	–	(17,654)
Capital distributions – repayment of loans	–	(8,998)
At 31 March 2019	**5,763**	**103,870**

Details of other income received from associates and joint ventures is set out in note 25.

A summary of the Group's projects in partnership and the balance sheet classification of its interests are set out in note 26.

a) Investment in associates
The Group has the following interest in associates:

Class of property: Level 3	% of holding	Country of incorporation	Principal activity	Reporting segment	Acquisition date	Note
Cannock Designer Outlet Limited Partnership	12.5	United Kingdom	Property development	Development and trading	December 2017	
CDSR Burlington House Developments Limited	20	Ireland	Property development	Development and trading	July 2014	
Northpoint Developments Limited	42	United Kingdom	Property development	Development and trading	November 2007	1

1 The investment in the associate has been fully provided against.

13 Investments continued
a) Investment in associates continued

31 March 2019	Cannock Designer Outlet Limited Partnership £'000	CDSR Burlington House Developments Limited £'000	Northpoint Developments Limited £'000	Total £'000
SUMMARISED BALANCE SHEETS:				
Non-current assets	–	–	52	52
Current assets	53,443	2,968	7,518	63,929
Current liabilities	(132)	(12)	(1,336)	(1,480)
Non-current liabilities	(7,144)	–	(20,942)	(28,086)
Net assets/(liabilities)	46,167	2,956	(14,708)	34,415
Share of net assets/(liabilities)	5,763	591	(6,177)	177
Net (assets)/liabilities not recognised	–	(591)	6,177	5,586
Group's share of net assets	5,763	–	–	5,763
SUMMARISED INCOME STATEMENTS:				
Revenue	–	–	23,638	23,638
Post-tax losses of associates	(363)	(137)	2,120	1,620
Share of (losses)/profits	(14)	–	890	876
Share of profits not recognised	–	–	(890)	(890)
Share of losses recognised	(14)	–	–	(14)

28 February 2018	Cannock Designer Outlet Limited Partnership £'000	CDSR Burlington House Developments Limited £'000	Northpoint Developments Limited £'000	Total £'000
SUMMARISED BALANCE SHEETS:				–
Non-current assets	17,503	–	579	18,082
Current assets	–	6,215	7,870	14,085
Current liabilities	(17,503)	(3,770)	(744)	(22,017)
Non-current liabilities	–	–	(24,955)	(24,955)
Net assets/(liabilities)	–	2,445	(17,250)	(14,805)
Share of net assets/(liabilities)	–	489	(7,245)	(6,756)
Net (assets)/liabilities not recognised	–	(489)	7,245	6,756
Group's share of net assets	–	–	–	–
SUMMARISED INCOME STATEMENTS:				
Revenue	–	–	81	81
Post-tax losses of associates	–	(2)	(603)	(605)
Share of profits/(losses)	–	7	(253)	(246)
Share of losses not recognised	–	–	253	253
Share of profits recognised	–	7	–	7

Any contingent liabilities in relation to our associate investment partners are disclosed in note 23.

b) Investment in joint ventures
As at 31 March 2019, the Group has the following interests in joint ventures:

	% of holding	Country of incorporation	Principal activity	Reporting segment	Acquisition date	Accounting reference date
Plus X Holdings Limited	50	United Kingdom	Holding Company	Investment	November 2018	31 March
Bryn Blaen Wind Farm Limited	50	United Kingdom	Property development	Development and trading	May 2011	31 March
Circus Street Developments Limited	49	United Kingdom	Property development	Development and trading	August 2017	31 March
Curzon Park Limited	50	United Kingdom	Property development	Development and trading	November 2006	31 March
Development Equity Partners Limited	50	Jersey	Property development	Development and trading	December 2011	31 March
DSP Piano Investments BV	34	Netherlands	Investment property	Investment	July 2015	31 December
DSP Tirol Limited	50	United Kingdom	Investment property	Investment	January 2015	31 August
DS Renewables LLP	50	United Kingdom	Property development	Development and trading	May 2012	31 March
Harwell Oxford Developments Limited	50	United Kingdom	Property development	Development and trading	December 2013	31 March
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	50	United Kingdom	Property development	Development and trading	July 2013	31 March
Luxembourg Investment Company 112 Sarl	50	Luxembourg	Property development	Development and trading	November 2016	31 December
Manchester Arena Complex LP	30	United Kingdom	Investment property	Investment	June 2010	31 March
Mayfield Development (General Partner) Limited	50	United Kingdom	Property development	Development and trading	December 2016	31 March
Notting Hill (Guernsey Holdco) Limited	24	Guernsey	Investment property	Development and trading	June 2011	31 December
Opportunities for Sittingbourne Limited	50	United Kingdom	Property development	Development and trading	January 2015	31 March
OSB (Holdco 1) Limited	50	United Kingdom	Property development	Development and trading	February 2014	31 March
Triangle London Developments LLP	50	United Kingdom	Property development	Development and trading	May 2016	31 May
UAI (G) Limited	50	United Kingdom	Property development	Development and trading	June 2016	31 March
UAIP (Drum) BV	20	Netherlands	Investment property	Investment	August 2016	28 February
UAIH Yorkshire Limited	50	United Kingdom	Property development	Development and trading	April 2016	31 March

In November 2018, the Group acquired 50.0% of the share capital in Plus X Holdings Limited with its partners Paul Rostas and Matthew Hunter each holding 25.0% of the share capital. The company is registered and incorporated in the United Kingdom.

Winnebago Holdings Sarl was liquidated in December 2018 and in January 2019 the Becket House Unit Trust was terminated.

Investments under joint arrangements are not always represented by an equal percentage holding by each partner. In a number of joint ventures, the Group holds a minority shareholding but has joint control and therefore the arrangement is accounted for as a joint venture.

13 Investments continued

b) Investment in joint ventures continued

The Group's share of the assets, liabilities, income and expenses of its joint ventures, which includes amounts receivable from those joint ventures, is as follows:

31 March 2019	Harwell Oxford Developments Limited £'000	DSP Piano Investments BV £'000	Luxembourg Investment Company 112 Sarl £'000	Notting Hill (Guernsey Holdco Limited £'000
SUMMARISED BALANCE SHEETS:				
Non-current assets	135,396	–	–	–
Current assets	40,004	457	111,728	64,937
Current liabilities	(10,298)	(114)	(4,612)	(793)
Non-current liabilities	(63,991)	–	(42,166)	(28,402)
Net assets/(liabilities)	101,111	343	64,950	35,742
Net liabilities not recognised	–	–	–	–
Share of net assets recognised	30,322	–	15,481	8,729
SUMMARISED INCOME STATEMENTS:				
Revenue	13,012	171	118	1,885
Direct costs	(3,961)	(314)	(908)	(1,242)
Interest costs	(3,555)	(538)	(7,200)	(1,978)
Gain on revaluation/sale	19,798	7,197	–	–
Profit/(loss) before tax	25,294	6,516	(7,990)	(1,335)
Income tax	–	–	–	–
Profit/(loss) after tax	25,294	6,516	(7,990)	(1,335)
Share of profit/(loss) before and after tax	5,955	3,337	(2,990)	(326)

£38,789,000 of cash balances are included within current net asset balances of joint ventures. These include £6,390,000 in the accounts of Luxembourg Investment Company 112 Sarl and £23,029,000 in the accounts of Harwell Oxford Developments Limited.

28 February 2018	Harwell Oxford Developments Limited £'000	DSP Piano Investments BV £'000	Luxembourg Investment Company 112 Sarl £'000	Notting Hill (Guernsey Holdco Limited £'000
SUMMARISED BALANCE SHEETS:				
Non-current assets	–	51,339	–	–
Current assets	129,197	1,953	92,024	62,261
Current liabilities	–	(313)	(3,914)	(2,995)
Non-current liabilities	(31,771)	(10,991)	(58,157)	(25,137)
Net assets/(liabilities)	97,426	41,988	29,953	34,129
Net (assets)/liabilities not recognised	–	–	–	–
Share of net assets recognised	24,357	14,276	15,330	8,321
SUMMARISED INCOME STATEMENTS:				
Revenue	2,071	1,052	137	1,362
Direct costs	(1,145)	(505)	(232)	(1,041)
Interest costs	(859)	(819)	(1,999)	(1,851)
Gain on revaluation/sale	39,065	21,603	–	–
Profit/(loss) before and after tax	39,132	21,331	(2,094)	(1,530)
Share of profit/(loss) before and after tax	10,376	7,461	(344)	(373)

Any contingent liabilities in relation to our joint ventures are disclosed in note 23.

Tax liabilities in respect of joint ventures are shown above. Where no tax arises, this is due to the joint venture being in a loss making position, having tax losses carried forward or due to the utilisation of tax losses from other Group companies.

