U+I IN B+W 2020

EVERYTHING YOU NEED TO KNOW ABOUT OUR YEAR
DELIVERED WITH ABSOLUTE CLARITY AND BREVITY.

u+i

ANNUAL REPORT AND ACCOUNTS 2020

Contents

Who we are
We are a property developer and investor focused on regenerating overlooked and underestimated urban places in the London City Region, Manchester and Dublin.

Why we exist
Our purpose is to unlock value for all through regeneration, driven by our values of imagination, intelligence and audacity.

Overview

At our Capital Markets Day in October 2019, we told you we had delivered Phase 1 of our journey: the integration of our business, creating brand distinction and building our pipeline.

A year into Phase 2, we are focused on delivery of our pipeline and business efficiency, as we position U+I for the future.

We are writing to you in black and white to underline our desire to keep our message concise, simple and clear.

U+I is expert at regeneration. The inspiring places we deliver revive communities, create jobs, boost local economies and generate returns for our shareholders.

Focusing on overlooked and underestimated sites, often too complex for others, we use our creative, entrepreneurial approach to unlock their potential, whilst helping to meet growing demand for mixed-use places.

Development and trading gains*

£11.0m **-74%**

Investment portfolio total return

(5.3)% **-4%**

Basic NAV per share

232p **-20%**

(Loss)/profit before tax

£(58.6)m **-1,030%**

Total return

(16.1)% **-17%**

Total dividend per share

2.4p **-76%**

Of new developments rated BREEAM Excellent/LEED Gold or above (new KPI)

89% **N/A**

* Alternative performance measure

Delivery.

To ensure we are well placed to deliver on our social, economic and financial ambitions, we set three main objectives:

1. Delivering our existing pipeline.

2. Transitioning our investment portfolio.

3. Optimising U+I for the future.

We gave our Executive Directors responsibility for delivery against each objective.

Delivering our existing pipeline

We have the land.
Demand is there.
Capital is available.

The market backdrop was challenging in FY2020 and delayed delivery of some of our projects. Post Covid-19, the structural need for regeneration is more important than ever, creating opportunities for us to deliver the places of the future.

We have clear visibility of gains beyond 2034 from our c.£10.8 billion GDV pipeline.

We have already started. In the second half of FY2020 we secured resolutions to grant planning at two of our major PPP schemes and disposed of our stake in Harwell Campus in Oxfordshire.

Richard Upton
Chief Development Officer

Our pipeline activity is discussed in more detail on pages 52-55/online

We have:
– Identified clear milestones to monetisation of our pipeline, prioritising the most liquid, high margin projects
– Disposed of our JV stake in Harwell, the global science and technology campus, delivering £9.3 million gains and secured £1.7 million in net gains from smaller projects
– Secured £0.9 billion GDV of planning consents across four projects – Mayfield (Phase 1), Newtown Works, Landmark Court, Kensington Church Street (three post year end)
– C.£1.8 billion GDV of planning submissions across two significant PPP schemes – Faraday Works (December 2019) and Morden Wharf (June 2020) – and four trading projects
– Strengthened the team, hiring a Director of Development, Planning Director and Community Engagement Manager, focused on key planning consents and delivery of our pipeline
– Acquired Arkley Golf Club in Barnet in April 2020 for £0.3 million, in line with our strategy to secure brownfield, greenbelt land with huge upside potential
– Acquisition in Dublin post year end strengthens our short-term pipeline

GDV at year end

£10.8bn

Development and trading gains

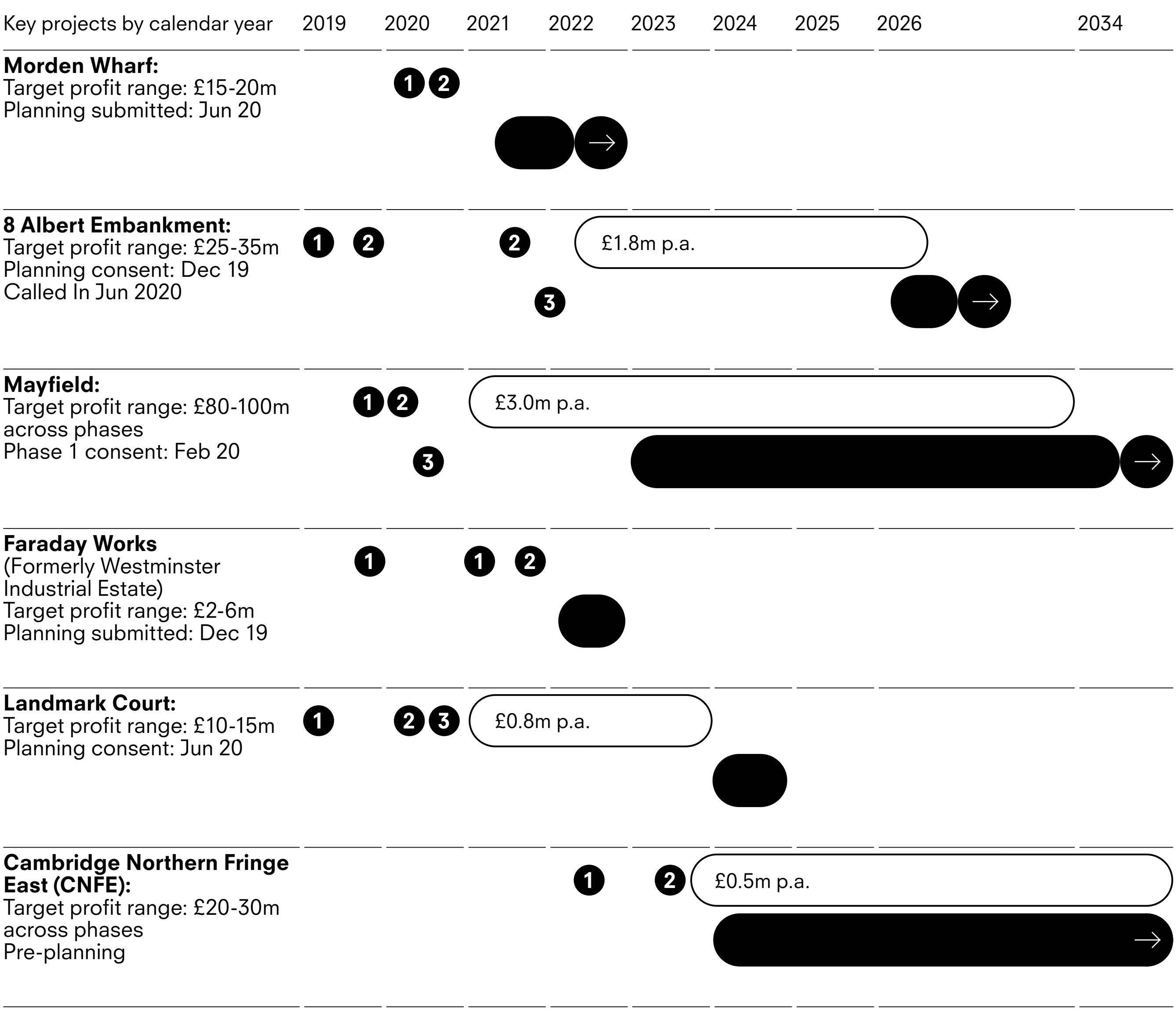
£11.0m

GDV of planning submissions

£1.8bn

We are:
- Increasing our focus on delivery of fewer, larger regeneration projects
- Prioritising the most liquid government-backed/infrastructure schemes, with good risk/return metrics
- Priming £2.5 billion GDV Mayfield, Landmark Court and Morden Wharf schemes for delivery
- Progressing planning submissions across six schemes, including the Planning Inquiry at 8 Albert Embankment
- Continuing discussions with potential funding partners for Mayfield and Landmark Court
- Increasing engagement with partners and local stakeholders, strengthening relationships and together curating relevant, responsible schemes
- Implementing a proactive acquisitions programme to strengthen our short-term and long-term pipeline visibility
- Accelerating our golf course strategy to take advantage of new opportunities

Milestones to monetisation



Key
1. Planning submission
2. Planning consent/resolution to grant planning
3. Capital funding

○ Development management fees
● Monetisation
➔ Move element to investment portfolio

Our entire portfolio will deliver:

New jobs

50,00

New homes

19,600 ho

Office space

7,000,000 sq.ft.

Acres

800 acres

0 jobs

mes

office space

320,000 sq.ft.
of beautifully designed office space in first phase

£10.5m
social value for the local economy in 2019 through events, including £20,000 raised for local charities

12,800
new jobs will be created across professional services and digital industries

Case study: Mayfield, Manchester

In February 2020 we secured unanimous support from the Council for the first phase of our catalytic £1.5 billion GDV urban regeneration scheme at Mayfield in Manchester. Centred around a beautifully landscaped 6.5 acre park, the first new park in Manchester for over

The Star and Garter
In December 2019 The Mayfield Partnership acquired the freehold of The Star and Garter, a 200+ year-old Grade II-listed music venue neighbouring Mayfield. It will continue to invest in modernising this much-loved venue and launch pad for independent bands, retaining a historic part of the area's community, culture and heritage.

a century, Mayfield will be one of the UK's defining urban developments this decade. This shovel-ready project will deliver over £35 million of development management fees and £80-100 million of profit to U+I during its fifteen year lifespan.
www.mayfieldmanchester.co.uk

Meeting our responsibilities

A key part of Phase 2: Delivery is ensuring responsible development is reflected in every stage of our approach, from the design blueprint to the materials we use. This means creating sustainable schemes that deliver long-term social, cultural and environmental benefits.

Sustainability target

We have introduced four new non-financial KPIs this year that link to our ambitions. Our aim over the coming year is to build exceptional ESG performance in order to become best-in-class.

"We will launch a new sustainability strategy in FY2021 following an extensive independent review of our business and conversations with our stakeholders."

Richard Upton
Chief Development Officer

Transitioning our investment portfolio

The convenience sector remains fundamental. Experiential retail will still be relevant. Our regeneration portfolio provides opportunities.

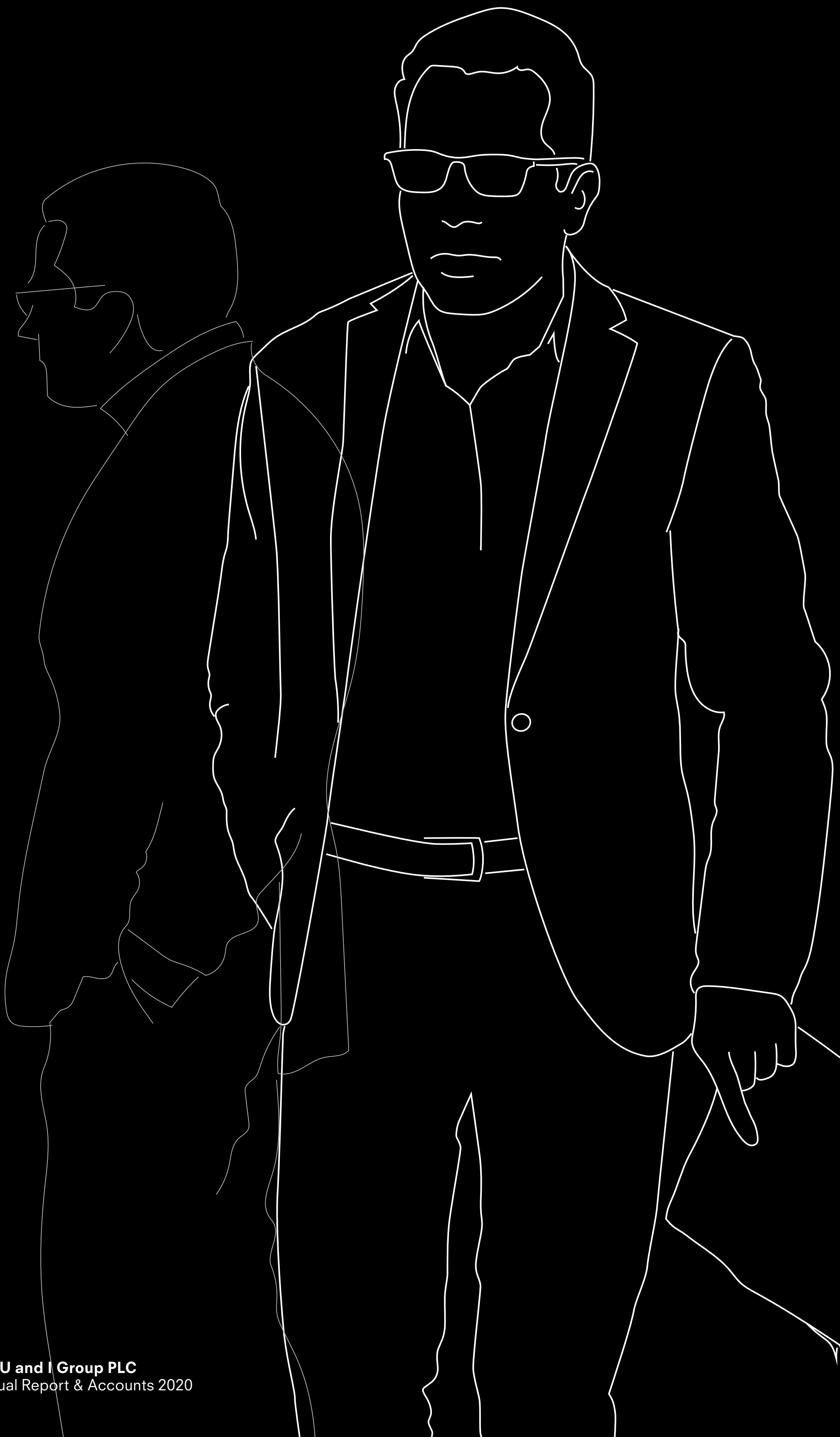
Valuations declined in the short term as Covid-19 impacted rents and yields.

However, we continue to make progress in our transition strategy. During the year, we sold four underperforming retail assets and transferred one asset across from our development and trading portfolio.

This aligns with our plans to build a more dynamic, flexible portfolio of assets in our core geographies, with diversified income streams and reduced focus on traditional retail.

Matthew Weiner
Chief Executive Officer

Our investment portfolio activity is discussed in more detail on page 56/online



We have:
- Disposed of four underperforming retail assets outside our core geographies for £26.6 million, above their £24.9 million aggregate book value
- Sold our interest in the Gemini Building, adjacent to Harwell Campus, for £7.5 million – above book value
- Secured planning permission for a mixed-use development at Swanley Shopping Centre, enhancing the asset's long-term value
- Transferred the Plus X building in Brighton into our investment portfolio, making it our largest asset, with good long-term rental and capital growth potential
- Identified disposal, acquisition and transfer targets to strengthen the investment portfolio
- Proactively engaged with our tenants, putting mechanisms in place to support those affected by Covid-19

Total return

(5.3)%

Capital value decline

7.9%

Drop in capital values U+I could sustain before breaching LTV covenants

c.25%

We are:
- Creating a more dynamic portfolio of regeneration assets in our three core geographies
- Disposing of mature, underperforming assets outside our regeneration focus
- Reducing our exposure to traditional retail to provide more diversified income streams
- Reviewing opportunistic acquisitions with potential value uplift through asset management, densification or change of use
- Transferring elements of our own regeneration assets into our investment portfolio to deliver strong rental and capital growth
- Continuing the dialogue with our tenants to ensure units remain occupied and rents can be paid during and following the Covid-19 pandemic

“Assets that provide opportunities for regeneration at the right price, drive superior returns.”

Matthew Weiner
Chief Executive Officer

Case study: Swanley, Kent

From the very beginning we saw the potential to bring this underestimated centre back to life.

Our imaginative approach helped us to see an exciting regeneration opportunity from our investment portfolio asset, that put the local people at its heart.

In September 2019 we secured planning permission for over 300 new homes, 46,000 sq.ft. of retail, commercial and community space, alongside a new multi-storey car park.

The extra footfall will enhance the value of our investment portfolio asset and create a thriving new centre.

www.uandiplc/our-places

September 2019

Marketing commenced for the disposal of the residential component, with a sale targeted in FY2021

3rd

largest asset in our investment portfolio

Improving our investment portfolio performance

What we look for:

Regeneration assets of the future with short-term income and asset management potential.

Assets from our development portfolio, with a community focus in our three high-growth geographies, suited to local catchments, where demand will grow.

Clear asset management or value creation potential to deliver our longer-term annual 10% total return target.

Optimising U+I for the future

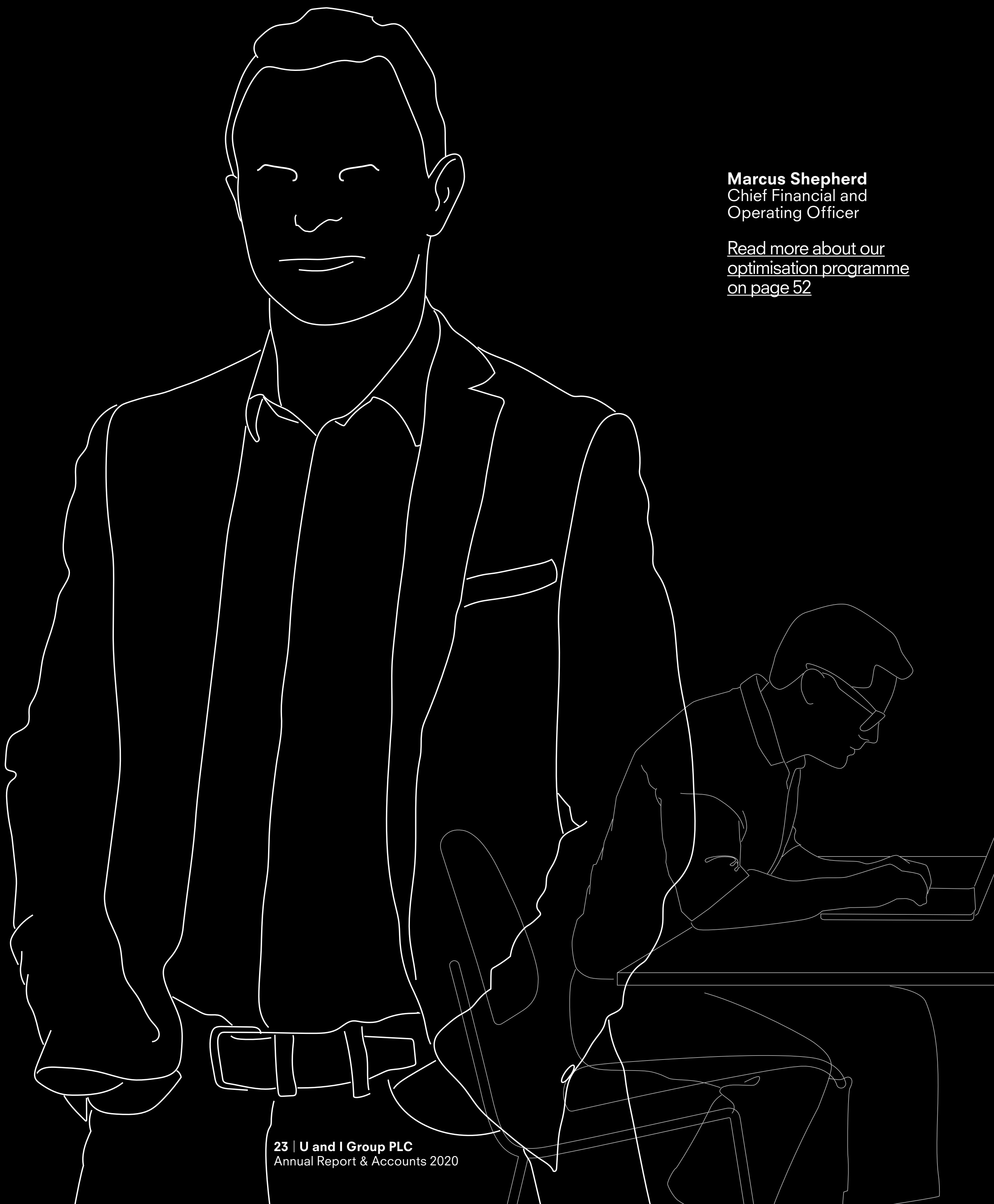
We have made a good start, but we still have work to do to be more efficient.

We have reviewed the business from top to bottom and set out a clear efficiencies programme.

As market conditions deteriorated in March 2020, we accelerated our £4.0 million cost savings strategy, to complete in FY2021. That is a year earlier than originally targeted.

We have focused on preserving cash and liquidity, whilst strengthening the balance sheet.

We have an active programme to put in place the talent, skills, systems and structures we need to deliver our pipeline.



Marcus Shepherd
Chief Financial and Operating Officer

Read more about our optimisation programme on page 52

We have:
- Taken measures to improve cash flow and liquidity, including suspending non-essential development expenditure and discretionary spend
- Identified a plan to deliver £4.0 million of savings by FY2021; 20% of the cost base
- Accelerated our employee reduction programme, with £1.4 million in annualised savings expected from FY2021
- Generated an additional £1.3 million in savings through a three month reduction in Executive Director, Non-executive Director and senior staff salaries; cancelling discretionary bonuses; and waiving FY2020 Executive Director contractual bonuses
- Strengthened the balance sheet, with c.£60 million free and restricted cash available
- Suspended the final and supplemental dividend to conserve cash
- Implemented new finance and back office systems and processes to streamline how we work

Total savings from efficiencies programme

£4.0m

Reduction in development expenditure in FY2021

£33.0m

Annualised savings through prudent resourcing

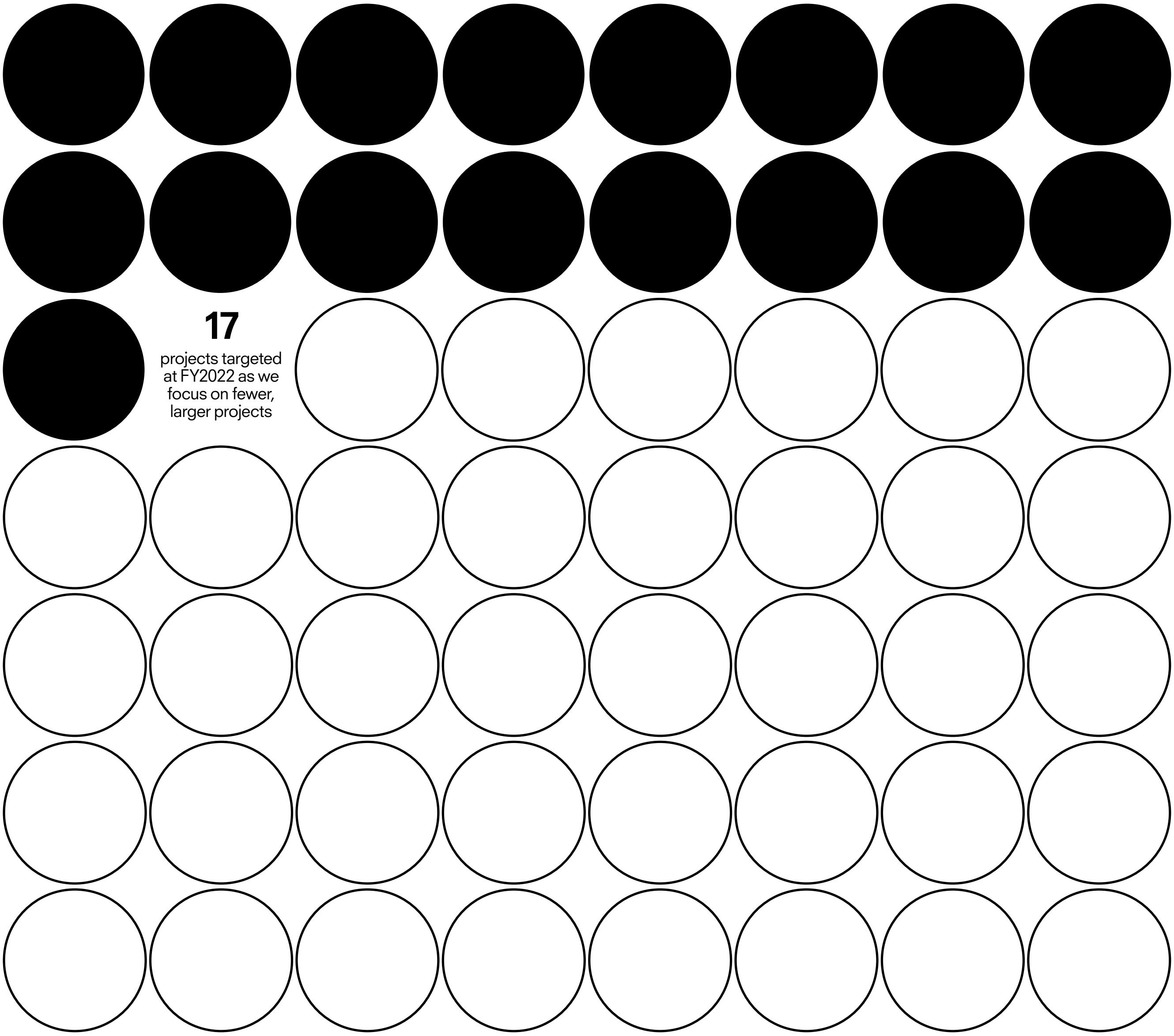
£1.4m

Additional liquidity raised since year end

£13.5m

We are:

- Accelerating our efficiencies strategy, with a further £2-3 million of cost savings in FY2021, completing our £4.0 million cost savings programme twelve months early
- Continuing our focus on strengthening our cash position and liquidity, with ongoing reviews to reduce project and operational costs
- Reducing our development expenditure by £33.0 million in FY2021
- Reducing the number of legacy projects as we move from forty-four in FY2020 to seventeen projects in FY2022 (excluding new wins)
- Realigning team roles to deliver on our pipeline through a more efficient approach
- Delivering a natural reduction in volume related back office costs
- Continuing to reduce corporate costs, including marketing, leveraging our well-established brand



Fewer, larger, higher margin projects in our pipeline

2019:
43

2020:
44

Reduce our overhead

2019:
£23.0m

2020:
£21.2m

Reduction in existing GDV (excluding new wins)

2019:
£11.0bn

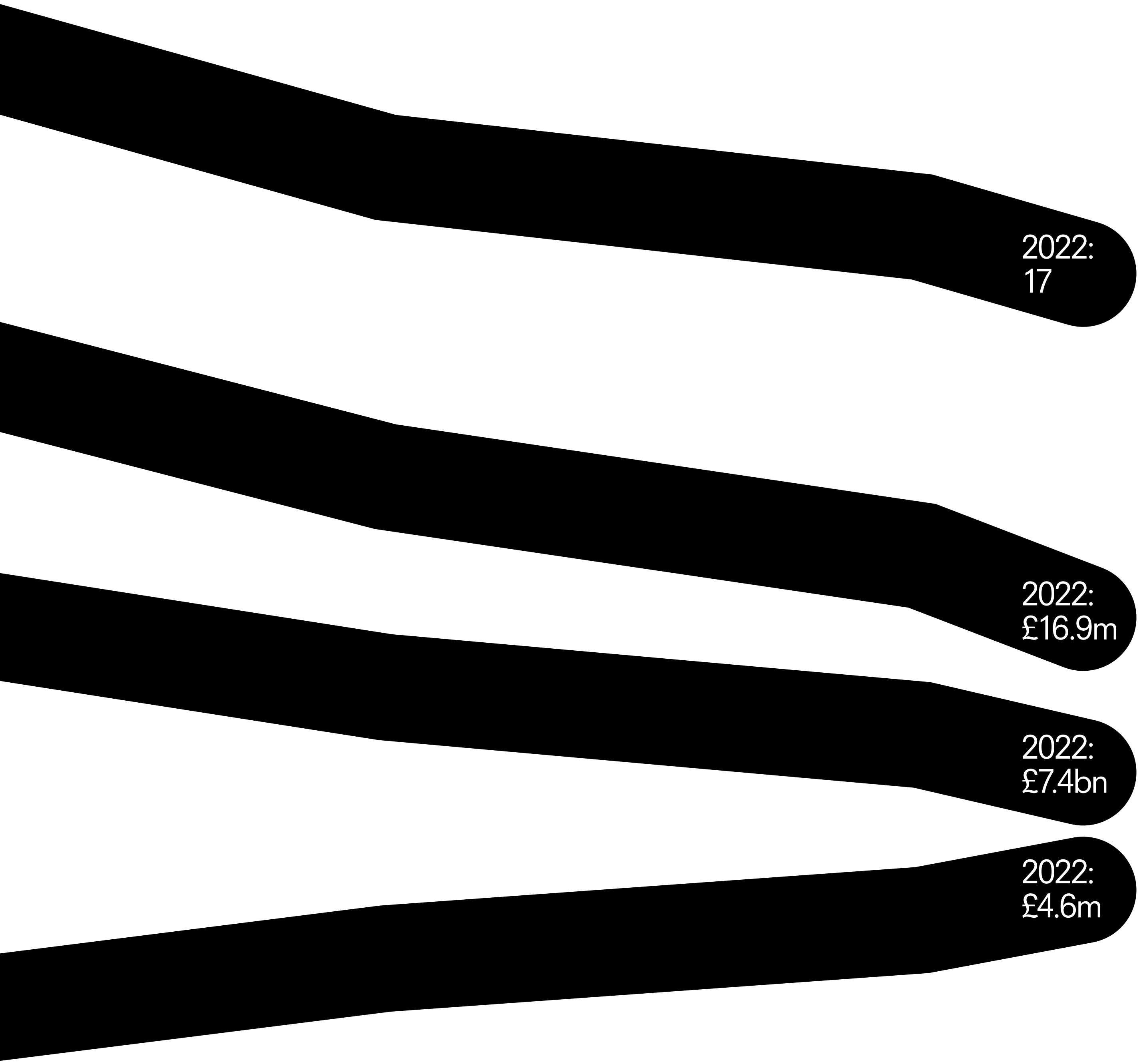
2020:
£10.8bn

Increase DM fees

2019:
£2.5m

2020:
£1.9m

Outcomes
Phase 2: Delivery will lead to four key changes to our business.



The main challenges our business faces.

In 2019 politics dominated economics.

For the remainder of FY2020 Covid-19 has completely reshaped the landscape.

The planning system Context: under-resourced and politicised.

A c.40% cut in spending on planners by Central Government since 2010 (NAO, 2019) means many departments are under-resourced. An increasingly complex planning system, lack of expertise and political cohesion – and now Covid-19 – are further delaying decision-making.

Our response:

We have appointed a senior, dedicated planning expert, to navigate the complex system. Long-standing relationships with councils, local authorities and partners, alongside a trusted reputation for transforming overlooked public and private sector land into thriving mixed-use community places, support our strong track record in planning.

Uncertain political backdrop Context: the impact of Brexit and the General Election on activity levels.

Ongoing Brexit negotiations and the General Election delayed new policies and slowed decision-making as companies and consumers were more cautious in committing their long-term futures. Momentum started in early 2020 before Covid-19 halted progress.

Our response:

The Government's 'levelling up' agenda has regeneration at its heart, as increased regional spending on homes, offices and mixed-use places will revitalise neighbourhoods. Our schemes are targeted at the mid-market in three core geographies, where demand will continue to grow.

Low confidence

Context: decision-making has been affected.

The uncertain macro political and economic backdrop – compounded by Covid-19 – has reduced the purchasing power of companies and individuals. Living, working and social spaces have to be distinctive, innovative, flexible – and now safe – if they are to encourage businesses and consumers to commit to them.

Our response:

Our focus on amenity-rich spaces suited to the local catchment makes our sites attractive. We consult extensively with local communities and stakeholders at the outset to listen to and understand their needs, so we can deliver sustainable, experience-rich, relevant places that support physical and mental wellbeing.

Construction risk Context: changing legislation.

The increasing time, cost, delivery and reputational impact for the construction industry as it has to adapt to changing – and growing – legislation and regulations, whilst continuing to create next generation, sustainable schemes. This has been exacerbated by Covid-19 as new standards of design will need to evolve.

Our response:

We only work with trusted third-party experts to ensure the integrity of our schemes and strict compliance of changing legislation and regulations. We invest in cutting-edge innovation companies, allowing us to be early adopters of new technology and give our buildings an edge.

Black swan events

Context: Covid-19.

The Covid-19 pandemic exacerbated an already challenging political backdrop, delaying delivery timelines and third-party decision-making, as well as affecting payment of rent by some of our tenants. Albeit a one-off event, due to its serious nature and lasting effects, we have added it as a challenge and an opportunity.

Our response:

We have an agile business that is able to dial up and dial down its activities to respond to changing macro environments. New living, working and socialising habits post Covid-19 will strengthen demand for the places we create. We have increased our cash resources and liquidity to mitigate risk and strengthen our capacity to deliver.

We are primed for the future.

With challenges come opportunities. Our balanced, interconnected development, trading and investment portfolios mitigate risk and allow us to benefit from long-term growth trends as demand for quality mixed-use places will return.

Our size, agility and distinctive approach, combined with an efficient capital structure and strong pipeline visibility, give us confidence that we will deliver on our targets.

Financial summary. A year of two halves.

H1

We delivered £3.6 million in development and trading gains in the first half of the year, reflecting our typical second half weighting.

In our interims, we announced that capital value in our investment portfolio was down 3.2%. This was partly due to a weak retail sector; the portfolio's transition is also still underway.

We made c.£1 million of annualised savings, 5% of our cost base.

We announced an interim dividend of 2.4p per share.

There is more detail about our financial performance during the year on page 101 of the 'Useful + Insightful' report

H2

We delivered £7.4 million of development and trading gains, as political and economic uncertainty, exacerbated by Covid-19, delayed progress.
The investment portfolio delivered (5.3)% total return.

Within the H2 gains number above, we sold our share of the joint venture in Harwell Campus in Oxfordshire, generating a profit of £9.3 million, following strong demand.

We also sold five investment portfolio assets for £34.1 million.

We accelerated our cost savings programme and suspended the final dividend to preserve cash and strengthen the fundamentals of the business. This enables U+I to deliver its significant pipeline more efficiently.

Read more online

+ News
+ Views
+ Places
+ Events
+ Worthwhile
+ People
+ Purpose
+ Values
+ Sustainability

Everything you ever wanted to know about our business is available on our website at www.uandiplc.com

USEFUL+ INSIGHTFUL

EVERYTHING YOU NEED TO KNOW ABOUT OUR YEAR
DELIVERED WITH INFINITE DATA AND DETAIL.

Contents

Who we are
We are a property developer and investor focused on regenerating overlooked and underestimated urban places in the London City Region, Manchester and Dublin.

Why we exist
Our purpose is to unlock value for all through regeneration, driven by our values of imagination, intelligence and audacity.

Overview

Appendix

Governance Report

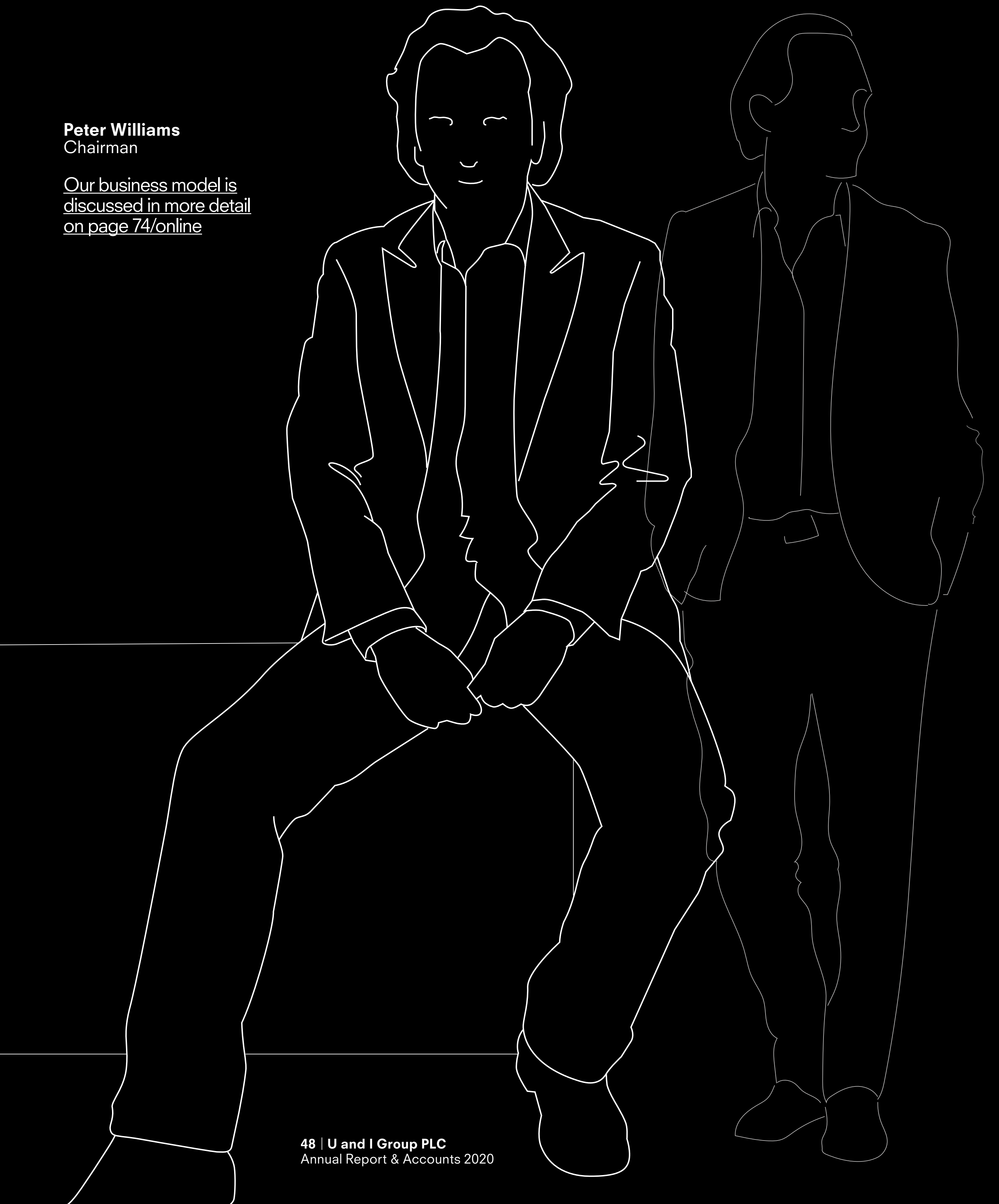
Financial statements

Additional information

In this appendix you can access all of the data and detail you need to understand our FY2020 performance.

Find out more at
www.uandiplc.com

Chairman's statement



Peter Williams
Chairman

Our business model is discussed in more detail on page 74/online

Financial performance
We delivered £11.0 million of development and trading gains against a target of £35-45 million; a loss before tax of £58.6 million; a decline in NAV to £289.6 million; and a post tax total return of (16.1)%. These figures reflect the challenges we faced in a year dominated by political and economic change and compounded by the impact of Covid-19 in March, just as we were building momentum in our projects at the start of 2020.

Although it is disappointing to miss our numbers, we remain confident that these projects will still deliver gains, just later than originally predicted.

Protecting the balance sheet
Cash is 'king' and in these uncertain times we need, more than ever, to have a sound cash position and disciplined cost management to mitigate risk. With this in mind, we have accelerated our efficiencies programme to reduce overhead and non-essential development expenditure across our portfolio, creating significant cost savings in FY2021. We have raised additional liquidity and secured a new facility giving us good financial flexibility. These measures ensure we have a robust balance sheet, able to sustain the ongoing impact of the Covid-19 pandemic.

Navigating risk
We are often asked about the biggest risks to our business.

Firstly, the politicised and under-resourced planning system has delayed a number of our schemes, in some cases by as much as six months. Our long-standing, trusted relationships nurtured over the last twenty-five years and collaborative approach with communities, however, support our success in securing planning consents. We have hired a planning expert to ensure we can continue to navigate this increasingly complex and tired planning system.

Secondly, an uncertain political backdrop has had its challenges. A majority government, committed to stimulating local economies, has brought housing back up the agenda. Greater political and economic certainty means, ahead of Covid-19, businesses were starting to make long-term decisions about headquarters, whilst consumers started to plan for their futures. Our mid-market focus makes our schemes attractive.

Thirdly, changing and increasing construction regulations and legislation has its constraints and costs for businesses as we seek to deliver buildings that meet very specific requirements. U+I's creative approach and links to new technology innovators, enable us to use efficient, sustainable routes.

Given its severity and longer-term implications, we have added Covid-19 as a new risk for our business. This black swan event will dramatically redefine living and working practices for some time, possibly in some aspects indefinitely. This is a challenge for our business as we react to market uncertainty, reduced purchasing power and further delays in decision-making. It is also an opportunity as the 'new normal' has accelerated the need to sustainably reinvent our towns and cities from relics of the past, to thoughtful, efficient, enjoyable – and now also safe – places to live, work and socialise, suited to a growing, diverse population, with changing behaviours and needs. This makes our strategy more relevant than ever.

Distinctive approach creates barriers to entry
We are distinctive in the real estate sector, for our purposeful approach to regeneration, focused on delivering meaningful schemes that will benefit all stakeholders. We get to know the places we work in intimately, learning about their heritage; speaking with and listening to local communities to understand their needs; and working with our partners to create inspiring, thriving neighbourhoods. Our long-standing network and track record of finding the potential in complex, often overlooked sites, and using our creative approach to unlock their potential, gives us a competitive advantage. This is more important than ever in challenging times like these and has ensured we are often the public sector's partner of choice.

Investment portfolio transition progressing well
Valuations in the investment portfolio materially declined at year end reflecting increased risk and forecast impact on rents and yields as Covid-19 spread. With this in mind, total return was (5.3)%. Notwithstanding the short-term challenges, we are cautiously optimistic about future performance as we diversify away from retail – supported by the disposal of four underperforming retail assets in the year – and seek new regeneration focused acquisitions or transfer elements from our development portfolio, as we did with Plus X in the year.