	Circus Street Developments Limited £'000	**Mayfield Development (General Partner) Limited £'000**	**UAIP (Drum) BV £'000**	**DSP Tirol Limited £'000**	**UAIH Yorkshire Limited £'000**	**Bryn Blaen Wind Farm Limited £'000**	**Curzon Park Limited £'000**	**OSB (Holdco 1) Limited £'000**	**Other £'000**	**Total £'000**
	–	**–**	**18,000**	**–**	**–**	**–**	**–**	**–**	**–**	**153,396**
	33,473	**32,453**	**667**	**21,175**	**6,422**	**59,704**	**39,694**	**37,530**	**6,445**	**454,689**
	(5,084)	**(762)**	**(306)**	**(7,959)**	**(577)**	**(625)**	**(4,938)**	**(1,548)**	**(1,068)**	**(38,684)**
	(15,881)	**–**	**(5,231)**	**(10,580)**	**(4,900)**	**(24,910)**	**–**	**(45,276)**	**–**	**(241,337)**
	12,508	**31,691**	**13,130**	**2,636**	**945**	**34,169**	**34,756**	**(9,294)**	**5,377**	**328,064**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**9,294**	**–**	**9,294**
	3,642	**13,193**	**2,682**	**3,472**	**697**	**17,085**	**5,336**	**–**	**3,231**	**103,870**
	–	**–**	**597**	**9,766**	**240**	**12**	**148**	**1,339**	**4**	**27,292**
	(2)	**(26)**	**(248)**	**(9,110)**	**(29)**	**–**	**(163)**	**(523)**	**(218)**	**(16,744)**
	–	**–**	**(404)**	**(961)**	**(655)**	**(10)**	**–**	**(5,318)**	**2**	**(20,617)**
	–	**–**	**7,034**	**–**	**1,135**	**4,935**	**11,394**	**–**	**–**	**51,493**
	(2)	**(26)**	**6,979**	**(305)**	**691**	**4,937**	**11,379**	**(4,502)**	**(212)**	**41,424**
	–	**–**	**–**	**–**	**–**	**–**	**(1,451)**	**–**	**–**	**(1,451)**
	(2)	**(26)**	**6,979**	**(305)**	**691**	**4,937**	**9,928**	**(4,502)**	**(212)**	**39,973**
	(1)	**(26)**	**1,378**	**(627)**	**346**	**2,469**	**4,613**	**(1,845)**	**(141)**	**12,142**

	Circus Street Developments Limited £'000	Mayfield Development (General Partner) Limited £'000	UAIP (Drum) BV £'000	DSP Tirol Limited £'000	UAIH Yorkshire Limited £'000	Bryn Blaen Wind Farm Limited £'000	Curzon Park Limited £'000	OSB (Holdco 1) Limited £'000	Other £'000	Total £'000
	–	–	11,012	16,727	–	–	–	–	–	79,078
	15,624	25,481	679	4,786	5,225	45,984	35,812	35,136	2,823	456,985
	(2,526)	(345)	(58)	(2,430)	(95)	(22,909)	–	(1,350)	(207)	(37,142)
	(2,886)	(14,866)	(5,307)	(13,819)	(4,882)	–	(10,505)	(40,823)	(118)	(219,262)
	10,212	10,270	6,326	5,264	248	23,075	25,307	(7,037)	2,498	279,659
	–	–	–	–	–	–	(24,787)	7,037	–	(17,750)
	5,106	6,269	1,263	4,212	124	11,537	260	–	1,751	92,806
	–	–	549	8,493	222	–	306	1,165	19	15,376
	–	–	(167)	(7,682)	(42)	–	(206)	(588)	(74)	(11,682)
	–	–	(419)	(893)	(584)	–	–	(4,275)	–	(11,699)
	–	–	92	–	–	–	–	–	–	60,760
	–	–	55	(82)	(404)	–	100	(3,698)	(55)	52,755
	–	–	44	(296)	(202)	–	50	(519)	(29)	16,168

13 Investments continued

c) Principal subsidiaries

The Group's principal subsidiaries at 31 March 2019 are set out below. They have share capital consisting solely of Ordinary share capital that is held directly by the Group and the proportion of ownership interest equals the voting rights held by the Group. Principal subsidiaries are those undertakings with net assets in excess of 5.0% of Group net assets.

	% of holding	Country of incorporation	Principal activity
Development Securities Estates PLC	100	United Kingdom	Management and investment company
Development Securities (Investments) PLC	100	United Kingdom	Property investment
U and I (Projects) Limited	100	United Kingdom	Development and investment holding company
Cathedral (Preston Barracks) Limited	100	United Kingdom	Development company

A full list of subsidiaries is disclosed in note 41.

14 Inventory

	Development properties £'000	Trading properties £'000	Total £'000
DEVELOPMENT AND TRADING PROPERTIES			
At 1 March 2017	165,588	42,754	208,342
Additions:			
– acquisitions	3,131	–	3,131
– development expenditure	132,101	2,110	134,211
Transfer to investment assets (refer note 9)	(471)	(13,000)	(13,471)
Disposals	(90,428)	(18,616)	(109,044)
Foreign currency differences	–	580	580
Net write down of development properties to net realisable value	(7,356)	–	(7,356)
At 28 February 2018	202,565	13,828	216,393
Additions:			
– acquisitions	–	35,912	35,912
– development expenditure	66,190	361	66,551
– capitalised staff costs	1,369	–	1,369
Transfer to investment assets (refer note 9)	(2,720)	–	(2,720)
Disposals	(97,985)	(6,507)	(104,492)
Foreign currency differences	–	(117)	(117)
Net write down of development properties to net realisable value	(7,402)	(1,735)	(9,137)
At 31 March 2019	**162,017**	**41,742**	**203,759**

Included in the above amounts are projects stated at net realisable value of £88,266,000 (28 February 2018: £79,565,000).

Net realisable value has been estimated by the Directors, taking account of the plans for each project, the planning status and competitive position of each asset, and the anticipated market for the scheme. For material developments, the Directors have consulted with third-party chartered surveyors in setting their market assumptions.

Interest of £3,184,000 (28 February 2018: £1,740,000) was capitalised on development and trading properties during the period. Capitalised interest included within the carrying value of such properties on the Balance Sheet is £5,837,000 (28 February 2018: £5,354,000).

15 Trade and other receivables

a) Non-current

	31 March 2019 £'000	28 February 2018 £'000
Other receivables	**1,400**	–
Prepayments	**3,217**	2,487
	4,617	2,487

b) Current

	31 March 2019 £'000	28 February 2018 £'000
Trade receivables	**3,393**	45,216
Other receivables	**22,167**	23,556
Other tax and social security	**2,327**	1,556
Prepayments	**237**	3,339
Accrued income	**32,302**	45,962
	60,426	119,629

The Group has provided £1,197,000 (28 February 2018: £1,092,000) for outstanding balances where recovery is considered doubtful. Apart from the receivables that have been provided for at the year end, there is no further material expected credit loss. The maximum exposure to credit risk at the reporting date is the carrying value of the receivable.

Transactions and balances with related parties are disclosed in note 25.

16 Trade and other payables

a) Current

	31 March 2019 £'000	28 February 2018 £'000
Trade payables	**2,500**	27,286
Other payables	**14,031**	14,521
Other tax and social security	**5,140**	12,198
Accruals	**37,126**	36,326
Deferred income	**18,489**	9,385
	77,286	99,716

b) Provisions

	Onerous leases £'000	Other provisions £'000	Total £'000
At 1 March 2018	416	2,513	2,929
Utilised during the period	(55)	(1,481)	(1,536)
Provisions released	(209)	(521)	(730)
Unwind of discount	19	–	19
At 31 March 2019	**171**	**511**	**682**

Analysis of total provisions	31 March 2019 £'000	28 February 2018 £'000
Non-current	**646**	416
Current	**36**	2,513
	682	2,929

Two provisions of £171,000 (28 February 2018: £416,000) relate to onerous lease obligations entered into in 2009 and 1974.

17 Financial assets and financial liabilities

The following table is a summary of the financial assets and financial liabilities included in the Consolidated Balance Sheet:

	31 March 2019 £'000	28 February 2018 £'000
NON-CURRENT ASSETS		
Loans and receivables – available for sale	–	15,812
Loan and receivables at amortised cost less impairment	3,204	–
Loans at fair value through profit or loss	13,244	–
Trade and other receivables at amortised cost less impairment	1,400	–
Financial asset at fair value through OCI	1,271	–
Derivative financial instruments not used for hedging at fair value through profit or loss	–	10
	19,119	15,822
CURRENT ASSETS		
Loan notes at amortised cost less impairment	8,962	8,888
Loans and receivables – available for sale	–	7,949
Loans and receivables at fair value through profit or loss	13,672	–
Trade and other receivables at amortised cost less impairment	57,862	114,734
Monies held in restricted accounts and deposits	8,841	11,473
Cash and cash equivalents	31,911	40,626
	121,248	183,670
Total financial assets	140,367	199,492
CURRENT LIABILITIES		
Trade and other payables at amortised cost	(53,657)	(78,133)
Borrowings at amortised cost	(37,394)	(63,209)
	(91,051)	(141,342)
NON-CURRENT LIABILITIES		
Borrowings at amortised cost	(142,362)	(107,975)
	(142,362)	(107,975)
Total financial liabilities	(233,413)	(249,317)

a) Other financial assets

	31 March 2019 £'000	28 February 2018 £'000
NON-CURRENT		
Development loans – available-for-sale financial assets	–	14,527
Development loans at amortised cost less impairment	3,204	–
Development loans – FVPL*	12,666	–
PropTech investment – FVPL	578	–
LaSalle investment – available-for-sale financial assets	–	1,285
LaSalle investment – FVOCI*	1,271	–
	17,719	15,812

* Financial assets reclassified following the adoption of IFRS 9.

The Group has three funding agreements totalling £6,793,000 (28 February 2018: £3,678,000), in respect of projects in partnership. Funding of £344,000 (28 February 2018: £344,000) has been provided to Henry Davidson Developments Limited in respect of one project. Interest of 12.5% is charged in respect of this funding.

Development loans FVPL also includes £5,529,000 in respect of property assets or cash consideration that the Group will receive on completion of certain development projects in the future.

The Group holds a 5.0% holding in LaSalle Land Limited Partnership which has been classified as a financial asset held at fair value through OCI.

During the year the Group was invited to participate in a funding application of a PropTech company and the Group invested £578,000. The Group holds approximately 1% of the share capital in the company. The entity is not a listed company and therefore the Directors consider that cost is the best estimate of the fair value. The investment is held as a non-current financial asset and any future uplift or decline in value will be reflected through profit or loss.

	31 March 2019 £'000	28 February 2018 £'000
CURRENT		
Loan notes at amortised cost less impairment	**8,962**	8,888
Loans and receivables available-for-sale – Northpoint Developments Limited	**–**	7,949
Loans and receivables at FVPL*	**13,672**	–
	22,634	16,837

* Financial assets reclassified following the adoption of IFRS 9.

The Group holds loan notes with a carrying value of £8,962,000 (28 February 2018: £8,888,000), issued by Northpoint Developments Limited, with a fixed coupon rate of 4.25%. These loan notes are repayable on a rolling one-year basis. As at 31 March 2019, the Group has made a provision of £1,689,000 (28 February 2018: £1,363,000) against interest receivable in respect of these loan notes.

Development loans include a number of working capital and project-specific loans of £5,249,000 (28 February 2018: £7,949,000) to Northpoint Developments Limited. The loans attract fixed coupon rates of between 5.0% and 13.0%. Included in the above amount are two interest-free loans of £408,000 (28 February 2018: £408,000). As at 31 March 2019, the Group has made a provision of £2,206,000 (28 February 2018: £1,609,000) against interest receivable in respect of these loans.

Previously, the Group provided a loan of £10,505,000 to the Curzon Park Limited joint venture in order to repay a share of its bank debt. The joint venture partner provided the equivalent amount. The bank loan, originally secured against the 10.5-acre site in Birmingham, has since been fully repaid. During the period, the Group received a payment on account of £6,787,000 in respect of the CPO of the Curzon Street land. The Group has reviewed the assets and liabilities in respect of Curzon Park in accordance with the expected credit loss model. As a result, the Group has reassessed its position in respect of the CPO and has reversed a previous provision of £4,705,000 made for the Group's share of losses in the joint venture as they are now deemed recoverable. Both amounts are recognised as a financial asset held at fair value through profit or loss.

b) Borrowings

	31 March 2019 £'000	28 February 2018 £'000
CURRENT		
Bank overdrafts	**–**	–
Current instalments due on bank loans	**804**	1,034
Current loans maturing	**37,084**	62,550
Unamortised transaction costs	**(494)**	(375)
	37,394	63,209

	31 March 2019 £'000	28 February 2018 £'000
NON-CURRENT		
Bank loans and loan notes	**143,889**	109,143
Unamortised transaction costs	**(1,527)**	(1,168)
	142,362	107,975

Bank loans are secured by way of mortgages and legal charges on certain properties and cash deposits held by the Group.

17 Financial assets and financial liabilities continued

b) Borrowings continued

	31 March 2019 £'000	28 February 2018 £'000
BORROWINGS		
£30,750,000 fixed rate loan 2018	–	20,398
£12,000,000 variable rate loan 2019	–	6,276
£10,415,000 variable rate loan 2020	**10,415**	10,167
£26,652,000 fixed rate loan 2020	**26,652**	25,692
£2,795,000 variable rate loan 2020	–	2,105
€47,000,000 variable rate loan notes 2021	**40,448**	41,483
£16,800,000 fixed rate loan 2022	**15,800**	–
£19,710,000 variable rate loan 2022	**13,410**	–
€8,515,000 fixed rate loan 2022	**7,328**	–
€2,180,000 fixed rate loan 2023	**1,876**	–
£66,666,000 fixed rate loan 2032	**65,831**	66,589
£16,500 variable rate loan notes 1999	**17**	17
	181,777	172,727
Less: current instalments due on bank loans	**(804)**	(1,034)
Current loans maturing	**(37,084)**	(62,550)
	143,889	109,143

£30,750,000 fixed rate loan
This loan was repaid in October 2018.

£12,000,000 variable rate loan
This loan was repaid in March 2019.

£10,415,000 variable rate loan
This is a £9,500,000 secured development facility on which interest can be rolled up. The loan has been extended and is now repayable in one instalment on 31 January 2020. The current balance outstanding on the facility is £10,415,000, including £915,000 of rolled up interest.

£26,652,000 variable rate loan
This loan is repayable in one instalment on 31 January 2020. The current balance outstanding on the facility is £26,652,000.

£2,795,000 variable rate loan
This loan was repaid in March 2019.

€47,000,000 variable EURIBOR loan notes
These unsecured, Euro-denominated loan notes are repayable on 24 April 2021.

£16,800,000 variable rate loan
This loan is repayable in one instalment on 15 January 2022. The current balance outstanding on the facility is £15,800,000.

£19,710,000 variable rate loan
This loan is repayable in one instalment on 25 March 2022. The current balance outstanding on the facility is £13,410,000.

€8,515,000 fixed rate loan
This loan is repayable in one instalment on 13 December 2022. The current balance outstanding on the facility is €8,515,000.

€2,180,000 fixed rate loan
This loan is repayable in one instalment on 28 March 2023. The current balance outstanding on the facility is €2,180,000.

£66,666,000 fixed rate loan facility
£16,431,000 loan capital amortises over the term of the loan. The remaining £50,235,000 is repayable in one instalment on 5 December 2032. The current balance outstanding on the facility is £65,831,000.

£16,500 loan notes
These unsecured loan notes were repayable in 1999. The balance of £16,500 represents the residual amount of unredeemed loan notes.

A full explanation of the Group's borrowings and any changes since the balance sheet date can be found in the Financial Review on pages 87 to 93.

c) Derivative financial instruments

Assets	**31 March 2019 £'000**	28 February 2018 £'000
Derivative financial instruments at fair value through profit or loss:		
Interest rate swaps, caps and collars	–	10
Foreign exchange contracts	–	–
Derivative financial assets	–	10

As at 31 March 2019, the Group held interest rate swaps, caps and collars designated as economic hedges and not qualifying as effective hedges under IFRS 9. The derivatives are used to mitigate the Group's interest rate exposure to variable rate loans of £40,448,000 (28 February 2018: £47,759,000). The fair value of the derivatives as at 31 March 2019 is £nil (28 February 2018: £10,000 asset).

Fair value estimation
The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
iii. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). Discounted cash flows are used to determine fair values of these instruments.

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**31 March 2019 Total £'000**	Level 1 £'000	Level 2 £'000	Level 3 £'000	28 February 2018 Total £'000
ASSETS								
Financial assets – available-for-sale	–	–	–	–	–	–	15,812	15,812
Financial assets – FVPL	–	–	**13,244**	**13,244**	–	–	–	–
Financial assets – FVOCI	–	–	**1,271**	**1,271**	–	–	–	–
Current financial assets – available-for-sale	–	–	–	–	–	–	7,949	7,949
Current financial assets – FVPL	–	–	**13,672**	**13,672**	–	–	–	–
Derivative financial instruments:								
Derivative financial instruments at fair value through profit or loss	–	–	–	–	–	10	–	10
Total assets	–	–	**28,187**	**28,187**	–	10	23,761	23,771

17 Financial assets and financial liabilities continued

d) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and foreign currency risk), credit risk and liquidity risk. The objective of financial risk management function is to establish the Group's risk limits and to ensure that exposure to risk stays within established limits. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The nature and extent of the Group's financial risks, and the Directors' approach to managing those risks, are described in the Financial Review on pages 87 to 93 and below. This note provides further detailed information on these risks.

The Group defines capital as total equity and monitors this on the basis of gearing.

(i) Interest rate maturity profile of financial liabilities

The following table sets out the carrying amount by maturity of the Group's financial instruments that are exposed to interest rate risk:

31 March 2019	**Within one year £'000**	**One to two years £'000**	**Two to three years £'000**	**Three to four years £'000**	**Four to five years £'000**	**More than five years £'000**	**Total £'000**
Fixed rate borrowings	**26,652**	**–**	**15,800**	**–**	**–**	**65,831**	**108,283**
Variable rate borrowings	**10,432**	**–**	**13,410**	**9,204**	**–**	**–**	**33,046**
Variable rate borrowings with interest rate caps or swaps	**–**	**–**	**40,448**	**–**	**–**	**–**	**40,448**
	37,084	**–**	**69,658**	**9,204**	**–**	**65,831**	**181,777**

28 February 2018	Within one year £'000	One to two years £'000	Two to three years £'000	Three to four years £'000	Four to five years £'000	More than five years £'000	Total £'000
Fixed rate borrowings	46,090	–	–	–	–	66,589	112,679
Variable rate borrowings	10,184	–	2,105	–	–	–	12,289
Variable rate borrowings with interest rate caps or swaps	6,276	–	–	–	41,483	–	47,759
	62,550	–	2,105	–	41,483	66,589	172,727

Interest on financial instruments classified as variable rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial assets and financial liabilities of the Group that are not included above are non-interest bearing and are therefore not subject to interest rate risk.

(ii) Foreign currency risk

During the period the Group has continued to invest in the Republic of Ireland. Foreign currency exposure is monitored by the Board. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Board has set up a policy to manage foreign currency risk against the Group's functional currency. When the Group acquires property assets denominated in Euros, any associated borrowings will also be denominated in Euros to limit exposure. Where appropriate, the Board will also require the foreign exchange risk to be hedged. The Group also holds cash in Euro denominated deposit accounts to act as a natural hedge against its Euro denominated borrowings.

As at 31 March 2019, the Group was exposed to foreign currency risk from €47,000,000 (28 February 2018: €47,000,000) loan notes denominated in Euros. In addition to the loan notes, the Group drew down two new Euro-denominated loan facilities during the period of €8,515,000 and €2,180,000.

During the period to 31 March 2019, the movement of Sterling against the Euro was less volatile than in the previous 12-month period. Management consider 10.0% to be a prudent measure of sensitivity while negotiations continue regarding exit from the EU.

The following table demonstrates the possible effect of changes in Sterling and Euro exchange rates on loan balances with all other variables held constant:

	Increase/ decrease in rate	Effect on loan balances £'000
31 March 2019		
Sterling against Euro	**+10%**	**4,514**
	-10%	**(5,517)**
28 February 2018		
Sterling against Euro	+10%	3,771
	-10%	(4,609)

(iii) Interest rate risk
The Group's interest bearing assets do not generate significant amounts of interest and therefore are not sensitive to fluctuations interest rates.

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates are partially offset by cash held at variable rates. The Board closely monitors interest rate risk and considers whether to fix or cap interest rates on a loan-by-loan basis. Longer-term facilities tend to be structured with fixed rates, whereas for shorter-term loans a cap may be preferred. Similar principles are also employed in respect of joint ventures.
The following table demonstrates the sensitivity in respect of variable rate debt obligations to a change in interest rates, with other variables held constant, of the Group's profit before income tax.