New governance code
Good governance is important to ensure we remain transparent as a business and continue to build trust with all our stakeholders, which is so integral to our success.

This year we have focused on implementing other aspects of the 2018 UK Corporate Governance Code, including greater engagement with our stakeholders. This included speaking to shareholders about our remuneration policy and business strategy; conversations with our employees through T.E.A.M. meetings and our annual engagement survey; culture and talent development programmes; and extensive consultations with partners and communities to deliver schemes, aligned to demand. I talk more about this in the Governance review.

Sustainability – doing better
This year we started an extensive project to ensure a step change in our ESG performance and reporting. We are working with an independent sustainability expert to critically review our approach, including speaking to stakeholders, to identify areas of improvement, so we can present a clear sustainability strategy in FY2021.

We are early on in our journey with much still to do, but we are committed – from the Board down – to improving in this important area.

Dividend
We recognise the importance of the dividend to our shareholders and intend to resume payments once conditions allow.

Emerging stronger
In summary, 2020 was a tough year for U+I as it faced unprecedented headwinds. We are also very aware of the loss of value our shareholders have faced and share their disappointment. However, the Board believes these challenges are being mitigated and the business model remains strong, relevant and well placed to withstand the ongoing impact of the pandemic.

I want to thank the team and all our stakeholders for their hard work, resilience and continued support in these exceptional times. Sadly, we have had to make some people redundant as we futureproof the business in response to Covid-19. I want to thank them for their efforts. However, by preserving cash and liquidity in these times, U+I can emerge stronger, able to deliver on its significant pipeline through a more efficient approach.

Peter Williams
Chairman, U+I
7 July 2020

Chief Executive Officer's statement

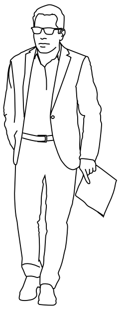
We appreciate the trust our shareholders place in us to deliver sustainable returns, while contributing to society and reducing our impact on the environment. This includes creating vibrant, inclusive places that allow the communities we work in to prosper, whilst helping all our stakeholders (partners, employees, communities and investors alike) to be a part of our purpose-driven business, where together we can unlock long-term value through regeneration.

Phase 2 – Delivery: U+I's top three priorities in FY2020:

Delivering our existing pipeline

Richard Upton introduced the highlights earlier in the document and you can find more detail on page 54

Transitioning our investment portfolio



I introduced the highlights earlier in the document and you can find more detail on page 56

Optimising U+I for the future

Marcus Shepherd introduced the highlights earlier in the document and you can find more detail on page 52

Introduction
Our results for the year ended 31 March 2020 were severely affected by planning and transaction delays on our development and trading projects, as well as valuation impacts in our investment portfolio. These were caused by an unprecedented combination of firstly, Brexit, then political uncertainty in the run up to the General Election in December 2019, followed, after a brief respite, by the Covid-19 pandemic.

It was in this context that we delivered £11.0 million of development and trading gains against our targeted £35-45 million and a loss before tax of £58.6 million. This loss largely comprised of investment portfolio revaluations (£13.5 million); provisions on two historical projects (£20.1 million); the impacts of overhead and net interest costs (£21.1 million) not fully offset by development and trading gains; and a decision to impair the project bid costs at the Dublin regeneration scheme where we have been shortlisted (£3.7 million). In the investment portfolio, we sold five non-core assets for £34.1 million, marginally above their aggregate book value at 30 September 2019. Including joint venture assets, our investment portfolio delivered (5.3)% total return (2019: (1.0)%). Group post tax total return was (16.1)% (2019: 0.9%). While we worked tirelessly to achieve our targets by the year end date, it was disappointing not to deliver on these. Going forward, we remain resolute in our determination not to compromise value for our shareholders by unnecessarily discounting assets to meet guidance by a date defined by accounting rather than commercial criteria.

While development and trading gains were below target and investment asset values at the financial year end are lower – in part due to the current uncertainty – importantly our extensive pipeline of development and trading projects remains intact, albeit delayed, with four achieving important planning milestones, priming them for the delivery phase. The achieved investment disposals of non-core assets have increased liquidity in the near term and raised additional funds for reinvestment when the time is right.

At times like these, liquidity is paramount and we have been proactive in strengthening our financial position should the current disruption continue. We have conserved £4.4 million through the suspension of our final dividend and have successfully raised £20.0 million of additional liquidity since the year end, which includes the raising of a new £13.5 million facility secured against previously uncharged assets. Additionally, the Group estimates that it could withstand a further fall in overall capital values of the assets in its investment portfolio of c.25% before requiring renegotiation of LTV covenants with the relevant lenders. The Company has three facilities with maturity dates within the next twelve months. We have agreed heads of terms for the extension of the largest of these facilities and the formal process of documenting this agreement is progressing. We will update shareholders in due course once these extensions have been formally established.

The Board is not recommending a supplemental dividend. It recognises however the importance of the dividend for its shareholders and will reintroduce payments when appropriate.

However uncertain the real estate sector may look in the short term, the sustainable business rationale for U+I remains as relevant as ever and we have an experienced and strengthened management team, well placed to respond to these challenging times. Demand for mixed-use urban environments where people can live, work and socialise has never been greater as behavioural and demand shifts following Covid-19 will lead to the need for more agile environments.

Our creative and flexible approach allows us to deliver design solutions for these changing needs. We are focused in the area of regeneration, increasingly classified as infrastructure. This will continue to secure significant grants as the recovery of our towns and cities to provide for growing communities continues to be a Government imperative. Our three core geographies of London City Region (within one hour's commute from Central London), Manchester and Dublin are all expected to be major beneficiaries. On the supply side, the availability of land for regeneration is increasing, driven by Government and Local Authority action. This presents opportunities to continue to strengthen our short and long-term pipeline as we proactively look for undervalued acquisitions.

All this makes U+I's development pipeline of over £10.8 billion of regeneration projects as important as ever for stakeholders, whether they be Central or Local Government, the communities who will live there or our shareholders who invest in them. Notwithstanding the market conditions, we continue to preserve and build value across our business so we can deliver sustainable returns in the future for our investors.

Whilst this speaks more to the future than the present, I will outline how we are mitigating the current challenges posed by the Covid-19 pandemic, before summarising our current trading and a more detailed explanation of the FY2020 results themselves.

Mitigating actions taken in response to Covid-19
Given that we expect the current Covid-19 induced disruption to continue for some time, we have taken decisive actions to protect the business for the long term.

We have stress tested all of our financial assumptions and reviewed all planned activity in FY2021. In light of this, we have reduced our expenditure on development capex by £33.0 million for this financial year, prioritising our more liquid, higher margin projects where there are clear milestones to monetisation – such as securing planning consents and completing site infrastructure.

We have accelerated our £4.0 million cost saving programme. Announced at our Capital Markets Day in October 2019, this was scheduled to be completed by FY2022 and will now be completed by the end of FY2021.

As we announced in April 2020, Executive Director, Non-executive Director and senior staff salaries have been reduced for three months, all FY2020 discretionary bonus payments cancelled, and Executive Directors have waived contractual bonus entitlements for the financial period. The total saving from these actions is estimated at £1.3 million at 31 July 2020.

In addition to furloughing seventeen members of staff, we also announced in April a separate redundancy programme. This completed on 26 June 2020, with the loss of 13% of the workforce and, with the natural reduction in staff through retirement, will deliver annualised savings of £1.4 million. There will not be any negative impact on project delivery from these redundancies as we prioritise execution across a reduced number of schemes, through greater efficiencies.

Business risks associated with the Covid-19 impact
We are not alone in lacking visibility on the duration or, indeed, the ultimate social and economic impacts of Covid-19. We therefore feel it is not appropriate to provide guidance for FY2021 and have also withdrawn guidance for FY2022.

However, following our decisive mitigating actions outlined above, we believe that the Group is well protected against any prolonged disruption.

We have considered the additional risks that Covid-19 will present to our business in the short and medium term. This includes heightening some of the existing risks we face in planning, politics, construction and retail, where we expect continued delays, slow decision-making and further rental and capital declines. We have also considered additional risks arising out of the pandemic to occupier rent payments, access to capital and delayed cash receipts. We have reviewed and scrutinised our entire portfolio of projects and business strategy in light of these elevated risks, putting in place mitigating actions to limit and control their impact on our Company. Ultimately, this has led to changes in both operations and minor amendments to our project strategies by accelerating our focus on our larger, more liquid projects. More details of our Covid-19 risk assessment can be found on our website.

Pipeline primed for delivery phase
We have built up a development pipeline with a Gross Development Value (GDV) of more than £10.8 billion, which is projected to deliver returns up to 2034. We now have planning consent or resolution to grant planning for in excess of 6 million sq.ft. across our entire portfolio, following resolutions to grant planning for four schemes with a combined GDV of £0.9 billion in FY2020 and the first three months of FY2021. These are Phase 1 of Mayfield in Manchester, Landmark Court, Kensington Church Street and Newtown Works. Having achieved resolution to grant planning on 3 December 2019, on 11 June 2020 our 8 Albert Embankment scheme was Called In by the Secretary of State for Housing, Communities and Local Government, delaying progress. We remain confident of achieving a successful conclusion given the exemplar nature of the proposal and the support for the project from the Local Authority and Greater London Authority.

As the impact of the Covid-19 pandemic continues to unfold, the relevance of our business has increased. It is now more important than ever to reinvent our towns and cities to become sustainable, thoughtful, efficient, enjoyable – and now safe – places where every generation can thrive. As Government priorities shift to establishing measures that will encourage spending and stimulate local economies – supported by its 'levelling up' agenda where it has committed to investing in local infrastructure – there is the potential to leverage the huge bank of unused public and private sector land and buildings to create inspiring, convenient, affordable mixed-use communities. A depth of capital, both public and private, exists to invest in sustainable assets for the future.

Those businesses, like ourselves, that have both the track record and planning consents for immediate development are set to be the greatest beneficiaries. We are increasingly identifying short and long-term opportunities to strengthen our development and trading pipeline, increasing our future visibility.

We are confident that we are prioritised in the right markets; those which will show sustained demand for attractive, responsible schemes. London will continue to be attractive due to its standing as a global finance, commerce, technology and culture hub, supported by its ranking as #1 European City to Invest in the 2020 Global Cities Index. Manchester is the UK's Northern Powerhouse and the most economically important city outside London; whilst Dublin is capital of the fastest-growing economy in the EU.

To strengthen our capabilities in delivering our pipeline, in August 2019 we hired Dr Malcolm Hockaday from Lichfields as Planning Director. Dr Hockaday has over four decades' experience in planning and his in-depth knowledge of navigating the complexities of the current system helped us to secure resolutions to grant planning at Phase 1 of Mayfield in Manchester, Landmark Court in Southwark and Newtown Works in Ashford. His expertise will be crucial for U+I as we focus on planning submissions and consents at other schemes in the coming year, including Kingstanding, Morden Wharf, Arts Building, Tilehurst Golf Course and Broke Hill Golf Course, as well as successful conclusion of the planning inquiry at 8 Albert Embankment.

Mike Hood, former Managing Director of Capital & Counties Properties PLC (CapCo), joined U+I as Director of Development on 6 July 2020 to lead the regeneration team. His experience in managing major schemes, including the master planning of Earls Court, will strengthen our execution capabilities on our significant pipeline.

Current trading since the year end

As already outlined, the impact of the Covid-19 pandemic and consequent Government-led restrictions continue to disrupt our business.

Notwithstanding these challenges, I am pleased to report that, since 31 March 2020, we have achieved the following:

- Resolution to grant planning consent at the 300,000+ sq.ft. project at Newtown Works in Ashford. The planning consent includes sought after film studio space, as well as 300 highly affordable homes, which will benefit from excellent train links into London.
- Resolution to grant planning consent at Landmark Court, our £240 million GDV PPP project with TfL in Southwark. We expect to start receiving Development Management Fees on this project in FY2021.
- Planning consent granted in June 2020 at Kensington Church Street, our mixed-use scheme in joint venture with Brockton Capital.
- Planning application submitted at Morden Wharf, our £770 million GDV residential-led scheme on the Greenwich Peninsula. We expect a planning resolution in FY2021.
- Acquisition of a further industrial asset in the Greater Dublin Area with potential for change of use to residential in the medium term. This acquisition adjoins our existing holdings and give us further critical mass to expand our development footprint.
- Acquisition of Arkley Golf Course, taking advantage of new opportunities as we accelerate our golf course strategy. With this acquisition, we now have six current or former golf courses in our development and trading portfolio, with a combined GDV of £1.4 billion. The sites have the potential for more than 2,500 homes, with planning already submitted for 1,125 homes. Over the next eight years, we are targeting £80 million of gains across these six opportunities, starting in FY2022.
- Termination of our involvement in the joint venture to modernise North Finchley High Street in North London, following our appointment by Barnet Council to work exclusively with them in 2019. Regrettably, we have withdrawn from the opportunity as we could not agree the outline of a viable scheme and decided it was not prudent to commit additional resources.

Meanwhile, rental collection from our investment portfolio continues to be impacted as we respond to ongoing disruption from the impact of the Covid-19 pandemic. Whilst several of our tenants who faced enforced closures during the Covid-19 pandemic returned to business in June, new restrictions are impacting trading for many. We remain in regular dialogue with tenants so we can discuss their rental position on a case by case basis.

Of the total March quarter rents due, 60% has been collected and a further 13% will be collected through alternative payments plans agreed with occupiers. These alternative measures include deferrals and re-gears of existing arrangements.
We have continued to receive rent from 'essential service providers', that remained open during Covid-19, many of which anchor our assets. This includes Sainsbury's Supermarket, which is our largest tenant, paying 5.5% of contracted rent.

In terms of our rent collection, we have achieved the following, as outlined in Table 1 below.

The experiential and convenience nature of our portfolio, relevant to local communities, give us confidence that consumer demand will return as market conditions start to normalise and Covid-19 related restrictions are removed. This is supported by all our shopping centres being anchored by a grocery brand, and the majority being open air. As at 3 July 2020, 70% of our retail and leisure units had opened for trading, up from 30% that were open during lockdown.

Table 1: Rent collection

	Mar QTR						
Sector	Collected	Deferrals in negotiations	Agreed deferrals	Agreed re-gear	Lost/waived	Jun QTR collected	Dec QTR collected
Retail	58%	42%	0%	0%	0%	17%	99%
Shopping Centres	63%	16%	9%	10%	2%	51%	98%
Commercial	84%	11%	5%	0%	0%	67%	100%
Leisure	23%	44%	0%	15%	18%	17%	95%
Total	**60%**	**23%**	**6%**	**7%**	**4%**	**42%**	**98%**

FY2020 results

Development and Trading

Realised Gains

We disposed of our stake in the Harwell Campus, the world-leading science and technology campus in Oxfordshire, to Brookfield Capital Partners on behalf of Brookfield Strategic Real Estate Partners III, delivering development and trading gains of £9.3 million in FY2020. Total profit delivered across the life of the project stands at £31.5 million, reflecting a 4.1x equity multiple. Since our initial investment, the Partnership has successfully delivered on multiple projects at Harwell Campus, contributing to growth in the total fixed asset value from £12.0 million at December 2013 to £160.0 million at 31 March 2020. At the time of sale, Harwell was at 99% occupancy, boasting a diverse occupier roster featuring over forty-five companies located across 455,000 sq.ft. of commercial space, generating a contracted rent of £7.9 million per annum. This achievement demonstrates the flexibility and operational leverage of our business model, especially with regard to our ability to deliver large-scale strategic assets. We successfully, even in the economic downturn, monetised this asset.

Whilst we secured a further £5.8 million in development and trading gains during the year – at Preston Barracks, Plus X and Circus Street in Brighton – when offsetting losses at our wind farms, Newcastle-under-Lyme and South Woodham Ferrers, the net 'Other' gains total in the period was £1.7 million. These form the remaining gains in our net £11.0 million total.

Table 2, below, shows our progress to date across the projects we highlighted in our FY2020 guidance, as well as those that were accelerated during FY2020.

As explained, negotiations on several of these assets were delayed and ultimately did not conclude by the year end.

Table 2: Realised development and trading gains

Project	Targeted FY2020 gains	Actual FY2020 gains	Progress and value trigger
Arts Building, London	£6-8m	£0m	**Progress:** completed refurbishment. Agreement signed with Lidl for the ground floor, subject to planning (outcome expected by December 2020). Discussions with occupiers to let the first and second floors targeted to conclude H2 FY2021 **Value trigger:** planning, letting and subsequent disposal
Newtown Works, Ashford	£5-7m	£0m	**Progress:** resolution to grant planning achieved in April 2020. Negotiations for the sale of the residential component of the scheme on hold due to Covid-19; strong interest in the commercial element **Value trigger:** planning, sale of entire site
Kensington Church Street, London*	£4-6m	£0m	**Progress:** Planning consent granted by Secretary of State in June 2020, following Call In Inquiry. Demand remains for the consented site; refinancing expected to close in FY2021 **Value trigger:** surplus from development of site or refinancing post planning decision
Hendy Wind Farm, Wales	£4-6m	£0m	**Progress:** under construction with accreditation process ongoing. Gains delayed to H2 FY2022 **Value trigger:** accreditation and sale
Rhoscrowther Wind Farm, Wales	£1-3m	£0m	**Progress:** planning application being progressed; due to be submitted in H1 FY2021; gains delayed until H2 FY2022 to reflect worst case planning determination timescale. Sale, subject to consent, to be progressed in H2 FY2021 **Value trigger:** planning and sale
Harwell, Oxfordshire*	Undisclosed	£9.3m	**Progress:** disposed in March 2020 **Value trigger:** complete recapitalisation
Other small projects, individually contributing <£3.0 million	£12-14m	£1.7m	**Progress:** net total after gains are offset by losses across our smaller projects **Value trigger:** planning, letting or sale of relevant project
Industrial Estate, Dublin	£0m	£0m	**Progress:** land rezoned for residential uses in March 2020. Vacant possession discussions underway. Terms agreed before Covid-19 to recapitalise the project but currently on hold **Value trigger:** rezoning and recapitalisation
Beeston Park, Norwich	£1.5m	£0m	**Progress:** under offer to housebuilder but delayed by Covid-19 impacts **Value trigger:** sale of site
Curzon Park, Birmingham	£0m	£0m	**Progress:** continued negotiations with HS2 on compensation settlement. Offer to settle withdrawn on 31 March 2020 and now proceeding to Lands Tribunal hearing

* Held in joint venture.

However, given our progress to date, we remain hopeful that many may conclude in FY2021, particularly if we see the return to a more normal business environment later this year.

Reconciliation of losses

We incurred a £58.6 million loss before tax for the year. This was largely comprised of investment portfolio revaluations (£13.5 million) and provisions from two historical projects at 399 Edgware Road (£9.5 million) and Bromley (£10.6 million). Additionally, our net £11.0 million development and trading gains did not offset our overhead and net interest costs of £21.1 million as they have in previous years, which further contributed to our shortfall.

At 399 Edgware Road, as previously announced, we made an impairment of £6.5 million in the first half of the year in respect of cost overruns. This includes the impact of changes in building standards and fire safety regulations, which we are in a claims process to seek to recover. In the second half of the year, a further £3.0 million impairment has been recognised to reflect lower sales rates and projected values, as well as higher associated marketing and void costs as a result of the current sales market conditions.

In respect of Bromley, we have finalised our position with the main contractor, which has taken longer than anticipated. Further costs have been incurred to fully deliver the whole scheme, which we are unable to offset. In addition, allowance has been made for the reduced sales rates and values as a result of conditions in the housing market influenced by Covid-19.

As previously announced, the Company is shortlisted for a c.£1 billion GDV regeneration project in Dublin and remains committed to progressing the opportunity if selected by the landowner. However, in light of the time that has elapsed since making its final submission, we have taken the prudent decision at this stage to impair the project bid costs, which total £3.7 million. This impairment would be reversed if the Company is successful with its bid.

Progress across major PPP Projects

Table 3, below, shows a summary of progress across our major PPP projects, which give us visibility for the next fifteen years and beyond.

Table 3: Progress across our major PPP projects

Project	GDV	Status	FY2021	FY2020 comments
Morden Wharf, Greenwich	£770m	Planning submitted	Planning outcome	Submitted for planning in June 2020, with an outcome expected in FY2021.
8 Albert Embankment, Lambeth	£500m	Planning inquiry	Progress inquiry	Secured resolution to grant planning on 3 December 2019. GLA Stage 2 review completed. Scheme Called In by Secretary of State on 11 June 2020. Inquiry being progressed. Hotel bids received February 2020 and terms agreed for a joint venture of Phase 1 of the project, but both were unable to proceed due to Covid-19 impacts.
Mayfield, Manchester	£1.5bn	Phase 1 consent	Secure funding; commence build; first DM Fees	Planning permission for Phase 1 secured, delivering a 6.5 acre public park, 320,000 sq.ft. of office space and a 581-space multi-storey car park.
Faraday Works (formerly Westminster Industrial Estate), Greenwich	£165m	Revised planning	Submit new planning application	Submitted for planning in December 2019. In February 2020, Historic England made an application to list one of the structures on the site – a material planning consideration that prejudices our application. Project strategy review underway with our joint venture partners.
Landmark Court, Southwark	£240m	Resolution to grant planning	Secure funding; commence build; first DM Fees	Secured resolution to grant planning on 15 June 2020 to deliver over 200,000 sq.ft. of contemporary office, retail and workspace, as well as 36 new homes.
CNFE, Cambridge	£3bn	Design development	Progress project to public consultation phase.	Secured £227 million in grant funding from the Housing Infrastructure Fund. The funding will allow the Development Consent Order process to proceed and give the required assurances to the Planning Authority to allow progress with the Area Action Plan.

Investment portfolio

At year end, the investment portfolio was valued at £130.6 million (2019: £154.0 million). During the year, we made disposals of £34.1 million and transferred across one development and trading asset at a value of £16.2 million. Capital values (including our share of joint ventures) were down £11.8 million, a decline of 7.9% (2019: 4.9% decline), reflecting the reduced market values I mentioned earlier. Of course, in the current market it remains difficult to accurately determine investment valuations so, in accordance with the RICS guidelines, it is important to note that year end valuations are subject to material uncertainty clauses from our valuers.

The core portfolio net initial yield was 6.2% (2019: 6.6%), with an equivalent yield of 8.0% (2019: 7.9%). Total return was (5.3)% (2019: (1.0)%). Occupancy remained high at 83.4% (2019: >90%) – including 94.7% retail occupancy and 96.4% for shopping centres – demonstrating the resilience of the portfolio in challenging markets. Estimated Rental Value in the core portfolio was down 16% to £11.0 million (2019: £13.1 million), due to net disposals, with shopping centres falling like-for-like by 4.4%. Covid-19 may well change shopping habits and the shape of the high street for the future but we believe that convenience and experiential retail will remain relevant as consumers prioritise necessity purchases and spending time in sensitively curated places that offer a mix of retail, leisure and green space, suited to the local catchment.

Our strategy is to transform our investment portfolio, with the longer-term objective of achieving consistent returns of 10% per annum, by acquiring assets that fit our regeneration focus; disposing of non-core assets; and increasingly transferring elements of our own regeneration projects to capture improving, long-term rental and capital growth.

While the challenging conditions have led to some disruption of this planned transition, we have made progress, selling five assets during the year for £34.1 million, marginally ahead of September 2019 aggregate book value.

These disposals leave us with just two remaining non-core retail assets, outside our focus geographies of London City Region, Manchester and Dublin. Following these disposals, we have £27.0 million in cash in the Aviva debt facility, available to reinvest when conditions normalise. In this respect, we will continue to consider new opportunistic acquisitions that meet the criteria for our investment portfolio strategy.

We also continue to transfer assets from our development and trading portfolio. In February 2020, we transferred the Plus X building in Brighton into our investment portfolio as an innovation and workspace managed under the Plus X brand, a 50% joint venture of U+I. Valued at £16.2 million on transfer, this becomes the largest asset in our investment portfolio. The 40,000 sq.ft. building opened for business in June 2020 but Covid-19 has meant that it currently has low occupancy.

There is, however, strong interest from small, medium and large businesses and, as the lockdown eases and member and leasing activity picks up further, we believe this asset has the potential to deliver double-digit returns. Our research shows that putting a Plus X facility at the heart of our regeneration schemes produces an asset that delivers a margin on standard premium market rental levels, £100 million of societal value over a standard office block and a catalyst of enterprise and entrepreneurial activity that acts as a powerful marketing tool, attracting other commercial tenants to the building and the wider scheme. The Plus X building in Brighton is one of a number of potential U+I assets we have identified for transition to the portfolio, where we can capture their improving long-term value.

We believe we have the correct strategy longer term to deliver consistent returns from our investment portfolio, which forms part of our integrated regeneration business plans.

Growing a sustainable business for communities and shareholders alike

At U+I we take our ESG – environmental, social and governance – responsibilities seriously and are constantly seeking ways of improving our approach to regeneration so we can be more sustainable and, in time, industry leading. Delivering social benefits to the communities in which we work has always been an integral part of our corporate strategy, delivering responsible schemes, that encourage health and wellbeing, whilst protecting the environment. It is more important than ever to enhance the mental health and welfare of individuals – aligned with Government's approach focused on supporting people. Businesses will need a clear purpose, that pushes for a fairer society and which strengthens its role in helping communities to prosper. These are the principles on which U+I was founded.

As a priority in the year ahead – as we continue to progress the delivery phase of our strategy – we are focused on putting the processes and infrastructure in place to measure our ESG performance company-wide.

With this in mind, we have been working with an independent sustainability consultancy to critically review our business and portfolio. The findings will allow us to better understand our current performance so we can launch a clear sustainability strategy, with deliverable KPIs, that will inform our approach going forward.

We are early in the process and have more to do. As a first step, this year we are for the first time reporting on four non-financial KPIs, which we will refine and expand as we decide the priority metrics for the business and have the processes in place to collate the necessary data. These are:

- BREEAM Excellent/LEED Gold (or above) across all new developments.
- Reduce Scope 1 and 2 emissions by 13% year-on-year compared to the FY2020 baseline and become net zero carbon by 2030.
- 0.1% lost time to accidents/incidents across U+I's sites.
- Three locally employed people across the project portfolio for every £1 million of project spend.

Positive outlook
What is clear is that the timing of gains is difficult to predict in current, extraordinary, market conditions. However, what is equally clear is that the latent value of U+I's portfolio is significant and the type of regeneration we deliver will be crucial to the UK's economic recovery following Covid-19.

We have one of the most successful track records in our industry of delivering wider economic and social benefit from Public Private Partnership. Our success in delivering for our public sector partners as we emerged from the financial crisis twelve years ago, set the basis for our experience and capacity to deliver impactful regeneration. As we move into a major recovery phase in our economy post Covid-19 and prepare for the opportunities that Brexit will offer, we are better placed than many in our industry to hold out our hand to national and local government and offer them a business model that unlocks the value in their derelict and overlooked land through successful partnership.

This starts with securing planning consents and we are now achieving these at scale. We have a substantial £10.8 billion GDV pipeline, including over 6 million sq.ft. with resolution to grant planning or planning consent, giving us visibility for the next ten years and beyond, alongside the skills, track record and reputation for delivering high quality, mixed-use regeneration projects.

If we built out our entire development pipeline we would deliver over 19,600 new homes and 7 million sq.ft. of commercial space in the next ten years, which will go some way to addressing the major UK shortfalls of space, whilst creating more than 50,000 jobs. By strengthening our planning and community engagement team we are also able to work closer than ever with local boroughs and key stakeholders to bring forward our schemes – as fast as the planning system allows – to address local demand for quality mixed-use places where people can live, work and socialise. Our largest projects – Mayfield, Landmark Court and Morden Wharf (full schemes total over £2.5 billion GDV) – have all been primed for development during the year and move to delivery phase in FY2021. We are also confident of progressing 8 Albert Embankment, once the planning inquiry is completed.

We look forward to releasing this value in line with our revised project strategies, applying our expertise in securing land well, unlocking value from overlooked sites and enhancing value through planning and development, to realise profits. This will grow long-term socio-economic value for our communities and deliver sustainable returns for our shareholders.

I want to take this opportunity to thank all our stakeholders for their support and hard work over the year, and particularly during the current unprecedented times. We will get through this and I have no doubt U+I will emerge leaner, more focused and more committed than ever to unlock value for all through regeneration.

Matthew Weiner
Chief Executive Officer, U+I
7 July 2020

Top five occupiers as at 31 March 2020

	Annual rent £'m	% of contracted rent
Sainsbury's Supermarket Ltd	0.5	5.5
B&M Retail Ltd	0.4	4.2
Carpetright Plc	0.3	3.5
Pure Gym Limited	0.3	3.3
JD Wetherspoon PLC	0.2	2.7

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

Year ended 31 March 2020

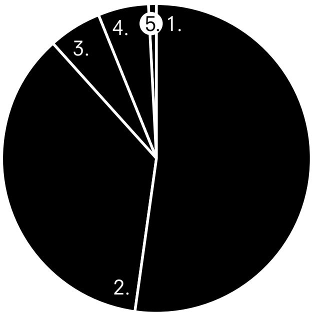
	Property owned throughout the year £'000	**Acquisitions £'000**	**Disposals £'000**	**Total net rental income £'000**
Investment	**8,452**	**2,407**	**2,127**	**12,986**
Development and trading	**3,030**	**1,332**	**(0)**	**4,362**
Joint ventures	**3,169**	**0**	**0**	**3,169**
	14,651	**3,739**	**2,127**	**20,517**

Thirteen-month period ended 31 March 2019

	Property owned throughout the year £'000	Acquisitions £'000	Disposals £'000	Total net rental income £'000
Investment	9,485	1,019	3,221	13,725
Development and trading	1,927	294	244	2,465
Joint ventures	3,204	0	0	3,204
	14,616	1,313	3,465	19,394

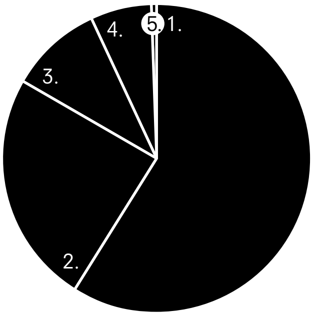
Core investment portfolio – 31 March 2020

Gross rental income – tenant profile



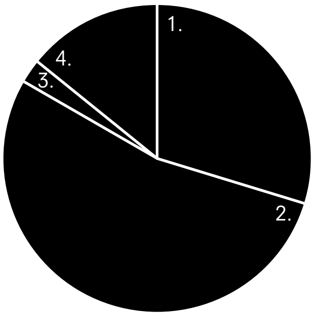
1. PLC/Nationals **52.4%**
2. Local Traders **36.0%**
3. Regional Multiples **5.5%**
4. FTSE 100 **5.5%**
5. Government **0.6%**

Gross rental income – lease-term profile



1. 0-5 years **59.0%**
2. 5-10 years **24.5%**
3. 10-15 years **9.6%**
4. 15-20 years **6.4%**
5. 20 years+ **0.4%**

Capital value – local profile



1. London **29.8%**
2. South East **53.8%**
3. Manchester **2.4%**
4. Rest of UK **14.0%**

The market we operate in

We monitor market trends and their impact on the real estate industry on an ongoing basis to ensure our business strategy remains relevant, so we can mitigate risk and optimise opportunities for U+I and its stakeholders for the long term.

The under-resourced planning system, uncertain political backdrop, low confidence delaying decision-making and changing construction legislation that we have identified as immediate risks and challenges for the business form part of these wider market and sector themes, whilst the impact of Covid-19 is a theme running throughout, to reflect its longer-term implications.

Major themes

1. Urbanisation: accommodation crisis

Description
The UK population is expected to grow to c.72 million by 2040 – a 7% increase on today (ONS, 2019). Over 80% of this is urban (UN, 2019). This is putting pressure on our towns and cities to offer the required infrastructure, public places, services and amenities – as well as new homes. Post Covid-19, more than ever, places need to be 'safe' and accommodate new living, working and socialising behaviours.

Change in year

83.2% of the UK population was urban in Q1 2020 compared to 82.9% in 2019 and over 80% of global GDP generated in cities (The World Bank, 2020). This urbanisation has led the UK Government to prioritise the supply of housing, increasing competition for land space, particularly in major cities.

Opportunities for U+I
One million homes could be built on existing derelict brownfield land in England (CPRE, 2019) but it does not yet have planning permission. This unused land could provide mixed-use projects around transport hubs and help to meet the Government's target of 300,000 new homes every year by 2025.

Our response
We work with the public and private 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. We are growing our golf course portfolio, and currently own over 500 acres of brownfield greenbelt land with the potential for over 2,500 homes. We have submitted planning for 1,125 homes to date.

Relevant strategic priorities
1 2 3 4 5

Relevant risks and uncertainties
A B D E F

2. War for talent

Description
As many companies emerge with smaller workforces following Covid-19, retaining existing talent will be more important than ever. Attractive, agile workplaces that meet changing employee behavioural needs, whilst delivering something extra, are increasingly critical to engaging staff, improving wellbeing, enhancing individual and collective productivity and enhancing a business' overall performance.

Change in year

74% of CFOs in the UK intend to permanently move at least 5% of their onsite employees to remote working following Covid-19 (Gartner, 2020), increasing the importance of flexible living and working environments which stimulate productivity and where employees feel safe.

Opportunities for U+I
Public companies with 'extremely healthy' cultures are nearly two and a half times more likely to report significant share price improvement (Grant Thornton, Oxford Economics, 2019). To attract and retain top talent, companies need innovative, agile – and sustainable – work spaces that meet new Covid-19 wellbeing standards.

Our response
We understand the importance of creating amenity-rich, customised work spaces, that provide positive and productive experiences that support mental and physical wellbeing and promote employee satisfaction. Our schemes are designed 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

Relevant risks and uncertainties
A B F

Key

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

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

3. Political and regulatory uncertainty

Description
Ongoing Brexit negotiations, leadership changes, local and general elections, and new policies and regulations create risks and opportunities as companies and consumers adapt to a constantly changing landscape. Whilst confidence slowly returned in early January, Covid-19 has refocused resources, as well as delaying policies and decision-making, halting progress in major areas, such as housing.

Change in year

UK GDP is expected to fall by 14% in 2020 (Bank of England, 2020) due to the impact of Covid-19 on the UK economy. As these challenges continue to refocus resources and delay domestic policy making, the UK will experience further delays and uncertainty.

Opportunities for U+I
As the second most powerful financial centre in the world, London will continue to attract international businesses to headquarter and invest (Z/Yen GFCI, 2020). Major cities – such as Dublin and Manchester – will also benefit as companies base themselves around talent hubs.

Our response
Our size and flexibility mean we can anticipate and respond quickly to change. Demand for housing and mixed-use regeneration ensures it remains an urgent priority for the Government, particularly post Covid-19.
We work closely with all political parties towards policies and a regulatory framework that will help communities to prosper and allow under-resourced local authorities to realise value from their unused assets. Dublin is benefitting from Brexit as Ireland continues to have the best GDP potential over the next five years (CBRE, 2019) and Manchester from increased government investment.

Relevant strategic priorities
1 2 4 5

Relevant risks and uncertainties
A B E F

4. Wellbeing and sustainability

Description
Covid-19 has changed our expectations of space, as demand shifts to flexible, quality environments – that are also clean and spacious – that promote healthy living and working, whilst encouraging happiness and wellbeing. Buildings need to provide better solutions to climate change through their design, automation, energy management systems and surrounding environment, whilst also driving productivity and efficiency.

Change in year

94% of investment funds tracking the performance of companies with higher ESG ratings performed better than those with lower ESG ratings during the Covid-19 market downturn (BlackRock, 2020), showing the correlation between sustainability and performance.

Opportunities for U+I
Almost half of UK companies plan to increase their investment in environment related spending between the end of 2019 and summer 2021, in response to changing regulations and the Government's 2050 net zero ambitions (HSBC, 2019) as they seek responsibly designed environments to promote wellbeing and social values.

Our response
We listen to our stakeholders' needs before we start a project. Our creative, collaborative approach means we can design agile places with end-users at their heart, supporting changing needs post Covid-19. All our schemes aim to deliver positive social impact, encouraging healthy living and working. Typically, our buildings are created with locally procured, renewable materials and offer green space to encourage cycling and walking, as well as a range of leisure amenities. Demand for the best spaces will continue as flexibility, environmental sustainability and AI are expected to be requirements of space.

Relevant strategic priorities
1 2 3 4

Relevant risks and uncertainties
A E F

Major themes

5. Future proofing

Description
In a rapidly changing world, where shifting trends – and the impact of Covid-19 – influence how we live, work, shop and play, cities will only meet their growth challenges if they support innovation, are sustainable and stay relevant. To do so requires designing for radical flexibility and efficiency 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.

Change in year

▲

100% of non-essential staff were instructed to work from home from the end of March 2020 due to the Covid-19 pandemic, shifting working, living and socialising patterns and altering future expectations from our homes, work and leisure places (Gov.UK, 2020).

Opportunities for U+I
Two-thirds of unused brownfield land is ready to be transformed immediately (CPRE, 2019). This could support delivery of inspirational and agile mixed-use places, shaped to meet evolving business and community needs, whilst allowing the public and private sector to generate income from their existing assets.

Our response
We understand that real estate is more than a physical product; it is a flexible, customer-centric service. That is why we have invested in cutting-edge innovations in property – such as WiredScore, Matterport and Plus X – to help inform our approach and allow us to be early adopters of new technologies to create next generation safe, sustainable buildings. Our close relationships with our partners allow us to challenge our designs and approach, share knowledge, understand trends and deliver responsible places that will meet current and future needs.

Relevant strategic priorities
1 2 3 4 5

Relevant risks and uncertainties
A B C D E F

Sector themes

1. Planning complexities

This year we have added planning complexities and construction risk as additional sectoral challenges to demonstrate the importance of these themes to our business and our response. We have removed retail polarisation which is less relevant as we continue to transition to a more diversified investment portfolio. We have not added Covid-19 as its own risk as it is a black swan event we would not expect in a typical year, albeit its impact is significant and lasting so has been reflected in many of the themes.

Description
Lack of political cohesion and infrastructure, combined with the increasing complexity of securing planning consents, is delaying construction in some areas, at times indefinitely. This can be exacerbated where sites are politicised. Covid-19 has further slowed progress and created backlogs. Local authorities are under growing pressure to create value from their assets, but few have the expertise, appetite or vision to unlock their potential.

Change in year

▲

There has been a c.40% real-term cut in spending on planners since 2010, delaying processes and delivery of new schemes (National Audit Office, 2019). Design and alignment with local needs are increasingly relevant.

Opportunities for U+I
£1.9 million will be given to councils in England to support new neighbourhood plans, creating opportunities for those with the track record and market knowledge to bring forward mixed-use schemes to stimulate local economies (Gov.UK, 2020). Cities like Manchester are set to benefit from greater investment in infrastructure as part of the Government's 'levelling up' agenda.

Our response
Appointing a new Planning Director, a Director of Development and a Community Engagement Manager allows us to strengthen our long-standing relationships and trust in our markets by delivering schemes that meet the needs of local authorities, partners and communities. This supports our strong success rate in planning. There is structural demand for mixed-use regeneration; by focusing on undervalued and unused public sector land – often too complex for others – less greenbelt sites are required.

Relevant strategic priorities
1 2 3 5

Relevant risks and uncertainties
A B D E F

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

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

2. Construction risk

Description
Increasing time, cost, delivery and reputational implications for the construction industry as it has to adapt to new, constantly changing – and increasing amounts of – legislation and regulations. This is exacerbated by the need to keep pace with the adoption of new technologies and working practices due to Covid-19. There is growing pressure to deliver schemes that are responsibly built, future proof yet are compliant with existing codes.

Change in year

The construction industry contributed £117 billion to the UK economy in 2018, creating 2.4 million jobs (ONS, 2019). For every £1 spent on construction, the UK economy will benefit by £2.84, showing its importance (Shelter, 2019).

Opportunities for U+I
Government has targeted a 50% reduction in the overall time from inception to completion of new builds, including a 50% reduction in greenhouse gas emissions (Government paper, 2019). This creates opportunities for developers with the expertise and appetite to create sustainable places for the future.

Our response
We understand the importance of responsible construction. We only work with trusted third-party experts to ensure the integrity of the schemes we create and strict compliance of changing legislation. We will not compromise on quality, with health, safety, wellbeing and sustainability all fundamental requirements across our projects to ensure they are fit for the future. All our construction sites stayed open during Covid-19, with safety remaining a key priority throughout.

Relevant strategic priorities
1 2 3 4 5

Relevant risks and uncertainties
A B C E F

3. Technological innovation

Description
Constantly advancing technology and its importance as an enabler during Covid-19 have changed attitudes and increased demand for flexible living, working and social spaces. This influences the design and make-up of real estate, reinforcing the importance of innovative, agile spaces that are close to good transport links and anchored by amenities to attract talent. Companies increasingly need sophisticated technology strategies that consider experience, management and analytics.

Change in year

20% of surveyed CFOs said they have deferred on-premise technology spend, and another 12% plan to do so, as remote working becomes more viable and attractive following Covid-19 (Gartner, 2020).

Opportunities for U+I
Over two-thirds of workers said technology had enabled them to work productively at home during Covid-19 but 61% missed social interaction (Lambert Smith Hampton, 2020), supporting the need for smart, creative building design that will allow people to move seamlessly between work, home and social activities in a safe manner.

Our response
It is clear that no two places or community needs are the same. Using our intimate knowledge of our core markets, we seek to challenge norms and test boundaries so that we can deliver the most innovative, experience-led mixed-use designs, that support greater flexibility and connectivity. We look at new enabling technologies and trends to ensure our places are locally relevant, not just for today but also for the future.

Relevant strategic priorities
1 2 3 5

Relevant risks and uncertainties
A B E F

Key

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

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

Sector themes

4. Affordability

Description
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 a weakened economy; low wages and record unemployment from Covid-19 (ONS, 2020); declining confidence; and pressure to retain top talent. Expectations for prime, new spaces – at affordable prices – is however high.