The sensitivity analysis excludes all non-derivative fixed rate financial instruments carried at amortised cost as well as variable rate financial instruments.

Fair value interest rate hedging instruments that are part of a hedging relationship have been excluded. Variable rate non-derivative financial instruments where the associated interest has been capitalised have also been excluded.

As at 31 March 2019, a movement of 50 basis points higher or lower, with all other variables held constant, would have the following effect on profit before tax. Management consider a movement of 50 basis points to be a reasonable guide to sensitivity in the current interest rate environment.

	Increase/ decrease in basis points	Effect on profit before tax £'000
31 March 2019		
Sterling borrowings	**+50**	**(291)**
	–50	**291**
28 February 2018		
Sterling borrowings	+50	(229)
	–50	229

(iv) Price risk
The Group is not exposed to commodity or security price risk.

17 Financial assets and financial liabilities continued

d) Financial risk management continued

(v) Liquidity risk

The Group maintains a sufficient level of cash and access to credit facilities in order to maintain its liquidity position. The Group's liquidity position is monitored daily by management and a full 15-month cash flow forecast is presented to the Board at each meeting.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2019 and 28 February 2018 on a contractual undiscounted payments basis:

31 March 2019	On demand £'000	Less than three months £'000	Three to 12 months £'000	One to five years £'000	More than five years £'000	Total £'000
MATURITY PROFILE OF FINANCIAL LIABILITIES						
Interest-bearing loans and borrowings	**17**	**2,118**	**43,210**	**97,949**	**101,544**	**244,838**
Trade and other payables	**–**	**38,536**	**14,031**	**–**	**–**	**52,567**
	17	**40,654**	**57,241**	**97,949**	**101,544**	**297,405**

28 February 2018	On demand £'000	Less than three months £'000	Three to 12 months £'000	One to five years £'000	More than five years £'000	Total £'000
MATURITY PROFILE OF FINANCIAL LIABILITIES						
Interest-bearing loans and borrowings	17	2,049	68,249	60,207	106,842	237,364
Trade and other payables	–	44,255	33,878	–	–	78,133
	17	46,304	102,127	60,207	106,842	315,497

(vi) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Group's market risk is sensitive to foreign currency movements and interest rate fluctuations.

A summary of market risk and its effect on the Group is set out in the Risk Review on pages 82 to 85 and further discussed in the Market Review on pages 42 to 49 and in the Portfolio Review on pages 24 to 32.

Fair values of financial assets and financial liabilities

Except as detailed below, in respect of fixed rate loan facilities, the Directors consider the carrying amount to be either fair value or a reasonable approximation of fair value.

Fixed rate debt

A valuation was carried out as at 31 March 2019 by J C Rathbone Associates Limited, to calculate the market value of the Group's fixed rate debt on a replacement basis, taking into account the difference between fixed interest rates for the Group's borrowings and the market value and prevailing interest rate of appropriate debt instruments. Whilst the replacement basis provides a consistent method for valuation of fixed rate debt, such financing facilities are in place to provide continuing funding for the Group's activities. The valuation is therefore only an indication of a notional effect on the net asset value of the Group as at 31 March 2019, and may be subject to daily fluctuations in line with money market movements.

J C Rathbone Associates Limited have consented to the use of their name in the financial statements.

The fair value compared with the carrying amounts of the Group's fixed rate financial liabilities as at 31 March 2019 and 28 February 2018 is analysed below:

	Book value 31 March 2019 £'000	Fair value 31 March 2019 £'000	Book value 28 February 2018 £'000	Fair value 28 February 2018 £'000
Fixed rate term loan due 2032	**65,831**	**78,479**	66,589	76,103

The fair value difference of £12,648,000 at 31 March 2019 (28 February 2018: £9,514,000) represents approximately 19.2% of gross, fixed rate borrowings (28 February 2018: 14.3%). The effect on net assets per share after tax of this adjustment would be a decrease of 8.2 pence after tax (28 February 2018: 6.1 pence decrease).

(vii) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk is managed on a Group basis. The Group has policies in place to protect against credit risk:
- Rental contracts are entered into with lessees with suitable credit history and are monitored throughout their tenancy.
- Cash balances and derivative contracts are held with suitably rated financial institutions and limits are placed on the value of deposits with each institution.

The Group has three types of financial assets which are subject to the expected credit loss model:
- Trade receivables.
- Debt investments held at FVOCI.
- Debt investments held at amortised cost.

Cash and cash equivalents and tenant deposits are subject to impairments tests under IFRS 9, however the identified loss is considered immaterial. Tenant deposits are only refunded to lessees once all obligations have been settled. The fair value of cash and cash equivalents as at 31 March 2019 and 28 February 2018 approximate to their carrying values.

Trade receivables for investment property tenants are demanded and collected by third-party managing agents acting for the Group. Balances are closely monitored and legal action is taken if payments are overdue where no alternative payment plan has been put in place. The Group operates a diversified portfolio with a mix of office, retail and residential assets with over 400 tenants. The Group's maximum exposure to a single entity is limited to approximately 5% of the annual rent roll. Due diligence is carried out on new tenants and nearly 65% of the rental income comes from PLCs, national retailers, FTSE 100 or the Government. It is assumed that if a tenant defaults the recovery will be zero.

To measure the expected credit loss of trade receivables, the Group has reviewed aged balances on a portfolio basis. The Group has based its assessment on previous bad debts, current trading conditions of the tenant portfolio in the different sectors they operate and future expectations.

On that basis the impairment provision for 31 March 2019 is calculated as follows:

Days past due	Estimated default rate %	Gross carrying amount £'000	Lifetime expected loss £'000
Quarterly rent roll			
0–30 days	0.5	1,338	–
31–60 days	0.5	27	–
61–90 days	1.0	226	2
91–120 days	15.0	26	4
120+ days	50.0	194	98
		1,811	**104**

The Group holds a 5.0% investment in the LaSalle Land Limited Partnership. The fund looks to purchase or take out options or promotion agreements on land. The fund actively promotes the sites, aiming to enhance their value by obtaining planning permissions, ultimately selling the plots for a gain.

The fund currently has interest in five land plots around the UK. At each reporting date, the Group fair values its holding based on the projected future cash flows of the fund. Any uplift or decline in value of the fund will be reflected in OCI.

As at 31 March 2019, the fair value of the Group's holding is £1,271,000 (28 February 2018: £1,285,000).

18 Deferred income tax
The following are the deferred income tax liabilities and assets and movements thereon recognised by the Group during the current and previous financial period/year. The UK corporation tax rate is 19% (28 February 2018: 19%). Deferred income tax is calculated on the temporary differences under the liability method using a tax rate of 17% (28 February 2018: 17%).

	31 March 2019 £'000	28 February 2018 £'000
Charge/(credit) for the period/year in the income statement (refer note 6)	**89**	(144)
Credited directly to equity	**–**	–
	89	(144)

18 Deferred income tax continued

	Decelerated capital allowances £'000	Provisions £'000	Profit on disposal £'000	Provision for unrealised inter Group profits £'000	Property revaluations £'000	Tax losses £'000	Net fair value adjustments £'000	Total £'000
DEFERRED INCOME TAX (ASSETS)/LIABILITIES RECOGNISED:								
At 1 March 2017	(60)	(475)	545	–	–	(824)	3,023	2,209
(Credited)/charged to the income statement	(163)	86	(545)	–	1,660	211	(1,393)	(144)
At 28 February 2018	(223)	(389)	–	–	1,660	(613)	1,630	2,065
Charged/(credited) to the income statement	218	–	–	(321)	707	34	(549)	89
At 31 March 2019	**(5)**	**(389)**	**–**	**(321)**	**2,367**	**(579)**	**1,081**	**2,154**

	31 March 2019 £'000	28 February 2018 £'000
Deferred income tax assets	**1,294**	1,225
Deferred income tax liabilities	**(3,448)**	(3,290)
NET DEFERRED INCOME TAX LIABILITIES	**(2,154)**	(2,065)

Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Deferred income tax assets arising from the Group's trading and capital losses are recognised on the basis that there will be sufficient profits in the foreseeable future to utilise such losses as assessed by management forecasts. The Group has not recognised deferred income tax assets of £6,714,000 (28 February 2018: £6,818,000) in respect of losses amounting to £39,494,000 (28 February 2018: £40,105,000) that can be carried forward against future taxable income.

Movements in deferred income tax assets and liabilities (prior to the offsetting of balances) are shown above.

19 Share capital

	31 March 2019 £'000	28 February 2018 £'000
Issued, called up and fully paid		
125,431,713 Ordinary shares of 50 pence (28 February 2018: 125,342,726 Ordinary shares of 50 pence)	**62,716**	62,671

	Number of shares
Shares in issue at the date of this report	**125,431,713**

The Company has one class of Ordinary shares which carry no right to fixed income.

During the period, the Company utilised 74,143 treasury shares to satisfy its obligations under the Company's 2015 LTIP award. In addition, the Company acquired 646,134 of its own shares through purchases on the London Stock Exchange for an average price of £2.07 per share. The total amount paid to acquire the shares was £1,350,000 and has been deducted from shareholder equity. The shares are held as 'treasury shares'. The Company has purchased the shares in order to satisfy its obligations under the Group's Long-term Incentive Plan. As at 31 March 2019, the Group holds a total of 690,783 treasury shares (28 February 2018: 118,792).

The Company has the right to re-issue these shares at a later date. All shares are fully paid.

a) Share option schemes
As at 31 March 2019, and at the date of this report, the options outstanding under the Company's share option schemes were exercisable as set out below (price stated in pence per share). The share options are more fully described in the Remuneration Report on pages 131 to 148.

SAYE option plan 2005:

Date of grant	31.03.19 Number	22.05.19 Number	Exercise dates	Price
19 December 2017	293,589	293,589	1 February 2021 to 31 July 2021	152.0

b) Share-based payments
The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the period:

Assets	Number	31 March 2019 Weighted average exercise price Pence	Number	28 February 2018 Weighted average exercise price Pence
At 1 March 2018 and 1 March 2017	**446,830**	**158.5**	228,172	179.2
Options granted	**–**	**–**	339,666	152.0
Options exercised	**(88,987)**	**179.2**	(115,986)	179.2
Options lapsed	**(7,029)**	**179.2**	–	–
Options cancelled	**(57,225)**	**152.0**	(5,022)	179.2
At 31 March 2019 and 28 February 2018	**293,589**	**152.0**	446,830	158.5

The options outstanding at 31 March 2019 are exercisable at 152.0 pence per share and have a weighted average remaining contractual life of 2.3 years (28 February 2018: 2.6 years).

The fair value of grants is measured at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. The main assumptions of the Black-Scholes pricing model are as follows:

Grant date	19.12.17
Exercise price (pence)	152.0
Term (years)	3
Expected volatility	21%
Expected dividend yield p.a.	3.0%
Risk-free rate	1.5%
Expected forfeiture p.a.	£nil

Expected volatility was determined by calculating the historical volatility of the U and I Group PLC share price over multiple time periods. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

c) Conditional awards under the Long-Term Incentive Plan (LTIP)

The LTIP commenced on 1 March 2015 and the first award vested in June 2018. The terms of these plans are set out in the Remuneration Report on pages 131 to 148.

The first award made under the LTIP was on 5 June 2015. Under the scheme, Ordinary shares are conditionally awarded based on the performance of the Group over a four-year period for Executive Directors and a three-year period for staff. The performance of the Group is referenced to the net asset value per share growth over the vesting period and is based on non-market conditions. The Directors assess the likelihood of the award vesting with the maximum amount that will vest based on a forward-looking forecast of the Group.

The principal assumptions for calculating the fair value of the Ordinary shares conditionally awarded are:

	LTIP 2019	LTIP 2018	LTIP 2017
Ordinary shares conditionally awarded (no. of shares)	**2,042,204**	2,446,632	2,319,839
Date of award	**7 June 2018**	30 May 2017	9 June 2016
Share price (pence)	**244.5**	194.2	191.1
Vesting period (months)	**33**	33	33

The credit recognised for equity-settled share-based payments in respect of employee services received during the period is a £10,000 (28 February 2018: £1,750,000 charge). The credit has arisen due to the 2016 LTIP award not vesting and reassessment of the projections for the 2017 and 2018 awards.

The charge recognised for cash-settled share-based payments during the period is £nil (28 February 2018: £nil).

20 Reserves and movements in equity

	Share capital £'000	Share premium £'000	Net unrealised gain/(loss) reserve £'000	Share-based payments reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Merger reserve £'000	Treasury shares £'000
At 1 March 2017	62,613	104,325	2,133	2,039	1,631	44,188	4,725	(165)
Employee share option scheme	58	150	–	–	–	–	–	–
Share-based payments	–	–	–	1,750	–	–	–	–
Revaluation of operating property realised on sale	–	–	35	–	–	–	–	–
Currency translation differences – Group	–	–	292	–	–	–	–	–
At 28 February 2018	62,671	104,475	2,460	3,789	1,631	44,188	4,725	(165)
Employee share option scheme	45	115	–	–	–	–	–	–
Share-based payments – SAYE exercised	–	–	–	(109)	–	–	–	–
Share-based payments – LTIP exercised	–	–	–	(962)	–	–	–	–
Share-based payments	–	–	–	(10)	–	–	–	–
Treasury shares utilised	–	–	–	–	–	–	–	57
Treasury shares purchased	–	–	–	–	–	–	–	(1,350)
Revaluation of operating property realised on sale	–	–	40	–	–	–	–	–
Currency translation differences – Group	–	–	163	–	–	–	–	–
At 31 March 2019	**62,716**	**104,590**	**2,663**	**2,708**	**1,631**	**44,188**	**4,725**	**(1,458)**

The capital redemption reserve arose from business combinations in prior financial years. This reserve is not distributable.

The merger reserve comprises the premium on shares following the share issue to acquire Cathedral Group. No share premium is recorded in the Company's financial statements through the operation of the Merger Relief provisions of the Companies Act 2006.

Retained earnings

	£'000
At 1 March 2017	126,136
Profit for the year	40,256
Final dividend 2017	(4,379)
Supplemental dividend 2017	(3,503)
Interim dividend 2018	(3,003)
At 28 February 2018	155,507
Profit for the period	5,200
Share-based payments – SAYE exercised	109
Final dividend 2018	(4,390)
Supplemental dividend 2018	(15,033)
Interim dividend 2019	(3,011)
At 31 March 2019	**138,382**

21 Note to the cash flow statement

Reconciliation of profit before income tax to net cash inflow/(outflow) from operating activities:

	31 March 2019 £'000	28 February 2018 £'000
Profit before income tax	**6,320**	48,172
Adjustments for:		
Loss/(gain) on disposal of investment properties	**223**	(3,324)
Loss on revaluation of property portfolio	**11,165**	2,417
Other income	**–**	(2,089)
Share of post-tax profits of joint ventures and associates	**(12,128)**	(16,175)
Profit from sale of investment	**(3,888)**	(6,713)
Loss/(profit) on sale of other plant and equipment	**42**	(5)
Finance income	**(617)**	(94)
Finance cost	**6,432**	9,783
Depreciation of property, plant and equipment	**885**	960
Operating cash flows before movements in working capital	**8,434**	32,932
Decrease/(increase) in development and trading properties	**3,680**	(10,037)
Decrease/(increase) in receivables	**45,635**	(57,042)
(Decrease)/increase in payables	**(23,940)**	33,696
(Decrease)/increase in provisions	**(2,247)**	240
Cash flows generated from/(used in) operating activities	**31,562**	(211)

Analysis of movement in net debt

	31 March 2019			28 February 2018		
	Cash and deposits £'000	Borrowings £'000	Net debt £'000	Cash and deposits £'000	Borrowings £'000	Net debt £'000
At 1 March	**52,099**	**(171,184)**	**(119,085)**	51,271	(172,125)	(120,854)
Cash flow	**(11,347)**	**(7,780)**	**(19,127)**	840	2,419	3,259
Foreign currency exchange movements	**–**	**1,035**	**1,035**	(12)	(1,497)	(1,509)
Non-cash movements	**–**	**(1,827)**	**(1,827)**	–	19	19
At 31 March/28 February	**40,752**	**(179,756)**	**(139,004)**	52,099	(171,184)	(119,085)

22 Financial commitments and operating lease arrangements

Capital commitments

At 31 March 2019, the Group had contracted capital expenditure of £148,000 (28 February 2018: £nil). The Group has no commitments for loans to its associates (28 February 2018: £nil).

Operating lease arrangements

Operating lease arrangements in respect of land and buildings where the Group is lessee:

	31 March 2019 £'000	28 February 2018 £'000
Minimum lease payments under operating leases recognised for the period/year	**3,606**	4,363

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2019 £'000	28 February 2018 £'000
Within one year	**3,073**	4,397
In the second to fifth years inclusive	**10,991**	11,778
After five years	**2,119**	4,694
	16,183	20,869

Operating lease payments represent rentals payable by the Group for some of its leasehold properties. Leases were negotiated for an average term of 13.4 years (28 February 2018: 13.4 years).

22 Financial commitments and operating lease arrangements continued

Operating lease arrangements continued

In respect of operating lease arrangements where the Group is lessor, at the balance sheet date, the Group had contracted with tenants for the following future minimum payments:

	31 March 2019 £'000	28 February 2018 £'000
Within one year	**12,595**	7,856
In the second to fifth years inclusive	**37,015**	23,639
After five years	**34,290**	24,739
	83,900	56,234

Property investment income earned during the period was £16,299,000 (28 February 2018: £12,086,000).

23 Contingent liabilities

In the normal course of its development activity, the Group is required to guarantee performance bonds provided by banks in respect of certain obligations of Group companies. As at 31 March 2019, such guarantees amounted to £5,607,000 (28 February 2018: £5,543,000).

The Group has provided guarantees for rent liabilities in respect of properties previously occupied by Group companies. In the event that the current tenants ceased to pay rent, the Group would be liable to cover any shortfall until the building could be re-let. The Group has made provision against crystallised liabilities in this regard. In respect of potential liabilities where no provision has been made, the annual rent-roll of the buildings benefiting from such guarantees is £7,000 (28 February 2018: £7,000) with an average unexpired lease period of 67 years (28 February 2018: 68 years).

The Group has guaranteed its share of interest up to a maximum of £575,000 in respect of the £26,000,000 loan in Notting Hill (Guernsey Holdco) Limited.

24 Pension scheme

The Company operates a defined contribution scheme for Directors and employees. Monthly premiums are invested in an independent insured fund.

The amounts charged to the Income Statement during the period are set out in note 4.

25 Related parties

During the period, the Group entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into and balances outstanding at 31 March 2019 and 28 February 2018 with related parties are set out below. Only Directors are considered to be key management personnel.

There were no further transactions with Directors other than remuneration set out in the Remuneration Report on pages 131 to 148.

	Finance income from related parties £'000	Amounts owed by related parties (before provision) £'000
JOINT VENTURES		
31 March 2019	**2,547**	**74,718**
28 February 2018	2,089	61,989
ASSOCIATES		
31 March 2019	**–**	**17,252**
28 February 2018	–	19,878

The Group's share of results from associates and joint ventures is set out in note 13.