Change in year

14% drop in consumer spending expected following Covid-19 (EY Item Club, 2020), as unemployment soars and confidence remains low. Quality schemes at the right price point and relevant to end-user demand will benefit.

Opportunities for U+I
Incentivising developers to build on brownfield land to accommodate one million homes, was stated as a priority at the 2019 Conservative Party Conference. 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
In today's world, affordable, convenient and inspiring places 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 is high. We consider the end consumers at the outset to provide a range of solutions at different prices. Many of our schemes already have planning and can be delivered quickly.

Relevant strategic priorities
1 2 3 5

Relevant risks and uncertainties
A B E F

5. Changing focus of capital

Description
Real estate remains an attractive asset class, as institutions seek yield, as well as sustainable investments for the future. In addition to being competitively priced relative to other markets, with a strong regulatory framework, trust in the UK make it an appealing destination for overseas investors, searching for robust local economies, occupational activity and the prospect of rental growth.

Change in year

85% of investors are interested in sustainable investments, which they expect to be more profitable long term (Morgan Stanley, 2019). Responsible mixed-use schemes provide diversification and align with structural demand.

Opportunities for U+I
There was a 6% increase in global investment in UK offices and senior housing in 2019. Investors seeking income streams in a low interest rate environment are switching allocation to higher yielding assets – like real estate. A shortage of motivated sellers is leading investors to invest in schemes at the development stage, albeit Covid-19 will delay spend.

Our response
We recognise changing investor needs. U+I is the facilitator between the demand for affordable mixed-use places, the need to make brownfield land more productive and facilitating capital interested in investing in sustainable assets for the future. We are offering capital partners rare access to invest in de-risked schemes through a trusted partner, that can provide access to a growing, ethical portfolio, local expertise and relationships.

Relevant strategic priorities
2 3 4 5

Relevant risks and uncertainties
A B C D E F

Operating in three high-growth geographies

We focus on three high-growth geographies that share the four major attributes of top talent, steady tourism, good transport links and tolerance for diversity, which we believe are major drivers of economic growth. Our close relationships with different stakeholders and intimate knowledge of these regions built up over the last 25+ years have earnt our trust and support our continued expansion plans.

	London City Region Within one hour's commute from Central London	**Manchester**	**Dublin**
Sustained growth	10% population growth in London in the next seven years (ONS, 2019).	14% population growth in the next five years, ahead of the UK average of 11% (Savills, 2019).	32% population growth by 2036 (Central Statistics Office, 2019).
Commercial	– 12.3 million sq.ft. take up in 2019, the second strongest year on record (Avison Young, 2020). – Only 3.4 million sq.ft. available stock due to complete in 2020; does not meet demand (Avison Young, 2020). – 57% of stock under construction pre-committed (CBRE, 2020). – £75 psf prime rent in the City in 2019 (JLL, 2020).	– 1.4 million sq.ft. take up in 2019 (MOAF, 2020). – Supply down 11% since the end of 2018 and is at its lowest recorded level (Savills, 2019). – 40% of stock under construction pre-committed (Deloitte, 2020). – Record headline rent of £36.50 psf in 2019 (MOAF, 2020).	– 3.3 million sq.ft. take up in 2019 (Colliers, 2020). – 3.4 million sq.ft. of vacant supply (including reserved stock) in Dublin in Q1 2020 (JLL, 2020). – 50% of stock under construction pre-committed (Colliers, 2020). – Prime rents at €65 psf at the end of 2019, doubling since 2013 (Colliers, 2020).
Residential	22,179 homes delivered in 2019 (Molior, 2020); below the target of 65,000 homes per annum in City Hall's London Plan. Estimated need for 94,000 homes a year (Savills, 2019).	12,357 homes under construction in 2019 (Deloitte, 2020); targeting 32,000 new homes by 2025 (Manchester City Council, 2019).	Approximately 7,000 homes delivered in Dublin in 2019; below the level of demand of 10,000+ homes per annum (Central Statistics Office, 2019).
Investment	Prime yield sustained in 2019 **4.9%** (Savills, 2020) #1 European city to invest in (Global Cities Index, 2020).	Prime yield sustained in 2019 **4.8%** (Savills, 2020) The UK regional city that attracted the most FDI in the past decade (Savills, 2019).	Prime yield sustained in 2019 **4.0%** (CBRE, 2020) Dublin ranked in the top 25 most liquid cities in the world for real estate (Real Capital Analytics, 2020).

Strategy, objectives and KPIs

Our purpose, vision and values are embedded in our approach and make us distinctive.

Our strategy is to deliver sustainable returns to our shareholders and long-term socio-economic benefits in the communities where we work.

The Board reviews our progress in executing on our strategy, holding our Executive Directors to account through the delivery of KPIs.

Market theme
1 Urbanisation
2 War for talent
3 Political and regulatory uncertainty
4 Wellbeing and sustainability
5 Future proofing

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

Strategic priorities

Our five strategic priorities form the core pillars of our strategy. The three objectives we outlined in Phase 2, the delivery phase of our journey – delivering on our existing pipeline, transitioning our investment portfolio and optimising U+I for the future – all support delivery of these strategic priorities.

Strategic priority 1
People first

Description
Building on the curiosity, insights and expertise of all our people – our U+I team and our wider circle of partners and communities we work with – to deliver distinctive, thriving neighbourhoods, with health and wellbeing at their heart.

Market context
The Government's industrial strategy for a productive, wealth-creating economy outlined five foundations of productivity – ideas, people, infrastructure, places and business environment. These themes are at the forefront of the Government's agenda as part of the recovery programme from the Covid-19 pandemic to stimulate local economies and support the health and wellbeing of all generations, responding to changed living, working and socialising behaviours.

Delivery against KPI and FY2020 highlights

93%

Employee satisfaction against >90% target (FY2019: 88%)

1

New T.E.A.M. employee engagement forum and one new Community Challenge Panel led by Non-executive Director

1

New Equality and Diversity Panel

Future objectives and targets
- Implement new practices to support changed living and working needs following Covid-19, prioritising safety and wellbeing.
- Continue to invest in our talent, culture, equality and diversity and wellbeing programmes.
- Introduce new health and compliance e-learning courses to enhance the safety of our people.
- Roll out our sustainability strategy in FY2021 with measurable KPIs to measure our ESG performance and deliver sustainable places where communities will thrive.
- Achieve our newly stated target of 0.1% lost time to accidents/incidents across our sites.

Link to market theme
1 2 4 5

Link to risks and uncertainties
A B C

Strategic priority 2
Grow pipeline

Description
Utilise our 25+ year track record and trusted public and private sector partnerships to strengthen our pipeline in our three core geographies. Our equity light approach reduces our financial exposure to any one project.

Market 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 underutilised and under-developed land. Covid-19 will allow U+I to strengthen its portfolio through opportunistic acquisitions, whilst helping the public and private sectors to maximise their assets, to serve local communities and stimulate economic growth. This is more relevant than ever as councils face an estimated £10 billion black hole on their balance sheets due to Covid-19, meaning many local authorities are considering declaring themselves bankrupt (The Sunday Times, 2020).

Delivery against KPI and FY2020 highlights

£11.0m

Against £35-45 million development and trading gains target (FY2019: £42.8 million)

>£10.8bn

GDV of portfolio (FY2019: >£11 billion) as we roll off smaller legacy projects

Future objectives and targets
- Prioritise most liquid, high margin regeneration projects.
- Review potential new PPP acquisition opportunities where we can unlock value.
- Strengthen trading pipeline as undervalued opportunities arise during Covid-19 to improve short-term visibility.
- Grow golf portfolio of brownfield greenbelt land with upside potential.
- Review opportunistic investment portfolio assets where they meet our robust performance criteria.
- Medium term, target an average of £50 million of development and trading gains each year, through delivery of our existing pipeline.

Link to market theme
1 2 3 4 5

Link to risks and uncertainties
A B C D

Strategic priority 3
Drive value

Description
Integrated development, trading and investment portfolio, focused on mixed-use regeneration, too complex for others and often in overlooked places, plays to our strengths and mitigates risk.

Market context
60% of people have missed social interaction during Covid-19 but 42% are concerned about returning to work safely (Lambert Smith Hampton, 2020), increasing the need for flexible, environmentally sustainable, AI enabled places that support health and wellbeing. There is a growth in demand for flexible spaces that allow individuals to live, work and socialise safely.

Delivery against KPI and FY2020 highlights

(5.3)%

Investment portfolio total return against 10% per annum target (FY2019: (1.0)%)

£0.9bn

Combined GDV of schemes that secured resolution to grant planning (includes three schemes post year end)

Future objectives and targets
- Deliver on our existing development and trading pipeline, accelerating achievement of milestones and, in turn, monetisations.
- Secure six key planning consents, including Kingstanding, Morden Wharf, Arts Building, two golf courses and 8 Albert Embankment Planning Inquiry.
- Further transition investment portfolio, to focus on regeneration assets of the future with short-term income and asset management potential as we continue to target 10% total return in the medium term.
- Continue disposals programme of non-core retail assets outside our focus geographies.

Link to market theme
1 2 3 4 5

Link to risks and uncertainties
A B C E F

Market theme
1 Urbanisation
2 War for talent
3 Political and regulatory uncertainty
4 Wellbeing and sustainability
5 Future proofing

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

Strategic priority 4
Maintain capital discipline and efficiency

Description
Actively manage an efficient balance sheet with appropriate gearing and a sizeable cash buffer to mitigate against development exposure, financial leverage risks and the longer-term impact of Covid-19. Use any excess capital to reinvest, paydown debt or return capital to shareholders.

Market context
Global volumes in real estate were the second highest on record in 2019, with pent up investor demand waiting to invest in 2020 (Savills, 2020). Covid-19 has driven a 'wait and see' approach to investment. Businesses with a diversified offer, at the heart of long-term growth trends, are likely to be the greatest beneficiaries when certainty returns.

Delivery against KPI and FY2020 highlights

44.9%

Gearing against 40-50% target
(FY2019: 38.6%)

2.4p

Total dividend (FY2019: 10.0p), supplemental dividend withdrawn in FY2020 (FY2019: 4.1p)

Future objectives and targets
- Optimise U+I for the future through accelerated efficiencies programme.
- Deliver a further £2-3 million of cost savings in FY2021, completing our £4.0 million cost savings programme twelve months early.
- Reduce non-essential development expenditure and discretionary spend by £33.0 million in FY2021.
- Roll off smaller projects in line with our strategy to focus on fewer, larger projects; targeting a total of seventeen projects by FY2022, from forty-four at FY2020.
- Disciplined approach to surplus cash to ensure a strong balance sheet and the ability to reward shareholders.

Link to market theme
2 3 5

Link to risks and uncertainties
A B C D E F

Strategic priority 5
Deliver excellent returns

Description
Maintaining a balanced portfolio of longer-term development projects, shorter-term trading activity and recurring revenue from the investment portfolio helps mitigate risk and allows us to generate more consistent returns. Capital partners allow us to deliver more projects, with additional revenue streams.

Market context
The UK economy is expected to shrink by 14% in 2020, bouncing back to 15% growth in 2021 (Bank of England, 2020), reflecting the impact of Covid-19. Prudent companies that maintain efficient balance sheets and manage their capital, will be best placed to mitigate against adverse external risks.

Delivery against KPI and FY2020 highlights

(16.1)%

Total return against 12% average per annum target
(FY2019: 0.9%)

£289.6m

Basic NAV (FY2019: £360.1 million)

£(58.6)m

(Loss)/profit before tax (FY2019: £6.3 million)

Future objectives and targets
- Further strengthen cash position and balance sheet liquidity in response to the impact of Covid-19.
- Continue to monitor capital allocation to ensure a balanced portfolio.
- Agree funding arrangements for Phase 1 at Mayfield and Landmark Court.
- Continue to de-risk development process through forward sales and forward funding to build a pipeline of through cycle projects, supporting long-term capital efficiency.
- Manage risk and generate superior rental and capital growth through a more diversified investment portfolio.

Link to market theme
1 2 3 4 5

Link to risks and uncertainties
A B C F

KPIs – how we monitor our progress

Our Key Performance Indicators (KPIs) are used by the Board to measure the Group's performance against its strategic priorities.

Sustainability is an important area for the business and has always been part of our strategy to deliver long-term socio-economic benefits to the communities in which we work and sustainable returns to our shareholders. It is embedded in our approach to every project, but historically we have not always measured our progress. Alongside the KPIs that the Board has previously used to monitor the success of the Group's performance against its strategic priorities, this year we have therefore added four new non-financial KPIs. These centre on environmental, social and governance (ESG) areas that are ingrained in our approach and values. These will be reviewed each year to ensure they remain relevant to our business. Alongside these we have also started quarterly reporting on a series of other ESG data so that we can continue to make our schemes more sustainable. In FY2021, we will publish our sustainability strategy, which will further inform our approach for the future and allow us to determine the most relevant long-term non-financial KPIs for our business.

Link to remuneration

The remuneration of our Directors is closely aligned with our 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%). As outlined in the Directors' Remuneration Report on page 153, subject to shareholder approval, these will change to development and trading gains (35%), NAV growth (35%) and non-financial strategic and personal objectives (30%) after the 2020 AGM.

Strategic KPIs

Employee satisfaction KPI:
>90% per annum

93%

(FY2019: 88%)

KPI figure delivered in period
93% of employees agreed that they were 'satisfied with U+I as a place to work'.

Status
Achieved.

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

Why it is important to U+I
Our people are the heartbeat of U+I and we are passionate about ensuring we nurture what we have so that we can retain the best talent, whilst continuing to attract a diverse workforce.
By creating a culture and environment where our employees 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 FY2021
We are reviewing and responding to comments from our FY2020 survey to help us to continue to outperform our target of >90% employee satisfaction. We will also focus on how we integrate improved working practices following Covid-19.

Link to remuneration
Yes

Link to strategic priority
1 2 3 4 5

Link to market theme
1 2 4 5

Link to risks and uncertainties
A B C

Key

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

Market theme
1. Urbanisation
2. War for talent
3. Political and regulatory uncertainty
4. Wellbeing and sustainability
5. Future proofing

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

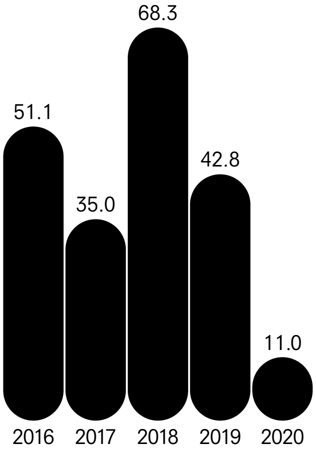
Strategic KPIs

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

£11.0m
-74%

(FY2019: £42.8 million)

Development and trading gains (£m)



KPI figure delivered in period
£11.0 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 is 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, we are increasing our target to represent 35% of our Directors' annual bonus in FY2021 (up from the current 30%), subject to shareholder approval at the 2020 AGM.

Objectives for FY2021
Guidance withdrawn for FY2021 due to market uncertainty. Medium-term development and trading gains target of £50 million per annum.

Link to remuneration
Yes

Link to strategic priority
1 2 3 4 5

Link to market theme
1 2 3 4 5

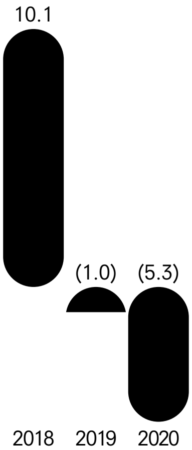
Link to risks and uncertainties
A B C D E F

Investment portfolio total return KPI:
average 10% per annum

(5.3)%
-4.3%

(FY2019: (1)%)

Investment portfolio (%)



KPI figure delivered in period
(5.3)% investment portfolio total return.

Status
More work to do.

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

Why it is 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 is challenging in current markets but remains a longer term target.

Objectives for FY2021
Guidance withdrawn for FY2021 due to market uncertainty. Longer-term target of 10% total return.

Link to remuneration
Yes

Link to strategic priority
1 3 4 5

Link to market theme
1 2 4 5

Link to risks and uncertainties
A B C D

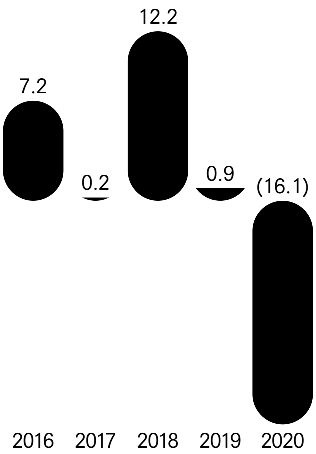
Strategic KPIs

Total return (post tax) KPI:
average 12% per annum

(16.1)%
-17%

(FY2019: 0.9%)

Total return (%)



KPI figure delivered in period
(16.1)% 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 is 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. This will increase to 35% in FY2021, subject to approval from shareholders in the 2020 AGM.

Covid-19 will clearly have a lasting impact on the economy; however, we have maintained 12% post tax total return as a longer-term target.

Objectives for FY2021
Guidance withdrawn for FY2021 due to market uncertainty. Longer-term target of 12% post tax total return.

Link to remuneration
Yes

Link to strategic priority
1 2 3 4 5

Link to market theme
1 2 3 4 5

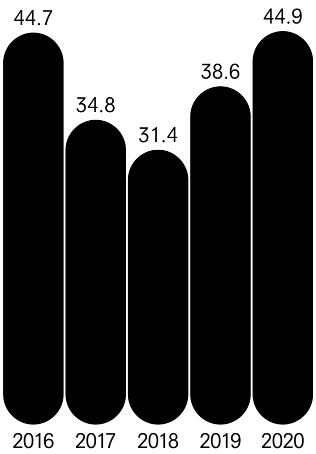
Link to risks and uncertainties
A B C D E F

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

44.9%
+16%

(FY2019: 38.6%)

Gearing (%)



KPI figure delivered in period
44.9% 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 is 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 FY2021
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 theme
1 5

Link to risks and uncertainties
A C D E

Key

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

Market theme
1. Urbanisation
2. War for talent
3. Political and regulatory uncertainty
4. Wellbeing and sustainability
5. Future proofing

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

Non-financial KPIs – new in FY2020

Environmental KPI:
achieve BREEAM Excellent/LEED Gold or above across all new developments

89%

(FY2019: N/A)

KPI figure delivered in period
89% of new developments rated BREEAM Excellent/ LEED Gold or above.

Status
More work to do.

How we measure it
The Group measures its environmental impact across all its developments using the BREEAM and LEED assessments for sustainable design. U+I targets BREEAM Excellent/LEED Gold or above across all its new developments.

Why it is important to U+I
U+I is known for the places it creates. Part of this is embedding sustainability principles within the design, procurement, construction and operation of its schemes, so they are created within strict environmental and ethical parameters.

Objectives for FY2021
100% of new developments rated BREEAM Excellent/ LEED Gold or above.

Link to remuneration
No

Link to strategic priority
1 3 4 5

Link to market theme
1 2 4 5

Carbon intensity KPI:
13% YoY reduction in Scope 1 and 2 emissions, compared to FY2020 baseline

1,768 tCO_2e

(FY2019: N/A)

KPI figure delivered in period
N/A – as FY2020 will be used as a baseline for our 13% year-on-year Scope 1 and 2 emissions reduction target.

Status
N/A.

How we measure it
The Group assesses the Scope 1 and 2 emissions intensity as tonnes of carbon dioxide equivalent (tCO_2e) across its investment portfolio and office assets, covering all material sources of emissions.

Why it is important to U+I
U+I has a responsibility to lower its carbon emissions as it seeks to reduce its environmental impact, and is therefore aiming to become net zero carbon by 2030. By measuring its portfolio's performance each quarter, it can create a more proactive energy reduction programme, which will also reduce outgoings across its sites and offices.

Objectives for FY2021
13% year-on-year reduction in Scope 1 and 2 emissions compared to FY2020 baseline.

Link to remuneration
No

Link to strategic priority
1 3 4

Link to market theme
1 2 4 5

Governance/Health and Safety KPI:
0.1% lost time to accidents/incidents across U+I's sites

0.08%

(FY2019: N/A)

KPI figure delivered in period
0.08% lost time to accidents/ incidents across U+I's sites.

Status
Achieved.

How we measure it
The Group works with certified external third parties to audit its sites, constantly checking for risks and ensuring the health and safety of all its stakeholders. Safety reports are included in every Board meeting.

Why it is important to U+I
Health and Safety is of the utmost importance across U+I's offices and its sites to ensure the wellbeing of its staff, the people it works with and the general public. U+I has processes in place to help it to mitigate risk and reduce accidents and incidents.

Objectives for FY2021
Sustain a proactive and robust Health and Safety framework with a maximum of 0.1% lost time to accidents or incidents.

Link to remuneration
No

Link to strategic priority
1 3

Link to market theme
1 2 4 5

Social/local employment KPI
three locally employed people for every £1 million of project spend

1.9 people

(FY2019: N/A)

KPI figure delivered in period
1.9 locally employed people for every £1 million of project spend.

Status
More work to do.

How we measure it
The Group measures the number of people employed through its contractors within twenty-five miles of its project sites, and the spend across its development portfolio.

Why it is important to U+I
U+I is committed to supporting the wider prosperity of communities in the markets it operates in. From the outset it works with its partners to identify suitable, sustainable employment and training opportunities, hiring local talent and using locally resourced materials, to help stimulate local economies and job creation.

Objectives for FY2021
Three locally employed people for every £1 million of project spend.

Link to remuneration
No

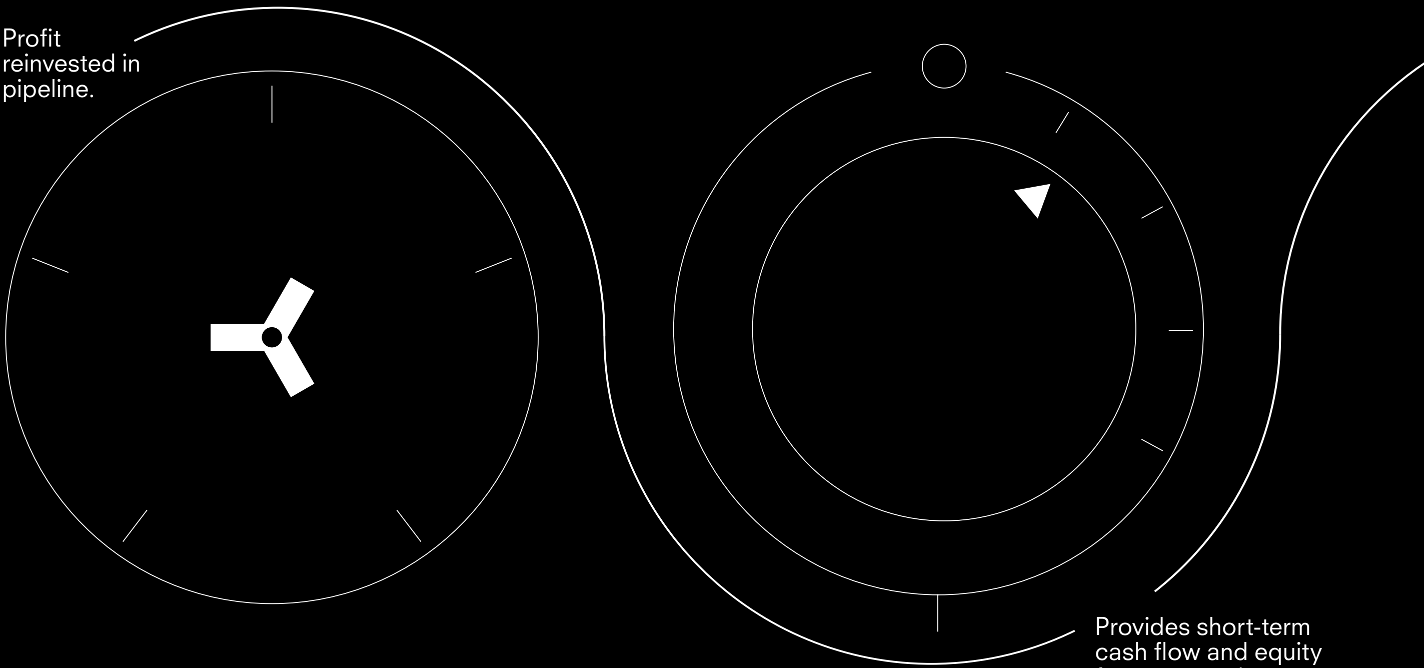
Link to strategic priority
1 2 3

Link to market theme
1 2 4 5

Our business model – how it works

Regeneration/development
21% gross assets

Trading
48% gross assets



Regeneration/development
Transforming overlooked public or private sector brownfield land into homes, offices, student beds, retail, leisure and public spaces that bring together local communities.

Financial characteristics
Large, long-term projects.
Multi-year profit flows.
12-35% IRR; 2.0x-5.0x equity multiple.

Profit driver
Development management fees during build-out; profit from letting or selling completed site/project phases.

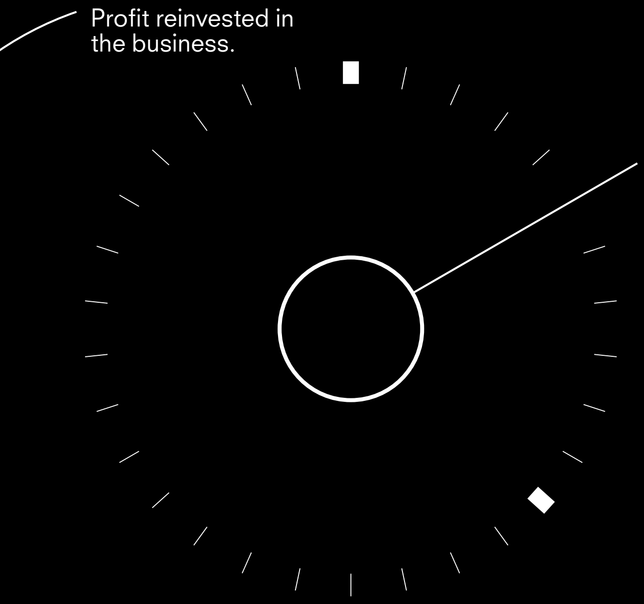
Selected elements of regeneration projects transfer to investment portfolio to capture additional value.

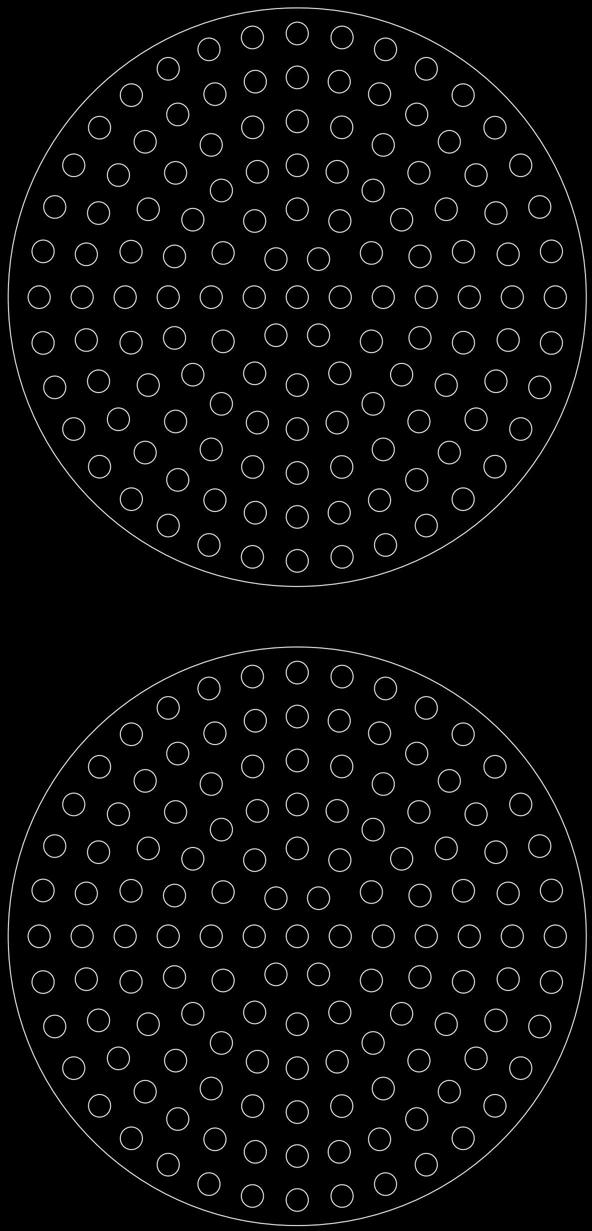
Trading
Buy undervalued, mispriced land or buildings; creating value through enhanced or changed planning consent or asset management; selling at higher value.

Financial characteristics
Short-term activities.
1-3 year profit flows.
>30% IRR; 1.5x equity multiple.

Profit driver
Disposal of project.

Investment portfolio
31% gross assets





Investment portfolio
Acquire new or transfer our own regeneration assets for creative curation, adding value through asset management, refurbishment and lease extensions.

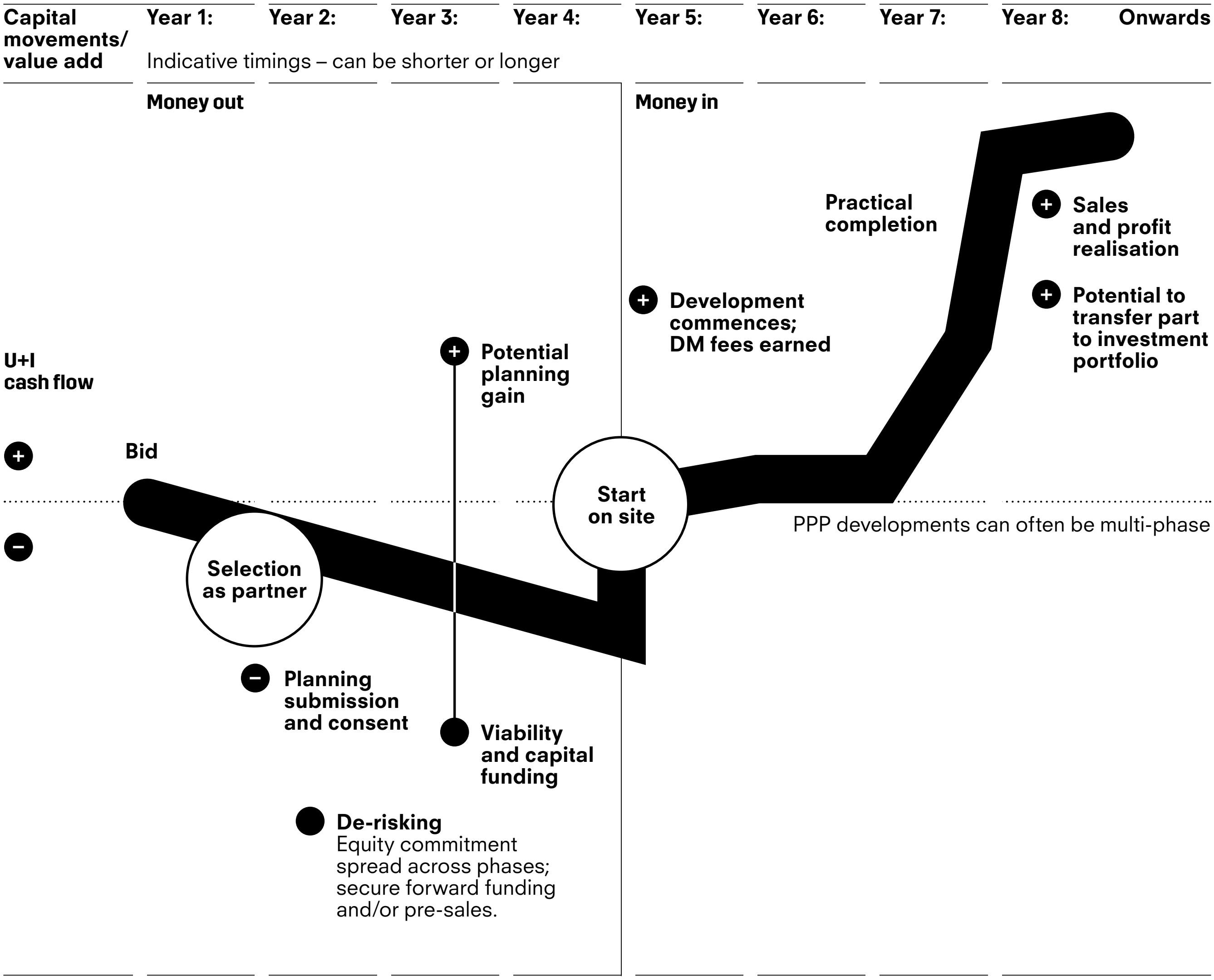
Financial characteristics
Recurring revenue.
Covers some of U+I's overheads.
Asset management increases portfolio value.

Profit driver
Disposal of assets.

Regeneration/development

How it works
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.



Cumulative U+I funds being spent on design, planning, consultation, Worthwhile Use; then detailed design and build cost negotiation, as well as a marketing pre-let/sales campaign.

Funder comes in:
1. Repays U+I costs
2. Completes on land acquisition

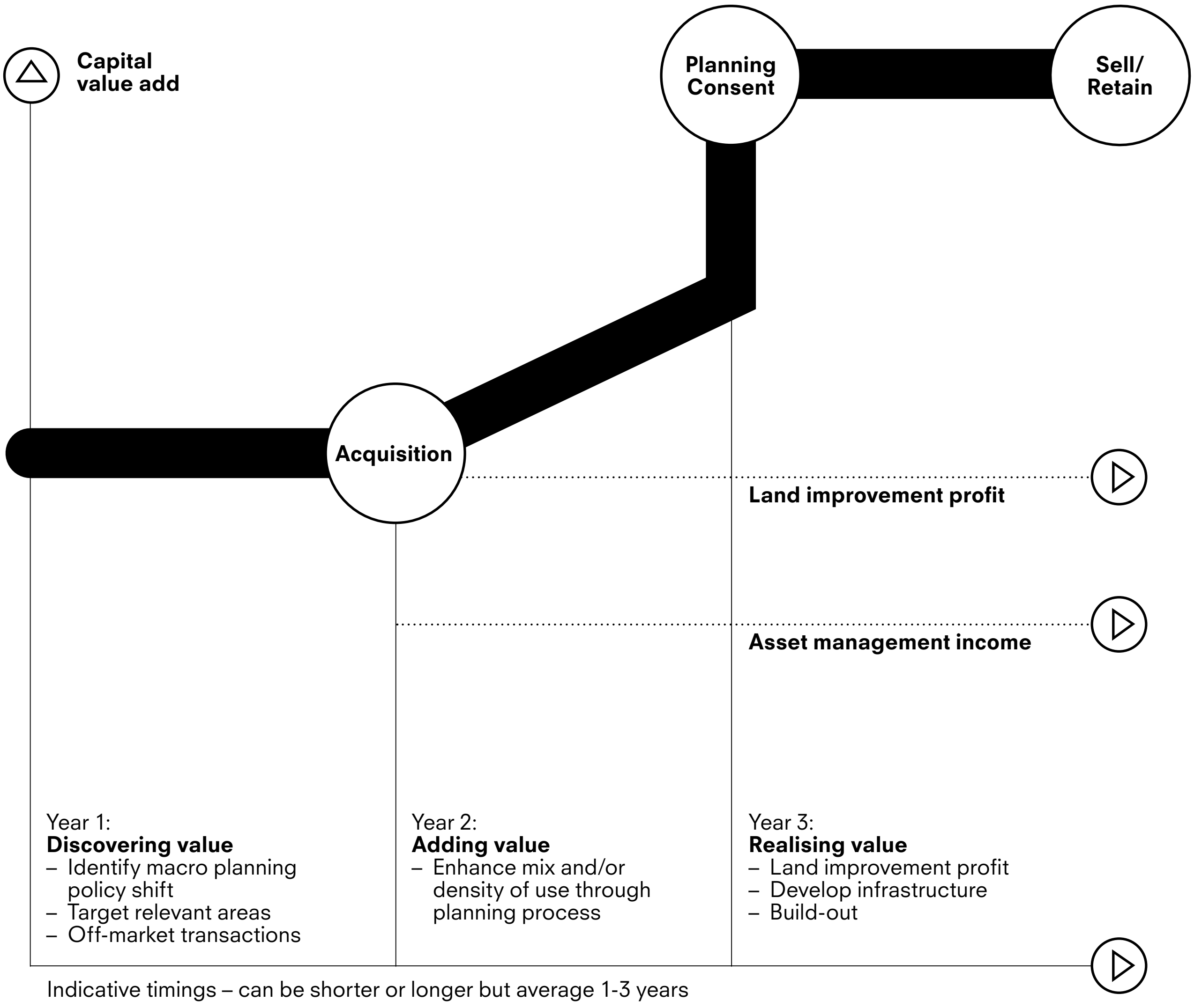
During development, funder:
1. Pays construction costs
2. Pays Development Management fees to U+I

On completion:
1. Either sale or valuation
2. Payment of profit share to U+I

Trading

How it works
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.

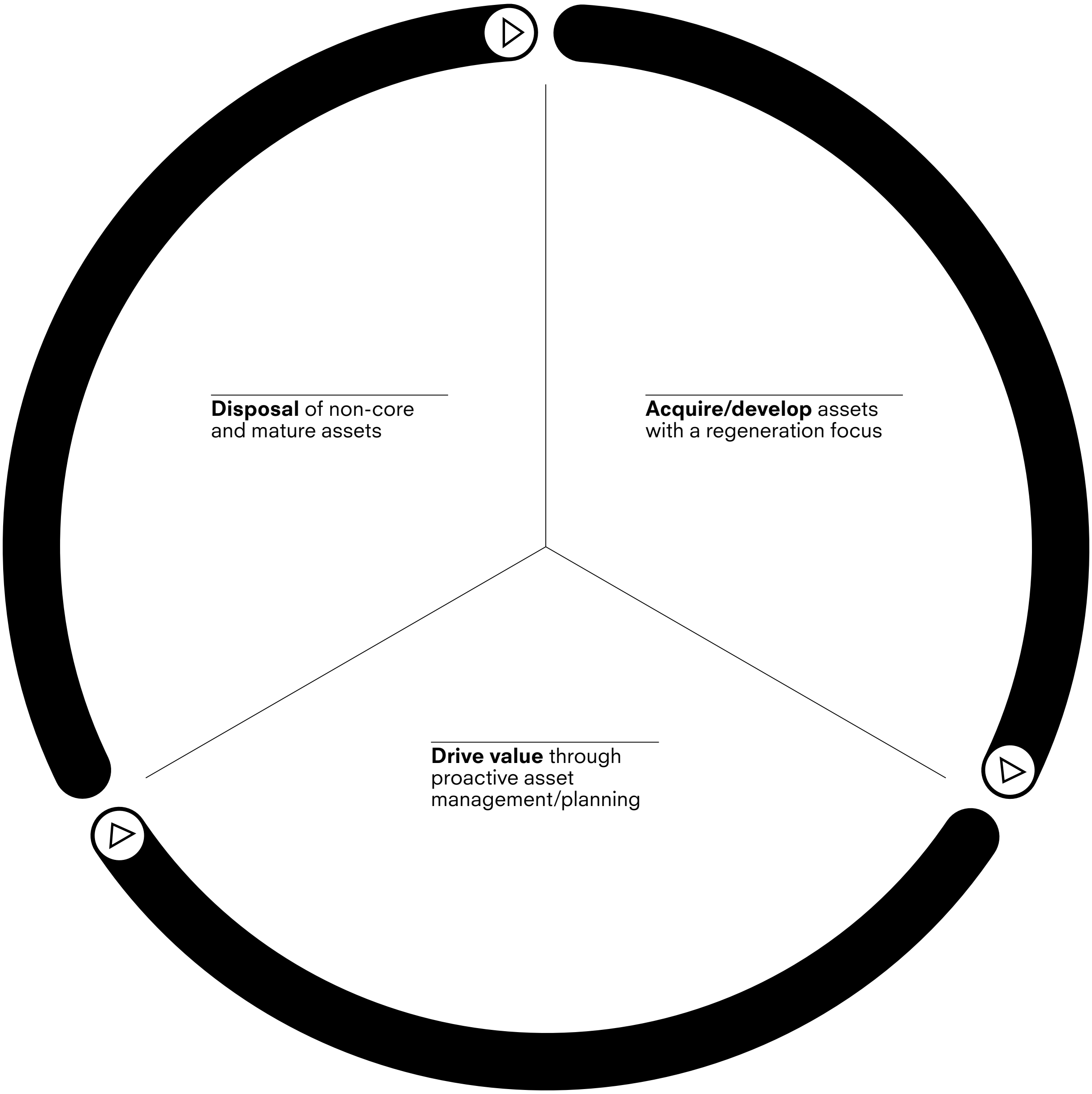
Our relationships and understanding of the market allow us to focus on opportunities where terms of trade are in our favour and we can realise value efficiently.



Investment portfolio

How it works
Recurring revenue achieved by acquiring assets with a regeneration focus that will deliver an income yield. We seek out sites that we believe have been overlooked and add value through smart asset management.

We find sites with longer-term regeneration potential, that can feed our development pipeline. Alternatively, where we develop a site, we are increasingly looking to bring elements of it into our investment portfolio to drive further value and nurture it over time.



Regeneration impact – better rental growth, yield compression

There is a huge opportunity

Our business model is aligned with a number of major macro and sector trends. There is an urgent need to sustainably reinvent our towns and cities to become thoughtful, efficient, enjoyable places, that allow everyone in society to prosper. There is a bank of unused public and private sector land and buildings, a need for inspiring, convenient and affordable mixed-use places for local communities and a depth of capital looking to invest in sustainable assets for the future.

This is our time

We have the vision and creative, entrepreneurial approach to see potential in unused land where others see complexity.