26 Projects in partnership
The following is a summary of the Group's projects in partnership and the balance sheet classification of its financial interests:

Project/partner	Project activity	Accounting classification	31 March 2019 £'000	28 February 2018 £'000
Cannock Designer Outlet LP	Property development	Investment in associates	**5,763**	–
Cathedral (Movement, Greenwich) LLP	Property development	Financial assets	**100**	100
Northpoint Developments Limited	Property development	Financial assets	**14,211**	16,837
Curzon Park Limited	Property development	Investment in joint ventures	**5,336**	260
Curzon Park Limited	Property development	Financial assets	**8,423**	10,505
Henry Davidson Developments Limited	Property development	Financial assets	**344**	344
LaSalle Land LP	Strategic land investment	Financial assets	**1,271**	1,285
PropTech investments	Strategic investment	Financial assets	**578**	–
Quinn Estates Brokehill Limited	Property development	Financial assets	**3,770**	3,578
Quinn Estates Newtown Works Limited	Property development	Financial assets	**2,923**	–
Circus Street Developments Limited	Property development	Investment in joint ventures	**3,642**	5,106
Development Equity Partners Limited	Property development	Investment in joint ventures	**268**	269
DSP Piano Investments BV	Investment property	Investment in joint ventures	**–**	14,276
DSP Tirol Limited	Investment property	Investment in joint ventures	**3,472**	4,212
DS Renewables LLP	Property development	Investment in joint ventures	**17,085**	11,537
Harwell Oxford Developments Limited	Property development	Investment in joint ventures	**30,322**	24,356
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	Property development	Investment in joint ventures	**211**	311
Luxembourg Investment Company 112 Sarl	Property development	Investment in joint ventures	**15,481**	15,330
Manchester Arena Complex LP	Investment property	Investment in joint ventures	**–**	156
Mayfield Development (General Partner) Limited	Property development	Investment in joint ventures	**13,193**	6,269
Notting Hill (Guernsey Holdco) Limited	Property development	Investment in joint ventures	**8,729**	8,321
Opportunities for Sittingbourne Limited	Property development	Investment in joint ventures	**124**	128
OSB (Holdco 1) Limited	Property development	Investment in joint ventures	**–**	–
Plus X Holdings Limited	Strategic investment	Investment in joint ventures	**1,771**	–
Triangle London Developments LLP	Property development	Investment in joint ventures	**191**	306
UAI (G) Limited	Property development	Investment in joint ventures	**666**	504
UAIH Yorkshire Limited	Property development	Investment in joint ventures	**697**	124
UAIP (Drum) BV	Property development	Investment in joint ventures	**2,682**	1,263
Winnebago Holdings Sarl	Investment property	Investment in joint ventures	**–**	78
			141,253	125,455

The aggregate amounts included within each relevant balance sheet account are as follows:

	31 March 2019 £'000	28 February 2018 £'000
Investment in associates	**5,763**	–
Investment in joint ventures	**103,870**	92,806
Financial assets – current	**22,634**	16,837
Financial assets – non-current	**8,986**	15,812
	141,253	125,455

27 Post balance sheet events
As at 31 March 2019, the Group had exchanged contracts on the sale of a number of assets held directly and in joint venture. These sales have since successfully completed.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	31 March 2019 £'000	31 March 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
FIXED ASSETS					
Tangible assets	31	**4,448**		4,087	
Debtors – loans and receivables	34	**922**		344	
Derivative financial instruments	35(d)	**–**		10	
Deferred income tax asset	36	**707**		678	
Investments	32	**135,601**		104,257	
			141,678		109,376
CURRENT ASSETS					
Debtors – loans and receivables	34	**14,211**		16,837	
Debtors	33	**431,950**		525,334	
Cash at bank and in hand		**30,314**		37,935	
			476,475		580,106
CREDITORS					
Amounts falling due within one year	35(a)	**(238,682)**		(310,331)	
Net current assets			**237,793**		269,775
Total assets less current liabilities			**379,471**		379,151
CREDITORS					
Amounts falling due after more than one year:					
Bank loans	35(b)	**(104,543)**		(106,158)	
Deferred income tax liabilities	36	**(107)**		(83)	
Provisions for liabilities	35(c)	**(136)**		(172)	
			(104,786)		(106,413)
Net assets			**274,685**		272,738
CAPITAL AND RESERVES					
Called up share capital	37	**62,716**		62,671	
Share premium account	38	**104,590**		104,475	
Other reserves	38	**7,606**		9,980	
Profit and loss account	38	**99,773**		95,612	
Total shareholders' funds			**274,685**		272,738

The profit after tax for the period was £26,486,000 (28 February 2018: £8,981,000 loss).

The notes on pages 216 to 225 are an integral part of these financial statements.

Approved by the Board of Directors on 21 May 2019 and signed on its behalf by:

M S Weiner
Director

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 13-MONTH PERIOD ENDED 31 MARCH 2019

	Notes	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 March 2017		62,613	104,325	8,230	115,478	290,646
Loss and total comprehensive expense for the year ended 28 February 2018		–	–	–	(8,981)	(8,981)
Issue of Ordinary shares	38	58	150	–	–	208
Share-based payments	38	–	–	1,750	–	1,750
Final dividend 2017		–	–	–	(4,379)	(4,379)
Supplemental dividend 2017		–	–	–	(3,503)	(3,503)
Interim dividend 2018		–	–	–	(3,003)	(3,003)
Total contributions by and distributions to owners of the Company		58	150	1,750	(10,885)	(8,927)
Balance at 28 February 2018		62,671	104,475	9,980	95,612	272,738
Profit and total comprehensive income for the 13-month period ended 31 March 2019		–	–	–	26,486	26,486
Issue of Ordinary shares	38	45	115	–	–	160
Share-based payments (net movement)	38	–	–	(1,081)	109	(972)
Treasury shares (net movement)	38	–	–	(1,293)	–	(1,293)
Final dividend 2018		–	–	–	(4,390)	(4,390)
Supplemental dividend 2018		–	–	–	(15,033)	(15,033)
Interim dividend 2019		–	–	–	(3,011)	(3,011)
Total contributions by and distributions to owners of the Company		45	115	(2,374)	(22,325)	(24,539)
Balance at 31 March 2019		**62,716**	**104,590**	**7,606**	**99,773**	**274,685**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

28 Accounting policies

a) General information

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. U and I Group PLC is the holding company for the U and I Group of companies.

(i) Basis of preparation

The Company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006. Accounting policies adopted are consistent with the previous year, unless otherwise stated, and are set out below.

The Company has not presented its own profit and loss account, as permitted by Section 408 of the Companies Act 2006.

The Company has also taken advantage of the following exemptions:

i. from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year
ii. from preparing a statement of cash flows on the basis that it is a qualifying entity and the Consolidated Cash Flow Statement, included in these financial statements, includes the Company's cash flows
iii. from the financial instrument disclosures required under FRS 102 as the information is provided in the Consolidated financial statements
iv. from disclosing the share-based payment arrangements required under FRS 102 concerning its own equity instruments. The Company financial statements are presented within the Consolidated financial statements and the relevant disclosures are included therein and
v. from disclosing key management personnel compensation as required by FRS 102.

The financial statements were approved by the Directors for issue on 21 May 2019.

(ii) Critical accounting judgements and estimates

When preparing the Company financial statements, management are required to make judgements, assumptions and estimates concerning the future. These judgements and assumptions are made at the time the financial statements are prepared and adopted based on the best information available. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent. Management believe that the underlying assumptions are appropriate. Areas requiring judgements or estimates are discussed below.

Judgements other than estimates

1.1 Derivative financial instruments

The Company is party to a number of interest rate swap and foreign currency agreements which are accounted for as derivatives and measured at fair value. The estimation of this figure is based upon market assumptions about future movements in interest and exchange rates. The estimated fair values and the movements in the period are set out in note 17(c) to the Consolidated financial statements.

1.2 Group Long-Term Incentive Plan (LTIP)

During the period, the Company made awards to staff under the Group's LTIP. The awards vest according to a number of performance criteria, the primary measure being net asset value growth over a three-year period. In calculating the provision to accrue, management are required to estimate net asset growth over the vesting period. The estimate is reassessed at each reporting date.

b) Investments

The Company's investments in subsidiaries, associates and joint ventures are accounted for in the financial statements at cost less any provision for impairment.

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

c) Operating leases

Rental payments under operating leases are charged on a straight-line basis to the profit and loss account over the lease term even if the payments are not made on such a basis.

d) Tangible assets

Tangible assets are held at cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided so as to write off the cost less estimated residual value of such assets over their expected useful lives on a straight-line basis. The principal annual rates used for this purpose are as follows:

Fixtures, fittings and computer equipment – 10% to 33%

Motor vehicles – 20%

e) Provisions for liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The accretion in the discount is recognised as an interest expense.

f) Taxation
Current tax is the expected tax payable on the taxable income for the period, using tax rates applicable at the balance sheet date, together with any adjustment in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unutilised tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the profit and loss account. Deferred tax is measured on a non-discounted basis.

g) Pension schemes
The Company operates a defined contribution scheme on behalf of the U and I Group. The charge to the profit and loss in the period represents the actual amount payable to the scheme in the period. Differences between contributions payable in the period and contributions paid are shown as either accruals or prepayments in the Balance Sheet.

h) Foreign currencies
Transactions denominated in foreign currencies are translated into UK Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange movements are dealt with in the profit and loss account.

i) Financial instruments
Derivatives, including interest rate swaps and foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in financial costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

j) Share-based payments
The Company operates a number of share-based compensation plans, both equity and cash settled, under which the entity receives services from employees as consideration for cash or equity-settled instruments of the Company.

The fair value of the employee services received in exchange for the grant of the option is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Long-Term Incentive Plan (LTIP)
The LTIP commenced on 1 March 2015.

Under the scheme, Ordinary shares are conditionally awarded based on the performance of the Group over a four-year period for Executive Directors and a three-year period for staff. The performance of the Group is referenced to the net asset value per share growth over the vesting period and is based on non-market conditions. The Directors assess the likelihood of the award vesting and the maximum amount that will vest based on forward-looking forecast of the Group.

The Company has used a Black-Scholes option pricing model to determine the fair value of share options granted. The cost of cash-settled transactions with employees and Directors is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of cash-settled share-based instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in accruals.

29 Operating profit
Details relating to staff costs and staff numbers can be found in note 4 to the Consolidated financial statements. Further information relating to Directors' remuneration is shown in the Remuneration Report on pages 131 to 148.

Auditors' remuneration in respect of the audit for the Company was £15,000 (28 February 2018: £15,000).

30 Operating lease arrangements

	31 March 2019 £'000	28 February 2018 £'000
The Company as lessee:		
Minimum lease payments under operating leases recognised for the period/year	**2,450**	2,571

Annual commitments under non-cancellable operating leases are as follows:

	31 March 2019 £'000	28 February 2018 £'000
Operating leases which expire:		
Within one year	**2,250**	2,250
In the second to fifth years inclusive	**10,091**	9,961
After five years	**1,684**	4,250
	14,025	16,461

Operating lease payments represent rentals payable by the Company for its office property. The lease payments were negotiated for an average term of 11.4 years (28 February 2018: 11.4 years).

31 Tangible assets

	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Total £'000
COST			
At 1 March 2018	6,350	119	6,469
Additions	1,166	35	1,201
Disposals	(804)	(84)	(888)
At 31 March 2019	**6,712**	**70**	**6,782**
ACCUMULATED DEPRECIATION			
At 1 March 2018	2,278	104	2,382
Charge for the period	780	9	789
Disposals	(765)	(72)	(837)
At 31 March 2019	**2,293**	**41**	**2,334**
Net book amount 31 March 2019	**4,419**	**29**	**4,448**
Net book amount 28 February 2018	4,072	15	4,087

32 Investments

	Shares in subsidiary undertakings £'000	Interest in associated undertakings £'000	Interest in joint ventures £'000	Total £'000
COST				
At 1 March 2018	162,866	997	454	164,317
Additions	8,702	–	1,800	10,502
Capital reduction	(1,596)	–	–	(1,596)
Liquidation of subsidiary	(2,136)	–	–	(2,136)
At 31 March 2019	**167,836**	**997**	**2,254**	**171,087**
AMOUNTS PROVIDED				
At 1 March 2018	(59,063)	(997)	–	(60,060)
Reversal of previous provisions	23,144	–	–	23,144
Liquidation of subsidiary	1,430	–	–	1,430
At 31 March 2019	(34,489)	(997)	–	(35,486)
Net book amount 31 March 2019	**133,347**	**–**	**2,254**	**135,601**
Net book amount 28 February 2018	103,803		454	104,257

The full list of subsidiaries of the Company is set out in note 41.

Overview Strategic report Governance Financial statements Additional information

33 Debtors
Amounts falling due within one year

	31 March 2019 £'000	28 February 2018 £'000
Trade debtors	**111**	83
Amounts owed by subsidiary undertakings	**409,356**	516,904
Other debtors	**16,647**	4,983
Current income tax asset	**885**	598
Other taxation recoverable	**1,640**	1,201
Prepayments and accrued income	**3,311**	1,565
	431,950	525,334

Amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand.

34 Debtors – loans and receivables
Amounts falling due after more than one year

	31 March 2019 £'000	28 February 2018 £'000
FIXED ASSETS		
Development loans	**344**	344
PropTech investment	**578**	–
	922	344

Amounts falling due within one year

	31 March 2019 £'000	28 February 2018 £'000
CURRENT ASSETS		
Loans and receivables	**5,249**	7,949
Loans notes receivable	**8,962**	8,888
	14,211	16,837

Funding of £344,000 (28 February 2018: £344,000) has been provided to Henry Davidson Developments Limited in respect of one development project. Interest of 12.5% is charged in respect of this funding.

Loans and receivables include a number of working capital and project-specific loans of £5,249,000 (28 February 2018: £7,949,000) to Northpoint Developments Limited. The loans attract fixed coupon rates of between 5.0% and 13.0%. Included in the above amount are two interest-free loans of £408,000 (28 February 2018: £408,000). As at 31 March 2019, the Company has made a provision of £2,206,000 (28 February 2018: £1,609,000) against interest receivable in respect of these loans.

35 Creditors
a) Amounts falling due within one year

	31 March 2019 £'000	28 February 2018 £'000
Bank loans and overdrafts	**17**	17
Bank loans	**595**	545
Trade creditors	**25**	354
Amounts owed to subsidiary undertakings	**229,846**	299,465
Amounts owed to associated undertakings	**1,932**	1,932
Other creditors	**225**	2,064
Accruals and deferred income	**6,042**	5,954
	238,682	310,331

Bank loans are secured against investment assets held in other Group companies.

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

35 Creditors continued

b) Amounts falling due after more than one year

	31 March 2019 £'000	28 February 2018 £'000
Bank loans	**104,543**	106,158

Information regarding loan balances is shown below:

€47,000,000 variable EURIBOR loan notes
These unsecured, Euro-denominated loan notes are repayable on 24 April 2021.

£66,666,000 fixed rate loan facility
£16,431,000 loan capital amortises over the term of the loan. The remaining £50,235,000 is repayable in one instalment on 5 December 2032. The current balance outstanding on the facility is £65,831,000.

£16,500 loan notes
These unsecured loan notes were repayable in 1999. The balance of £16,500 represents the residual amount of unredeemed loan notes.

Loans are shown net of transaction costs in the Balance Sheet.

c) Amounts falling due after more than one year

	31 March 2019 £'000	28 February 2018 £'000
Provisions for liabilities	**136**	172

The provision of £136,000 (28 February 2018: £172,000) relates to an onerous lease obligation entered into in 2009.

d) Derivative financial instruments

	31 March 2019 £'000	28 February 2018 £'000
ASSETS		
Derivative financial instruments at fair value through profit and loss:		
Interest rate swaps	**–**	10
Foreign exchange contracts	**–**	–
Derivative financial assets	**–**	10

36 Deferred income tax

The following are the deferred income tax assets and liabilities recognised by the Company during the current financial period. Deferred income tax is calculated on the temporary differences under the liability method using an income tax rate of 17.0%.

	Accelerated capital allowances £'000	Provisions £'000	Tax losses £'000	Net fair value adjustments £'000	Total £'000
Deferred income tax (liabilities)/assets recognised:					
At 1 March 2018	(81)	389	289	(2)	595
Credited to the income statement	3	–	–	2	5
At 31 March 2019	**(78)**	**389**	**289**	**–**	**600**

	31 March 2019 £'000	28 February 2018 £'000
Deferred income tax assets	**707**	678
Deferred income tax liabilities	**(107)**	(83)
Net deferred income tax assets	**600**	595

Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Movements in deferred income tax assets and liabilities are shown above.

37 Called up share capital

	31 March 2019 £'000	28 February 2018 £'000
Issued, called up and fully paid		
125,431,713 Ordinary shares of 50 pence (28 February 2018: 125,342,726 Ordinary shares of 50 pence)	**62,716**	62,671

	Number of shares
Shares in issue at the date of this report	**125,431,713**

The Company has one class of Ordinary shares which carry no right to fixed income.

During the period, the Company utilised 74,143 treasury shares to satisfy obligations under the Company's 2015 LTIP award. In addition, the Company acquired 646,134 of its own shares through purchases on the London Stock Exchange for an average price of £2.07 per share. The total amount paid to acquire the shares was £1,350,000 and has been deducted from shareholder equity. The shares are held as 'treasury shares'. The Company has purchased the shares in order to satisfy its obligations under the Group's Long-term Incentive Plan. As at 31 March 2019, the Group holds 690,783 treasury shares (28 February 2018: 118,792).

The Company has the right to re-issue these shares at a later date. All shares are fully paid.

a) Share option schemes

As at 31 March 2019, and at the date of this report, the options outstanding under the Company's share option schemes were exercisable as set out below (price stated in pence per share). The share options are more fully described in the Remuneration Report on pages 131 to 148.

SAYE option plan 2005:

Date of grant	31.03.19 Number	22.05.19 Number	Exercise dates	Price
19 December 2017	293,589	293,589	1 February 2021 to 31 July 2021	152.0

38 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium account £'000	Share-based payments reserve £'000	Capital redemption reserve £'000	Merger reserve £,000	Treasury shares £'000
At 1 March 2018	62,671	104,475	3,789	1,631	4,725	(165)
Employee share option scheme	45	115	–	–	–	–
Share-based payments – SAYE exercised	–	–	(109)	–	–	–
Share-based payments – LTIP exercised	–	–	(962)	–	–	–
Share-based payments	–	–	(10)	–	–	–
Treasury shares utilised	–	–	–	–	–	57
Treasury shares purchased	–	–	–	–	–	(1,350)
At 31 March 2019	**62,716**	**104,590**	**2,708**	**1,631**	**4,725**	**(1,458)**

	£'000
PROFIT AND LOSS ACCOUNT	
At 1 March 2017	115,478
Loss for the financial year	(8,981)
Final dividend 2017	(4,379)
Supplemental dividend 2017	(3,503)
Interim dividend 2018	(3,003)
At 28 February 2018	95,612
Profit for the financial period	26,486
Share-based payments – SAYE exercised	109
Final dividend 2018	(4,390)
Supplemental dividend 2018	(15,033)
Interim dividend 2019	(3,011)
At 31 March 2019	**99,773**

The profit after tax of the Company was £26,486,000 (28 February 2018: £8,981,000 loss).

39 Contingent liabilities

The contingent liabilities of the Group are set out in note 23. The Company has provided guarantees in respect of loans and overdrafts of its subsidiary entities totalling £75,481,000 (28 February 2018: £64,638,000). In addition, the Company has guaranteed the performance of subsidiary entities under a range of operating obligations, none of which is expected to give rise to a liability in the Company.

40 Related parties

Related party transactions are the same for the Company as for the Group. Details can be found in note 25 to the Consolidated financial statements.

41 Details of related undertakings of U and I Group PLC

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, partnerships, associates, joint ventures and joint arrangements, the country of incorporation, the registered address and the effective percentage of equity owned, as at 31 March 2019 is disclosed below. Unless otherwise stated, the Group's shareholding represents ordinary shares held indirectly by U and I Group PLC and the registered office is 7A Howick Place, London SW1P 1DZ.