Stakeholder engagement – how we listen and respond

We have the trusted relationships, nurtured over 25+ years to be selected as partner of choice on major new PPP opportunities and the brand distinction that has allowed us to build a pipeline with visibility for the next fifteen years. Our purpose, to unlock long-term value for all through regeneration, and our values of imagination, intelligence and audacity infuse our projects and bring them to life. We have the right team to identify the right projects, and we have the right infrastructure to deliver them.

Regeneration only works through genuine partnership. We value engagement with our communities, partners, investors, tenants, suppliers – and our staff – to challenge ideas, innovate, and ultimately deliver positive change.

We take our responsibility to each and every stakeholder very seriously as they are integral to everything that we do.

We believe in a collaborative approach, having conversations throughout the year so we can get an intimate understanding of each stakeholder's needs, building close, trusted, long-lasting relationships. It is only through asking questions, listening, challenging and being challenged that we can improve as a business, consider our long-term decision-making and deliver on our purpose.

By really understanding our stakeholders, we can consider and action their needs and potential concerns in all our decisions at Board level, in line with s172 of the Companies Act 2006 (see pages 97-98) and ensure we can create sustainable places that will allow communities to prosper and deliver consistent long-term returns for our shareholders.

Stakeholder

Our people

Our team are integral to U+I's success. We have built a very distinctive culture to attract and retain talent.

How we engage

Monthly all-team meetings; employee satisfaction surveys; T.E.A.M. employee engagement meetings; 1:1 clinics; equality and diversity forum; feedback box; intranet; learning circles with Executive Directors; bi-annual reviews with feedback to managers; team awaydays; social and charitable events.

Key topics/issues discussed

- Corporate strategy and objectives (pages 66-73, 118-119).
- Risks to U+I (pages 94-96).
- Corporate and individual KPIs (pages 70-73).
- Equality and diversity (pages 90-91, 97, 120, 140).
- Women in leadership (page 81).
- Talent development; opportunities for progression (page 90).
- Team structure (page 128).
- Charity and volunteering (pages 91, 127).
- Project plans (pages 52-55).
- LTIP and benefits (page 167).
- Culture and purpose (pages 70, 80, 90-91, 109, 118).

Our response

- Monthly all-Company town halls with Q&A.
- Quarterly T.E.A.M. employee engagement forum and six-weekly 'Sadie's Surgery' drop-in clinics, led by NED to voice issues, ideas and concerns. Key themes shared with the Board.
- Creation of a women's network led by female NEDs to inspire growth of talent.
- Creation of an equality and diversity panel and Company survey to identify and address weaknesses.
- Team building and awaydays to discuss strategy, risks, culture and wellbeing, to improve working practices.
- Annual employee satisfaction survey to track progress and roll out improvements.
- Realignment of corporate team structure to empower staff and create clearly defined roles across projects, suited to skillsets.
- Weekly open forum group sessions to share learnings and find solutions across individual projects.
- Company-wide training to upskill talent.
- Volunteering and charitable initiatives to support wellbeing.
- Group workshops to ensure our culture, values and purpose are instilled across our projects.
- Daily emails from the CEO, regular senior team engagement and feedback forums during Covid-19 to encourage dialogue and support health and wellbeing.

Strategic priority

1

Key

Our strategic priorities

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

Stakeholder

Our investors

As owners of our business, we want our investors to share our vision, purpose and values as we seek to deliver sustainable returns.

How we engage

AGM; site tours; Capital Markets Days (CMD); RNS updates; meetings, calls and emails; roadshows; feedback through third-party advisors; consultation around key themes – such as remuneration and dividend policies; website; speaking at investor events.

Key topics/issues discussed

- Financial/operational performance (pages 49-58, 101-106, 190-249).
- Delivery against KPIs (pages 66-73).
- Strategic direction and scheme milestones (pages 54-55, 67-69).
- Contingency/succession planning (pages 133-137).
- Risks and uncertainties (pages 94-96).
- Remuneration (pages 151-171).
- Dividend strategy (pages 106, 172).
- Sustainability strategy and performance (pages 73, 84-93).

Our response

- Direct Board and Executive level engagement to increase understanding of U+I, open dialogue and feed into subsequent Board discussions.
- Ongoing dialogue and feedback around business strategy, along with calls around significant financial updates and announcements.
- 1:1 conversations with largest investors around expectations for new remuneration policy and preferences on dividend or share buyback.
- Feedback from analysts and investors through third-party advisors.
- CMD and site visits to explain strategy, showcase projects, answer questions and subsequently discuss feedback at Board level.
- Select calls in June 2020 to discuss sustainability approach and future strategy.
- Additional calls and RNS activity during Covid-19, to ensure transparency and clarity of U+I's strategic and financial position.
- Published a Covid-19 Risk Assessment online to highlight business risks and mitigating actions.

Strategic priority

1 4 5

Stakeholder

Communities

Understanding and listening to local needs is key so we can create sustainable places where all generations can thrive.

How we engage

Ongoing conversations and consultations with communities and tenants on individual schemes; individual tenant discussions around their financial strength; published materials and communications; Worthwhile Use programmes, providing advice, supporting businesses and opening dialogue.

Key topics/issues discussed

- Planning process.
- Community wellbeing and benefits.
- Local infrastructure support.
- Social value and job creation (pages 84-86).
- Protection/enhancing of environment (pages 87-89).
- Local employment/ procurement (pages 73, 86).
- Tenant rent payments (page 53).

Our response

- Extensive pre-application consultations, encouraging communities to participate and provide feedback.
- Appointed a Community Engagement Manager to open dialogue with communities and understand their needs.
- Utilise online platforms, face-to-face meetings, websites and leaflets to encourage meaningful feedback.
- Join local events and run our own Worthwhile Use programmes to engage different groups.
- Creation of a new independent Community Challenge Panel, led by NED Professor Sadie Morgan, to ensure the quality of our PPP schemes and proactive community involvement from the outset.
- Keep language and content simple and ask questions to get relevant feedback that we can respond to.
- Close collaboration with tenants during Covid-19 to understand and support their needs, providing case-by-case solutions.

Strategic priority

1 2 3

Key

Our strategic priorities

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

Stakeholder

Our partners

Nurturing relationships so that we can challenge each other to bring creativity, inspiration and value to each project, delivering positive change for everyone.

How we engage

Ongoing dialogue with all our partners to push boundaries within projects; organising, attending and speaking at events to share ideas and collaborate; workshops and group sessions; U+I Think; newsletters; feedback loops.

Key topics/issues discussed

- Innovation.
- Technology.
- ESG impact/performance (pages 73, 84-92).
- Social value (pages 84-86).
- Health and Safety (pages 73, 85-86, 120).
- Employment standards (pages 86-87, 150).
- Covid-19 related project delivery (page 52).

Our response

- Investing in innovators so we can be early adopters of cutting-edge technology.
- Community Challenge Panel will oversee how U+I's PPP schemes are delivered, ensuring the Company meets the socio-economic standards it has set itself.
- Clear set of policies and regular independent site audits to ensure good practice across our sites and operations – with reports to the Board.
- Launched new set of non-financial KPIs to measure our ESG impact, with a fuller sustainability strategy to be published in FY2021.
- U+I Think and third-party events in our Auditorium to explore emerging trends in the real estate sector and challenge the status quo.
- Increased dialogue with our partners to ensure safety and wellbeing across our portfolio during Covid-19, and mitigating project risk.

Strategic priority

1 3 5

“

U+I have been, and continue to be, an important partner in helping us to build a better, more vibrant Vauxhall. Their plans for 8 Albert Embankment will make a big difference to the local economy in Lambeth by providing thousands of new jobs through a great mix of SMEs to larger corporations.

”

Bernard Collier
Chief Executive,
Vauxhall One bid

Said during pre-planning consultation at 8 Albert Embankment.

Sustainability

U+I's focus on complex, mixed-use regeneration enables us to unlock value across our development, trading and investment projects so that we can deliver lasting economic, environmental and social benefits for all our stakeholders, including the people who live, work and spend time in our places.

We mainly achieve this in three ways:

1. Our places

We foster close, trusted partnerships with a range of different stakeholders so that we can transform overlooked, underestimated areas and brownfield sites into vibrant neighbourhoods where communities can thrive.

2. Our buildings

We build resilience and improve eco-efficiency whether we are developing projects from scratch to meet the needs of the local catchment or managing assets in our investment portfolio.

3. Our people

We invest in our people to create a motivated and purpose-driven team, so they can see opportunities where others see obstacles and deliver benefits where others cannot.

The positive impacts of our approach are clear from the places 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.

The world in which we operate however, is changing rapidly, exacerbated by Covid-19. This is likely to accelerate trends that were already underway in how people live and work, and has increased the importance of responsible regeneration.

As the scale of effort necessary to combat global challenges such as climate change – and most recently Covid-19 – become clear, the business community must redouble its activities and articulate its broader social purpose if it is to succeed and thrive.

These expectations are materialising across the political, investment and social spectrum. Together, they cast a sharper light on the business case for us to provide a much broader account of our role in society and the value we create, ensuring that we are responding to changing trends and behaviours. We have been capturing this value through our innovative approach to urban regeneration since we were founded in 2015, and in 2020 we have committed to talk more about our achievements and formalise our approach so that we can meet our stakeholders' growing expectations.

For this reason, this year we are providing a more detailed account of two issues that are deeply ingrained in every project we do, and which are considered important barometers of responsible business practices for our sector – environmental management and Health and Safety. Policy summaries can be found on our website at: www.uandiplc.com

We are at the start of this journey, but the next twelve months will be a period of intense activity as we undertake three complementary work streams that will deliver a step change in our strategic approach and reporting on sustainability.

Key performance indicator dashboard
Use the KPI dashboard, created in FY2020, to establish a consistent framework to collect key environmental, employee and social data across the Company. The dashboard will allow us to evaluate the non-financial KPIs we created in FY2020 to ensure they are right for the long-term, measure our performance on a quarterly basis across new ESG areas, and set reduction targets covering the scope of our activities.

Social impact assessment
Delivering social value is embedded in our DNA. We want to ensure we are capturing the full worth of our activities, so we are creating a framework to identify, describe, measure and communicate the value created across our projects. The framework will allow us to monitor improvements, compare outcomes and generate credible data for our reporting.

Strategic sustainability review
We are undertaking a critical review of our sustainability approach to understand what we do well, and where the opportunities lie for us to do more. The findings will feed into a new sustainability blueprint supported by long-term objectives that deliver the greatest benefit for our communities and the environment.

We have already established four initial non-financial key performance indicators that the Board will use to monitor the success of the Group's performance against its strategic priorities (more details on page 73). The KPI dashboard and social impact assessment will provide a consistent set of performance measures to monitor and benchmark our performance, and support target setting across a much broader set of sustainability indicators.

We are also in the process of undertaking a much deeper review of our sustainability credentials so that we can ensure our efforts are directed at the most significant opportunities to deliver tangible benefits for our stakeholders, and across the scope of our business, in line with our ambition to be a recognised leader in this area. This will inform the roll out of a U+I blueprint on sustainability in FY2021, which will shape our approach across the business and give us clear metrics to track our progress as we aim to become best-in-class in this important area.

“Sustainability is fundamental to all our schemes.”

Mark Richardson
Director, Delivery

1. Our places

Key performance indicators

0.1%

Achieve 0.1% lost time for accidents/incidents rate across U+I's sites

3

Ensure at least three locally employed people across our project portfolio for every £1 million of project spend

Highlights from FY2020

0.08%

lost time for accidents/incidents rate across U+I's sites

1.9

locally employed people for every £1 million of project spend

64%

average procurement spend with local suppliers per development project

12.4

acres of green space/public realm delivered

Platinum

Well certification achieved at Plus X Innovation Hub in Brighton

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 stimulate economic growth, foster wellbeing and create thriving communities, where people feel safe. The success of our approach relies on the relationships that we nurture with communities, planning authorities, governments, development agencies and enterprises.

Listening to those around us is integral to garnering support for our developments and to fulfilling our shared ambition to deliver the best projects that have a lasting positive impact. We involve communities from the start, developing direct and transparent channels of communication, opening our sites and inviting people in. This ensures we leave places better than when we found them. 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.

Our efforts are not just confined to our immediate sphere of influence; we also seek to extend the economic and social benefits of our regeneration activities through the supply chain. From the outset, we encourage our partners to identify suitable, sustainable employment and training opportunities, hiring local talent, aimed to ensure that at least three local people are employed for every £1 million of development spend. We achieved 1.9 locally employed people in FY2020. We prioritise local suppliers within a twenty-five mile radius of our core regions and are targeting at least 20% of our procurement spend with these suppliers to reduce procurement risk, support local businesses and boost local economies.

Health and Safety

Protecting the health and safety of our employees, service partners, contractors and all people who visit or occupy our developments is an upmost priority for U+I. We aim for continual improvement in all areas of health and safety, and target a lost time for accidents/incidents rate of under 0.1% across our sites.

Our Group-wide Health and Safety Policy (summary available on our website) sets out our commitment to protect the health and safety of all our stakeholders and the processes, procedures and executive oversight we have in place to fulfil this commitment. It covers injury and ill-health risk prevention, training and the steps we take to encourage better health and wellbeing of building occupants.

Significantly, our sub-contractors are expected to co-operate in implementing this policy and must ensure that their own work, so far as is reasonably practicable, is carried out without risk to themselves or others. Evidence of this is required as part of the tendering process for major contractors. Regular health and safety audits are conducted across our sites by NEBOSH certified external parties. We also commission independent advice on best practice health and safety application, risk mitigation and current legislation, supported by performance monitoring and spot checks to ensure compliance.

We have been proactive throughout the Covid-19 pandemic, working with our team and suppliers to ensure the safety and wellbeing of our stakeholders and places. The Government's guidance has helped inform our approach, as we put measures in place – including temporarily closing our offices – to protect the people we work with.

2. Our buildings

Key performance indicators

100%

Achieve BREEAM Excellent/LEED Gold across all new developments (and target Outstanding)

N/A

Target a 13% year-on-year reduction in Scope 1 and 2 emissions across our investment portfolio and office assets, using FY2020 as a baseline

Highlights from FY2020

89%

BREEAM Excellent/LEED Gold or above across our new developments

1,768

tonnes of CO_2 equivalent Scope 1 and 2 emissions across our investment portfolio and office assets

As a major developer, our biggest environmental impacts are associated with energy use and associated GHG emissions during construction works, in the building materials we use and the lifetime energy consumption of a building once it is operational.

The UK Government – and a growing number of local authorities we operate in – have declared a climate emergency and ramped up their commitments to dramatically cut carbon emissions. Within this context, the UK Government's recent commitment to achieve 'net zero' carbon by 2050 will require a step change in the way buildings are designed, built and operated. It promises to have far reaching implications for the property sector as it will require developers and owners, managers and occupiers to work collectively to achieve the significant reductions in greenhouse gas emissions that will be required to hit this goal, whilst implementing new design needs resulting from Covid-19.

Our focus on mixed-use, brownfield sites located in the urban areas of London City Region, Manchester and Dublin, means we can take advantage of these opportunities as we redevelop and refurbish existing buildings that have lower embodied carbon, incorporate recycled materials and achieve high levels of energy, water and waste efficiency.

Environmental management

U+I's Environmental Policy (available on our website) sets out our commitment to run our business in a way that protects and enhances the environment. All contractors are expected to fulfil a list of requirements; we have procedures in place to monitor compliance and track our performance.

We take a lifecycle approach to our development projects, guided by the National Planning Policy Framework and other relevant legislation. We continually strive to improve our performance and have consequently set a new target to achieve BREEAM Excellent/LEED Gold across all our new, future developments, while aiming for 'Outstanding'. Where appropriate, we include lease provisions requiring tenant fitouts and maintenance consistent with the level of certification achieved.

We are also targeting a 13% year-on-year reduction in our Scope 1 and 2 emissions across our investment portfolio and office assets, using FY2020 data as a baseline, with a target of becoming net zero carbon by 2030.

As the industry moves to a low-carbon model we are formalising our sustainable design principles to align with these significant shifts and we are expanding our approach to measure the whole-life carbon of our developments, identifying the carbon embodied not only in our materials, but through to building design and specification, construction and operation.

To assist with this, we are exploring how computer modelling can support design specifications by measuring the embodied carbon and operational carbon footprint of different options. Other options already underway include the installation of high energy-efficient equipment such as air-sourced heat pumps with heat recovery and the installation of solar photovoltaic panels.

We are also looking at how new construction techniques, such as design for manufacture and assembly can be applied to reduce the consumption of resources and prioritise low-carbon materials and those with recycled content. Such measures have the additional benefit of reducing construction waste and ensuring all unavoidable waste is, where possible, reused, recycled or disposed of responsibly.

Our average Considerate Construction Scheme score over the year across our portfolio was 37.5.

Our investment portfolio is made up of retail-focused properties that we have acquired or developed, where we see long-term potential. We work with property managers and tenants 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 smart meters to facilitate the collection of more accurate energy consumption data. Much of this investment is directed towards our goal of only holding assets rated EPC 'B' or above.

Data covering energy, GHG emissions, water and waste is reported 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 us to be benchmarked against our peers. Tables detailing our performance can be found on our website at www.uandiplc.com/aboutus/sustainability

6.5
acres of new public parkland

12,800
new jobs will be created

45%
reduction in power consumption targeted across the site

Zero
carbon footprint targeted

Case study: Mayfield, Manchester

Our mission to transform underestimated sites into vibrant mixed-use neighbourhoods is materialising on a scale previously unseen in Manchester. We have committed to restoring the industrial character of the 24-acre former railway depot, which had been empty for more than thirty years, to create a thriving new business and residential quarter in the heart of the city.

The scale of our ambition is matched not just by Mayfield's size, but by our vision to create a world-class, transformational, distinctive and imaginative neighbourhood.

We have put placemaking centre stage, seizing this huge opportunity to work with our partners, the community, creatives and the city to collectively shape the kind of place Mayfield will be. What we have heard has helped to create a plan that will respect and restore the rich heritage and distinctive personality of the original site.

Underpinning our plans to rejuvenate the site and secure its long-term success is our goal to create a place that the wider community is drawn to, and will embrace as their own. Applying our 'Worthwhile Use' experience, we have brought together historians and artists to reconnect Mancunians with Mayfield's history, and opened up its disused spaces for events, workshops and consultations that together attracted more than 370,000 visitors in 2019.

These include the arts and entertainment venue The Warehouse Project; Dirt Factory, the UK's first indoor mountain biking centre that has set up home in a disused 25,000 sq.ft. warehouse; and, from 2017 to July 2020, Mayfield & Co, a co-working space for young businesses that are helping to bring back industry to the site.

With planning secured for the first phase of the £1.5 billion project, the next stage of Mayfield's development is underway. Our plans for the site incorporate leading environmental features and are aligned with Manchester City Council's green and blue infrastructure plan, which sets out its vision to create a network of well-maintained and accessible parks, green spaces and safe routes for walking, cycling and exercise throughout the city. The Covid-19 pandemic has increased the importance of outside areas, that offer open space to relax and support wellbeing.

To this end, work has begun to create Manchester's first purpose-built public park in more than a century. The 6.5-acre Mayfield Park will follow the banks of the River Medlock providing a green thoroughfare through the heart of Mayfield, drawing people into the area and serving future residents.

Manchester is also one of the growing number of UK cities to declare a climate emergency, and in 2019 set out its ambition to achieve carbon neutrality by 2038 – twelve years earlier than the national target. We are stepping up to the challenge and using Mayfield as an opportunity to pioneer an approach that can be replicated across all our future developments to meet these goals.

As a first step, we are developing a full carbon accounting framework that can be used to map a route to net zero, accounting for both construction activities and operational emissions once the development is complete. Reducing embodied carbon emissions by preserving much of the existing infrastructure, coupled with new planting in the park, will already go some way to achieving this goal. As we further develop our plans for the site, we are focusing on steps to reduce total energy demand through means such as the application of design for performance principles.

Chief strategies under review include a private power grid across the development that, together with an energy optimisation system which combines smart grid technology and battery storage to balance demand, will reduce total power consumption across the site by an estimated 45%. The remaining demand will be sourced from renewables as far as possible; and only then will we offset any residual carbon emissions using a robust compensation approach.

While Mayfield presents a once-in-a-lifetime opportunity to reinvigorate a historic district in Manchester, its significance will extend far beyond this city's boundaries as it sets a blueprint for U+I's approach to sustainable development going forward.

3. Our people

Highlights from FY2020

61%

of employees benefitted from subsidised gym membership

89%

of employees enrolled in private medical insurance

£54,000

raised for Shelter, our charity partner, and more than 400 hours volunteered

5

work experience placements

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 and we invest in their personal learning and development to help them achieve their best.

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. This is more important than ever in challenging times, such as during the Covid-19 pandemic.

Learning and development
A culture of continuous learning flows throughout our Company and this is encouraged from the very top. Training is designed to help our employees reach their full potential, develop their skills and embed our values of imagination, intelligence and audacity.

Over the past twelve months we have held a series of workshops to help us all to work more effectively – by understanding more clearly what it means to work in a U+I way, by communicating our Company purpose more clearly in our daily work, and by using our values as guiding principles.

The U+I talent strategy builds the skills our teams need to succeed, and supports their overall career progression through tailored development objectives. Our strategy reaches everyone in the organisation, including our Executive Directors, to support our culture of inclusion so we can deliver inspiring places.

We have also completed psychometric profiling to support this process by identifying each employee's core skills and areas they would benefit from developing further.

The results have offered valuable insights into how our business functions, the behaviours involved in delivering our projects and managing our portfolio, and areas of improvement. We have selected six key behaviours that align with our brand – creativity, curiosity, emotional intelligence, grit, adaptability and communication.

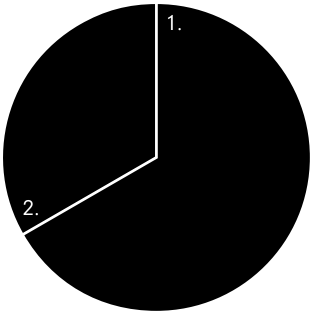
Employees are encouraged to stretch themselves by taking on new projects, and we have organised a series of training events on emotional intelligence and interpersonal skills to equip our client-facing employees.

The auditorium space at our London headquarters regularly hosts events – supplemented by virtual events during Covid-19 – that provide a shared opportunity to explore emerging trends in the real estate sector and open employees' minds to new thinking that can be applied to our business.

Equality and diversity
U+I provides a working environment where all individuals can make the best use of their skills, free from discrimination, harassment or bullying to allow them to develop and flourish. This starts from the top down. Over the year, Independent NED Professor Sadie Morgan set up a new T.E.A.M. employee engagement forum, holding quarterly group meetings, as well as 1:1 'Sadie's Surgery' drop-in clinics every six weeks. Key themes are fed back to the Board to ensure U+I can continue to strengthen its team culture. Employee satisfaction levels were also assessed in our annual survey. This work will be particularly important in guiding our longer-term

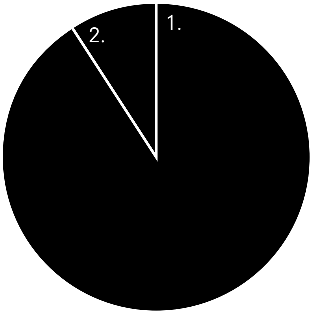
Employee gender diversity

Board



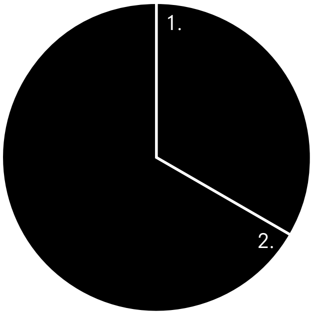
1. Male	**6**
2. Female	**3**

Senior management (excluding Board)



1. Male	**20**
2. Female	**2**

Remaining team



1. Male	**22**
2. Female	**44**

response to Covid-19 as we align our workplace and engagement strategies to an era where remote working is likely to become more prevalent as a result of social distancing.

We promote inclusive processes, practices and a culture that encourages equality and diversity. U+I's Equality and Diversity at Work Policy prohibits any form of discrimination against an individual and applies to all aspects of our relationship with our employees, consultants, contractors, trainees, volunteers, interns, casual workers and agency staff. Over the last year, we set up an equality and diversity panel to help create a supportive, inclusive working environment, bringing together feedback from a Company-wide questionnaire.

Attracting and nurturing 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. Every year we welcome students from a variety of backgrounds through our doors. Two are selected from a local school near our development projects; we took on one intern through the Reading Real Estate Foundation that promotes opportunities within the property sector for students from diverse backgrounds; and provided two further placements.

Health and wellbeing

We work hard to create an environment where our staff can flourish, through a supportive, collaborative, open, professional – and fun – culture. We have a Wellbeing at Work Policy which places huge value in physical and mental health. It recognises that mental health issues can be triggered by excessive levels of work. We accordingly offer a range of employee benefits. These include access to medical healthcare schemes; initiatives to encourage healthy eating and living; wellbeing activities and forums to reduce stress; setting up individual groups and surveys to engage with staff and understand their needs and concerns; and access to 24-hour confidential support lines and counselling with independent experts.

Wellbeing has been paramount during the Covid-19 pandemic as we closed our offices to ensure employee safety. To bring the team together and encourage collaboration and engagement, we organised regular team and all Company Zoom calls, held events – such as quizzes, team socials and cookery classes – and provided feedback loops to address any concerns or challenges with home working. There were also daily emails from the CEO and senior team providing business updates and celebrating successes.

A dedicated team has been set up to focus on safe office working, including new practices and wellbeing initiatives to support individual needs.

Charitable giving

We have been committed to supporting charitable giving since we were formed in 2015. We believe this is important not only for the wellbeing of our staff but also as part of our responsibility to help support the prosperity of communities. Our Charitable Giving Policy formalises our commitment to work with charities that have a clear link with our business' vision and values, with homelessness, education or creativity at their heart. It is managed by our Charity Committee, overseen by the senior management team.

Everyone at U+I has the opportunity to participate through an inclusive programme suited to a range of diverse skills and interests supported by a maximum of two additional paid days' leave per holiday year for volunteering or fundraising events. Our charity partnership with Shelter raised over £54,000 (including match funding), and employees committed over 400 volunteering hours in FY2020. U+I set aside a matched giving fund of £25,000 last year for employee fundraising activities. This sum is under review in FY2021 due to Covid-19.

4. ESG policy and target index

As we have less than 500 members of staff, the Non-Financial Reporting requirements contained in the Companies Act 2006 do not apply to U+I. However, U+I is committed to delivering quality, sustainable developments through its places and buildings, as well as through its people and supplier relations.

With this in mind, we have created a number of new and more detailed Company-wide policies, with tangible targets, to demonstrate our commitments and hold us to account. Many of our new policies can be found on the governance or sustainability sections of our website and include the below:

	Key policies	Commitments	Where to find it in the Annual Report
Environmental	– Environment.	– Achieve BREEAM Excellent/LEED Gold across all new developments (target Outstanding). – 13% year-on-year reduction in Scope 1 and 2 emissions, compared to FY2020 baseline. – Become net zero carbon by 2030.	– Strategic review, pages 73, 87. – Governance, page 177.
Social	– Health and Safety. – Anti-bribery and corruption. – Anti-slavery and human trafficking. – Whistleblowing. – Equality and diversity at work.* – Wellbeing.* – Charitable giving and volunteering. – Sabbaticals.* – Flexible working.* – Shared parental leave.*	– 0.1% lost time to accidents/incidents across U+I's sites. – At least three locally employed people for every £1 million of project spend. – Zero tolerance to bribery, corruption or slavery. – Deliver >1 acre per annum of green space.	– Strategic review, pages 73, 86, 90. – Governance, pages 147, 150.
Governance	– Remuneration. – Expenses.* – GDPR.*	– GDPR committee to ensure compliance. – New remuneration policy aligned with shareholder feedback.	– Governance, pages 147, 156-171.

* internal policies

“

Our aim is exceptional ESG performance and to become best-in-class.

”

Richard Upton
Chief Development Officer

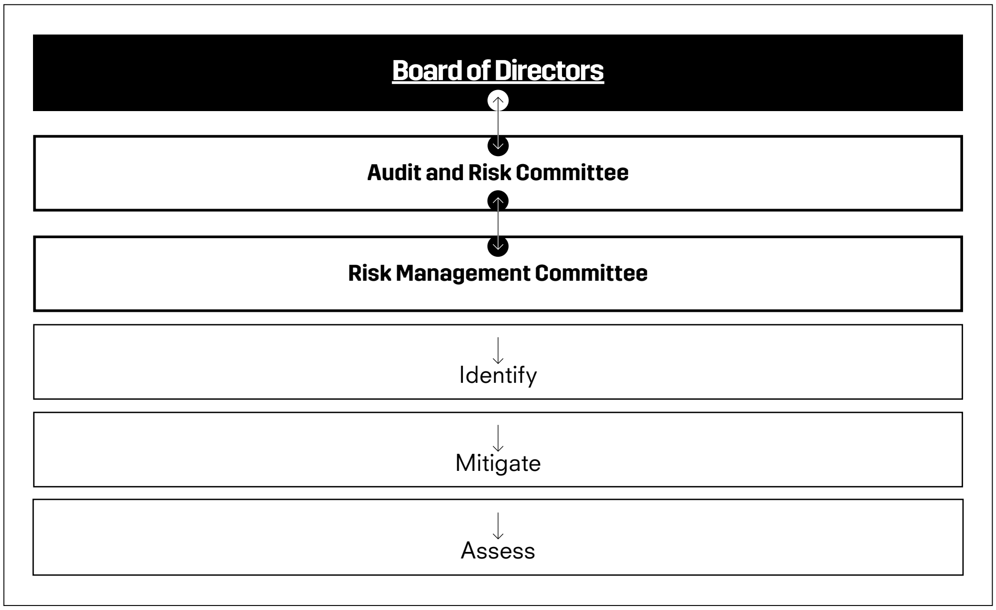
Appendix 8:

Principal risks and uncertainties

Risk framework

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.

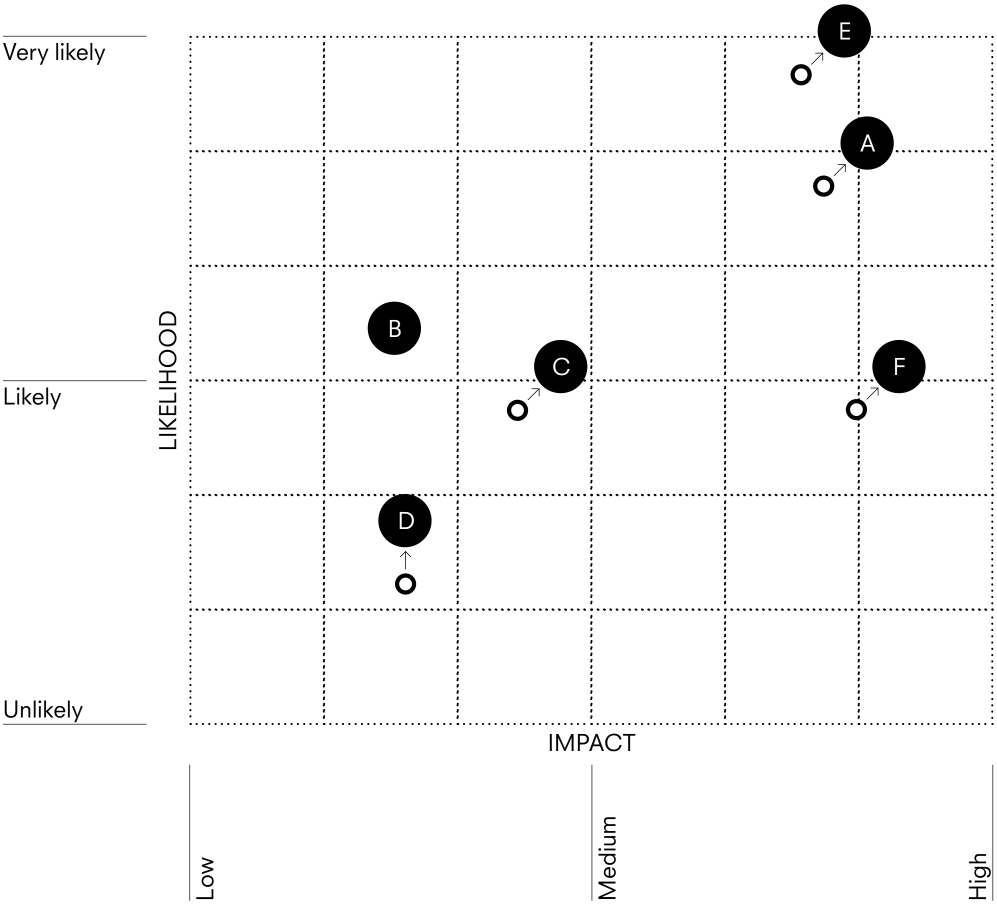


Mapping our risks

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.



○ 31 March 2019
● 31 March 2020

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 are highly stretched. The impact of Covid-19 on investment decision-making, together with escalating geopolitical risks and continuing trade uncertainties, continue to overshadow the market.
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 increased due to the impact of Covid-19 on job security and personal finances.
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.	↑ Through the year there was a gradual reduction in lenders' appetite for development risk, particularly on a speculative basis, as the Brexit and General Election uncertainly continued. Covid-19 has impacted upon both rental receipts and investment property valuations. This has further reduced lender appetite for new business.

Our Operational Key Performance Indicators

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, which has been exacerbated by new working practices and stalled schemes as a result of Covid-19.	– 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.	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. The risk of delays to construction due to new imposed social distancing working practices, in response to Covid-19, has increased significantly.
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 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 backdrop 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.

Compliance statements

S172 statement

As required under provisions set out in the Companies (Miscellaneous Reporting) Regulations 2018, the Strategic Report must include a statement on how the Board has considered matters set out in section 172 (1)(a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the Company. This information can be found throughout the Annual Report.

A summary statement setting out the key themes and page numbers for ease of reference is outlined below:

Requirement	Explanation	Cross reference
Likely consequences of any decision in the long term	– The Board takes a robust approach to decision-making. Each Board meeting assesses the performance of the Company and individual projects against U+I's purpose and KPIs. Disposals, acquisitions, hires and other important decisions are discussed to ensure they align with U+I's strategic priorities and will support delivery of sustainable returns for shareholders and other stakeholders. Due to the nature of our work – where some projects span up to fifteen years – all decisions relating to projects must be taken with a longer-term view. – The Board and Executive Directors have been engaging with investors to discuss remuneration, preferred dividend policy, financial performance, project updates and address any concerns throughout the year – including, latterly, around the potential impact of Covid-19 – to help long-term decision-making.	**Strategic review:** – Strategic priorities, pages 67-69. – KPIs, pages 70-73. – Stakeholder engagement 'how we listen and respond', pages 81-83. – Principal risks and uncertainties, pages 94-96. – Viability statement, pages 99-100. **Governance:** – Company purpose, culture and values, page 109. – Stakeholder engagement, pages 122-127. – Remuneration Policy, pages 151-171. – Dividend Policy, pages 110, 172.
The interests of the Company's employees	– The Board is aware of the importance of retaining its talent and regularly discusses initiatives to ensure a strong culture. It has realigned team structures to empower talent, give employees clearer role definition, ensuring the right skills are in place to deliver on U+I's portfolio. – U+I has set up a new employee engagement forum called T.E.A.M. ('Together Everybody Achieves More') led by NED Professor Sadie Morgan, where team representatives meet every quarter to raise issues, ideas and concerns, which are then fed into the Board so they can be addressed. Professor Morgan also offers 'Sadie's Surgery' drop-in clinics for 1:1 confidential employee advice. The annual employee engagement survey gives the workforce a further opportunity to give unattributed feedback. – U+I has set up a women's network led by Board members, an equality and diversity panel, purpose workshops, wellbeing initiatives and employee training to build a happy workforce, representative of U+I's values and culture.	**Strategic review:** – Strategic priorities, page 67. – KPIs, page 70. – Stakeholder engagement 'how we listen and respond', page 81. – Sustainability, people pages 90-91. **Governance:** – Employee engagement – T.E.A.M. meetings, pages 122-125. – Remuneration policies including a Group-wide Long-Term Incentive Plan, pages 151-171. – Equality and diversity forum, page 140.

Requirement	Explanation	Cross reference
The need to foster the Company's business relationships with suppliers, customers and others	– U+I encourages open feedback from its suppliers and partners. – It has hired a Director of Development, a Planning Director and a Community Engagement Manager to speak directly to communities and partners, understand their needs and help scope out viable schemes alongside its partners. This helps to nurture long-term relationships and create responsible schemes that support communities. – Our Worthwhile Use activities, numerous events and open forum websites enable us to speak to local businesses and visitors, to listen to and understand their needs.	**Strategic review:** – Stakeholder engagement 'how we listen and respond', page 83. – Mayfield case study, pages 88-89. – Sustainability, people pages 90-91. **Governance:** – Partner engagement, page 127. – Anti-bribery and corruption, page 147. – Modern slavery, page 150.
The impact of the Company's operations on the community and the environment	– U+I is working with an independent sustainability expert to develop a clear ESG strategy for U+I that it can roll out across its schemes and measure its success, particularly around protecting the environment, managing its social impact and ensuring good governance across the business. – U+I has set out four new non-financial KPIs to measure and track its ESG performance. It has also published a number of new policies and statements on its website to highlight its responsible approach, such as Health and Safety, Anti-Bribery and Corruption and Whistleblowing. These ensure U+I is operating in a consistent, fair way across its supply chain. – It works with external experts where it does not have the in-house resource. This is to ensure health, safety and wellbeing are embedded in its schemes and practices.	**Strategic review:** – Stakeholder engagement 'how we listen and respond', page 82. – Mayfield case study, pages 88-89. – CEO statement, page 56. – KPIs, page 73. – Sustainability, pages 84-89. **Governance:** – Community engagement, page 127. – Greenhouse gas emissions, page 177. – Charitable giving (partnering with Shelter), page 127.
The desirability of the Company maintaining a reputation for high standards of business conduct	– U+I is committed to maintaining a robust, transparent approach to all its shareholders and other stakeholders. – It has clear policies in place around its supply chain and ensuring anti-slavery, anti-bribery and corruption measures are in place.	**Strategic review:** – Stakeholder engagement 'how we listen and respond', pages 80-83. – Sustainability, policies page 92. **Governance:** – Culture and values, page 109. – Risk management and internal controls, pages 142-150. – Whistleblowing Policy, page 147. – Awards and recognition, page 110.
The need to act fairly between members of the Company	– U+I has a number of policies to ensure equality across the business, encouraging inclusion and diversity, whilst providing confidential feedback forums as well as T.E.A.M. meetings for any areas of concern to be raised and addressed. – As it reports financial information, materials are made available to all U+I's investors and there is an open discourse for those wanting to attend the AGM or other group events.	**Strategic review:** – Stakeholder engagement 'how we listen and respond', page 81. – Sustainability, pages 90-92. **Governance:** – Shareholder engagement, page 126. – Shareholder consultation on remuneration policy in 2019/20, pages 151-152. – Annual General Meeting, page 174.

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 contribute towards corporate overheads.
- Maintaining a diversified portfolio of projects 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 most 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 94 to 96. 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. This year has seen the evolution of Covid-19 as a previously unidentified risk that is now having a significant impact upon all businesses and economies as well as upon the key drivers in delivering U+I's business model. The Board has further considered these risks' impact within the context of the Group's viability.

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 following those of the previous two to three years.
- 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, 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 gearing in accordance with its policy.

In performing this scenario assessment, the Group would still be able to continue to meet its day to day liabilities as they fall due over the five-year period. Although the review does not consider all of the risks that the Group may face, the Directors consider this scenario is reasonable in the circumstances of the inherent uncertainty involved. 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 2025.

In considering the Group's adoption of the going concern basis, the Group's business model was stress-tested to produce a severe but plausible downside scenario over the short term, to simulate the impact of a deterioration in both economic and market conditions. Consideration was given to the following:

– Property valuations fall by a further 30% over the next twelve months and the resultant impact upon gearing covenants and cash levels if cash collateralisation of a loan facility is required.
– No new business opportunities are entered into over the next five years – hence the only profits and related cash that can be generated are from existing schemes and the majority of projects monetise over a five-year period, subject to an appropriate delay over the next twelve months relating to the potential impact of Covid-19 on investment markets.
– 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.
– Rent collection rates are severely reduced for the next twelve months as a result of the economic lockdown in response to the Covid-19 pandemic.
– Other than contracted receipts, there are no significant cash generating disposals over the next twelve months. Following which disposals proceed on a more regular basis i.e. deferral rather than loss of receipt.
– Consideration was given to whether the factors above enabled debt facilities to be repaid when they fall due.

Only the specific severe but plausible scenario detailed above would indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Refer to the Board Statement in relation to going concern on page 150. The Consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Financial review

Results for the year

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

	Year ended 31 March 2020	13-month period ended 31 March 2019
Development and trading gains	**£11.0m**	£42.8m
Basic net asset value (NAV)	**£289.6m**	£360.1m
Basic NAV per share	**232p**	289p
Total declared dividends per share	**2.4p**	10.0p
(Loss)/profit before tax	**(£58.6)m**	£6.3m*
Total return	**(16.1)%**	0.9%
Balance sheet gearing	**44.9%**	38.6%

* 13-month period to 31 March 2019.

The loss for the year ending 31 March 2020 was £58.6 million (13-month period to 31 March 2019: £6.3 million profit), after generating development and trading gains of £11.0 million, lower than the range we were guiding for the year.

The movement in net assets for the year is shown in the bridge on the following page.

Development and trading gains
During the year, we realised a total of £11.0 million of net development and trading gains. The key components of these gains are:

- £9.3 million – Harwell: sale of the Group's 25% investment holding.
- £4.3 million – Preston Barracks: completion of Plus X Building and proceeds on student element.

The write off of costs on abortive projects where the Development Management Agreement has expired, such as Newcastle-Under-Lyme and the overrun of costs associated with the accreditation of Bryn Blaen Wind Farm to allow its sale to complete have reduced these gains to a net £11.0 million.