All interests are in Ordinary share capital and have been consolidated.

Entities where the Group holds 100% of the equity:

Wholly-owned subsidiaries	
399 Edgware Road Management Company Limited	Development Securities (Slough) Limited
48 Goldhawk Road Limited	Development Securities (Woking) Limited
Airport House Business Centre Limited	Development Securities Estates PLC
Barrack Close Limited	Development Securities Limited
Barwood Land and Estates Limited	DS Investment Properties 2 LLP
Barwood Land Investments Limited	DS Investment Properties LLP
Becket House Asset Management Limited	DS Renewables LLP
Beyond Green Developments (Broadland) Limited	ECC Investments PLC
Birmingham International Park (2000) Limited	Elystan Developments Limited
Birmingham International Park Limited	EPD Buckshaw Village Limited
Bruform Limited	Executive Communication Centres (Birmingham) Limited
Bryn Blaen Wind Farm Limited	Executive Communication Centres (Cardiff) Limited
Burghfield Bolt Limited	Executive Communication Centres (Milton Keynes) Limited
Cambourne Business Park Limited	Executive Communication Centres Limited
Cambourne Business Park Management Limited	Extreme Cool Limited
Cathedral (Brighton) Limited	Furlong Shopping Centre Limited
Cathedral (Bromley 2) Limited	Future High Streets (North Finchley) Limited
Cathedral (Bromley Esco) Limited	Future High Streets Limited
Cathedral (Bromley) Limited	Greenwitch Limited
Cathedral (Goswell) Limited	Griffe Grange Wind Farm Limited
Cathedral (Greenwich Beach) Limited	Group U+I Limited
Cathedral (Moss) Limited	HDD Ashford Limited
Cathedral (Preston Barracks) Limited	HDD Burghfield Common Limited
Cathedral (Sittingbourne) Limited	HDD Didcot Limited
Cathedral Special Projects (H) Limited	HDD Lawley Village Limited
Central Research Laboratory (Hayes) Ltd	HDD Lichfield Limited
D S Property Developments Limited	HDD Llanelli Limited
Development Securities (Abbey Wood) Limited	HDD Newcastle Under Lyme Limited
Development Securities (Armagh) Limited	HDD Newton Leys Limited
Development Securities (Blackpool Developments) Limited	HDD Oxley Units Limited
Development Securities (Cannock) Limited	HDD RAF Watton Limited
Development Securities (Curzon Park) Limited	HDD Stanground Limited
Development Securities (Furlong) Limited	Hendy Wind Farm Limited
Development Securities (Greenwich Beach) Limited	I AM PRS Limited
Development Securities (Greenwich) Limited	Kingsland Shopping Centre Limited
Development Securities (Hale Barns) Limited	Landpack Limited
Development Securities (Hammersmith) Limited	Luneside East Limited
Development Securities (HDD) Limited	Njord Wind Developments Limited
Development Securities (Ilford) Limited	Plus X (Hayes) Limited
Development Securities (Investment Ventures) Limited	Public Private Partnership (H) Limited
Development Securities (Investments) PLC	R.D.B.P. Management Limited
Development Securities (Launceston) Limited	RHD (Dartmouth) Limited
Development Securities (Lichfield) Limited	Rhoscrowther Wind Farm Limited
Development Securities (Maidstone) Limited	Rivella Properties Bicester Limited
Development Securities (Moreton Woods) Limited	Romford Management Company Limited
Development Securities (Nailsea) Limited	The Deptford Project 2 Limited
Development Securities (No.1) Limited	The Deptford Project Limited
Development Securities (No.9) Limited	The Telegraph Works Limited
Development Securities (No.19) Limited	Triangle Developments Limited
Development Securities (No. 22) Limited	Triangle London Limited
Development Securities (No.26) Limited	U and I (8AE) Limited
Development Securities (No.28) Limited	U and I (Ashford) Limited
Development Securities (No.43) Limited	U and I (Bromley Commercial) Limited
Development Securities (No.69) Limited	U and I (Pincents Lane) Limited
Development Securities (Romford) Limited	U and I (Projects) Limited
Development Securities (Sevenoaks) Limited	U and I Finance PLC

41 Details of related undertakings of U and I Group PLC continued

Wholly-owned subsidiaries	
U and I Investments (UK) Limited	United + Industrious Limited
U and I PPP Limited	Wallis Court Buckshaw Limited
U and I Property Limited	Wassand Wind Farm Limited
U and I Property Limited	Waterfront Wakefield (Hebble Wharf) Limited

Entities where the Group holds 100% of the equity but the registered office is held elsewhere are detailed below:

Registered office	Company
6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	Development Securities Properties (Dublin) Limited Percy Place DS (Ireland) Limited
	Heart of Slough Management Company Limited
2 Maritime House, The Hart, Farnham, Surrey, GU9 7HW, United Kingdom	Brook House (Fleet) Management Limited
Fifth Floor, 37 Esplanade, St Helier, JE1 2TR, Jersey	DS Jersey (Manchester 1) Limited DS Jersey Corporate Services Limited DS Jersey (Notting Hill) Limited Drake Bideford Limited DS Jersey (Capital Partners) Ltd DS Jersey (Renewables) Limited Nailsea Unit Trust DS Cardiff Unit Trust DS Jersey (No 1) Limited DS Jersey (No 2) Limited DS Jersey (No 3) Limited DS Jersey (No 4) Limited DS Jersey (No 5) Limited DS Jersey (No 7) Limited DS Jersey (No 10) Limited DS Jersey Retail Limited DS Noble (Jersey) Limited STRD Holding Company
Fisher Partners, Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom	Development Securities (No.18) Limited
Prins Bernhardplein 200, 1097JB, Amsterdam, Netherlands	Development Securities Netherlands B.V.

Other subsidiaries, joint arrangements and other significant holdings, incorporated in the United Kingdom, where the registered office is 7A Howick Place, London, SW1P 1DZ:

Registered office	% owned
Cathedral (Movement, Greenwich) LLP	50
Circus Street Developments Limited	50
CTP (Wakefield) Limited	42
Curzon Park Limited	50
Deadhare Limited	94.34
DSP Tirol Limited	50
Harwell Oxford Developments (GP) Limited	50
Harwell Oxford Developments Limited	50
Harwell Oxford Management Limited	50
HSIC GP1 Limited	50
HSIC GP2 Limited	50
Inhoco 1079 Limited	42
Inhoco 3300 Limited	42
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	50
Kensington (NC) Management Company Limited	42
Manchester Arena Complex LP	30
Mayfield Development (General Partner) Limited	50
Mayfield Development Partnership LP	50
MEN Arena GP Limited	51
Minevote Public Limited Company	50

Registered office	% owned
Northpoint (No.4) Limited	42
Northpoint Ch Limited	42
Northpoint Developments (No 1) Ltd	42
Northpoint Developments (No 2) Ltd	42
Northpoint Developments (No 50) Ltd	42
Northpoint Developments (No 51) Ltd	42
Northpoint Developments (No 52) Ltd	42
Northpoint Developments (No 53) Ltd	42
Northpoint Developments Ltd	42
Northpoint Investments Ltd	42
Northpoint Kc Limited	42
Northpoint SK Limited	42
Opportunities for Sittingbourne Limited	50
Orion Shepherds Bush (Market) Limited	50
Orion Shepherds Bush (No.2) Limited	50
Orion Shepherds Bush (No.3) Limited	50
Orion Shepherds Bush (Number 42 Goldhawk Road) Limited	50
Orion Shepherds Bush Limited	50
OSB (Holdco 1) Limited	50
OSB (Holdco 2) Limited	50
Plus X Holdings Limited	50
Purplexed LLP	94.34
Spectre (Hayes) Limited	50
Spirit of Sittingbourne LLP	65
St Paul's Place Management Company Limited	42
Tarmac Clayform Limited	50
The Harwell Quad One Limited	50
The Harwell Science and Innovation Campus General Partner Limited	25
The Harwell Science and Innovation Campus Limited Partnership	25
The Harwell Science and Innovation Campus Nominee Limited	25
The Harwell Science and Innovation Campus Nominee No.2 Limited	25
TLD (Landmark Court) Limited	99
Tower Wharf Estate Management Limited	42
Triangle London Developments LLP	50
UAIH Yorkshire	50
Waterfront Wakefield (Navigation Place) Limited	42
Waterfront Wakefield Management Limited	42

Other subsidiaries, joint arrangements and other significant holdings, incorporated in the United Kingdom, where the registered office is elsewhere:

Registered office	Company	% owned
Nelson House, Central Boulevard, Blythe Valley Park, Solihull, West Midlands, B90 8BG, England	The Harwell Science and Innovation Campus Limited Partnership	25
Postbus 990, 1000AZ, Amsterdam, Netherlands	DSP Investments Piano B.V.	34
Bruce Kenrick House, 2 Killick Street, London, N1 9FL	TLD Kidbrooke LLP	1

FINANCIAL CALENDAR AND ADVISORS

Annual General Meeting
4 September 2019

Payment of Ordinary dividend
6 September 2019

Announcement of Interim Results to 30 September 2019
November 2019

Company Secretary
C Barton ACIS

Registered office
7A Howick Place
London SW1P 1DZ
Telephone:
+44 (0)20 7828 4777

Website address
www.uandiplc.com

Registered number
1528784

Incorporation
U and I Group PLC is incorporated in Great Britain and registered in England and Wales

Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Principal bankers
Aviva Commercial Finance Limited
Barclays Bank PLC
Santander Group
The Royal Bank of Scotland plc

Corporate solicitors
Linklaters LLP

Financial advisors
Rothschild

Corporate stockbrokers
Peel Hunt LLP
Liberum Capital Limited

Registrars and transfer office
Link Asset Services
34 Beckenham Road
Beckenham
Kent
BR3 4TU

By phone
UK – 0871 664 0300, from overseas call +44 (0) 371 664 0300 calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00–17:30, Monday to Friday excluding public holidays in England and Wales

By email
enquiries@linkgroup.co.uk

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