Impairments in respect of two schemes are excluded from the above. As previously announced, at 399 Edgware Road, an impairment of £6.5 million was recognised at the half year in respect of cost overruns, including changes in building standards and fire safety. This amount is now the subject of a claims process to try and recover these costs. In H2 a further £3.0 million impairment has been booked to reflect lower sales rates and values now projected and higher void costs as a result of a stalled housing market post Covid-19.

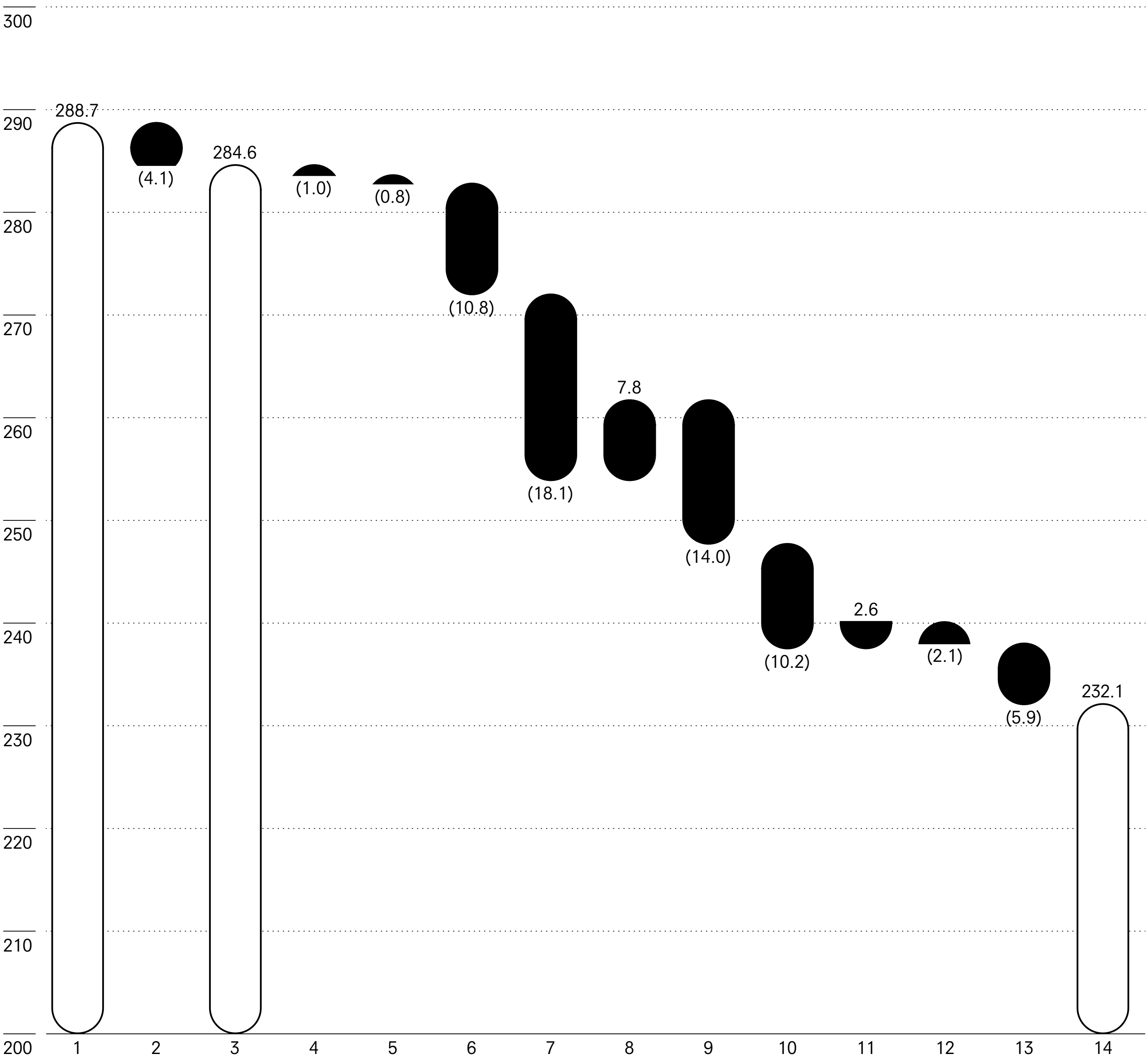
In respect of Bromley, we have finally settled the contractual position with the main contractor. This process has taken far longer to conclude than anticipated and further costs have been incurred to conclusion as building regulations and certification requirements have changed. This has led to a significant reduction in the amounts previously anticipated as recoverable and also a reduction in amounts available to mitigate this settlement. Taken together with the reduction in both sales rates and values as a result of Covid-19 an amount of £10.6 million has been provided for. The whole scheme is now complete, and it is anticipated that all remaining residential units will be sold by the end of the calendar year and all associated debt repaid in full.

U+I remain actively involved in seeking to secure a major regeneration project in Dublin. However, as there is no current visibility on when a decision will be made, the Directors have impaired the bid costs incurred to date of £3.7 million. If U+I are appointed in respect of this project, this impairment will be reversed.

Development and trading gains can be analysed as follows.

	Year ended 31 March 2020 £m	13-month period ended 31 March 2019 £m
Included in segmental analysis:		
Development and trading segment result	**(17.7)**	19.3
Share of results of joint ventures	**(4.9)**	17.1
Sale of investments	**9.8**	3.9
Adjustment in respect of legacy assets	**20.1**	–
Impairment of Dublin bid costs	**3.7**	–
Adjustment re legacy corporate loan	**–**	2.5
	11.0	42.8

Movement in net assets



1. NAV April 2019.
2. Supplemental Dividend 2019.
3. Adjusted NAV.
4. Investment portfolio contribution.
5. Loss on disposal of investment properties.
6. Investment property revaluations.
7. Development & trading contribution.
8. Sale of investments.
9. Operating costs.
10. Net interest costs.
11. Taxation.
12. Other.
13. Final 2019 Dividend, Interim Dividend 2020.
14. NAV March 2020.

Investment property portfolio
During the year, the Group continued its policy of selectively disposing of non-core assets outside of our key geographies. The Group disposed of five investment properties with a book value of £32.1m. These disposals included Killingworth Centre, Newcastle, Nailsea Shopping Centre and Queen Street, Cardiff. In addition, the Group disposed of its investment asset in Harwell in conjunction with the wider sale of its joint venture interest.

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. We are looking however to reinvest the cash collateral of £27.0 million held within our Aviva loan facility following the above disposals during the year, but only once we are certain that we can acquire assets at the right price to deliver our target returns in line with our investment strategy.

Following the completion of the Plus X Building at our Preston Barracks development site in Brighton, this asset has been transferred to our investment portfolio in line with our decision to hold the asset for the medium to long term. The building opened for use in June.

The Group's historic portfolio does still have a retail bias and as such we have suffered a £13.5 million decline in values during the year. Overall, we have seen a 7.9% decline in values on a like-for-like basis, 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 year 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 2020, there were receivables of £50.3 million relating to asset disposals immediately prior to the year end compared to £23.2 million as at 31 March 2019. This highlights the significant movement from one period to the next for receivables and also explains the significant variation in cash balances from one balance sheet date to the next.

The disposal of our interest in the Harwell joint venture transacted on 31 March. Initial net proceeds of £28.8 million were received in April with a further £14.0 million of unconditional deferred consideration to be received in equal instalments over the following four years.

Overheads
The overheads during the year comprised.

	Year ended 31 March 2020	13-month period ended 31 March 2019
Group overheads	**21.7**	21.9
LTIP credit (net)	**(2.3)**	–
	19.4	21.9
Income from specialist platforms	**(1.9)**	(2.5)
Net recurring overheads	**17.5**	19.4
Annualised net recurring overheads	**17.5**	17.8

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 year and in the longer term. In particular, the investment into marketing of our brand and corporate identity can be significantly scaled back following our establishment as a leader in mixed use urban regeneration.

Rationalisation
The Group has brought forward its staff rationalisation programme and has regrettably made a number of staff redundant since the year end. The Group will continue with its reorganisation during the coming year. In addition, in response to the Covid-19 impact on both our own business and the economy we have imposed a moratorium on discretionary spending and significantly scaled back our capital expenditure programme by £33.0 million for FY2021.

Net finance costs
Net finance costs for the year of £12.7 million (13-month period to 31 March 2019: £5.8 million) include a foreign exchange loss of £1.1 million (2019: £0.2 million gain) in respect of the retranslation of Euro-denominated loans and deposits.

For FY2020, finance costs include a lease accounting charge of £2.7 million resulting from the implementation of IFRS 16. The true net finance cost, excluding interest on lease liabilities and foreign exchange movements on a comparable basis is £8.9 million (13-month period to 31 March 2019: £6.0 million).

In previous years interest was capitalised in respect of the Bromley scheme whilst the project was under construction. Following completion of the scheme, interest is now expensed and at the same time rental income is now credited to the Income Statement. The interest charge for FY2020 was £2.5 million.

For entities where the reporting currency is in Euros, retranslation differences are charged to reserves. The movement for 2020 was a gain of £0.2 million (2019: £0.2 million gain). The net impact of these movements on NAV during the year was a £0.9 million loss (2019: £0.3 million gain).

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 2020 £’000	Interest rate	Maturity	Loan to value ratio (LTV)	Interest cover ratio (ICR)[1]	Minimum net worth[1] £’000
Loans financing longer-term assets								
Term loan	3, 5	£10,580	10,580	Variable	10-Apr-20	73%	160%	–
Loan notes	2	€47,000	~41,781	Cap	24-Apr-21	–	–	–
Term loan		£19,710	13,410	Variable	25-Mar-22	50%	110%	–
Term loan		£66,667	65,027	Fixed	5-Dec-32	75%	125%	–
Loans financing development and trading assets								
Term loan	4, 5	£26,000	13,580	Fixed	31-Jan-19	–	–	–
Term loan	3, 4, 5	£26,000	27,793	Variable	30-Jun-19	60%	125%	100,000
Term loan	4, 5	£9,500	2,410	Variable	31-Dec-19	–	–	–
Term loan	3	£44,100	50,701	Fixed	31-Mar-20	–	–	–
Term loan	3	£31,000	26,592	Variable	24-Oct-20	–	–	–
Term loan	3	£4,000	3,845	Fixed	31-Oct-20	–	–	–
Term loan	3	€22,045	~20,391	Fixed	18-Nov-20	–	–	–
Term loan	3	€20,125	~17,481	Fixed	06-Jan-21	–	–	–
Term loan	3	£5,610	5,213	Cap	31-Mar-21	60%	175%	–
Term loan	3	€20,939	~18,614	Variable	08-Aug-21	–	–	–
Term loan	3	€17,100	~15,239	Variable	08-Aug-21	–	–	–
Term loan	6	£16,800	16,800	Fixed	15-Jan-22	90%	100%	–
Term loan		€8,515	~7,570	Fixed	13-Dec-22	75%	–	200,000
Term loan	3	£16,674	3,930	Variable	31-Dec-22	–	120%	–
Term loan	3	£23,388	23,388	Fixed	15-Jan-23	73%	30%	–
Term loan		€2,180	~1,938	Fixed	28-Mar-23	75%	–	200,000

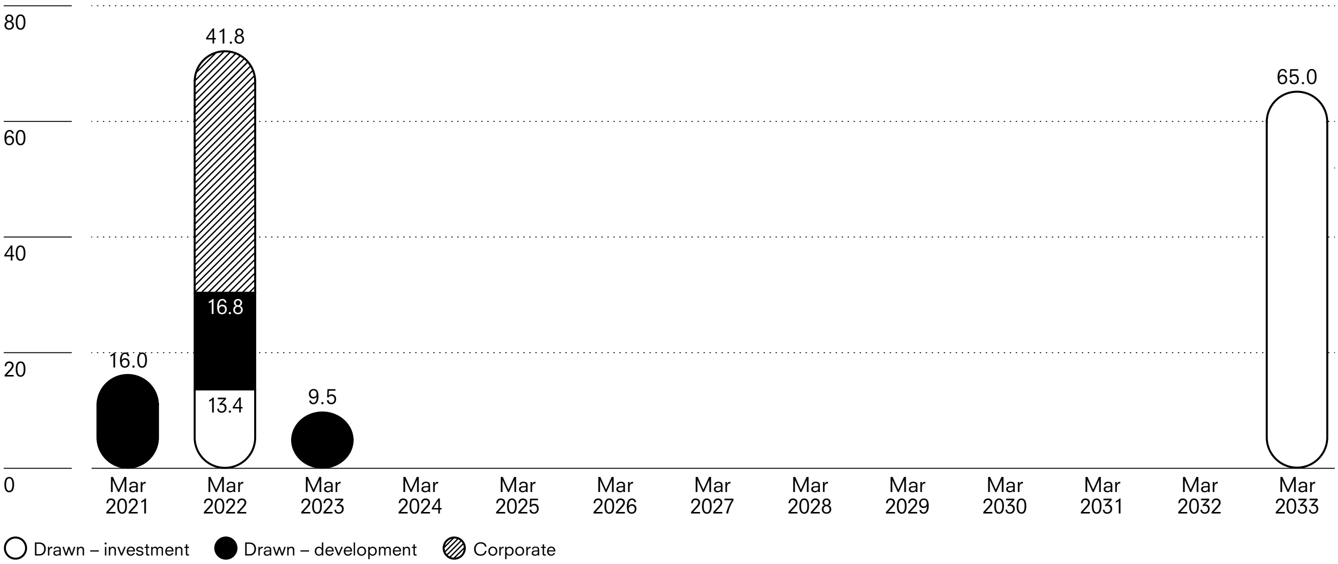
1. Interest cover ratios (ICR) are specific to the loan and the relevant property. Minimum net worth refers to the net asset value of the Group per its latest balance sheet (31 March or 30 September).
2. These unsecured, variable rate loan notes are denominated in Euros, with a nominal value of €47 million. 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.
5. The Group is in discussion with the lender to extend the loan term and this is in the process of being formalised.
6. Due to deferred rental collection arrangements, as a result of Covid-19, this loan is currently in breach of its ICR covenant. We are in discussion with the lender to formalise a waiver while rental receipts are being deferred.

~ Represents the amount of the Group’s liability in Sterling as at the balance sheet date.

The Group has €47.0 million of loan notes which are due for repayment in April 2021. In accordance with the Group Business Plan, the intention is to repay these notes via the cash proceeds from disposals scheduled during FY2021. As a prudent measure, due to the current economic environment as a result of Covid-19, the Group has agreed terms for the extension of these loan notes which is now being documented. The Group expects to have concluded this extension in the very short term.

Debt covenants are monitored on a quarterly basis and the Group maintains a constant dialogue with all its lenders. In respect of Group’s main investment property facilities, as at 31 March 2020, the Group had headroom over its loan to value covenants of c.25%.

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 main changes to our debt portfolio were as follows:
- Draw down additional £1.0 million loan of The Arts Building facility.
- £22.0 million loan repayment in respect of the Bromley facilities as residential units were sold.

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%.
- Euro-denominated debt is drawn to naturally hedge Euro-denominated assets in Dublin.
- 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.

	Target	**31 March 2020**	7 July 2020	31 March 2019
Gearing (excl. share of JVs)	40-50%	**44.9%**	39.4%	38.6%
Gearing (incl. share of JVs)	50-60%	**80.4%**	76.1%	62.8%

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 2020	31 March 2019
Group net debt and gearing:			
Gross debt	£m	**(161.0)**	(179.8)
Cash and cash equivalents	£m	**31.1**	40.8
Net debt	£m	**(129.9)**	(139.0)
Net assets	£m	**289.6**	360.1
Gearing	%	**44.9**	38.6
Weighted average debt maturity	years	**5.9**	6.2
Weighted average interest rate	%	**4.7**	4.6
Including joint ventures:			
Share of net debt in joint ventures	£m	**(102.9)**	(87.3)
Gearing	%	**80.4**	62.8
Weighted average debt maturity	years	**3.7**	4.5
Weighted average interest rate	%	**5.6**	5.1

As at 7 July 2020, the Group's gearing stood at 39.4% on balance sheet and 76.1% on a look through basis, in particular reflecting the receipt of cash proceeds relating to the disposal of our Harwell interests.

Monies held in restrictive accounts and deposits
As at 31 March 2020 the Group held £29.4 million of restricted cash deposits (2019: £8.8 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 with joint venture partners 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 disposed of its 25% joint venture interest in Harwell. The Group has recognised a gain on disposal of £9.3 million in addition to an operational profit for the year ended 31 March 2020 of £1.2 million.

The Group's joint ventures and associates are analysed in more detail in note 13 of 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.
– 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 year the underlying tax rate, including deferred taxes, was 6.13%. The Group's tax rate is sensitive to both geographical location of profits and business activity from which the profits are derived. Future year effective tax rates will be susceptible to the overall Group leverage position, and the interaction thereof with the UK Corporate Interest Restriction rules and international equivalents.

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.
– A supplemental dividend related to the net free level of cash flow generated from the financial year.

However, given the increased economic uncertainty created by the Covid-19 pandemic, the Board is not recommending the payment of a final or supplemental dividend in respect of the year ending 31 March 2020 in order to preserve cash reserves. The Board will revisit this temporary measure once there is greater clarity on the impact of Covid-19 on the business.

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 2020, the Group had net Euro-denominated liabilities of €40.1 million (2019: €30.9 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 as well as the potential impact of Covid-19 on the UK economy. The impact on our NAV during the period was a loss of £0.9 million, which is the net result of a loss of £1.1 million recorded in finance costs in the profit and loss account and a gain through reserves of £0.2 million. The deficit in Group's foreign currency hedging strategy arises as the Group has been in a net Euro liability position during the year.

Marcus Shepherd
Chief Financial Officer
7 July 2020

Five-year summary

		31 March 2020	31 March 2019*	31 March 2018	31 March 2017	31 March 2016
Revenue	£m	**70.0**	160.1	173.7	123.9	242.3
(Loss)/profit before taxation	£m	**(58.6)**	6.3	48.2	(1.7)	25.8
Net assets	£m	**289.6**	360.1	379.3	347.6	363.3
(Loss)/earnings per share	Pence	**(44.5)**	4.2	32.2	(2.4)	17.5
Net assets per share	Pence	**232**	289	303	278	291

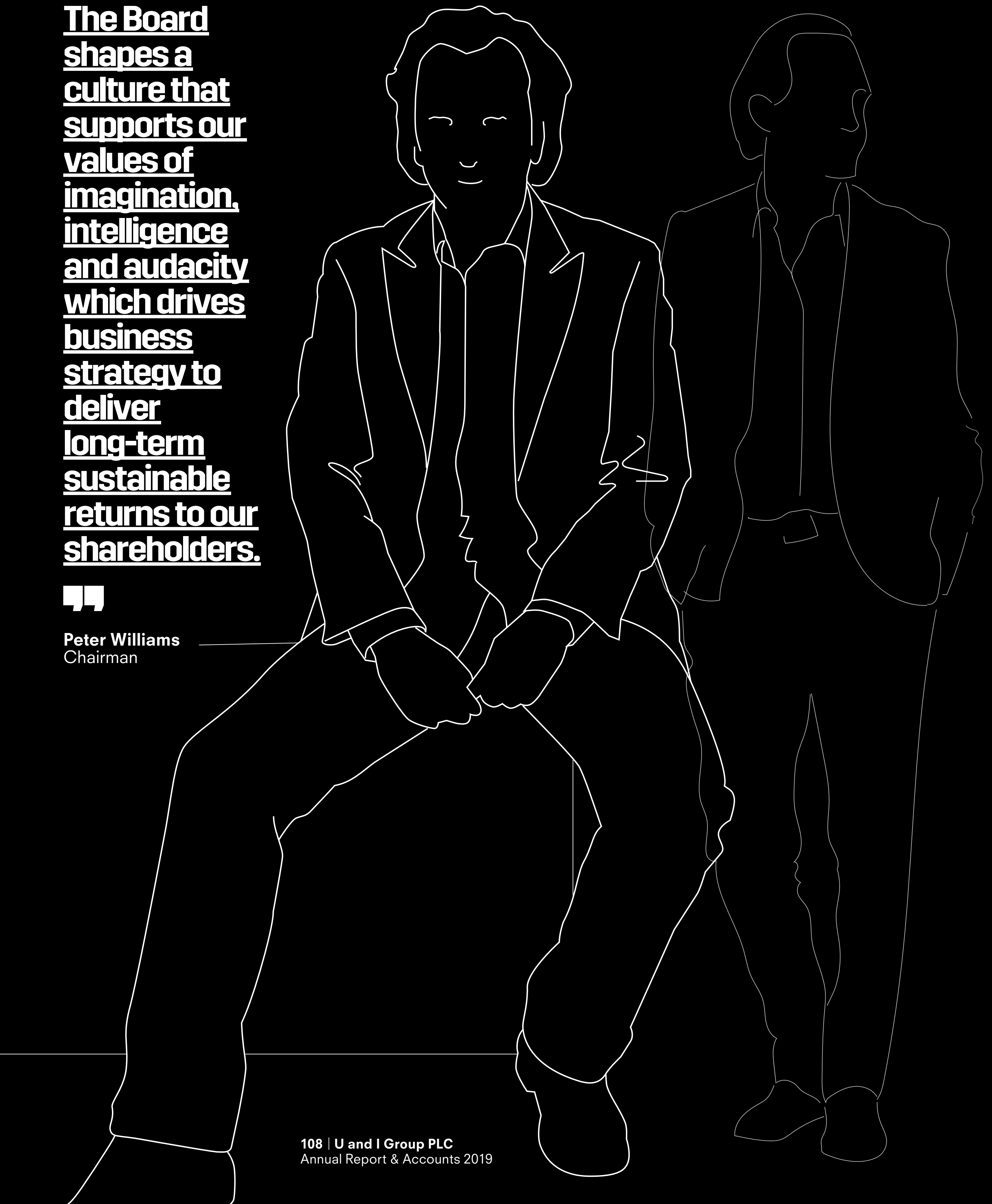
* 13-month period to 31 March 2019, restated.

Governance

Driving performance and creating value through effective governance.

Governance Report

Chairman’s introduction to corporate governance



“The Board shapes a culture that supports our values of imagination, intelligence and audacity which drives business strategy to deliver long-term sustainable returns to our shareholders.”

Peter Williams
Chairman

Governance – Areas of focus for the Board during the year ended 31 March 2020

– U+I welcomed 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%. A full induction process was undertaken as set out on pages 138 to 141.
– Sadie took on the position as the Board's representative with regards to U+I's work around employee engagement during the year. She talks about her experiences on page 125.
– In-depth Board engagement around the review and refinement of U+I's business strategy and the strategic priorities of the business through two Board strategy offsite days during the year, see page 118 for further details.
– A commitment to stakeholder engagement, including an extensive consultation regarding our Remuneration Policy to be put before shareholders for approval at the 2020 AGM, for more information see pages 122 to 127 and 151 to 171.
– Oversight over all business activities including key acquisitions and disposals within the trading and development and investment portfolios as set out on pages 119 to 121.
– Ongoing focus on Board and Executive succession planning including the restructure of the Senior Management Team and key senior hires during the period for more information see pages 133 to 140.
– Review of governance requirements, organisational structure, strategic priorities and risk mitigation in light of the Covid-19 pandemic and its effects on our business and the wider economy, as described on pages 118 to 121 and 143.
– Compliance with the UK Corporate Governance Code for the year ended 31 March 2020, and Board engagement with the changes introduced by the revised Code which took effect for the Company on 1 April 2020, see pages 111 and 116 for further information.

Dear Shareholders
On behalf of the Board, I am pleased to present U+I's Governance Report for the year ended 31 March 2020. The aim of this report is to explain U+I's governance framework and how it has been applied on a day to day basis by the Board and the business in the year under review, with particular emphasis to how we have applied the principles and provisions of the UK Corporate Governance Code.

Purpose, culture and values
It has been a challenging year for U+I, the numbers we have reported within this Annual Report highlight this, and reflect the difficulties we have faced meeting our guidance in a year dominated by political and economic change, and compounded by the uncertainty that Covid-19 has brought. As you will be well aware, we are not alone in this. As I write this report we find ourselves in unprecedented times, the resilience of the Company, along with its fundamental purpose, values, culture and strategy are being tested on a scale we had not imagined possible as we attempt to work out where the 'new normal' may land, and how this impacts on our business. The presentation of such challenges exemplifies the necessity of not only having an effective, bold and entrepreneurial Board, but also a strong and common sense of purpose, alongside an aligned culture and set of values that the Company can fall back on when confronted with such uncertain times. Our purpose, values and culture do not change, instead they grow stronger as we become more focused and determined to deliver on our promises. Our short-term strategy adjusts according to the requirements of the business but fundamentally it does not change, we can adapt to circumstances because we have great people, and it is this that makes U+I the Company it is, and a Company I am proud to be Chairman of.

At U+I we turn unloved, overlooked pieces of land into beautiful places to live, work and enjoy life. This purpose, of bringing long-term socio-economic benefits to communities in which we work, along with sustainable returns to our shareholders, 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. We are proud to live our values, they make us distinctive, and we are equally proud of the meaningful contributions that we are delivering to the communities and society in which we operate. It is only possible to fulfil our purpose by having the right culture, a culture championed by the Board through their leadership and rooted in every decision we take as a business. This includes ensuring full transparency and accountability in everything we do, as we demonstrate throughout this report.

Strategy
Given the uncertainty of today's economic and geo-political climate, it is important that we, as a Board, focus on our short-term performance, but also that we are given the time and space to take a step back in order to understand the longer-term picture. The Board continually reviews the business strategy, especially in light of recent and current events, to ensure it has control over those matters which are within its sphere of influence, and to mitigate, where necessary, issues that fall outside the control of the Company. As set out in the front section of this report, during the year our strategy focused on: i) delivering our existing pipeline; ii) transitioning our investment portfolio; and iii) optimising U+I for the future. With regards to the unprecedented challenges brought forward by both Brexit and Covid-19, the Board has moved quickly,

and in doing so has taken some difficult decisions, to not only ensure the Company has the correct structure and focus to guide the business through the current crisis, but also drive the strategic direction over the mid to longer term by identifying future trends, opportunities and risks. We discuss such matters throughout the year, but specific focus is given to this at our Board and Senior Management Team strategy days. In the period under review we had two such days, more information on what was discussed on these days can be found on page 118.

Remuneration
At this year's AGM, we will be proposing a resolution to approve our Remuneration Policy to shareholders. This approval is required every three years and, whilst no significant changes are being proposed, we consulted with shareholders accounting for over 80% of our register as part of this process. The Remuneration Committee has listened to shareholders and taken on board all the feedback received, and we have amended the proposed Policy where we believed this was appropriate. In light of the impact of Covid-19 on the business, Executive Directors, Non-executives and senior employees have taken a voluntary pay reduction for an initial three-month period. Further information on this can be found in the Remuneration Report on pages 151 to 164. An explanation of all resolutions being proposed to shareholders at the 2020 AGM can be found on pages 174 to 176.

Dividend
As I mentioned previously, the Board has not shied away from taking the difficult decisions necessary to safeguard the future of the business in the unprecedented times we find ourselves in. We debated in depth our dividend policy and shareholder expectations, however, as we announced in our Post Close Statement on 15 April, the Board decided that, in light of the unpredictability of the immediate future economy due to Covid-19 and the cash protection measures we have put in place to mitigate the risk to the business, including a redundancy programme, the furloughing of employees, cancellation of annual bonuses and short-term pay reductions for the Board and senior employees, that it would not be appropriate to pay a final or supplemental dividend for the year ended 31 March 2020. The Board will continue to review this going forward as we understand the value of a dividend for our shareholders. Further information can be found on page 172.

UK Corporate Governance Code
For the year beginning 1 April 2019, we have applied the principles and provisions of the 2018 UK Corporate Governance Code ('the Code'). This is the first year we have reported against the revised Code, which brought with it an increased emphasis on stakeholder engagement and workforce practices. In advance of the effective date, the Board and its Committees spent considerable time reviewing the Code to ensure our compliance. Whilst we were already meeting most of the additional requirements set out in the new Code, as a Board we have welcomed the opportunity this has brought to allow us to review our governance practices and processes and, where necessary, introduce additional measures to ensure we meet not only the provisions but also the spirit of the Code. Further information on how we do this is set out on page 111 and throughout this Governance Report.

Employee engagement
In light of the new requirements of the Code we set up our new Employee Engagement Forum during 2019. We call these our 'T.E.A.M.' meetings which stands for 'Together Everybody Achieves More'. Our T.E.A.M. meetings bring colleagues together from across the business and the topics discussed are fed through to the Board by our Independent Non-executive Director with responsibility for Employee Engagement. Further information can be found on pages 122 to 125.

Evaluation
In 2020, a thorough, internally facilitated review of the performance of the Board, its main Committees and individual Directors was undertaken by the Company Secretary on behalf of the Chairman. Opportunities for improvement regarding specific aspects of our governance practices were highlighted and are set out on page 137. Overall, the results confirmed that the Board and its Committees continued to function effectively and in accordance with their respective terms of reference.

Annual General Meeting
In any normal year, I would be looking forward to welcoming our shareholders to the Company's AGM in September. I am a strong believer that our AGM allows all shareholders the opportunity to meet and question the Board. However, due to Covid-19, 2020 has not, by any standards, been a normal year. Whilst the AGM is an important event for the Company, the health of our shareholders, workforce and officers are paramount, and in this regard we continue to closely monitor government guidance. Due to the current compulsory social distancing measures put in place, shareholders will not be permitted to attend the AGM in person. Shareholders will be able to submit questions to the Board prior to the AGM which we will answer and detail on our website. Further information on this is set out on page 174.

Recognition for best practice governance reporting
As a business we take great pride in doing everything to the very best of our ability, and, in doing so, aim to exceed expectations, be that in how we design our developments, how we undertake our planning consultations, or how we report to you, our stakeholders. Our team works hard to ensure that what we report to you is not simply boilerplate tick box compliance, but provides our stakeholders with a useful insight into who we are, what we do and how we do this. We believe that transparency and best practice reporting form an essential part of this, and, whilst we don't seek out recognition, it was rewarding to be recognised in this regard during the year with the nominations and awards set out in the table opposite.

Investor Relations Society Best Practice Awards 2019	– Best annual report – smallcap and AIM – Winner. – Most effective use of digital communications – Winner.
Communicate's Corporate Content Awards 2019	– Best use of print – Gold. – Best corporate website (AIM or smallcap) 2019 – Gold.
Corporate Financial Awards 2019	– Best printed annual report FTSE smallcap – Silver. – Best corporate website FTSE smallcap – Gold.
The Chartered Governance Institute Awards 2019	– Best annual report in the smallcap and AIM category – (shortlisted).

Peter Williams
Chairman
7 July 2020

The 2018 UK Corporate Governance Code
The Financial Reporting Council's 2018 UK Corporate Governance Code ('the Code') applied to the Company during the year. At the heart of the Code is a set of principles which emphasise the value that good corporate governance can have on the long-term sustainable success of a business. By applying the principles, and following the more detailed provisions, the Board can demonstrate through its reporting, how good governance contributes to the long-term sustainable success of the company. U+I is required to report to shareholders on how we have applied the principles and provisions of the Code during the year, and where we have not, the reasons for not doing so. As stated on page 116 the Board considers that its corporate governance policies and procedures are appropriate and, with the exception of provision 38 as explained in further detail on page 156, believes that the Group has applied the principles and complied with the detailed provisions of the Code throughout the financial year ended 31 March 2020, and to the date of this Annual Report.

More detail on how the Group has complied with the provisions set out in the Code is found throughout this Governance Report and the Strategic Report as referenced in the table opposite. The Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

The UK Corporate Governance Code

Board leadership and Company purpose

	Read More:
Generating and preserving long-term value	1-106
Purpose, values, strategy and culture	109
Understanding the views of our Shareholders	126
Engaging with our Stakeholders and s172	122-127
Workforce engagement	122-125
2019 AGM voting	174
Whistleblowing policy	147
Management of conflicts of interests	134, 173

Division of responsibilities

	Read More:
The role and responsibilities of the Chair	131
Responsibilities of Executive and Non-executive Directors	131
Director Independence	133
Senior Independent Director	132
Board and Director performance	136, 137
Board meeting attendance	115
Committee meeting attendance	138, 144, 163
External appointment approval process	134
Information and support	134, 135
Company Secretary	132

Composition, succession and evaluation

	Read More:
Nomination Committee membership and responsibilities	138-140
Directors' annual re-election	139
Director appointment process	138-140
Succession planning	134
Skills and experience	137
Board diversity	140
Board evaluation	136, 137

Audit, risk and internal control

	Read More:
Audit Committee membership and responsibilities	144-150
Audit Committee activities during the year	146-150
Statement of Directors' responsibilities	179
Assessment of emerging and principle risks	142-143, 148
Risk management and internal control systems	142-143, 148-150
Going concern	150, 194
Viability statement	149, 99

Remuneration

	Read More:
Remuneration Committee membership and responsibilities	151-164
Non-executive Director remuneration	157, 158
Remuneration consultants	163
Post-employment shareholding requirement	161
Executive pensions	156
Contract periods	163
Director remuneration policy	165-171
Remuneration Committee considerations	155

Board of Directors

1. Peter Williams
Chairman

What Drives Me:
"Human beings need contact and communication with other people, it's what brings us the most happiness. The best form of communication is face-to-face in a sympathetic environment or place, whether that's a home, office, restaurant, pub or club. U+I creates those places."

Appointed:
4 January 2016

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

Skills and 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 is also 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 Sports, 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 Officer

What Drives Me:
"To deliver on our purpose of creating great places in forgotten parts of London, Manchester and Dublin. Testing the tension between profitability and social benefit in everything we do and doing so whilst leading and inspiring a great team of people who will take on this responsibility."

Appointed:
18 March 2004

Period of service on the Board:
16 years, 4 months

Skills and experience:
Matthew was appointed as Chief Executive Officer 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

What Drives Me:
"A desire to build a company that inspires great people to deliver great places that are authentic, inclusive and exceptional."

Appointed:
19 May 2014

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

Skills and 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 and Operating Officer

What Drives Me:
"A desire to make a difference, to have a positive influence and to prove that property development has a valuable part to play in our society."

Appointed:
18 February 2013

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

Skills and 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

What Drives Me:
"A desire to help create environments that are both aesthetically pleasing and socially responsible, run by teams that are experts in their fields, while adhering to the values of U+I."

Appointed:
3 January 2012

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

Skills and 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

What Drives Me:
"Witnessing the tremendous benefits flowing to very diverse communities from our regeneration Public Private Partnerships, and seeing our team work tirelessly in developing long-term places to be proud of."

Appointed:
19 May 2014

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

Skills and 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

What Drives Me:
"It's about making your mark. From a company, to a project, to people; with all interactions you have to make your mark to ensure that you have a positive influence and leave a sustainable legacy."

Appointed:
10 March 2016

Period of service on the Board:
4 years, 4 months

Skills and 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

What Drives Me:
"Making places that genuinely work for people and communities. I joined the U+I Board because they share those values."

Appointed:
1 September 2017

Period of service on the Board:
2 years, 10 months

Skills and 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 OBE
Independent Non-executive Director

What Drives Me:
"I have a real sense of inclusion, purpose, community and responsibility. I joined the Board to help U+I turn those beliefs and commitments into action, making sure grand plans join up with real life."

Appointed:
3 April 2019

Period of service on the Board:
1 year, 3 months

Skills and 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.

Board meeting attendance

Board and Committee meetings are typically held at the Company's registered office address, 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	9/9	100
Matthew Weiner Chief Executive	18.04.2004	9/9	100
Richard Upton Deputy Chief Executive	19.05.2014	9/9	100
Marcus Shepherd Chief Financial and Operating Officer	18.02.2013	9/9	100
Nick Thomlinson Senior Independent Director	03.01.2012	9/9	100
Barry Bennett[1] Non-executive Director	19.05.2014	8/9	88
Lynn Krige Independent Non-executive Director	10.03.2016	9/9	100
Ros Kerslake[2] Independent Non-executive Director	01.09.2017	7/9	77
Sadie Morgan Independent Non-executive Director	03.04.2019	9/9	100

1. Barry Bennett missed one Board meeting due to a previously booked engagement.
2. Ros Kerslake missed two Board meetings due to serious illness.

Board statements and activities

Board statements

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

Requirement	Board statement	More information
Corporate Governance Statement As a Company listed on the London Stock Exchange, U and I Group PLC is subject to the requirements of the Code. The Company is required to comply with the provisions of the Code and, where it does not, explain the reasons for non-compliance.	This Governance Report, together with sections of the Strategic Report and Directors' Report incorporated by reference, describe the manner in which the Company has applied the main principles set out in the Code and complied with the individual Code provisions for the year ended 31 March 2020. 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 year ended 31 March 2020, with the exception of provision 38 as set out on page 156.	Details on how the Company complied with the Code for the year ended 31 March 2020 can be found throughout this Governance Report as set out on pages 107 to 178. Our explanation as to the steps taken to comply with provision 38 are set out on page 156
Section 172 Section 172 requires that Directors act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.	As a Board, we understand that our business can only be successful and grow over the longer term if we understand and respect the views and needs of our employees, customers and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. Decisions are taken collectively and individually with the above in mind, and we aim to uphold the highest standards of conduct, governance, transparency and accountability for the benefit of all stakeholders.	Our section 172 statement can be found in the Strategic Report on pages 97 to 98 and further information on how we have interacted with our stakeholders during the year can be found on pages 122 to 127.
Fair, balanced and understandable Provision 27: The Board should confirm that it considers the Annual Report and Financial Statements, taken as a whole, to be fair, balanced and understandable.	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.	For more information see the Audit and Risk Committee Report on page 149, and the Statement of Directors' Responsibilities on page 179.
Principal risks facing the Group Provision 28: The Board is required to confirm that a robust assessment of the emerging and 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, this included identification of emerging risks. The significant risks facing the Company, and how these are mitigated, are set out on pages 94 to 96.	Information around our key risks and risk mitigation can be found on pages 94 to 96 of the Strategic Report, and on pages 142 to 150 of the Governance Report.
Risk management and internal control Provision 29: 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 year, 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.	Details on the systems of risk management and internal control can be found on pages 142 to 150.

Requirement	Board statement	More information
Going Concern Statement Provision 30: 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. The Group has also forecast a severe but plausible downside scenario in making its assessment of going concern, this forecast reflects the potential impact of adverse economic and market events and indicates the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. Further information on the above material uncertainty and the actions the Group would take to mitigate the position in this scenario is set out in note 1(a)(ii) on page 194.	More details on the Going Concern Statement can be found in the Audit and Risk Committee Report on page 150, and also in note 1(a)(ii) of the notes to the Consolidated financial statements on page 194.
Viability Statement Provision 31: The Board is required to assess the viability of the Company, taking into account the current position and prospects, and the potential impact of the principal risks and uncertainties set out on pages 94 to 96.	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 2025.	U+I's Viability Statement can be found on page 99.

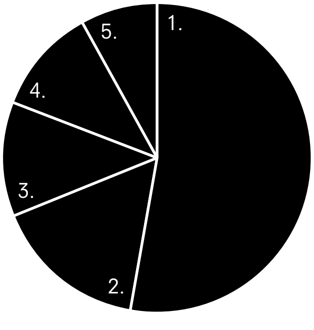
Board activities

Key Board activities during the year
The Board met formally nine times during the year to 31 March 2020. Within these scheduled meetings are included two full days dedicated to discussions around the Company strategy, see page 118 for further information. The Board also held several adhoc meetings to address key matters and project approvals that fell in between formal Board meetings. The key activities the Board addressed during the year can be separated into the five general areas outlined in the diagram below and on pages 119 to 121.

The Board and the Senior Management Team keep all areas of the business under review within the context of the business strategy and the strategic priorities of the Company, along with a full understanding of the key risks facing the business and the risk mitigation required, as set out on pages 94 to 96.

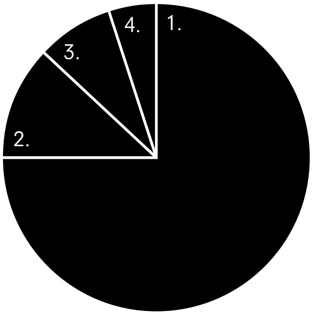
The five areas set out in the chart below, and detailed on pages 119 to 121, represent the primary areas of focus for the Board in discharging its obligations for the year ended 31 March 2020. The amount of time spent on each activity will vary depending on the nature and importance of the activity at any given time, an approximate percentage of the time spent on each area is set out below. The approximate percentage of the Directors' time spent in the Board and Committee meetings is outlined below.

Board activities – percentage allocation of time



1. Strategy and new and existing project portfolio **53%**
2. Financial planning and performance **16%**
3. Leadership, culture and people **12%**
4. Governance, risk and internal controls **11%**
5. Stakeholders and shareholders **8%**

Percentage of time spent in Board and Committees



1. Board **75%**
2. Audit and Risk Committee **12%**
3. Remuneration Committee **8%**
4. Nomination Committee **5%**

Board strategy days

The year to 31 March 2020 and beyond has been unprecedented in terms of the challenges thrown at UK businesses. These challenges are discussed throughout this Report. In such a rapidly evolving economic and geo-political climate it is essential that the Board keeps itself abreast of developments within the markets in which the Company operates to ensure the business has control over those matters within its sphere of influence, and the ability to mitigate, where necessary, those issues that fall outside of its control. However, it is also essential that the Board be given the opportunity and time to take a step back and look at the bigger picture, and to engage in debate and the necessary strategic planning over the medium to longer term. To facilitate this, Directors are taken away from the regular Board environment through our offsite Board and Senior Management Team strategy days.

U+I holds two offsite Board and Senior Management Team strategy days each year. These are preceded the evening before with a Board and Senior Management Team meal, which is a more relaxed opportunity for discussions outside of the more formal Board context. During the year to 31 March 2020, the Board held two strategy days. The purpose of these two days was i) to bring to life U+I's developments for the Board through site visits; and ii) to ensure enough time was allocated for detailed and focused discussion and debate around the strategic direction and priorities of the Company outside of the regular Board meeting agenda.

October 2019

Where we went:
The Arts Building, Finsbury Park.

What we did:
The Board was taken on a guided tour of The Arts Building by a member of U+I's Acquisitions Team, this included an analysis of the strategy for this key investment portfolio asset located in Finsbury Park.

February 2020

Where we went:
The Old Vinyl Factory, Hayes.

What we did:
The Board was taken on a guided tour of The Old Vinyl Factory by one of U+I's Development Directors, this included a discussion around the project strategy for this important development portfolio project located in Hayes.

A main point of focus for both of these strategy sessions was an in depth review around our Company purpose. Leading up to the October 2019 and February 2020 Board strategy days, key questions were posed to the Board and the Senior Management Team around U+I's purpose. Reports were produced, presentations were made and focused discussions were held around the following areas:

Purpose:
- Why does U+I exist? What is our purpose?
- Is this the right purpose in the current climate?
- How does our purpose make us distinctive?
- How can U+I use its purpose to drive value?
- How does U+I demonstrate it is delivering against its purpose?

Project strength:
- Does U+I have the right projects within the development and trading portfolio and investment portfolio to enable it to deliver to stakeholder expectations?
- Is there the required pipeline of opportunities available of the right size, price and quality?

Organisational strength:
- Does U+I have the correct organisational structure and resources to deliver against its defined purpose and against promises made to investors?
- As projects monetise and U+I moves to fewer and larger projects, how does the organisational structure adapt?

Capital strength:
- Does U+I have the correct capital structure to allow it to deliver its pipeline of projects and forecasted returns to shareholders?
- Is the current capital structure helpful or a hindrance to the pursuit of our purpose through our business strategy?

Other matters discussed at Board strategy sessions included:

- Review of Group overheads and business rationalisation project.
- New business opportunities.
- Year end financial planning.
- In-depth project presentations.
- External advisors attended the meeting to facilitate the Board's discussions on the above matters.

Business activity	Board involvement	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. Our strategic priorities are the core pillars of our strategy (see pages 5 to 27). As we enter 'Phase 2', the delivery phase of our journey discussed throughout this report, the Board has focused its time on the delivery of our existing pipeline, transitioning our investment portfolio and optimising U+I for the future. The Board reviews progress in executing against a previously approved strategy at each meeting, holding Executives to account through the delivery of objectives and KPIs.	– Focused review of our business purpose as well as our short to medium and long-term strategy at two strategy awaydays detailed on page 118. – Identification of clear milestones to monetisation of our >£10.8 billion GDV pipeline. – Disposal of our holding in the Harwell Campus, the world's leading science and technology campus in Harwell, Oxfordshire. – Disposal of non-core assets at Nailsea, Killingworth, Cardiff and Kingsland as part of a strategic disposals programme and ongoing realignment of the investment portfolio. – Continuing discussions regarding 'Project Ruby', a major strategic project funding initiative undertaken during the year, to continue through 2020/21. – Acquisition of Arkley Golf Club made in line with our golf club strategy to secure quality brownfield, greenbelt land with significant upside potential. – 'Resolution to grant' planning permission secured for several large PPP, development and trading portfolio, and investment portfolio projects including Phase 1 Mayfield, 8 Albert Embankment, Swanley, Newtown Works. – Covid-19 risk mitigation: Evaluation of the significant impact of the Covid-19 pandemic on U+I's business practices and the market/economy, and the approval of resulting risk mitigation strategy including the acceleration of a programme of business efficiencies and cost savings as market conditions deteriorated in March 2020. This was announced to the market on 15 April 2020. – Comprehensive project reports reviewed at each meeting covering progress against plan in accordance with pre-approved strategy. – Consideration of reports received from the Investment Committee.
2. Financial planning and performance	The Board, led by the Chief Financial and Operating 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.	– The Board focused on the preservation of cash and liquidity, whilst strengthening the balance sheet. This included the acceleration of a programme of business efficiencies and cost reductions which was announced to the market on 15 April 2020 as mitigation to the deterioration of economic conditions throughout the first quarter of 2020 due to the Covid-19 pandemic. – Review of the Group's financial performance against forecasted trading and development gains in line with approved strategy. – Detailed consideration of financial matters at each meeting, including annual and interim results, cash flow, trading forecast, consideration of final, interim and supplemental dividends, treasury and tax matters, and the consideration of the Going Concern and Viability Statements. – Focus on operational discipline and capital, including the ongoing review and reduction in the Company's net recurring overheads. – Oversight of the implementation of a new financial reporting system. – Change of role and title of the Chief Financial Officer to Chief Financial and Operating Officer to reflect widening scope of this role to provide oversight of the business efficiency and cost reduction programme.

Business activity	Board involvement	What we have done this year
3. Leadership, culture and people	Our people are U+I's most important asset and are what sets the Company apart from its peers. The Board has the responsibility for the ongoing oversight to ensure the Company has the right people with the required skills doing the right jobs, along with the correct culture starting with the Board and its Committees, through to the Senior Management Team and throughout the business as a whole. In addition the Board is responsible for addressing the key areas of succession planning, diversity and development of talent.	– Sadie Morgan was appointed as a new Independent Non-executive Director on 3 April 2019. Sadie took on a Board oversight role around employee engagement, as required under the Governance Code, and established our T.E.A.M. meetings, for further information see page 125. – An annual all-employee survey on culture, values and purpose was carried out, the results of which were discussed by the Board and by all employees at a 'First Thursday' meeting of the Company. – A top to bottom review of the organisational structure to ensure it was aligned with strategic priorities resulting in the setting out of a clear programme of efficiencies, these were accelerated due to deteriorating market conditions towards the end of the financial year due to the Covid-19 pandemic. – Change of title and widening of scope of role for the Chief Financial Officer to Chief Financial and Operating Officer to drive the business efficiencies strategy. – Strengthening of our senior team through the hiring of a Head of Regeneration, Planning Director and a Community Engagement Manager, focused on the delivery of our pipeline and key planning consents. – Regular Board updates and presentations on all matters relating to people and culture, including a review of our 'people strategy' and current priorities in terms of succession planning, and the encouragement of diversity throughout the business. – All employee monthly 'town hall' style meetings and 'learning circles', led by Executive Management to encourage open discussion and knowledge sharing. – 'Sadie's Surgery' monthly drop-in clinic to listen and offer advice, guidance and mentoring to employees, followed by 'Sadie's Clinic', an online forum during the Covid-19 pandemic. Along with mentoring lunches – hosted by our female NED's directed specifically at female employees. – Establishment of an Equality and Diversity Panel to review and provide guidance on such matters to the Board.
4. Governance, risk and internal controls	Good governance and an effective system of risk management and internal controls is essential in allowing the Board to maximise the opportunities available to the Company, whilst ensuring that any risks are mitigated to the fullest extent possible.	– Introduction of a new Information Governance Board, reporting into the Risk Management Committee, with oversight over all aspects of the governance of information management throughout the business. – Revised Investment Committee and Senior Management Team adopting additional internal controls and scrutiny around capital allocation. – Ongoing education for the Board in relevant areas including; third-party risk management, Brexit, changes to corporate governance requirements, obligations of the Board under s172, and corporate and project finance matters, supported by external experts. – Review of Group-wide schedule of delegated levels of authority within the business. – Review of all major internal policies and procedures. – Review of the conclusions of the externally facilitated 2019 Board evaluation and the implementation of recommendations arising from this review. Followed by discussion and agreement on additional improvement opportunities, Board objectives and priorities for the year. – Receipt of regular updates of the meetings of the Board's principal committees and discussion around key issues. – Review of the Company's risk register and the effectiveness of U+I's systems of internal control and risk management. – Review of Health and Safety reports covering all projects. – Discussion on key matters from a regulatory perspective. – Review of the Company's approach to anti-slavery and human trafficking, including approval of website statement.

Business activity	Board involvement	What we have done this year
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 the ongoing, active and transparent dialogue with stakeholders and shareholders on relevant issues.	– Consultation with our top 20 shareholders and proxy advisory service providers around the renewal of our Remuneration Policy to be put to shareholders for approval at the 2020 AGM. – A 'Capital Markets Day' held for our significant shareholders at one of our project sites, and additional adhoc site visits, for the purpose of highlighting our strategy, showcasing our projects, allowing access to senior management and answering any specific project questions. The stakeholder feedback from these sessions was subsequently discussed at the following Board meeting. – Consideration of the Board's responsibilities under s172 of the Companies Act 2006 as set out on pages 97 and 98 and on page 122. – Oversight over the creation of an independent Community Challenge Panel, led by Sadie Morgan, our Independent Non-executive Director, to ensure that the promises U+I had made at the outset of its PPP schemes were honoured, and allowing stakeholders the opportunity to provide feedback on the performance of the business to the Board. – The establishment of our T.E.A.M. meetings, our employee engagement forum, in accordance with the Corporate Governance Code requirements, led by Sadie Morgan, our Independent Non-executive Director with Board responsibility for employee engagement. This forum reported its findings into the Board, for further information see page 125. – Board oversight around the engagement of, and relationship-building with, Local Authorities and the Government to enable the pursuit of a shared vision in the interests of all stakeholders, and the successful creation of mixed-use development and regeneration projects. – Investor relations and media reports tabled at each Board meeting updating the Board on U+I's share performance, shareholder movements and media coverage. – Institutional investor feedback given by analysts on Company performance and investor presentations following the issue of our interim and preliminary results statements. – Regular meetings/calls with investors to discuss any issues or concerns. – Review of U+I's Notice of the Annual General Meeting for 2019 and the proxy voting figures ahead of the meeting, and engagement with shareholders at the Annual General Meeting. For more information as to how we engaged with our stakeholders and shareholders during the year see pages 122 to 127.

Engaging with our stakeholders

Purpose

Our purpose is to unlock long-term value for all of our stakeholders through regeneration. Our purpose, along with 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. We do this through genuine and continuous stakeholder engagement. As a result, we know that performance cannot be assessed in purely monetary terms, but also through the delivery of our promises and by our actions too.

Since we were formed, our purpose has helped drive sustainable long-term socio-economic value for the communities in which we are engaged along with our partners, whilst delivering financial returns for our shareholders.

Section 172

In summary, Section 172 requires that Directors act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors should have regard (amongst other matters) to the likely consequences of any decision in the long term; the interests of employees; the need to foster relationships with suppliers, customers and others; the impact of its operations on the community and the environment; the maintaining of a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Company Secretary refreshed the Board's awareness of its obligations under s172 during the year. This forms part of the discussions at each Board meeting.

Further information on how we have engaged our stakeholders is set out on pages 122 to 127, and throughout this Annual Report. U+I's s172 statement is set out on pages 97 and 98.

Engaging with our employees

At U+I we strongly believe that our people are our greatest asset. We have a highly skilled, experienced and dedicated workforce, and ensuring a 'People First' approach is our number one strategic priority, see page 67.
Finding and working with intelligent, talented, entrepreneurial and creative people is essential to our continued success as a Company. In return, our employees expect to be part of a great business, one they can be proud to work for, with a with a clear purpose and established values, along with a culture, led by the Board, that embraces and engages the whole of the workforce.

In accordance the UK Governance Code we appointed Sadie Morgan as our Independent Non-executive Director to lead on employee engagement matters following her appointment in April 2019. Sadie has thoroughly embraced this role and she summarises her thoughts from her first year on page 125.

The methods used by U+I to engage our employees, assess and monitor our culture, and invest in our workforce can be both formal and informal; these are set out on page 123. During the year, U+I employees registered a 93% employee satisfaction rate through an anonymous all employee annual survey, this was an increase of 5% on the previous year (FY2019 88%).

From March 2020, following the countrywide and worldwide fallout of the Covid-19 pandemic and the displacement of our normal functioning office environment due to the social distancing requirements set out by the Government, U+I has successfully embraced 'home working', with significant time and effort being invested to ensure a high level of employee interaction continues throughout the business, and that employee engagement is maintained through established and new and evolving channels of communication.

T.E.A.M. meetings
Our T.E.A.M. meetings are the forum we have introduced for employee engagement. Led by Sadie Morgan, our designated Independent Non-executive Director, T.E.A.M. meetings take place once a quarter to discuss relevant issues tabled by employees throughout the business. Issues arising are fed back and actioned by the Board. See more on page 125.

Sadie's Surgery
Sadie's Surgery is held for three hours every six weeks. This is an opportunity for any employee to drop in for a one-to-one private chat with Sadie Morgan to discuss a particular issue, ask for advice or for some mentoring. During Covid-19 lockdown this forum has successfully been recreated on-line with 'Sadie's Check-ups'. See page 125 for further information.

Employee survey
The Board received a summary of key performance indicators on employee engagement, including the results of an anonymous annual employee survey conducted during the year. This survey included an assessment of culture within the business and the monitoring of satisfaction with U+I as a place to work. Results are then fed back to the team by Directors through an all employee meeting.

First Thursday
Our 'First Thursday' town hall style meetings take place in our auditorium on the first Thursday of each month. All employees are invited to attend in person or virtually. Hosted by the Executive Directors, these meetings include internal and external presentations and question and answer sessions. During the Covid-19 lockdown our First Thursday meetings have successfully been taken on-line.

U+I

Employee Engagement

Employee team building offsite days
Two employee team building offsite days were held during the year, the purpose of these days is to take employees away from their usual day to day roles to enable discussions around purpose, values, culture and strategy. Employees were also able to visit our project sites, and to participate in team building events outside of the office environment.

NED mentoring
Our Non-executive Directors each hosted a lunch during the year which was open to all employees. The purpose of these events was to encourage engagement and interaction between the NEDs and employees below Board and senior management level, and to allow for greater insights into their careers, along with the benefit of their experience and opportunities for mentoring.

Intranet & Project Portal
U+I's intranet has undergone a complete makeover during the year. Employees are able to use this to read and circulate news and as a central hub to access Group policies and other information. Our new Project Portal contains information on all of our projects which all employees and the Board can access to bring them up to speed with developments on individual projects.

Other areas
U+I adopts a 'people first' strategy and with this comes examples, far too numerous for this report, where the Company can demonstrate engagement with its employees. A few of these include; a weekly 'Friday Fringe' newsletter, a new Equality and Diversity Panel, employee hosted charity events to raise money for Shelter, mentoring and, more recently, weekly 'virtual' drinks.

An update from Sadie Morgan

It's been a real honour to have taken on this role, and the results have been a tangible improvement in the Board's understanding of the U+I team and, I hope, to the working of U+I.

Sadie Morgan
Independent Non-executive Director

An update from Sadie Morgan – Independent Non-executive Director with Board responsibility for Employee Engagement:

"During my first year at U+I, I have spent much of my time getting to know the organisation both operationally, through my induction process and our Board and Committee meetings; and personally, through my responsibilities around employee engagement. I have really enjoyed getting to know the team through my role on the Board, it is amazing how much you can learn about a company in relation to the way it treats employees. U+I has a strong culture of putting people first and spends a great deal of energy and thought in making sure their creative and capable team are happy and productive.

To fulfil my Board obligations, we set up a formal employee engagement forum, which we called T.E.A.M., this stands for 'Together Everybody Achieves More'. Each department within U+I is represented at these meetings, with individuals rotating within these posts each year. This allows for continuity, but also the opportunity for more voices to be heard. We discuss issues, ideas and concerns that have arisen during the period between each meeting which we hold every quarter.

The discussions are always positive, when concerns are raised the group take time to consider them, often offering solutions which I then take to the Board. These meetings are discursive, relaxed but with a serious purpose. They have proved to be insightful and useful in airing both specific issues and more general themes.

In addition to these meetings, I felt it was important to offer anyone the opportunity to speak to me in confidence. So, I set up 'Sadie's Surgery' a three-hour slot, every six weeks, where I come to the U+I offices. U+I have found me a private space, that can be accessed without going through the main office, so it's easy to drop in and have a chat unobserved.

My surgeries have been surprisingly popular, with a healthy mix from junior team members to more senior representation. Many who come, particularly the younger women, do so for mentoring, others for career advice; some want to talk through particular issues they, or their team have at work; some make general observations or suggestions for operational improvements. Everyone who contributes does so because they want to make U+I a better place to be. Since 'lock-down', I've continued these meetings via Zoom, and included 'Sadie's Check-Ups' to keep in contact while we are all dispersed.

One of the most important things has been to ensure that when I take the feedback to the Board, the team are confident that it will be acted on. We have done this is a number of ways. In addition to a dedicated slot on the Board agenda, I report directly to the Operational Committee attended by all the Senior Management Team, the latter is a good way to cover issues that are more departmentally focused.

To help give confidence to the U+I team that the executive actually gets to hear their feedback, I have presented my findings on a couple of occasions at U+I's 'First Thursday', where the whole U+I team gather once a month for Company updates, discussions and presentations. This gives me an anonymous and powerful voice that is both a direct and highly visible reporting line to the whole of U+I. It also allows everyone at U+I the chance to hear the feedback I have gathered from all my sessions.

It's been a real honour to have taken on this role, and the results have been a tangible improvement in the Board's understanding of the U+I team, and I hope to the wider working of U+I. Everyone involved throughout the last year has been candid and open, while maintaining professionalism and humour. It could easily be an opportunity to moan, but rarely does this happen.

Nearly all feedback is given within the context of enjoying working at U+I, and wanting to positively contribute to improving the business. The team are creative, thoughtful and collegiate.

I have found the executive team open to listening to the feedback, responsive to my recommendations and genuinely interested in the connection to the team that it offers. They are also grateful for the constructive criticism they receive as they see that it is another way to improve U+I, a business that never stops striving to get better."

Sadie Morgan
Independent Non-executive Director

> **One of the most important things has been to ensure that when I take the feedback to the Board, the team are confident that it will be acted on.**

Engaging with our shareholders

The Board values open, transparent and constructive dialogue with all of our shareholders, believing that they play a valuable role in safeguarding the integrity of the governance of the Company by holding the Board to account through, for example, voting on the renewal of the Remuneration Policy and the annual re-election of Directors. In return, shareholders expect accurate, honest disclosure, and the delivery of sustainable long-term returns in accordance with the business strategy and the guidance the Board has given to the market. To ensure the Board and the shareholders continue to be aligned, and the dialogue is open, transparent and constructive, the Board, led by the Chairman, employs the following channels of shareholder engagement:

Capital Markets Day and site visits	Hosted by the Executive Directors, the Chairman and some of our Non-executive Directors, and attended by some of our significant shareholders, the purpose of these days is to explain strategy, showcase projects and to answer any questions. This included visits by shareholders to a number of key U+I project sites along with Executive Directors and the project team. Feedback from attendees was received and subsequently discussed at Board level.
Shareholder consultation on Remuneration Policy	During the year, we consulted with 20 of our largest shareholders, representing approximately 80% of our issued share capital, on the proposed changes to our Remuneration Policy to be put to shareholders for approval at the 2020 AGM. Further information can be found on pages 151 and 152.
Investor meetings	A comprehensive investor relations programme was in place during the year. This programme included regular engagement with institutional investors through calls and meetings on areas of strategy, finance and corporate governance. During the year, these discussions included dividend policy, financial performance, project updates, and to address any particular concerns, including latterly, around the potential impact of Covid-19. Shareholders opinions were taken on Board and formed part of a wider discussion at Board meetings. These views assisted in the long-term decision-making by the Board. Meetings were predominantly attended by the CEO, the CDO and the CFOO. However, meetings with significant shareholders also took place with the Chairman and the Senior Independent Director. Regular feedback was given to the Board on the content and context of these meetings.
Investor presentations	Presentations were made by Executive Directors to analysts, shareholders and the media, following the release of our preliminary and interim results. At the same time, these presentations were released on our website for all shareholders to view, these can be found at www.uandiplc.com.
Analyst feedback	Bi-annual investor and analyst feedback is collected following the release of our full-year and interim results and the subsequent presentations to shareholders. This feedback is carried out through third-party advisors and presented to, and discussed by the Board.
Investor relations reporting	Detailed investor relations reports are tabled at each Board meeting giving an up-to-date perspective on the investment market, changes to the shareholder register and key sector news.
Corporate website	Our website, www.uandiplc.com, has a dedicated investor relations section which includes our Annual Reports, results presentations (which are made to analysts and investors at the time of the interim and full-year results), and our financial calendar for the upcoming year.
Annual General Meeting (AGM)	The AGM provides an opportunity for private shareholders, in particular, to pose questions to the Board. Unfortunately, in 2020, due to Covid-19, we will be unable to do this as usual, further information on the 2020 AGM can be found on pages 174 to 176.
Transparent reporting	Our award-winning Annual Report and Accounts is made available to all shareholders to give further background on our strategy, business model, governance and financial performance. Shareholders may request a hard copy, however we strongly encourage the viewing of this document electronically via our website to reduce costs and our usage of paper.

Engaging with our communities

U+I's purpose is the creation of positive change for society 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. Overseen and approved by the Board, the engagement of the communities within which we operate is a fundamental part of our strategy and is critical to the success of our business.

How we engage with communities:
- We are undertaking a critical review of our sustainability approach, speaking to our key stakeholders to understand what we do well, and where the opportunities lie for us to do more. These findings will feed into a new sustainability blueprint supported by the Board that delivers the greatest benefit for our communities and the environment. See our Sustainability Report on pages 84 to 92 for further information.
- Extensive consultations to discuss the requirements of the different local stakeholders in order to create lasting relationships built around trust, transparency and accountability.
- 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. The Board are able to remain fully engaged through project reports, presentations and site visits.
- Whilst these discussions are ongoing, we open up our sites for the purposes of 'Worthwhile Use' projects, providing free/low-cost office, events and arts spaces for local communities and fledgling businesses seeking to grow.
- 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.
- Our new independent Community Challenge Panel, led by Sadie Morgan, an Independent Non-executive Director, to ensure U+I is delivering on the promises it has made to the local communities in which it operates at the commencement of a project.
- The Board reviews and approves investments into fledgling start-up businesses in our regeneration sites through our Plus X business to encourage entrepreneurship, innovation, growth and productivity in local communities.
- Alignment with our chosen charity, Shelter, to assist in raising and providing funds for the valuable work they do to address the issue of homelessness in our communities – see page 91 for further information.
- 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.

Engaging with our partners

Our partners expect U+I, directed by the Board, to live up to its reputation and the promises we make by providing a professional, collaborative and innovative approach to our work, along with the high-quality execution of our projects and a continued track record of strong delivery. U+I is thought leader, challenging the status quo in the regeneration sector through providing its partners with innovative solutions to promote change in the wider real estate sector.

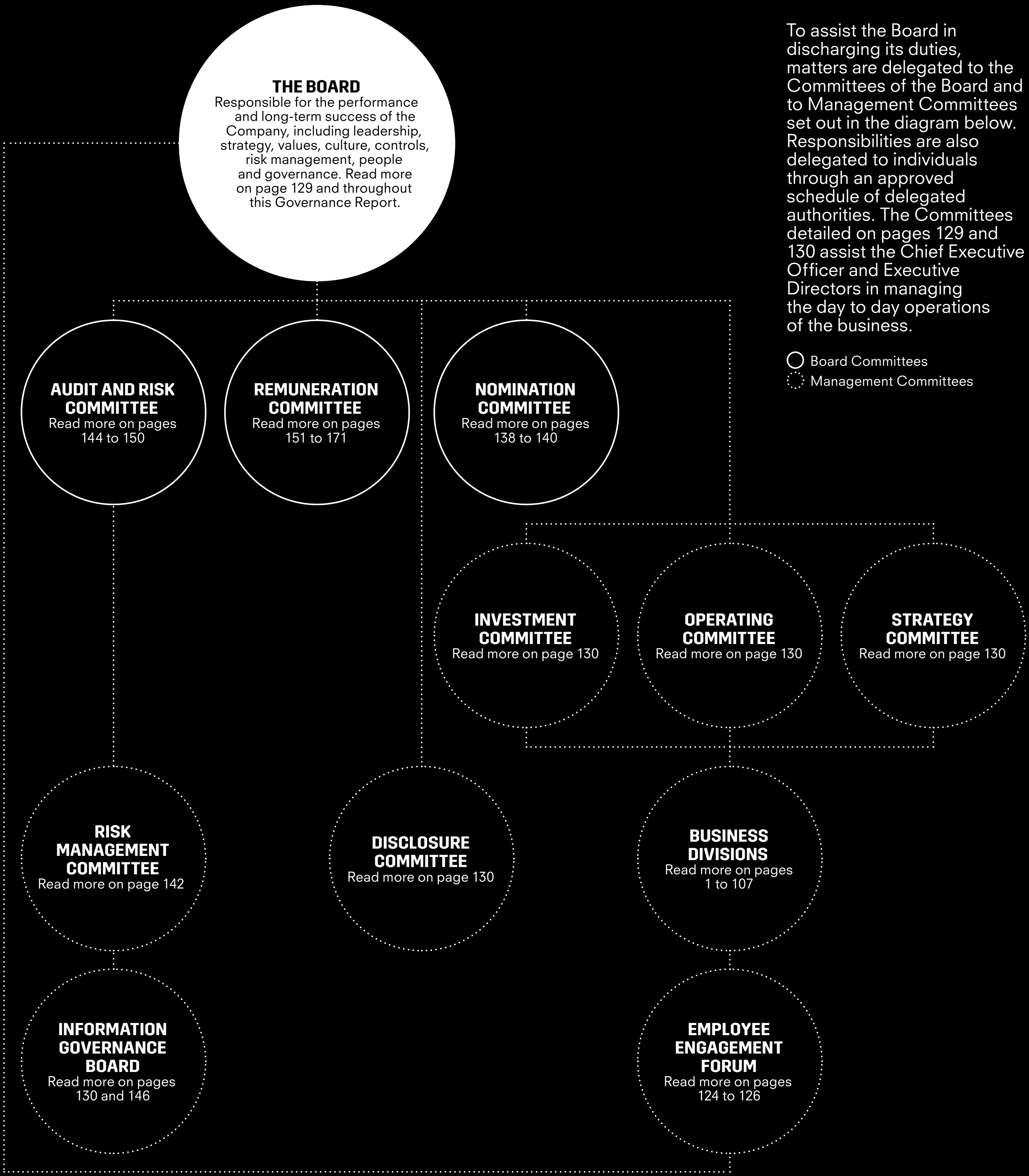
How we engage with our partners:
- Led by the Board, U+I focuses on the building and nurturing of strong relationships based on trust, transparency and accountability, through the continuous interaction amongst all parties involved in a project, to foster alignment and ensure projects are completed and delivered to the highest possible standard.
- The establishment of an independent Community Challenge Panel, approved by the Board and led by Sadie Morgan, an Independent Non-executive Director, to ensure full transparency and accountability in fulfilling the obligations we have made to our partners, and that U+I, and our schemes, are delivering on the promises we have made to the communities in which we operate.
- The Board received regular reports on the Company's relationships with its partners as well as updates and presentations within the context of routine business.
- Regular collaboration and partnerships with local authorities, Governments, councils and MPs through our existing, mixed-use regeneration projects, to help effect change within communities and support local agendas to increase office and housing capacity and stimulate local economies.
- 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.
- Directly investing in innovators and entrepreneurs so we can be early adopters of cutting-edge technology, approved at Board level.
- Ongoing and regular discussions with partners throughout our project programmes and beyond to encourage open and honest feedback and areas for improvement.
- Working with our JV partners, architects, funders, local residents and fledgling start-ups, amongst others, to engage untapped potential and deliver ambitious projects.
- Nurturing strong relationships and delivering on key projects to build trusting, complementary and long-term mutually beneficial relationships.
- Partnership with our chosen charity Shelter, allowing employees to hold events and raise money, which was then matched by the Company, raising over £54,000 and contributing over 400 volunteering hours during the year to 31 March 2020.

Governance framework and division of responsibilities

The Board is responsible for ensuring the effective leadership of the Company through the approval and implementation of U+I's business strategy, its values and culture, and the oversight and review of the Group's activities. It is the principal decision-making body within the Company with authority set out under a schedule of matters reserved for the Board set out on page 129.

Governance structure

To assist the Board in discharging its duties, matters are delegated to the Committees of the Board and to Management Committees set out in the diagram below. Responsibilities are also delegated to individuals through an approved schedule of delegated authorities. The Committees detailed on pages 129 and 130 assist the Chief Executive Officer and Executive Directors in managing the day to day operations of the business.



The Board
The Board, led by the Chairman, Peter Williams, is responsible to shareholders and wider stakeholders for the direction, management, performance and long-term sustainable success of the Company. It sets the Group's strategy and objectives and oversees their implementation whilst monitoring the internal controls, principal risks and risk management, governance and viability of the Company. In doing so, the Directors comply with their obligations under section 172 of the Companies Act 2006 (see page 116). The Board composition is set out on page 133.

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 Senior Management 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 115 for further information, and covers a wide range of topics including those set out in an annual schedule of Board agenda items, one-off project specific items, and any ad hoc items specified within its schedule of matters reserved for the Board. How the Board spent its time during the year can be found on pages 119 to 121. During the year, the Board held two strategy offsite days at its sites at The Arts Building, Finsbury Park, and The Old Vinyl Factory, Hayes. Further information on the matters the Board addressed during these strategy days can be found on page 118.

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;
- Obligations set out under s172;
- Oversight of corporate reputation and communication;
- Internal control and risk management systems; and
- Review of the Board's own effectiveness.

Delegation of Authority
The Board has established Board and Management Committees to assist it in fulfilling its oversight responsibilities providing dedicated focus on particular areas, and management of the day to day operations of the business. Supported by its principle Committees, the Audit and Risk, Remuneration and Nomination Committees, the Board sets the strategic direction of the Group. These 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 www.uandiplc.com. The Company Secretary acts as secretary to each of the Committees. Each Committee Chairman reports to the Board on the Committee's activities after each meeting. The interaction between the Board, its Committees and the management of the Company is detailed in the U+I governance structure on page 128, and their primary areas of focus are set out opposite. The Chief Executive delegates specific authority to appropriate members of the Senior Management Team and throughout the wider Company. This is managed through a formal policy of delegation which provides a framework for the authorities afforded to senior employees within the business. This central point of reference ensures that decisions are taken at the right level within the Group by those best placed to take them, whilst simultaneously allowing the business to function efficiently, without having to adhere to overly bureaucratic and burdensome processes. The Group's delegated levels of authority across all levels of the business were thoroughly reviewed and refreshed during the year.

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 144 to 150.

Remuneration Committee
The Remuneration Committee reviews all aspects of Executive Directors' remuneration, along with oversight of the remuneration framework for the business. This encompasses reviewing trends from across the industry and wider markets, and in consultation with shareholders, formulation of executive remuneration policies which are designed to incentivise and retain talent and to support the delivery of the Company's long-term strategy. The Report of the Remuneration Committee is set out on pages 151 to 171.

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 set out on pages 138 to 140.

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

Management Committees
U+I's internal governance framework is continually reviewed to ensure it is fully aligned to the evolving strategic priorities and requirements of the business. In addition to the Board Committees described on page 129, to assist the Board and Executive Directors in the day to day operational management of the business, including matters such as implementation of business strategy, financial planning and performance, governance and risk management, a Senior Management Team, made up of senior departmental directors and the Executive Directors, meets on a regular formal basis through the following Committees:

Investment Committee
The Investment Committee is made up of the Senior Management Team along with the In-house Legal Counsel, and the Head of Direct Investment Portfolio, chaired jointly by the Director of Acquisitions and the Director of Joint Ventures. 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 Board meetings.

Operating Committee
The Operating Committee is made up of the Senior Management Team and chaired by the Chief Financial and 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 Financial and 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 Senior Management 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 to meet its organisational objectives. The Committee, chaired by the Chief Financial and Operating Officer, reports into the Board.

Risk Management Committee
The Risk Management Committee is made up of the Senior Management 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 pages 142 and 143.

Disclosure Committee
The Disclosure Committee is made up of the Chief Executive Officer, the Chief Financial and Operating 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.

Information Governance Board
An Information Governance Board was established during the year to review and make recommendations on all matters relating to the management of information within the business. Following a review by this Committee a simple, pragmatic data governance and privacy framework was established to enable the organisation to use and manage its data, assess data related risk and prioritise investment in this area. The Information Governance Board meets on a quarterly basis and is chaired by the Chief Financial and Operating Officer, reporting into the Risk Management Committee. See page 146 for further information.

Employee Forum
An employee engagement forum was established during the year in accordance with the new requirements for employee engagement as set out under the 2018 UK Corporate Governance Code. This forum meets quarterly and is chaired by an Independent Non-executive Director who reports to the Board on key matters discussed at this meeting. See pages 123 to 125 for further information.

Division of responsibilities
In accordance with the UK Corporate Governance Code, the roles and remit of the Chairman, Chief Executive Officer and Senior Independent Director are clear, set out in writing and agreed by the Board. There were no significant changes to the Chief Executive Officer's or the Chairman's other commitments during the year. The key roles and responsibilities on the Board and within the business are as follows:

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 Officer Matthew Weiner The Chief Executive Officer is responsible for the day to day running of the Company's business and meeting its strategic objectives.	Matthew Weiner, who became Chief Executive Officer of the Company following the 2015 AGM, has the following key responsibilities: – To work alongside the Chairman, Executive Directors and Senior Management 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.
Chief Development Officer Richard Upton The Chief Development Officer is responsible for development of business planning in line with approved strategy and execution on project plans.	Richard Upton became Deputy Chief Executive following the 2015 AGM. This position was changed in May 2019 to Chief Development Officer to correctly reflect the focus of this role with the following key responsibilities: – To support the CEO in developing and implementing business strategy. – Leading on the development of new business planning in collaboration with the Senior Management Team and the Board. – Leading on the review of business operations and the optimum organisation structure required to implement business strategy. – To ensure scrutiny, directional oversight and accountability over all projects within the development and trading, PPP and investment portfolios.
Chief Financial and Operating Officer Marcus Shepherd The Chief Financial and Operating Officer is responsible for the planning, implementation and management of the financial activities of the Company, as well as accountability for operational matters.	Marcus Shepherd became Chief Financial Officer in February 2013. During 2019 this role was changed to Chief Financial and Operating Officer to reflect an updated remit for this role. The CFOO has the following key responsibilities: – To support the CEO in developing and implementing strategy. – To provide financial leadership to the Group and alignment of the Group's business and financial strategy. – Responsibility for financial planning and analysis, treasury and tax functions. – Responsibility for presenting and reporting accurate and timely historical financial information. – Management and oversight of the capital structure of the Group. – Oversight and accountability for key operational matters within the Group.
Non-executive Directors Nick Thomlinson Barry Bennett Lynn Krige Ros Kerslake Sadie Morgan The Non-executive Directors play a key role in shaping strategy, challenging decision-making processes and holding executive management to account.	The Non-executive Directors, as set out on pages 114 and 115, 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. – Sadie Morgan also has the additional responsibilities of being the Board's representative for matters relating to Employee Engagement and chairing U+I's independent Community Challenge Panel.

Role	Responsibilities
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 to serve as an intermediary for other Directors where necessary.
Senior Management Team Consists of U+I's Executive Directors and Senior Divisional Directors.	The Senior Management Team has the following key responsibilities: – To assist the Chief Executive, Chief Development Officer, and Chief Financial and Operating Officer in managing the operational and financial performance of the Group. – Responsibility for the development and implementation of the Company's business strategy. – Responsibility for the executive management of the Company's business.
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 for 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. – To ensure the Group follows the required governance and legal obligations.

Composition, succession and evaluation

Board composition and appointments
As at 1 April 2019, the Board consisted of three Executive Directors, a Non-executive Chairman and four Non-executive Directors, three of whom were considered independent.
On 3 April 2019, the Company announced that Sadie Morgan would be appointed as a new Independent Non-executive Director with immediate effect.
On appointment, Sadie also became a member of the Remuneration Committee and the Nomination Committee. Sadie's additional responsibilities at U+I are set out on page 131.
As at 7 July 2020, 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.

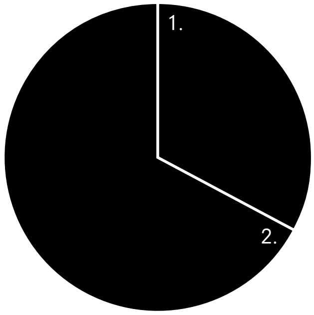
Chief Financial and Operating Officer
With effect from 20 November 2019, following approval from the Board, Marcus Shepherd's job title changed from Chief Financial Officer to Chief Financial and Operating Officer ('CFOO'). The Board has confirmed that by combining the roles of Chief Financial Officer and Chief Operating Officer, the business would have a single point of accountability for the delivery of its efficiencies programme. In this role the CFOO would ensure the Company has the correct talent, skills, systems and processes to more efficiently deliver on the Company's strategy.

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 provisions 9 and 10 of the Code. The Chairman's biography can be found on page 113.
The independence of each Non-executive Director has been assessed during the year, in line with the independence criteria contained within provision 10 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.

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 138 to 141. During the year, a consultant with close personal ties to Sadie was appointed to work in a specific area of the business on time limited contract, Sadie was not involved in any stage of this appointment, which was undertaken by senior management. When discussing any matters relating to this area of the business Sadie has been excused from Board meetings in order to ensure her independence is retained. The Board is confident that the necessary safeguards have been put in place and carried out to ensure Sadie Morgan remains independent in her judgement and therefore meets the criteria for independence as set out under provision 10 of the Code.

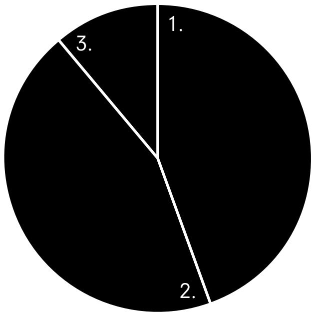
The Board has identified on pages 113 to 115 which Directors are considered to be independent. For the full year ended 31 March 2020 50% of the Board (excluding the Chairman) are considered to be Independent Non-executive Directors. The number of Independent Non-executive Directors meets the requirement set out under provision 11 of the Code which requires that at least half the Board, excluding the Chair, should be Non-executive Directors whom the Board considers to be independent.

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.

Board succession

The Nomination Committee oversees the succession planning strategy and appointment procedure for new directors on behalf of the Board. The Committee uses a skills matrix to understand the strengths and weaknesses of the current Board, and where there may be the opportunity to bring in complementary skills to improve the functionality and depth of experience of the Board. These requirements are then fed through to an independent consultant who will seek out candidates matching the skillset provided and draw up a shortlist for the Committee to review. The Committee will also consider senior management appointments on behalf of the Board and consider where these appointments fit in with established Board succession planning strategy. Any new recruitment process for the Board is based on merit and assessed against objective criteria. The Committee considers diversity in all of its forms as a central consideration to this process. More information as to this process is set out in the Nomination Committee Report on pages 138 to 140.

Conflicts of interest

The Board has established formal procedures for the declaration, review and authorisation of any conflicts of interest of Board members. Potential conflicts with regards to any items scheduled for discussion at a particular meeting of the Board are raised with the Company Secretary and discussed with the Chairman in order to agree a process to manage that conflict ahead of that meeting. In the specific circumstances set out on page 133, Sadie Morgan was excused from certain items where there may have been the potential for a conflict of interest to arise. Except in this instance, the Board is satisfied that none of the Directors had any conflicts of interest during the year which could not be authorised by the Board.

External appointments

As required under provision 15 of the Code, the Board has established a formal procedure for the approval of additional external appointments for Directors.

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 117, 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 2019 Board evaluation highlighted an area for continued focus as being the 'ongoing regular dissemination of information to the Board outside of the formal Board and Board Committee meeting process, and the continued review and improvement of Board information to ensure Directors were receiving the appropriate level of detail'. The Chief Executive regularly updates the Board on the progress and developments of individual projects as well as corporate matters, as and when required, outside of the formal Board meeting process. Further information for the benefit of the Board is circulated by the Company Secretary to ensure that the Non-executive Directors are fully engaged and up to date with relevant developments. The levels of detail relating to new and existing projects contained within Board papers and presentations has been the subject of regular review and refinement during the year to ensure this is of the required level for the Board. This process is ongoing and feedback from Directors on the quality of Board information is relayed back to the Chairman and the Company Secretary following each meeting and through the annual Board evaluation process.

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 by 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.

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 new 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 a listed 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 Senior Management Team, for briefings around business strategy, performance, finance and Company projects. Visits to key project sites are arranged. Sadie Morgan received 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 141.

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 during the year included regular presentations on the Company's projects and portfolio's, along with discussions around market and economic trends, share price and trading performance and key governance matters, led by the Executive Directors, members of the Senior Management Team, the Company Secretary and external experts.

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 2019 AGM, the Board noted a 26.2% vote opposing the reappointment of the Chairman, Peter Williams, amid concerns around 'overboarding'. The Chairman reduced his directorships of listed UK companies during the year ending 31 March 2019, stepping down from two publicly listed companies. Factors outside of Peter's control, which are available for public review, meant he became Chairman of an additional listed company on 2 April 2019, rather than a Non-executive Director as had been originally intended. This matter was addressed with significant shareholders prior to the 2019 AGM. In light of this vote, and in accordance with provision 4 of the Code, the Board reviewed the Chairman's commitments, and the steps taken to address the concerns raised by shareholders. The Board noted that during the year to 31 March 2020 the Chairman attended 100% of scheduled Board and Board Committee meetings along with all ad hoc Board meetings and Board calls arranged at short notice. The Chairman held regular 1:1 meetings with the Chief Executive Officer and other Directors to discuss relevant matters and attended several meetings with shareholders as and when required.

The Board believes that the Company has benefitted greatly from the Chairman's extensive knowledge and expertise accumulated from many years of running and advising businesses spanning across a broad range of sectors. The Board acknowledges the other commitments the Chairman has, and is content that the Chairman's additional appointments have not and do not impact on his ability to allocate the required amount of time to discharge his responsibilities as Chairman of U+I. The Chairman understands the concerns highlighted through the vote on his reappointment at the 2019 AGM and will continue to review his directorships and actively manage his appointments in light of the concerns raised.

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 own effectiveness is helpful in providing a valuable opportunity to reflect on Board performance, to highlight and address any matters arising, and to facilitate the continuous improvement of the Board, its Committees, and individual Director performance.

2019 Board evaluation
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. Professor Goffee had no connection with the Company or any of the Board of Directors. The evaluation process was divided into several stages including information gathering through questionnaires and individual interviews, followed by a written report and presentation to the Board including a summary of key recommendations. The Board discussed the conclusions and recommendations from Professor Goffee's report and put in place a plan for the implementation of key recommendations. This is an ongoing process of continuous review and improvement for the Board, its Committees and for individual Directors. Some of the key recommendations and resulting areas of action from the 2019 Board evaluation process are set out opposite.

Area of focus	Recommendation	What we did
Introduction of Board objectives	That collective Board objectives would be agreed and rolled out during the year with the aim of focusing the Board's attention on certain areas highlighted through the evaluation process. * These objectives were subsequently revised to focus on the immediate priorities of the business due to Covid-19.	Objectives for the Board as a collective have been set over the next two years* in areas of: – Strategy. – Performance. – Capital structure. – Succession. – Diversity.
Strategy	The continued evolution of separate strategic Board sessions to ensure high-level, long-term strategic focus, whilst maintaining an appropriate overview of short-term operational priorities.	– Two strategy days were held during the year, attended by the Board, the Senior Management Team, and by external experts, to provide a platform to engage in discussions around Board strategy and the strategic priorities of the Company.
Board administration and information	Ongoing regular dissemination of information to the Board outside of the formal Board and Board Committee process, and the continued review and improvement of Board information to ensure Directors are receiving the appropriate level of detail.	– The Executive Directors regularly update Non-executive Directors on key matters outside of the formal Board process. – Continued focus on Board information processes, including a review of project reporting to ensure the appropriate level of detail within Board papers.
Succession planning	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 Senior Management Team members at Board meetings, and ongoing Non-executive Director interaction with the wider workforce.	– The composition of the Senior Management Team was reviewed and updated to ensure skills and experience were aligned to address the current requirements of the business and future requirements of the Board. – NED's held engagements with employees below Board level to impart their knowledge and experience. – Board succession planning, both Executive and Non-executive, was a matter of regular review.
Governance and Director induction	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.	– In-depth induction process carried out for Sadie Morgan (see page 141). – Board education through presentations by external subject matter experts during the year. – Education around projects through on-site project visits and Board presentations by project directors.

2020 Board evaluation
The 2020 Board, Board Committee and individual Director performance evaluations have been carried out internally through the use of detailed questionnaires, prepared by the Company Secretary, in conjunction with the Chairman. Responses were collated and fed back to the Board and its Committees, following which a discussion took 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 will be tabled prior to beginning of the subsequent year's Board evaluation process.

Following the end of the financial year the Board discussed the feedback from 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 relayed to all relevant parties.

2020 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.

It was confirmed that the Board, along with its Committees and the individual Directors, demonstrated the correct skills and experience required to enable the discharge of all relevant duties effectively on behalf of the Company.

The conclusions drawn from the 2020 Board evaluation process, 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 performing to a high level with committed Directors demonstrating an ability along with a genuine desire to live up to the Company values through a culture of good governance practice. This included open, honest, and constructive Board and Committee discussion, and a supportive whilst robustly challenging approach to management around the operational performance of the business. There existed a complementary mix of skills and capabilities on the Board with the Non-executive Directors bringing valuable experience and strategic insight to Board discussions. The Executive Directors worked well as a team, and brought contrasting but complementary technical, creative, and entrepreneurial skills to the business.

The Chairman, with the assistance of the Chief Executive Officer and the Company Secretary, understands the necessity to continually evolve and improve as a Board in line with the fast moving nature, and the changing obligations and legislation, of the current economic and political climate, and is committed to building on the strengths the Board evaluation process has identified, whilst ensuring any perceived or potential areas of weaknesses brought to light through this evaluation process are addressed as and when they may arise.

The Board discussed the findings and recommendations from the 2020 Board evaluation report and, whilst confirming that the Board was operating effectively, identified that there were areas of development which could be focused on to encourage continuous improvement. These areas are set out opposite.

2020 Board evaluation recommendations:
– To focus on the support of executive management in their leadership of the business through the fallout of the Covid-19 pandemic, and the mitigation of risk to the Company in the short to medium term.
– Review of the capital requirements and structure of the Company in light of current events and future business strategy.
– Revision of agreed Board objectives for 2021 onwards in light of the impact of Covid-19 pandemic on the business.
– Continued focus on succession planning, composition and skills required on the Board, considering future potential Board changes, taking into account diversity requirements.
– The ongoing review of Board information, the quality of Board papers and Board presentations as part of a management information systems review.
– Effective integration of the revised governance structure and updated Senior Management Team with continued Board oversight.
– Resumption of dividend policy post Covid-19.

Nomination Committee Report

Ensuring the Board has the skills and experience to meet the current challenges facing the Company and planning for effective future succession on the Board.

Peter Williams
Chairman of the Nomination Committee

Highlights of Committee activities during year to 31 March 2020:
- Discussions regarding the implementation of Board objectives following the results of the 2019 Board evaluation;
- Changes to the Senior Management Team and review of proposed key senior appointments;
- Succession planning for Executive and Non-executive Directors;
- Review and approval of a proposal to change the role of Chief Financial Officer to Chief Financial and Operating Officer; and
- Discussions regarding the changes introduced under the 2018 UK Corporate Governance Code.

Committee attendance

Director	Joined the Committee	Number of meetings attended/ meetings possible	% attendance
Peter Williams (Chairman)	04.01.16	2/2	100
Nick Thomlinson	03.01.12	2/2	100
Lynn Krige	14.07.16	2/2	100
Ros Kerslake*	01.09.17	1/2	50
Sadie Morgan	03.04.19	2/2	100

* Ros Kerslake missed one Committee meeting due to illness.

For full biographies see pages 113 to 115.

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 year 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. It holds a minimum of two meetings a year. The 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.

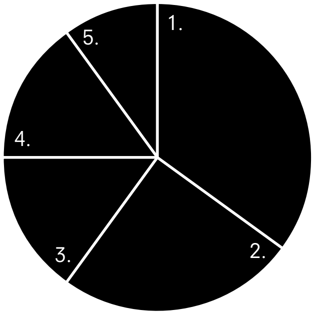
The Committee's role, as set out in its terms of reference, includes:
- Reviewing the structure, size and composition of the Board and its Committees;
- Giving consideration to succession planning for the Board and senior management;
- Consideration of the balance of skills, knowledge, experience, time commitment and diversity of the Board;
- Review the leadership requirements of the business, both Executive and Non-executive;
- 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 year to 31 March 2020

The Committee meets as and when necessary. The Committee met twice during the year to 31 March 2020. During this period, the Committee addressed the following matters:

- The implementation of Board objectives following the results of the 2019 Board evaluation;
- Changes to the Senior Management Team and a review and recommendation of a proposed Senior Management Team appointment;
- Review and approval of a recommendation to change the role of Chief Financial Officer to Chief Financial and Operating Officer;
- Succession planning for Executive and Non-executive Directors, (see page 134);
- Review of the structure, size and composition of the Board and its Committees;
- Discussions around changes required under the new UK Corporate Governance Code;
- Diversity on the Board and throughout the Company;
- Recommendation for the reappointment of all Directors at the 2020 AGM.

Nomination Committee – allocation of time*



1.	Succession planning	**35%**
2.	Composition and structure	**25%**
3.	Senior Leadership Team appointment	**15%**
4.	Board objectives	**15%**
5.	Governance	**10%**

* Approximate percentage of time spent.

New Non-executive Director appointment process

U+I was pleased to welcome 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 in full in last year's Nomination Committee Report, and summarised below, differed to that used for previous Non-executive Director appointments due to the specific requirements identified with regards to this particular position. In addition to the regular Board and Board Committee responsibilities of a Non-executive Director, this role included the further specific components of: i) Chairman of U+I's Community Challenge Panel; and, ii) Chairman of U+I's Employee Engagement Forum.

A candidate matching the specific skillset required was identified, and an independent external search consultant was engaged to assess this candidate against: i) the specific role requirements; and ii) the candidate's values, culture and fit as a potential U+I Non-executive Director.

Following an in-depth interview between the independent search consultant and the identified candidate, a report was drafted setting out recommendations to the Committee on the suitability of the candidate for 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 for the role and their fit within the U+I Board. The Board subsequently discussed and approved the proposed appointment.

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 Hampton-Alexander Enhanced Code of Conduct (increasing the number of women in senior positions in FTSE 350 companies), 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. 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 formal induction process for new Directors. Our induction process is therefore tailored according to the specific requirements of each individual Director.
The induction process for Sadie Morgan, who joined the Board on 3 April 2019, is set out on page 141.

Directors standing for election or re-election

At the Nomination Committee meeting in March 2020 the Committee discussed the re-election of all Directors at the forthcoming 2020 AGM. Following a thorough review, in conjunction with the 2020 Board evaluation carried out by the Company Secretary and Chairman (as outlined on page 137), the Committee recommended that each Director, being eligible, should be put forward for re-election by shareholders. Following the annual performance reviews of individual Directors, the Chairman considers that each Director continues to operate as an effective member of the Board, and has the skills, knowledge, experience and time to enable all directors to discharge their respective 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 2020 AGM, in line with provision 18 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 113 to 115, in order for shareholders to make an informed decision regarding each Director's re-election. The Board strongly believes and recommends that it is in the best interests of the Company for shareholders to reappoint all Directors at the 2020 AGM.

Composition of the Board
The Committee has reviewed the size, structure and composition of the Board and concluded that, with the appointment of Sadie Morgan during the year, it has the appropriate composition to run as an effective Board. Further details regarding the composition of the Board can be found on page 133.

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 and established a Diversity and Equality Panel during the year. During 2020/21 all employees will be required to complete mandatory online eLearning 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 91.

Diversity and inclusion continue to be fundamental to the Board strategy and objectives, and the Company is committed to ensuring that individuals from all backgrounds are able to access fulfilling careers in the property industry. The Committee understands that the increase in the diversity of Directors and senior leaders cannot be achieved in a vacuum, and recognises the importance of promoting diversity throughout the workforce. The Committee recognises the challenges facing the progression of women to senior roles within the property and construction industry and supports the work being carried out by the Company to provide opportunities for female career progression from within the business in what has historically been a male dominated sector. This includes attracting more female graduates to the profession as well as supporting and mentoring those returning to their careers after taking parental leave. 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 2020-2021
During 2020-2021 the Committee will continue its focus on succession planning for the Board, its Committees and the wider management team, whilst ensuring that the skills and experience on the Board and throughout 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 continue to consider how effectively these are being addressed by the business.

Peter Williams
Chairman of the
Nomination Committee
7 July 2020

Induction of Sadie Morgan as an Independent Non-executive 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; progress on key projects; the financial position of the Company; and the key issues and areas of focus 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. Sadie underwent a full induction process as set out in the diagram below.

As part of this induction process, and to understand any further areas to be addressed, a review was carried out by the Company Secretary following Sadie's first six months in office. Sadie will receive ongoing education, training and support in her role as a Non-executive Director along with the rest of the Directors on the Board.

Sadie Morgan
Appointed to the Board as an Independent Non-executive Director on 3 April 2019.

Sadie had meetings with Executive Directors and key senior personnel within the Senior Management Team to give her an in-depth understanding of U+I's business strategy, the current status of its key projects, and the culture and values of the Company.

An extensive information pack was prepared to go alongside a briefing by the Company Secretary to impart key information about the Company, including the duties of a Director, governance structures and policies and procedures.

A meeting with a senior member of the finance team was arranged to ensure Sadie gained a good understanding of the current financial position of the Company and the key financial reporting requirements of the business.

As part of Sadie's additional responsibilities with regards to leading U+I's employee engagement programme, Sadie met with employees from all areas across the business to obtain an in-depth knowledge of the working practices and culture within the Company.

Visits to several of U+I's projects were arranged with site tours led by development directors and project managers to ensure Sadie had a suitable understanding of the project lifecycle. This included two visits to projects as part of our Board strategy days during the year.

Audit, risk and internal control

The Board is focused on risk management and mitigation during the current unprecedented period.

Matthew Weiner
Chief Executive Officer

The Board has overall responsibility for the Group's risk management and internal control systems, and monitors these on an ongoing and regular 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 144 to 150.

Risk Management Committee
The 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 Senior Management 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 macroeconomic 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 for the 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 summarised on pages 94 to 96. 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 development equity at risk exposure, which is then considered by the Audit and Risk Committee and the Board. All necessary actions have been, or are being taken to remedy any perceived weaknesses acknowledged from the quarterly reviews.

As discussed on pages 28 to 39, when considering the major risks facing U+I, black swan events (like Covid-19) aside, amongst others there were three key risks that were focused on during the year:

- An increasingly complex planning system which has been politicised and under-resourced leading to delays in obtaining the key planning permissions required to move our projects forward.
- The uncertainty of the current political and economic backdrop, with a general election and Brexit during the year slowing government and local policy and decision-making, further complicating the planning of our mid to long-term strategy, whilst at the same time reducing the purchasing power of companies and individuals and bringing with this a more cautious approach to committing within the property market.
- The growing and increasingly complex construction regulations and legislation, whilst seeking to deliver buildings that meet very specific requirements has a time, cost, delivery and reputational impact to the business.

How U+I approaches and mitigates the above risks as well as other key risks is set out on pages 94 to 96.

Brexit

Brexit and the continued trade negotiations with the EU and other countries, presents ongoing uncertainty to the UK economy and continues to impact consumer confidence. Failure to adequately prepare for a range of outcomes could have significant implications on business performance. The highest potential impact on U+I would be in respect of our ability to implement our business strategy. In the event a trade agreement is not finalised with the EU before our exit from the transition period, the cost and timeline of our developments could be impacted. There could also be a heightened risk of contractor or subcontractor default due to the increased costs. In addition, the distraction of Brexit on Government departments and Local Government has resulted in delays to key decisions being made with regards to U+I projects. Delayed decisions may subsequently delay the monetisation of projects in accordance with business strategy and market guidance. The Risk Management Committee will continue to monitor developments closely and advise the Board according regarding the risks presented.

Covid-19 and risk management

Covid-19 is a new strain of coronavirus, first identified in China in 2019. As you will be aware this virus has had a considerable impact on the global economy, and every person that works within it, in virtually every country in the world. The World Health Organization has declared the Covid-19 virus a public health emergency of international concern. The ramifications of this outbreak have been far-reaching, across all sectors. Covid-19 is classified as a black swan event, which is categorised as an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterised by their extreme rarity, their severe impact, and the widespread insistence from some that they were obvious in hindsight.

Whilst U+I, along with everybody else, did not predict such an event, which has led to forced business closures, remote working, reduced resources, weakened global economies and fundamental changes as to how business is to be conducted for the short to mid-term, U+I was quickly able to introduce mitigation strategies as part of its response and a Risk Management Committee meeting was held to discuss all matters relating to Covid-19's current and future impact on the business. U+I has an agile business that is able to dial up and dial down its activities to respond to changing macro environments.

We have increased our cash resources and liquidity to mitigate risk whilst at the same time reducing capital expenditure by accelerating our efficiencies programme to reduce our overhead and all non-essential development expenditure across our portfolio. We have also taken the decision to suspend the payment of our final and supplemental dividend for the year ended 31 March 2020, in order to preserve cash and assist in future-proofing the Company. The Board will review the resumption of our dividend policy and payments in due course. As permitted under Government legislation, and in accordance with Government social distancing guidelines at the time of writing this report, our 2020 Annual General Meeting will be a closed meeting with no shareholders (except those required to form a quorate meeting) permitted to attend, further information on this can be found on page 174. At the time of reporting, in July 2020, U+I continues to closely monitor the constantly changing risk of the global Covid-19 pandemic to the business.

Committee performance evaluation

As part of the internally facilitated Board evaluation, the Risk Management Committee's effectiveness was subject to review. No significant issues arose from the evaluation; however, a few minor improvements were identified which would be reviewed and incorporated during the year.

Audit and Risk Committee Report

> **The Committee plays a key role in ensuring the appropriate controls and challenges are made around the management of risk, accounting treatment, financial reporting and the internal control and assurance process.**

Lynn Krige
Chairman of the
Audit and Risk Committee

Committee attendance

Director	Joined the Committee	Number of meetings attended/ meetings possible	% attendance
Lynn Krige (Chairman)	10.03.16	3/3	100
Nick Thomlinson	03.01.12	3/3	100
Ros Kerslake*	01.09.17	2/3	67

* Ros Kerslake missed one Committee meeting due to illness.

Full biographies of the Committee members can be found on page 114.

Highlights of Committee activities during year to 31 March 2020:
- Review and approval of the half-year financial statements and the financial statements for the year ended 31 March 2020;
- In-depth assessment of the effectiveness of the internal controls and control processes;
- Oversight of the implementation of the new finance reporting system across the business;
- Review of key risks and risk mitigation strategies through the Risk Management Committee;
- Review of risk mitigation with regards to the impact of the Covid-19 pandemic on the business;
- Adoption of IFRS 16 Leases;
- Review of all key policies and procedures;
- Review of Group-wide delegated levels of authority;
- Recommendation on interim, supplemental and final dividend;
- Oversight of GDPR compliance processes and procedures; and
- Oversight of new Information Governance Framework and Information Governance Board.

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 year ended 31 March 2020.

Over the following pages of this report we aim to share insights into the activities undertaken or overseen by the Committee during the year to 31 March 2020. There were no significant changes to the Committee's primary functions during the year. 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:

Financial statements
The Audit and Risk Committee spent a significant proportion of its time ensuring the integrity of its published financial information and processes, and reviewing significant financial reporting judgements. Prior to recommending them to the Board the Committee:
- Considered the appropriateness of the accounting policies adopted;
- Reviewed critical judgements, estimates and underlying assumptions;
- Assessed whether the financial statements were fair, balanced and understandable.

External audit process
The Committee has assessed the effectiveness of the external audit process.
They did this by:
- Reviewing the 2019/20 external audit plan;
- Discussing the results of the audit including the auditor's views on material accounting issues and key judgements and estimates, and their audit report;
- Considering the robustness of the audit process;
- Reviewing the quality of the service and people provided to undertake the year end audit, which was carried out remotely due to Covid-19; and
- Considering the external auditors independence and objectivity.

Risk management
U+I's risk profile and risk appetite continued to evolve during the year, 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, see page 142 and 143 for further information around the work undertaken by the Risk Management Committee during the year. 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 94 to 96.

IFRS 16 – Leases
The Group adopted IFRS 16, Leases with effect from 1 April 2019, see page 148 for further information.

Going Concern and Viability
U+I has spent considerable effort during the year stress testing its business model and cash flows to ensure that both are sufficiently robust to withstand the economic impact of Covid-19. This has formed a key part of the going concern and viability work undertaken during the year. For further information see pages 149 and 150 and note 1(a)(ii) on page 194.

The Information Governance Framework and the Information Governance Board
The Committee approved the introduction of an Information Governance Framework during the year, the purpose of this framework was to oversee the governance of information throughout the business. Further information can be found on page 146.

IT, GDPR and cyber security
The Committee continued to monitor the roll-out of a new financial reporting system during the year to streamline and enhance reporting processes across the business. In addition, GDPR and cyber security continued to be an area of significant focus for the Committee, for further details see pages 146 and 147. 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 2020 to ensure the Company has robust policies, procedures and the necessary culture in place with respect to information management and security.

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 149 and 150 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 150.

Committee evaluation
As part of the 2020 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 year.

Further information on these and other key areas considered by the Committee during the year ended 31 March 2020 can be found within this report.

Lynn Krige
Chairman of the Audit and Risk Committee
7 July 2020

Audit and Risk Committee composition
The table on page 144 sets out the composition of the Committee and the attendance of members at the scheduled Committee meetings during the year under review. The Committee consists of three Independent Non-executive Directors following Peter Williams stepping down from the Committee on 29 March 2019, in line with provision 24 of the 2018 UK Corporate Governance Code.

Role of the Audit and Risk Committee
The Committee plays a crucial role in assisting the Board in discharging 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 and Operating Officer, Financial Controller and In-house Legal Counsel attend the Committee meetings by invitation, as do the Chairman, Peter Williams and Non-executive Director, Barry Bennett, who are also chartered accountants. To assist 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 of the Committee.

The Committee's principal responsibilities during the year 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, see pages 142 and 143.

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 148.

Committee activities during the year to 31 March 2020

The Committee met three times during the year ended 31 March 2020. 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 was held during the year to agree the external audit terms of engagement, the auditors' scope and proposed approach, and the fees of the annual audit, this meeting also focused on 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 year and, where required, made recommendations to the Board:

- **May 2019:** Year end financial statements and Annual Report, recommendation of final and supplemental dividend, 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, 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.
- **November 2019:** External auditors' interim report, interim results and financial statements, recommendation of interim dividend, internal and external portfolio valuations, significant issues and areas of judgement, risk management, oversight of implementation of new finance system, review of levels of delegated authority.
- **January 2020:** Learning and development session with external presentations on third-party outsourcing risk and developments in the audit profession highlighting the recommendations of the Brydon Report. Review of interim accounts process and lessons learnt, 2020 external audit planning, risk management appetite and review of key risks, update on new finance system integration, review of non-audit fees, full review of internal controls and control processes, whistleblowing policy review, review of requirement for internal audit, review of internal policies, GDPR and IT systems and a review of audit fees.

The Information Governance Framework and the Information Governance Board

The Committee approved the introduction of an Information Governance Framework during the year, the purpose of this framework was to oversee the governance of information throughout the business, and its introduction assisted in the development of a range of policies, procedures, systems, capability and culture in the following areas:
- Information as an asset.
- Protecting data.
- Information lifecycle.
- Transparency, openness and data sharing.
- Data quality.

The Information Governance Framework covers all staff, contractors, consultants and third-party providers who require access to U+I's systems and data. It sets out the procedures for sharing information with stakeholders, partners, suppliers and the public, and concerns the management of all paper and electronic information and its associated system repositories, including the processing of personal data. The implementation of, and oversight for, the Information Governance Framework is undertaken by the Information Governance Board.

The Information Governance Board, chaired by CFOO, consists of members of each department within the business. This body meets quarterly to review how information is managed within the business, focusing on work around information security, GDPR, data migration and finance systems. The Information Governance Framework and Information Governance Board Terms of Reference were approved by the Committee during the year.

Purchase order system

The Committee oversaw the roll out of a new purchase order (PO) system effective from 1 January 2020. The purpose of this system was to ensure greater insight into committed cost and to obtain increased control over project costs and expenditure process. Additional benefits which will flow from the rollout of this system will include improved payment times, improved supplier relations, and the ability to challenge the benefits of spend and value to the business. The PO system was fully integrated with the new finance system and training was provided to the business over the four months prior to launch.

New financial reporting system

In addition to the PO system discussed above, the Committee continued to oversee the integration of the new finance system during the year. The project's objectives were to implement tighter financial controls across areas of the business such as procurement, reporting and cash collection, and was taking a two-phase approach. Phase one was providing as minimum like-for-like functionality, controls and reporting, whilst adding new functionality such as a procurement system. Phase two was set to deliver improvements in processes and reporting to facilitate greater controls and improvements in management information and the use of data around the business. During the year this system went live for all U+I companies. In total, more than 160 companies had been moved to the new system and their data migrated. This project is already driving operational benefits and generates high quality financial information more rapidly than was previously possible.
Phase two of the project is underway and includes the development of a corporate

data warehouse that would, amongst other things, allow improved dashboard reporting across the entire investment and project portfolio.

IT investment and risk mitigation
Following the digital transformation of the finance systems discussed above; the year ended 31 March 2020 saw continued investment in information technology, focused on mitigating or removing both business and information risk across the Group. Key focus areas were:
- Cyber security: Including infrastructure hardening, and the augmentation of cyber defences, training, and processes to reduce both the likelihood of a successful cyber-attack, but also to increase the likelihood of detection and limit the impact should an attack be successful.
- Compliance: Reduction of risk around data privacy and information management (including data retention and compliance with GDPR and various legal other obligations).
- Business Continuity: Implementation of technology that would enable a number of key business continuity arrangements upon which the business could call.

As part of our overall portfolio of IT investment, independent reviews were undertaken to assess the risk environment in each area. The more than 20 recommendations were incorporated in the programme of IT change by our consultant CIO and were delivered during the year.

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. In addition to the ongoing work around GDPR set out below, 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.

GDPR
The Committee continued to provide oversight over the Company's approach to data protection matters. A GDPR working Group, supported by an independent data protection expert, continues to monitor and review the wider aspects around GDPR and information management security to minimise the ongoing risks associated with this area, and reports into the Risk Management Committee. As part of the ongoing obligations around the implementation of GDPR, all new employees were required to undergo specific online GDPR training prior to the conclusion of their probationary period. Group-wide training on GDPR will be rolled out during the current year. In addition to this training, data protection policies and processes were reviewed and updated.

Delegated authorities
During the year, the Committee reviewed and approved the delegated levels of authority schedule. This schedule defines the limits of authorities delegated to specified bodies and individuals within the U+I Group, and establishes the types and amounts of commitment that may be approved by either individuals, the Board or its Committees.

Anti-bribery and whistleblowing
We are committed to the highest standards of ethical conduct and integrity in our business practices and adopt a zero-tolerance approach to bribery and corruption. The Company's Anti-Bribery and Corruption Policy was reviewed and approved by the Committee during the year and updated guidance provided to staff. On joining U+I all new employees are required to undertake online training on anti-bribery and corruption, and we provide all employees with training on anti-bribery, corruption, ethical standards and the prevention of fraud on a regular basis. Facilitation payments are considered to be bribes and are strictly prohibited. A copy of our Anti Bribery and Corruption Policy can be found on our website at www.uandiplc.com/investors/corporate-governance/governance-policies/.

U+I encourages employees and any external parties to report, in confidence and anonymously if preferred, their concerns about suspected impropriety or wrongdoing in any matters affecting the business. This is done through the Company Secretary who will ensure the anonymity of the whistleblower should this be appropriate. The Company Secretary will arrange for a thorough investigation and response which will be escalated to the Audit and Risk Committee as required. No whistleblowing incidents were reported during the year. A copy of our Whistleblowing Policy can be found on our website at www.uandiplc.com/investors/corporate-governance/governance-policies/.

Gifts and hospitality
Corporate hospitality must be reasonable in value, appropriate to the occasion and provided openly and transparently. It must not compromise, nor appear to compromise, the recipient nor the Company. Gifts of over a certain amount should be declared. It is an employee's responsibility to keep their own register of all gifts and hospitality given or received. All gifts and hospitality over a certain level are recorded on a central gifts and hospitality register, which is approved by the Risk Management Committee. A copy of our Gifts and Hospitality Policy can be found on our website at www.uandiplc.com/investors/corporate-governance/governance-policies/.

Conflicts of interest
All conflicts of interest or potential conflicts of interest must be notified to the Company Secretary and a register of such notifications is maintained. Our process for managing potential conflicts on the Board is explained on page 134.

Group policies
The Committee reviewed and approved the following Group-wide policies and statements during the year:
- Anti-Bribery and Corruption/Gifts and Hospitality Policy.
- Health and Safety Policy.
- Charitable Giving Policy.
- Equality and Diversity Policy.
- Data Protection Policy.
- Travel & Expenses Policy.
- Modern Slavery Statement.
- Whistleblowing Policy.
- Wellbeing Statement.

Internal audit
The Committee considered the Company's internal audit requirements during the year. 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 150. The Committee will keep this matter under review.

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 pages 142 and 143), 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 year to 31 March 2020 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 94 to 96.

At the Committee meeting held in January 2020, a full review of the internal control processes and procedures established within the Group took place. The Committee analysed the internal control structure, the 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.

IFRS 16
The Group adopted IFRS 16, Leases with effect from 1 April 2019. IFRS 16 requires the Group to recognise lease liabilities and corresponding right-of-use (ROU) assets on the balance sheet in relation to leases which would have previously been recognised as operating leases. The lease liabilities are measured at the present value of the remaining lease payments due under the lease, discounted using an appropriate incremental borrowing rate. On initial recognition, under the modified retrospective approach, adopted by the Group, the ROU asset equals the lease liability.

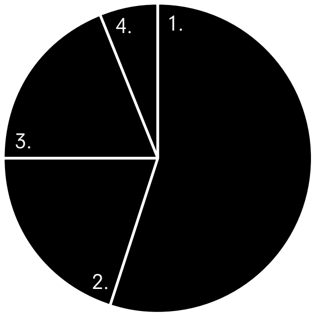
Investment and development and trading assets held under a leasehold interest and office leases occupied by Group companies have been captured by IFRS 16. As permitted by the standard, the Group has not recognised low value of short-term operating leases. More information can be found in note 1(e).

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 values of St Mark's Square, Bromley and 399 Edgware Road, 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	**55%**
2.	Internal Controls	**20%**
3.	Risk Management	**19%**
4.	Governance	**6%**

* Approximate percentage of time spent.

Fair, balanced and understandable

At the request of the Board, the Committee has considered whether, in its opinion, the 2020 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 held 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 179.

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 99.

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 and Operating Officer, or the Chief Executive in his absence.
- In excess of £25,000 and up to £100,000: Approval required by the Chief Financial and Operating 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. The Committee confirmed that no fees were paid to the auditors in respect of non-audit services during the year.

Reappointment of PwC as external auditor

PwC was reappointed as the Company's external auditor by shareholders at the 2019 AGM following a full tender process led by the Committee in 2018. 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 year ended 31 March 2020. It sought the views of key members of the Finance Team and concluded that PwC had performed well, given the nature of the circumstances present when conducting the year end audit due to Covid-19, and had 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 year under review; this was Sandra's second 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 2020 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 to 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 whistleblowing policy.

Internal audit
A full review of the Company's requirements for an internal audit function was undertaken by the Chief Financial and Operating 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 2020 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 year ended 31 March 2020, 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 this 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 www.uandiplc.com/investors/corporate-governance. All employees have completed an online modern slavery 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 the business 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. U+I has incorporated into all new 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 2020 financial statements.
The Group has also forecast a severe but plausible downside scenario in making its assessment of going concern, this forecast reflects the potential impact of adverse economic and market events and indicates the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. Further information on the above material uncertainty and the actions the Group would take to mitigate the position in this scenario is set out in note 1(a)(ii) on page 194.

Lynn Krige
Chairman of the
Audit and Risk Committee
7 July 2020

Annual statement from the Remuneration Committee Chairman

We have reviewed our Remuneration Policy to ensure that it supports our strategy and encourages sustained performance. We are making some changes to reflect the requirements of the UK Corporate Governance Code.

Nick Thomlinson
Chairman of the Remuneration Committee

Highlights of Committee activities during the year:
- Temporary salary reductions in light of Covid-19;
- Cancellation of annual bonus for 2019/20;
- No salary increases for the financial year beginning 1 April 2020, the fifth consecutive year that salaries have not increased;
- Revised Remuneration Policy to be put to shareholders at the 2020 AGM;
- Pension arrangements for new appointments aligned to the workforce, and a reduction in the maximum for incumbent Executive Directors; and
- Introduction of post-employment shareholding requirements.

Dear Shareholder
As Chairman of the Remuneration Committee I am pleased to present our Directors' Remuneration Report for the financial year ended 31 March 2020.

Covid-19 response
Delays in third-party decision-making, coupled with restricted site working practices as a result of the Covid-19 pandemic, are having a significant impact on our business. On 15 April 2020, we outlined a number of decisive actions we had taken to help mitigate the impact of the pandemic. These actions include cost saving measures such as substantial reductions to Executive Directors' salaries and Non-executive Director fees. We have also cancelled FY2020 discretionary bonus payments for Executive Directors and the wider workforce.

Remuneration Policy renewal
In accordance with the normal three-year renewal cycle, we are submitting our Remuneration Policy for a binding shareholder vote at the 2020 AGM.

In advance of this renewal, during 2019 the Remuneration Committee undertook a review of our Policy and concluded that it was well aligned with U+I's purpose and supported the long-term strategy over the medium and long term without encouraging undue risk. However, we are proposing the following changes in order to reflect evolving shareholder expectations and the UK Corporate Governance Code:

- **Pensions:** The pension contribution for newly appointed Executive Directors is being aligned with the rate available to the workforce. In addition, we have reduced the maximum policy contribution rate for existing Executive Directors. Going forward, the Remuneration Committee will continue to monitor evolving market practice and investor sentiment around Executive pensions.
- **Post-employment shareholding requirement:** Executives will be expected to maintain a shareholding in the Company for two years post-employment.

We remain committed to ongoing meaningful dialogue with shareholders and, as part of the review process, engaged with many of our largest shareholders and the major proxy bodies. I would like to thank our shareholders for taking the time to provide us with feedback on our proposals and helping to shape our new Policy.

Implementation of Policy for 2020/21

In order to manage costs, Executive Directors' salaries are not being increased for the fifth consecutive year and Executives have voluntarily agreed to temporary reductions to their salaries in light of the Covid-19 pandemic.

The Remuneration Committee intends to operate an annual bonus for FY2021 with a normal maximum opportunity of 75% of salary. Taking into account the feedback of our shareholders, we are reducing the non-financial portion of the annual bonus from 40% to 30%. The financial measures will continue to be equally weighted, each representing 35% of the bonus. Executive Director bonuses are discretionary, and taking into account the current environment, the Committee will be mindful of shareholders' experience when assessing any out-turns.

Awards under our Long-Term Incentive Plan (LTIP) will continue to be based on three-year and four-year NAV growth. Taking into account the share price, the Committee will be making a reduced LTIP award for FY2021. M S Weiner and R Upton will receive awards of 225% of salary and M O Shepherd will receive an award of 75% of salary, representing a 25% reduction on the normal award levels.

LTIP awards are also subject to discretion in the case of windfall gains.

Remuneration out-turns for 2019/20

As outlined above, despite good progress against strategic objectives during the year, in response to the Covid-19 pandemic FY2020 discretionary bonus payments were cancelled, including for Executive Directors.

Our LTIP performance is measured 50% over three years and 50% over four years. The Company's growth in Net Asset Value over the three and four-year performance periods ending 31 March 2020 was below the threshold target of 5% per annum and therefore the LTIP awards lapsed.

AGM

We hope to have your support for our Directors' Remuneration Report and our Remuneration Policy at the forthcoming AGM.

N H Thomlinson.

Nick Thomlinson
Chairman of the Remuneration Committee
7 July 2020

Remuneration at a glance

Remuneration Policy implementation in 2019/20 and 2020/21
The following table sets out a summary of our Remuneration Policy as well as its implementation in 2019/20 and 2020/21.

Component	Summary of policy	Implementation in 2019/20	Implementation in 2020/21
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.	Salaries for the financial year starting 1 April 2019 were: 1 April 2019 £'000 M S Weiner: 375 R Upton: 350 M O Shepherd: 325	Salaries are unchanged for the financial year starting 1 April 2020 and are: **1 April 2020 £'000** M S Weiner: **375** R Upton: **350** M O Shepherd: **325** As part of Covid-19 measures the Executive Directors salaries have been consensually reduced for three months by a collective 50%.
Retirement benefits	Provides Executive Directors with retirement benefits consistent with the role.	The maximum defined contribution pension arrangement was 17.5% of salary per annum.	During the year, the Committee reviewed the pension contributions in light of the revised UK Corporate Governance Code. The maximum contribution for incumbent Executive Directors will be reduced to 15.5% of salary. The maximum contribution for new Executive Directors will be reduced to the rate available to the workforce (currently 14% of salary).
Benefits	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.	Benefits received during the year include cash in lieu of motor vehicle, subsidised gym membership and medical insurance.	No changes.
Bonus	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.	For 2019/20, Executive Directors had a maximum bonus opportunity of 75% of salary. As part of our Covid-19 measures the Executive Directors waived their annual bonuses for 2019/20.	Maximum bonus opportunity for 2020/21 will be 75% of salary. The portion based on strategic and personal objectives and priorities will be reduced from 40% to 30% of the bonus. The two financial measures will continue to be equally weighted: Measure – Weighting NAV growth: 35% Development and trading gains: 35% Strategic and personal objectives and priorities: 30% Total: 100%

Component	Summary of policy	Implementation in 2019/20	Implementation in 2020/21

Long-Term Incentive Plan

Summary of policy

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.

Implementation in 2019/20

LTIP awards out-turns
The NAVps growth over the four-year and three-year performance period was below the threshold of 5% p.a. Therefore the second half of the 2016 LTIP and the first half of the 2017 LTIP lapsed.

LTIP awards made in 2019
In 2019 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.

Implementation in 2020/21

LTIP awards to be made in 2020
Taking into account the share price, the Committee will be making a reduced LTIP award for FY2021. The normal award levels will be reduced by 25% resulting in the following LTIP awards:

	Face value of award
M S Weiner	225% of salary
R Upton	225% of salary
M O Shepherd	75% of salary

LTIP awards are also subject to discretion in the case of windfall gains.

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

Summary of policy

Aligns Executive Directors with the shareholder experience.

Implementation in 2019/20

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.

Implementation in 2020/21

No changes to shareholding guidelines.

Post-employment shareholding requirements have been introduced.

Executive Directors will normally be required to retain the lower of their shareholding requirement and actual shareholding at their leaving date at 100% in the first year and at 50% in the second year. The policy will apply for shares delivered from incentives from the Policy date.

The following table provides details of how the Committee has addressed the factors set out in the UK Corporate Governance Code through the Remuneration Policy.

Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	– The Remuneration Committee understands the importance of continuous and meaningful engagement with all stakeholders. – We want our remuneration arrangements to be well understood by employees to ensure that they are rewarded in a way that attracts, retains, motivates and rewards talent of the highest quality. – When considering changes to our Policy, the Committee consults with our major shareholders and takes their comments into account.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	– Our remuneration framework is simple and transparent consisting of fixed pay, an annual bonus and the Long Term Incentive Plan. – The Committee is mindful of avoiding complexity when considering changes to the operation of our Policy.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	– One of the key objectives of our Remuneration Policy is to encourage sustained performance over the medium and long term without taking undue risk. – The Remuneration Committee has flexibility to adjust remuneration incentive outcomes in the event that they are not considered to be appropriate, including if the results have been achieved by taking unacceptable levels of risk.
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	– Our Remuneration Policy provides details of the maximum opportunity levels for each component of pay. – Page 168 of the Policy provides four illustrations of the application of our Policy for varying levels of Company and individual performance.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	– The Remuneration Committee considers that the balance between fixed and variable pay is 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. – The Committee's overarching discretion to adjust incentive outcomes that are not considered appropriate, allows us to ensure rewards are proportionate and do not reward poor performance.
Alignment to culture Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	– 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 same framework applies throughout the Company, with all employees eligible to participate in the pension, an annual bonus and LTIP arrangements.

Annual Remuneration Report

The Annual Remuneration Report on pages 156 to 164 provides details of remuneration for the financial year ended 31 March 2020, and how our Policy will be implemented for the financial year commencing 1 April 2020.

Implementation of Remuneration Policy in the financial year commencing 1 April 2020
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 2020 are set out below.

	1 April 2020 £'000	1 March 2019 £'000	% increase
M S Weiner	**375**	375	0
R Upton	**350**	350	0
M O Shepherd	**325**	325	0

As part of Covid-19 measures the Executive Directors' salaries have been consensually reduced for three months. M S Weiner and M O Shepherd have volunteered to reduce their salaries by 25% for this period and R Upton has volunteered to reduce his salary by 100%.

Retirement benefits
During the year, the Committee reviewed the pension policy for Executive Directors taking into account the revised UK Corporate Governance Code.

Pension is provided via a Group Personal Pension Plan or as a cash supplement. For the financial year commencing 1 April 2019 the maximum contribution for Executive Directors was 17.5% of salary. From 1 April 2020 the maximum contribution for existing Executive Directors will be reduced to 15.5% of salary. The contribution rate for any new Executive Director appointment will be 14% of salary, which is in line with the rate available to the workforce. Whilst we have reduced the existing Directors pension contributions to a similar level to align with employees, and all new Directors will have pensions aligned to the rate available to the wider workforce at a maximum of 14% of salary, we acknowledge that at 15.5% of salary the current Executive Director pension contributions are still currently slightly above those of the wider workforce. This will be kept under review by the Committee.

Annual bonus
The annual bonus structure sets financial and strategic/personal targets at the beginning of each year.

For 2020/21 the bonus based on strategic/personal targets will be reduced from 40% to 30% of the bonus. The performance measures and weightings for the 2020/21 annual bonus are set out below:

	Measure	Weighting
Financial	NAV growth	35%
	Development and trading gains	35%
Non-financial and strategic	Strategic and personal objectives and priorities	30%

The financial targets for the 2020/21 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 2020 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
Taking into account the share price, the Committee will be making a reduced LTIP award for FY2021. M S Weiner and R Upton will receive awards of 225% of salary and M O Shepherd will receive an award of 75% of salary, representing a 25% reduction on the normal award levels.

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.

The Committee has discretion to adjust LTIP outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors.

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.

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 2020 are set out in the table below.

In recognition of the increased time commitment, additional fees for the Chairs of the Workforce Advisory Panel and the PPP Community Engagement Panel were introduced as set out below. A review of Non-executive Director and Chairman's fees was undertaken during the year. There were no proposed changes to these fees.

	1 April 2020 £'000	1 March 2019 £'000
Chairman	**120**	120
Basic fee	**42**	42
Chairman of Audit and Risk Committee or Remuneration Committee	**7.5**	7.5
Membership of Audit and Risk Committee or Remuneration Committee	**5**	5
Senior Independent Director	**5**	5
Chairman of the Employee Engagement Forum	**2.5**	2.5
Chairman of the PPP Community Challenge Panel	**7.5**	7.5

As part of Covid-19 measures the Non-executive Directors fees have been consensually reduced by 25% for three months.

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 financial year to 31 March 2020 with a comparison to the 13-month period to 31 March 2019:

Executive Directors		Fees and salary £'000	Benefits[3] £'000	Pension[4] £'000	Annual bonus £'000	LTIP £'000	Total £'000
M S Weiner	**2020**	**375**	**19**	**58**	**0**	**0**	**452**
	2019[1]	406	20	62	81	83	652
R Upton[2]	**2020**	**350**	**20**	**55**	**0**	**0**	**425**
	2019[1]	286	16	50	86	83	521[2]
M O Shepherd	**2020**	**325**	**20**	**50**	**0**	**0**	**395**
	2019[1]	352	21	54	70	20	517
Non-executive Directors							
P W Williams	**2020**	**120**	**–**	**–**	**–**	**–**	**120**
	2019[1]	130	–	–	–	–	130
N H Thomlinson	**2020**	**60**	**–**	**–**	**–**	**–**	**60**
	2019[1]	64	–	–	–	–	64
B Bennett	**2020**	**42**	**–**	**–**	**–**	**–**	**42**
	2019[1]	45	–	–	–	–	45
L G Krige	**2020**	**55**	**–**	**–**	**–**	**–**	**55**
	2019[1]	59	–	–	–	–	59
R Kerslake	**2020**	**52**	**–**	**–**	**–**	**–**	**52**
	2019[1]	56	–	–	–	–	56
S Morgan[5]	**2020**	**57**	**–**	**–**	**–**	**–**	**57**
	2019[1]	–	–	–	–	–	–

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 2020 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, pension 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. S Morgan became a Non-executive Director of the Company with effect 3 April 2019.

Aggregate remuneration for the Executive Directors for the period ending 31 March 2020 totalled £1,109k, 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.

As part of our Covid-19 measures the Executive Directors waived their annual bonuses for 2019/20.

Details of the financial targets that were set are provided below.

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 2020	% of actual payout for NAV growth (maximum 30%)*
NAV per share growth (including dividends)*	5%	12%	-16.1%	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 2020	% of actual payout for development and trading gains (maximum 30%)*
Development and trading gains*	36	38.7	40	44	11	0

* 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 2019/20 and the longer term.

As Executive Directors waived their annual bonus, no detailed assessment against their non-financial objectives was undertaken. The following table sets out the areas against which the non-financial objectives were set.

M S Weiner	R Upton	M O Shepherd
– **Refining strategy**	– **Major Projects portfolio**	– **Operational leadership**
– **Investor relations**	– **Asset business plans and project realisations**	– **Investor relations**
– **IP performance**	– **Plus X**	– **Efficiency and cost effectiveness**
– **Corporate culture and an engaged workforce**	– **Public affairs programme**	– **Corporate culture**
– **External and public affairs**	– **Corporate culture**	– **Plus X**

Long-Term Incentive Plan (audited)

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 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 2016 to 31 March 2020. 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	-1.5	0

LTIP awards made in 2017

Awards were made under the LTIP in 2017 with the first half of awards subject to the Company's growth in NAV per share over the three-year performance period 1 March 2017 to 31 March 2020. 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	-1.5	0

The second half of awards made in 2017 are subject to the Company's growth in NAV per share over a four-year performance period 1 March 2017 to 31 March 2021. 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 21 November 2019, 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	782,337	300	% NAVps growth	31 Mar 2022/ 31 Mar 2023	20%
R Upton		730,181	300			20%
M O Shepherd		226,008	100			20%

1. The face value has been calculated based on the share price of 143.80 pence taken on 21 November 2019 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 154 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 2020[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	488,335	104	2,116,107	11,815
R Upton	3,595,764	818	1,975,032	0
M O Shepherd	202,234	50	611,319	11,815
Non-executive Directors				
P W Williams	144,647	–	0	0
N H Thomlinson	20,000	–	0	0
B Bennett	37,448	–	0	0
L G Krige	1,453	–	0	0
R Kerslake	1,719	–	0	0
S Morgan	1,696	–	0	0

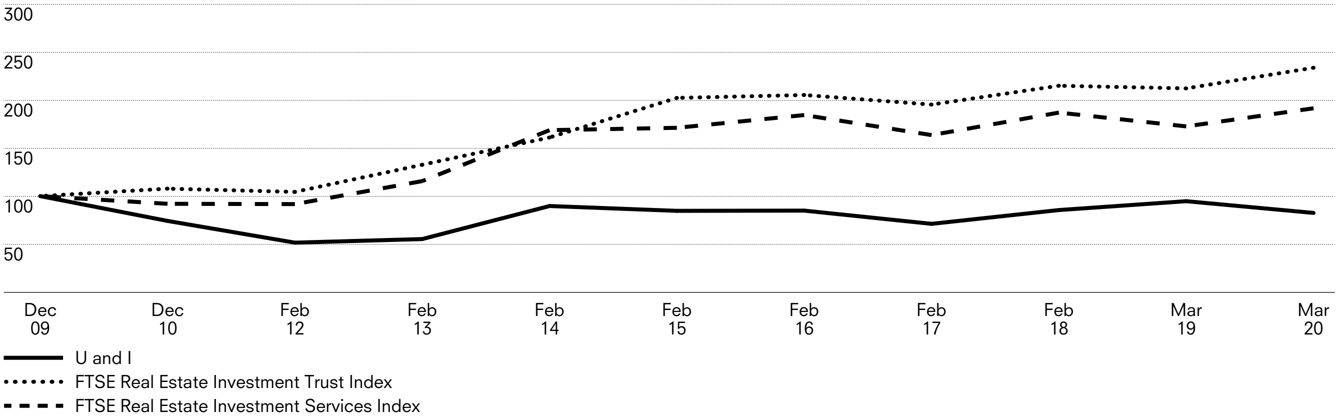
1. Including shares held by connected persons.
2. There have been no changes in share interests held by Directors between 31 March 2020 and 7 July 2020, the date of signing this report.
3. Calculation derived from the market value of 79.60 pence per share and Directors' salary as at close of market on 31 March 2020.

Post-employment shareholding requirement
Post-employment, an Executive Director will normally be required to retain the lower of their shareholding requirement (or their actual shareholding at their leaving date) for one year after departure and 50% of this level for the second year after departure. This requirement only applies to shares delivered from incentives from the Policy date.

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.

	2010	2012[1]	2013	2014	2015	2016		2017	2018	2019[4]	**2020**
						M H Marx[2]	M S Weiner[3]				
Single total figure of remuneration (£'000)	865	714	487	882	1,002	257	1,633	1,723	1,872	652	**452**
Annual bonus (% of maximum)	63	21	0	67	86.7	–	59	26.8	77.4	26.5	**0**
LTIP vesting (% of maximum)	–	–	–	–	–	18	18	–	38.1	11.3	**0**

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 an 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[1]	0	0
Taxable benefits	0	0
Annual bonus[2]	-100	-100

1. No salary changes were implemented for the CEO or employees during the year, except where an employee was internally promoted.
2. No annual bonus awards were granted to the CEO or employees during the year.

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.

	2020	2019	% change
Dividends[1]	**7,364**	7,401	-0.5
Supplemental dividend[1,2]	**–**	5,114	-100
Overall expenditure on pay[3,4]	**6,705**	11,730	-42.83

1. These figures have been extracted from Note 7 to the Consolidated financial statements on page 211.
2. 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. No supplemental dividend was declared post 2020 year end.
3. These figures have been extracted from Note 4 to the Consolidated financial statements on page 209.
4. 2019 overall expenditure on pay figures were calculated using a 13-month period. 2020 figures have been calculated using a 12-month period.

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 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 widened our scope to be responsible for reviewing wider workforce remuneration in-line with the updated 2018 UK Corporate Governance Code.

Following the outbreak of Covid-19 the Committee approved the 10% voluntary reduction in senior employees salaries for an initial period of three months beginning in May 2020.

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 £46,900. 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	4/4	100
P W Williams	04.01.16	–[1]	4/4	100
L Krige	14.07.16	Yes	4/4	100
R Kerslake	01.10.17	Yes	3/4[2]	75
S Morgan	03.04.19	Yes	4/4	100

1. Chairman, independent on appointment.
2. R Kerslake missed one meeting due to illness.

Service contracts
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.

The Chairman and Non-executive Directors have letters of appointment rather than service contracts. Details of the dates of appointment are set out below:

Non-executive Director	Date of appointment
N H Thomlinson	3 January 2012
B Bennett	19 May 2014
P W Williams (Chairman)	4 January 2016
L G Krige	10 March 2016
R Kerslake	1 September 2017
S Morgan	3 April 2019

The Executive Directors' service contracts and the Non-executive Directors' letters of appointment are available at the Company's registered office from the Company Secretary.

Remuneration Committee evaluation
Following the 2020 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 4 September 2019 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 (2019 AGM)	90,715,733	86.90	13,674,995	13.10	8,977
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	31 March 2019 Number of shares	Granted	Dividend Equivalent shares granted	Lapsed	Exercised	31 March 2020 Number of shares	Final vesting date
M S Weiner	05.06.15	273.40	186,540	–	15,964	144,382	58,122	–	05.06.2019
	09.06.16	191.10	588,697	–	–	294,348	–	294,349	09.06.2020
	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
	21.11.19	143.80	–	782,337	–	–	–	782,337	07.06.22/23
R Upton	05.06.15	273.40	186,540	–	15,964	144,382	58,122	–	05.06.2019
	09.06.16	191.10	549,450	–	–	274,725	–	274,725	09.06.2020
	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
	21.11.19	143.80	–	730,181	–	–	–	730,181	07.06.22/23
M O Shepherd	05.06.15	273.40	44,578	–	3,815	34,504	13,889	–	05.06.2019
	09.06.16	191.10	170,068	–	–	85,034	–	85,034	09.06.2020
	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
	21.11.19	143.80	–	226,008	–	–	–	226,008	07.06.22/23

The new LTIP introduced for the year beginning 1 March 2015 replaced the previous Performance Share Plan.

Save as You Earn (SAYE) (audited)

	1 April 2019 Number of shares	Granted	Lapsed	Exercised	31 March 2020 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.

Approved by the Board and signed on its behalf by:

Nick Thomlinson
Chairman of the Remuneration Committee
7 July 2020

Remuneration policy

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.

The Policy will apply from the 2020 AGM subject to shareholder approval.

Policy review process and changes to the Policy
During the year the Remuneration Committee reviewed the Policy, with a particular focus on the new provisions of the UK Corporate Governance Code. Input was received from the Chairman and the CEO, while ensuring that conflicts of interest were suitably mitigated. The Company's key shareholders were consulted, along with key proxy agencies.

The key changes between this Policy and the policy which was approved by shareholders at our 2017 AGM are as follows:
- The maximum pension contribution for the existing Executive Directors will be reduced from 17.5% of salary to 15.5% of salary.
- The maximum pension contribution for any new Executive Director will be aligned to the workforce (currently 14% of salary).
- Introduction of post-employment shareholding requirements.

Other minor changes have been made to improve the operation of the 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 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 normally made in cash. Any bonus above 50% of the maximum opportunity will normally 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. The Committee has discretion to adjust bonus outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors.	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 2021, Executive Directors, including the CEO, will have a maximum of 75% of salary.	Measures are based on a range of financial, strategic and individual performance. 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 and weightings. 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. The Committee has discretion to adjust LTIP outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors.	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.	The maximum contribution for the current Executive Directors is 15.5% of salary per annum. For any new Executive Director appointments, the maximum contribution will be in-line with the rate available to the majority of the workforce (currently 14% of salary).	None.
Shareholding guidelines To align Executive Directors with the shareholder experience both in and post-employment.	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 CEO and 150% of salary for the Deputy CEO and CFO. Executive Directors will normally be expected to maintain a minimum shareholding for two years following ceasing to be an Executive Director.	Not applicable.	Not applicable.

Notes to the Policy table

Application of Policy

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy set out above where the terms of the payment were: (i) agreed before 1 March 2015 (the date our first shareholder approved policy came into effect); (ii) before the Policy set out in this report comes into effect, provided that the terms of the payment were consistent with the shareholder approved policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and an award of shares or cash is 'agreed' at the time the award is granted.

Discretion

The Committee will operate the LTIP in accordance with the relevant plan rules. In particular, the Committee retains discretion on the operation and administration of these plans as follows:

- Dividend equivalents may be paid on awards including on a reinvested basis.
- While LTIP awards will normally be delivered in shares, the Committee may settle an award in cash, but would only do so in exceptional circumstances.
- In the event of a variation of the Company's share capital, a demerger, special dividend or distribution or any other corporate event which, in the Committee's opinion, might affect the current or future value of awards, the Committee may adjust the number of shares, the exercise price and the performance condition.
- The Committee may adjust the performance condition in accordance with the plan rules.

Awards may be amended in accordance with the rules approved by shareholders.

In the event of a temporary base salary reduction, the Committee retains the discretion to apply the limits in the policy table relating to pension, annual bonus and LTIP to the salary prior to any such reduction.

Takeover or other corporate event

For outstanding LTIP awards, on a takeover or other corporate event, generally the performance period will end on the date of the event. The Committee will determine vesting having regard to the extent to which performance conditions have been achieved at this point taking into account any other factors they consider relevant. Awards will generally vest on a time pro-rata basis taking into account the shortened performance period, unless the Committee determines otherwise. Awards subject to a holding period will be released as part of the transaction.

Alternatively, outstanding LTIP awards may be subject to rollover, with the agreement of the acquiring company.

Other corporate events may include, but are not limited to, a demerger, delisting, distribution (other than an Ordinary dividend), reverse takeover and merger by way of dual listing.

Minor changes

The Committee may make minor amendments to the Policy (for example for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for the amendment.

Performance measures and target setting

Annual bonuses are determined based on performance against a range of financial, strategic and individual performance conditions. For the financial year ending 31 March 2021 these measures are development and trading gains, NAV growth and non-financial strategic and personal objectives.

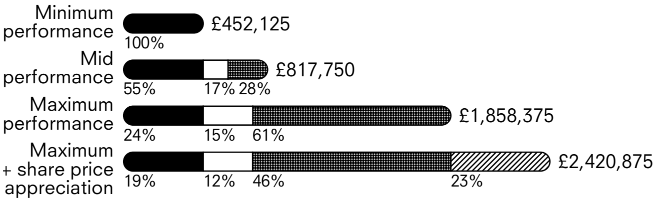
The LTIP measures the Company's NAV growth over three and four years. The Company's overarching objective is to build shareholder value over the long term and the use of NAV as a performance measure aligns Directors with the shareholder experience. Targets are positioned at a level which the Committee considers to be stretching but which do not incentivise a change in our risk approach.

The Committee may adjust both the performance measures and weightings, subject to the framework in the policy table. The Committee retains discretion to adjust annual bonus or LTIP outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors. While the Committee anticipates that any such discretion would normally result in a reduction to outcomes, the Committee retains the right to make an upwards adjustment if considered appropriate.

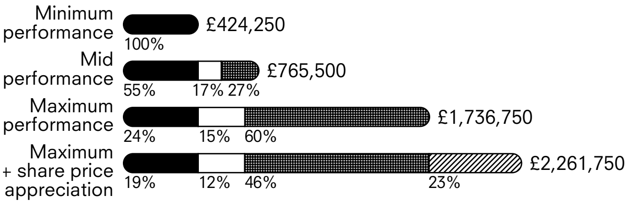
Illustrations of Policy

Illustrations of the Policy applying from 10 September 2020 are provided below. These reflect the intended operation of the renewed policy for the 2020/21 financial year.

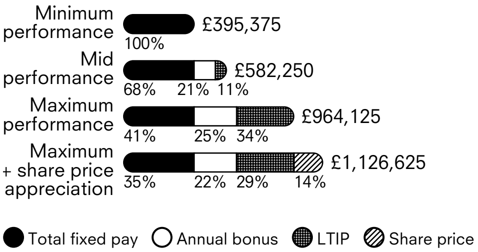
M S Weiner



R Upton



M O Shepherd



The assumptions used for these charts are as follows:

	Levels of performance	Assumptions
Fixed pay	All scenarios	Total fixed pay comprises base salary, benefits and pension. Base salary – for the 2020/21 financial year (excluding any salary reduction for the purpose of policy illustration). Benefits – amount received by each Executive Director for the financial year ended 31 March 2020 as per single figure table. Pension – 15.5% base salary pension contributions.
Variable pay	Minimum performance	No payout under the annual bonus. No vesting under the LTIP.
	Mid performance	50% of the maximum payout under the annual bonus. 20% vesting under the LTIP.
	Maximum performance	100% of the maximum payout under the annual bonus. 100% vesting under the LTIP.
	Maximum performance plus 50% share price growth	100% of the maximum payout under the annual bonus. 100% vesting under the LTIP and 50% share price growth.

LTIP awards have been shown at face value with no dividend, share price growth or discount rate assumptions with the exception of the final scenario which assumes share price growth of 50%.

Award levels reflect a 300% of salary award for M S Weiner and R Upton, and a 100% of salary award for M O Shepherd and therefore exclude, for the purpose of policy illustration, the reduced award levels for 2020/21.

Differences in Remuneration Policy for Executive Directors compared with other employees
As for our Executive Directors, a sizeable proportion of employee pay is dependent on Company, team and individual performance. All employees participate in the annual bonus, with the weighting of individual and corporate measures dependent on an individual's role and their ability to directly influence the Company's results.

Individuals below the Board who are involved in the organisation and management of our development and trading projects may have incentives which take into account the performance of their projects. All employees participate in the LTIP.

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.

Expenses incurred in the performance of Non-executive Directors' duties may be reimbursed or paid for directly by the Company, including any tax due on those expenses.

No Director plays a role in determining their own remuneration. Fees for all Non-executive Directors are set at a level sufficient to attract and retain individuals with the required skills, experience and knowledge to allow the Board to carry out its duties. The fees set out above are the sole element of Non-executive Director remuneration. They are not eligible for participation in the Company's incentive or pension plans.

The fees are set within the aggregate limits set out in the Company's Articles of Association and approved by shareholders.

Approach to remuneration on recruitment
The Committee will apply the following principles on the recruitment of a new Executive Director:

- Although the Company operates in a highly competitive market for talent, the Committee is mindful of the need to avoid paying more than is necessary on recruitment.
- The package of a new Executive Director would, so far as practical, be aligned with the Policy table.
- Salaries would reflect the skills and experience of the individual, and may be set at a level to allow future salary progression to reflect performance in the role. For interim positions a cash supplement may be paid rather than salary (for example a Non-executive Director taking on an executive function on a short-term basis).
- It would be expected that the structure and quantum of the variable pay elements would reflect those set out in the Policy table. However, at recruitment, the Committee may flex the balance between annual and long-term incentives and the measures used to assess performance.
- Variable pay on recruitment (excluding buy-outs) would be subject to the maximums in line with the ongoing incentive policy maximums set out in the Policy table; being 150% of salary for annual bonus and 300% of salary for the LTIP.

In the event that an individual is internally promoted to the Board (including if an Executive Director is appointed following an acquisition or merger), the Company would normally honour all legacy arrangements in line with their original terms.

Buy-outs
To facilitate recruitment, the Committee may make compensatory payments and/or awards for any remuneration arrangements subject to forfeit on leaving a previous employer. Any buy-out would take into consideration the terms of the arrangement being forfeited and would take into account all relevant factors such as the form, expected value, performance conditions, anticipated vesting and timing of the forfeited remuneration. There is no limit on the value of such awards, but the Committee's intention is that the value awarded would be no more than the commercial value forfeited.

Recruitment of Non-executive Directors
On the appointment of a new Chairman or Non-executive Director, remuneration arrangements will be consistent with the Policy set out in this report.

Service contracts – Executive Directors
The Executive Directors' service contracts do not specify an expiry date and may be terminated upon twelve months' notice by either the Director or the Company.

In the event of early termination, a payment in lieu of notice may be made which may include salary, pension and benefits.

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual provisions, the circumstances of termination and any applicable duty to mitigate.

An Executive Director may be hired on a contract that has a longer notice period (up to 18 months) during an initial pre-determined period.

The Non-executive Directors' appointments are terminable at the will of the parties but are envisaged to establish an initial term of three years, after which they will be reviewed annually.

The notice periods are currently twelve months in the case of the Chairman and six months for other Non-executive Directors.

Policy on payment for loss of office
Where an Executive Director leaves employment, the Committee's approach to determining any payment for loss of office will normally be based on the following principles:

- The Committee's objective is to find an outcome which is in the best interests of both the Company and its shareholders while taking into account the specific circumstances of cessation of employment.
- The Committee reserves the right to make any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of an Executive Director's office or employment. Any such payments may include, but are not limited to, paying any reasonable level of fees for outplacement assistance and/or the Executive Director's legal or professional advice fees in connection with his cessation of office or employment.
- The Committee may make an annual bonus payment for the year of cessation depending on the reason for leaving. Typically, the Committee will take into consideration the period served during the year and the individual and the Company's performance up to cessation. Any such payment is at the discretion of the Committee.
- The treatment of outstanding share awards will be governed by the relevant plan rules as set out in the table below. For the purposes of this table, good leaver reasons include, but are not limited to, cessation due to ill-health, redundancy, retirement, death and any other reason at the discretion of the Committee.
- If awards are made on recruitment (such as buy-outs) the treatment on leaving would be determined at that time.

Plan	Treatment on cessation of employment
Long-Term Incentive Plan	Unvested awards will normally lapse in full unless a participant is a good leaver. If the Committee determines that a participant is a good leaver, it will determine the proportion of the award that vests to the extent that any performance condition is satisfied on the vesting date and it will take into account the time elapsed between the start of the performance period and cessation of employment unless it determines otherwise. The vesting date for such awards will normally be the original vesting date, although the Committee has the flexibility to determine that awards can vest early upon cessation of employment or at a later date. In the event of death, awards vest on cessation. Where options are granted, vested options will typically remain exercisable for twelve months from the date of vesting. In the event of death, awards remain exercisable for 24 months. Where an individual leaves during the holding period of an award, the award will usually be released at the normal time, except in the case of death or if the Committee disapplies the holding period. In the event of an individual's dismissal for misconduct during the holding period, all awards will lapse.
HMRC approved all employee share plans	In line with the HMRC approved plan rules.

Consideration of pay and employment conditions elsewhere in the Company
The Committee considers pay and employment conditions elsewhere in the Company when developing policies for Executive Directors. The Committee does not view formal comparison metrics when considering policy. However, the Committee is kept updated and has input into the remuneration decisions for the wider employee population. For example, the Committee will typically review the annual bonuses for all employees.

Consideration of shareholder views
The Committee receives regular updates on evolving investor views throughout the year. In developing this Policy we undertook a detailed consultation with our major shareholders and the proxy voting agencies. The Committee took into account their feedback when developing the Policy.

Directors' Report

The Directors present their report and audited Consolidated financial statements for the financial year ended 31 March 2020.

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 106.

Results and dividends
The loss for the financial period amounted to £58,631,000 (2019: £6,320,000 profit). An interim Ordinary dividend of £3,006,000 representing 2.4 pence per Ordinary share was paid on 20 December 2019 (30 November 2018: £3,011,000 representing 2.4 pence per Ordinary share). As announced in a Post Close Trading Update released to the market on 15 April 2020 the Board is not proposing to pay a final Ordinary dividend for the year ending 31 March 2020 (6 September 2019: £4,358,000 representing 3.50 pence per Ordinary share). The Board is also not proposing payment of a supplemental dividend for the year ending 31 March 2020 (2019 – £5,114,000 representing 4.1 pence per Ordinary share). The total dividend declared for the year ended 31 March 2020 is 2.4 pence per Ordinary share (2019: 10 pence per Ordinary share). Further information on dividends paid and declared during the year 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 247 to 249.

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 2020 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 231 to 233.

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 the Company's 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 poll 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. As set out on page 174, for the 2020 Annual General Meeting shareholders will be required to cast all votes electronically due to Government social distancing guidelines in place due to Covid-19 at the date this report was published.

Purchase of the Company's shares
At the Annual General Meeting held on 4 September 2019, members authorised the Company to make market purchases of up to 12,543,171 of its own Ordinary shares of 50 pence each. That authority expires at the forthcoming Annual General Meeting of the Company on 10 September 2020 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 4 September 2019 (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 156 to 171 and are incorporated herein by cross-reference.

Corporate governance
The Company's Corporate Governance Statement can be found in the Governance Report on page 116 of the Annual Report. The Governance Report as set out on pages 107 to 178 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 187,315 shares in the market during the year under review. The EBT released 68,968 shares during the year to satisfy vested LTIP awards. At 31 March 2020 the EBT held 809,130 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 2020 Annual General Meeting and, being eligible, will offer themselves for election or re-election; see page 174. 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.

Table 1

P Williams	Chairman
M Weiner	Chief Executive Officer
R Upton	Chief Development Officer
M Shepherd	Chief Financial and Operating 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 113 to 115.

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. As set out on page 134, during the year a consultant with close personal ties to Sadie Morgan, a Non-executive Director, was appointed to work in a specific area of the business on a time limited contract, Sadie was not involved in any stage of this appointment, which was undertaken by senior management. When discussing any matters relating to this area of the business Sadie has been excused from Board meetings in order to ensure her independence is retained. The Board is confident that the necessary safeguards have been put in place and carried out to ensure this potential conflict of interest is managed appropriately and that Sadie Morgan remains independent in her judgement and therefore meets the criteria for independence as set out under provision 10 of the Code.

No other significant conflicts of interest arose during the period under review.

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 2020 are disclosed in the Remuneration Report and Remuneration Policy on pages 156 to 171.

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
In a normal year the Company's AGM provides an opportunity for the Board to meet its private shareholders and respond to their questions. However, due to the Covid-19 pandemic, 2020 has not, by any standards, been a normal year. The Board is continuously monitoring the ongoing situation with regard to the pandemic and is taking action in line with the latest Government guidance. Whilst the AGM is an important event for the Company, the health of our shareholders, workforce and officers are paramount. Due to the current compulsory social distancing measures in place at the time this report was produced, shareholders will not be permitted to attend the AGM in person.

It is expected that the Company's attendance at the AGM in person will be limited to satisfy the legal requirements for a quorum, whilst observing the Government guidance behind closed doors. As it will not be possible for shareholders to cast their vote personally at the AGM, the Board strongly encourages shareholders to vote in accordance with the instructions set out in the AGM Notice of Meeting, which can be found on our website at www.uandiplc.com/investors/agm/.

Shareholders may submit questions to the Board prior to the AGM by emailing the Company Secretary at info@uandiplc.com with the subject line 'U+I 2020 AGM'. Subject to the volume of questions received, all questions will be answered and will be displayed on the Company's website shortly after the AGM.

The resolutions being put to the meeting, can be found on pages 174 to 176. The Company's website (www.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 2019 AGM are shown in Table 2 below.

The 2020 AGM will be held at 12 noon on 10 September 2020 at 7A Howick Place, London SW1P 1DZ. At the 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 year ended 31 March 2020.

Ordinary Resolutions 2 and 3 – To approve the Directors' Remuneration Report and Policy
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 2020 Directors' Remuneration Report comprises the Remuneration Committee Chairman's Annual Statement, the Annual Report on Remuneration (the Annual Remuneration Report), and the Directors' Remuneration Policy (the Policy). Resolution 2 seeks shareholder approval for the Annual Remuneration Report. This is set out on pages 156 to 164 of the Annual Report and sets out details on how our Directors were paid in the financial year ended 31 March 2020, and how their pay will be structured in the financial year ending 31 March 2021. The Annual Remuneration Report will be prepared on an annual basis and is subject to an advisory shareholder vote.

Resolution 3 seeks shareholder approval for the Policy as set out on pages 165 to 171, and this is a binding vote. The Policy was previously approved by shareholders at the 2017 AGM and was effective from 1 March 2017. The Policy, if approved, will take effect from 10 September 2020, following the 2020 AGM, and will apply until replaced by a new or amended Policy. The Policy is subject to a shareholder vote at least once every three years. Once the Policy is effective, the Company will not be 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.

Ordinary Resolutions 4 to 12 – Re-election of Directors
The Directors seek to maintain the highest standards of corporate governance and, in accordance with the recommendations of the UK Corporate Governance Code, all Directors re-elected at the 2019 Annual General Meeting will voluntarily retire and those wishing to serve again shall submit themselves for re-election by the shareholders at the 2020 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 the required 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 128 to 130. Biographical details of all the Directors appear on pages 113 to 115 of the Annual Report.

Table 2

Resolution		% of votes cast for[1,2]	% of votes cast against[2]
1	Receive Annual Report and Accounts	99.94	0.06
2	Remuneration Report	86.90	13.10
3 to 11	Appointment of Directors	73.80-99.95	0.05-26.20
12	Declare final dividend	99.95	0.05
13	Appointment of Auditor	99.93	0.07
14	Auditor's remuneration	99.95	0.05
15	Authority to purchase own shares	99.94	0.06
16	Authority to allot shares	99.89	0.11
17	Disapplication of pre-emption rights	99.93	0.07
18	Meetings on 14 days' notice	99.03	0.97
19	Political donations	99.09	0.91

1. Includes those votes for which discretion was given to the Chairman.
2. Does not include votes withheld.

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 7 July 2020 (being the latest practicable date prior to publication of the Notice of Annual General Meeting), the Company has an unexpired authority to repurchase 12,543,171 Ordinary shares of which 12,543,171 Ordinary shares remain outstanding.

As at 7 July 2020 (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 242,434 (approximately 0.19% of the Company's issued share capital and approximately 0.21% 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 2021 (being the latest date by which the Company must hold an Annual General Meeting in 2021). 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 2019 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 2021 (being the latest date by which the Company must hold an Annual General Meeting in 2021).

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 7 July 2020 (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 7 July 2020 (being the last practicable date prior to publication of the Notice of the Annual General Meeting). As at 7 July 2020 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 7 July 2020 (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 4 September 2019, 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 227 to 230.

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 227.

Charitable and political donations
Charitable donations during the period were £47,289 (2019: £23,879). 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 7 July 2020 (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 year under review. It should be noted that these holdings, and percentage of share

Table 3

Holder	Shares	% holding*
Aberforth Partners LLP	17,407,821	13.88
Fidelity Worldwide Investment	13,644,678	10.87
J O Hambro Capital Management Ltd	12,825,884	10.23
Ennismore Fund Management Ltd	7,521,146	5.99
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
M&G PLC	5,386,074	4.29
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 percentage holding; see www.uandiplc.com/investors for further details.

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.

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 year to 31 March 2020, 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 2020 can be found in the Sustainability Report on page 91 and in the Nomination Committee Report on pages 138 to 140.

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 has established an Employee Engagement Forum chaired by an independent Non-executive Director, reporting directly into the Board. Further information regarding employee engagement can be found on pages 122 to 125.

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, see page 175.

Post balance sheet events
Details of events which have occurred since 31 March 2020, and up to the date of this report, are disclosed in note 27 to the Consolidated financial statements.

Greenhouse gas emissions and energy consumption
This section includes an update on our greenhouse gas (GHG) emissions for the financial year 1st April 2019 to 31 March 2020, with a comparison shown against the prior financial year, 2018-2019. Emissions disclosed relate to corporate facilities, activities and property investment portfolio where U+I has operational control.

The emissions reported are based on the main requirements of the ISO14064 Part 1 and the GHG Protocol Corporate Standard (revised edition). Data was gathered at site level to compile the carbon footprint. DEFRA UK Government Conversion Factors for GHG Company Reporting have been used to convert activity data into carbon dioxide equivalent (CO_2e) emissions.

In 2020 Scope 1 and 2 emissions have increased by 35% when compared against 2019 emissions which can be attributed in the main to the reporting on additional assets within the property investment portfolio, and therefore this is not a like-for-like comparison.

Approximately 38% of 2020 building energy consumption has been estimated as full-year data was not available for all sites at the time of reporting. This figure will reduce for the new Streamlined Energy and Carbon Reporting (SECR) submission.

Table 4

Greenhouse Gas (GHG) Emissions Scope (tCO_2e)	**01/04/2019-31/03/2020**	01/03/2018-31/03/2019
Scope 1[a,b,c] – Direct combustion of fuel from operation of properties and business travel in company cars	**713**	506
Scope 2[b] – Electricity purchased for landlord shared services and own use (purchase of heat, steam and cooling not applicable)	**1,055**	734
Scopes 1 and 2 – Mandatory carbon footprint disclosure	**1,768**	1,240

a. Fugitive emissions data from refrigerant top-ups was not available for this report, and in the absence of data it was considered that a reasonable estimation could not be calculated based on the information available.
b. 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 property type energy consumption from the overall available data for properties, alongside floorspace and intensity ratio figures.
c. Business travel in company cars in 2019/20 accounts for 4.43 tCO_2e of the total Scope 1 emissions.

Table 5

Intensity Ratio (tCO_2e/sq.ft)	**01/04/2019-31/03/2020**	01/03/2018-31/03/2019[d]
GHG emissions per square foot of property occupied	**0.057**[e]	0.005
GHG emissions per square foot of investment property managed	**0.003**[f]	0.002

U+I's chosen intensity ratio of GHG emissions per floor area of investment property managed and property occupied is reported above.

d. 2018/19 dataset was unavailable for overall granular analysis and comparison.
e. 2019/20 intensity ratio based on data from U+I London offices only.
f. 2019/20 intensity ratio calculated using 'common area ratios' to estimate landlord controlled floorspaces and does not include assets with fully estimated energy consumption.

Table 6

* 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
7 July 2020

Statement of Directors' responsibilities

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 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 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 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.

Directors' confirmations
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 position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section 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 loss 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
7 July 2020

Marcus Shepherd
Chief Financial and Operating Officer
7 July 2020

Financial statements

Financial statements

Additional information

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 2020 and of the Group's loss and cash flows for the year 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 and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year 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 and Risk 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 April 2019 to 31 March 2020.

Material uncertainty related to going concern – Group and Company

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1(a)(ii) to the Consolidated Financial Statements and Note 28(a)(i) to the Company Financial Statements, concerning the Group's and Company's ability to continue as a going concern.

The Group's forecast severe but plausible downside scenario highlights that there is a risk that the Group would not have the level of free cash required to repay its loan notes when they fall due for repayment on 24 April 2021. These conditions, along with the other matters explained in Note 1(a)(ii) to the Consolidated Financial Statements and Note 28(a)(i) to the Company Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Explanation of material uncertainty

The Group's and Company's main corporate level debt consists of €47 million of loan notes which are due to mature on 24 April 2021. The Group's base case forecasts and projections, taking account of possible changes in trading performance, show that the Group will continue to operate within the level of its banking and debt facilities for at least 12 months from the approval date of these financial statements.

The Group's forecast severe but plausible downside analysis highlights that there is a risk that the Group would not have the necessary level of free cash required to repay the €47 million loan notes when they fall due for repayment on 24 April 2021. In preparing this analysis, the following key assumptions were adopted by management:

- A 30% reduction in capital values across all investment properties compared with their carrying value at 31 March 2020, with a requirement to post additional collateral of either cash or properties to cure any resultant LTV covenant breach;
- Rent collection rates falling below those experienced for the March quarter day with a potential impact to cure any resultant ICR breach;
- A six-month delay in completion of all contracted revenue;
- No non-contracted capital receipts for the next 12 months;
- No additional financing secured; and
- Cessation of dividends.

Audit procedures performed

We assessed management's going concern analysis in light of Covid-19 and obtained evidence to support the key assumptions used in preparing the base case and severe but plausible downside scenarios, including assessment of covenant headroom.

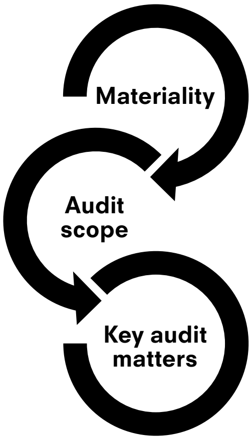
Within the base case forecast, we challenged the key assumptions including the level of rental income deductions, trading and development receipt value and timing, operational cost reductions, capital expenditure timing and considered the consistency of these assumptions with other available information and with our understanding of the business.

Within the severe but plausible downside scenario we challenged the appropriateness of the sensitivities adopted by management when assessing the level of free cash required to repay the €47 million loan notes when they fall due for repayment on 24 April 2021. Where contracted development revenue was included, we obtained evidence supporting these assumptions.

We challenged management's assessment of the options available to the Group and the reasonableness of the mitigating actions identified.

We evaluated the adequacy of management's disclosure of the material uncertainty within the financial statements.

Our audit approach
Overview



- Overall Group materiality: £5.5 million (2019: £6.2 million), based on 1% of total assets.
- Specific Group materiality: £1.6 million (2019: £1.4 million), based on 5% adjusted loss before tax (2019: adjusted profit before tax).
- Overall Company materiality: £5.0 million (2019: £5.6 million), based on 1% of total assets.

- All work in support of the Group and Company audit opinion was performed by the Group audit team

- Going concern (Group and Company) – see Material uncertainty related to going concern section above.
- Valuation of investment properties, either held directly or within joint ventures (Group).
- Carrying value of specific development and trading properties, either held directly or within joint ventures (Group).
- Carrying value and/or recoverability of certain financial assets (Group and Company).
- Covid-19 (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. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK tax legislation, and the UK and European regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Listing Rules. 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 and 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;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties, the carrying value of specific development and trading properties and the carrying value and/or recoverability of financial assets (see related key audit matters below);
- Identifying and testing journal entries, in particular unusual account combinations, those posted by senior management and those posted after year end accounts were closed off;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Reviewing relevant meeting minutes, including those of the Audit and Risk Committee; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses.

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. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. 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 1 (pages 194 to 205), Note 9 pages (213 to 215), and Note 13 (pages 217 to 222) in the Notes to the Consolidated Financial Statements and page 148, 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 £130.6 million as per the Consolidated Balance Sheet. Included within investments in joint ventures of £64.2 million as per the Consolidated Balance Sheet are investment properties. The net assets of these joint ventures in which investment properties are held is £5.5 million. The majority of valuations were carried out by third party valuers CBRE and Savills (the "valuers"). The valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. The third party valuers have included a material valuation uncertainty clause in their valuation report as at 31 March 2020. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the Covid-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties. A portion of the portfolio (£11.9 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 consider 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, in addition to uncertainty around Covid-19 have further contributed to the subjectivity for the year ended 31 March 2020. The most significant judgements and estimates affecting all the valuations include yields and estimated rental value ("ERV") (as described in Note 9 in the Notes to the Consolidated 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 gave specific audit focus and attention to this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. *Material valuation uncertainty due to Covid-19* We considered the adequacy of the material valuation uncertainty due to Covid-19 disclosures made in Note 1 (basis of preparation and accounting policies) and Note 9 (investment properties) to the financial statements. These Notes explain that the valuers reported on the basis of a material valuation uncertainty and consequently that less certainty and a higher degree of caution should be attached to the valuations as at 31 March 2020. We discussed this clause with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the Consolidated Balance Sheet and disclosures made in the financial statements are appropriate. *Assessing the valuers' expertise and objectivity* The valuers are all well-known and established firms. We assessed the competence and capabilities of the valuers 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. *Assumptions and estimates used by the valuers* We tested the data inputs underpinning the investment property valuations for a sample of properties, including rental income and lease details, 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, either held directly or within joint ventures (Group) continued	We attended meetings with management and the valuers, at which the valuations and the key assumptions therein were challenged, particularly in light of Covid-19. 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. *Overall findings* We concluded that the assumptions used in the valuations by the valuers were supportable in light of the evidence obtained and the disclosures in relation to the material valuation uncertainty within the financial statements are sufficient and appropriate to highlight the increased estimation uncertainty as a result of Covid-19.
Carrying value of specific development and trading properties, either held directly or within joint ventures (Group) ***(Refer to Note 1 (pages 194 to 205), to Note 13 (pages 217 to 222) and Note 14 (page 222) in the Notes to the Consolidated Financial Statements and to (page 148), 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 £137.7 million as at 31 March 2020. Included within investments in joint ventures of £64.2 million as per the Consolidated Balance Sheet are development and trading properties. The net assets of these joint ventures in which trading and development properties are held is £58.7 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, particularly in light of Covid-19, 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 the property markets could result in a material impact to the financial statements.	We 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 experienced. We met with management to understand the status and future plans for each asset. We challenged management on cost and revenue assumptions within the development appraisals, particularly those that may have been impacted by Covid-19, and we obtained management's impairment assessment for the £22.1 million impairment charge. We compared assumptions to readily-available market data and recent comparable market transactions. 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 against 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 1 (pages 194 to 205), to Note 17 (pages 224 to 230) in the Notes to the Consolidated Financial Statements, Note 34 (page 243) of the Notes to the Company Financial Statements and to (page 148), Audit and Risk Committee Report)*** The Group holds a number of indirect property interests on the Consolidated and Company Balance Sheets that are classified as: Financial assets held at amortised cost – £10.5 million in non-current assets (Group) and £16.1 million (Group) and £9.1 million (Company) in current assets. Financial assets held at fair value through profit and loss – split between – £14.1 million (Group) and £1.5 million (Company) in non-current assets, £13.8 million (Group) and £5.4 million (Company) in current assets. The financial asset amounts reported are assessed through valuation of underlying assets, businesses or ventures that the Group and/or Company has lent money or invested into. We focused 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 (Group and Company) (£9.1 million of current financial assets held at amortised cost and £5.4 million of current financial assets held at fair value through profit and loss), which rely on a number of property developments being completed.	We 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 publicly available market data and the benchmarking of future cost assumptions to current live developments within the portfolio. 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 publicly 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 year through to bank statements and obtained supporting evidence for movements in the underling property appraisals that have supported a fair value uplift on the remaining balance. We did not find any material exceptions as a result of our work performed.
Covid-19 (Group and Company) ***Refer to Note 1(a)(ii) (page 194) in the Notes to the Consolidated Financial Statements, to Note 28(a)(i) (page 240) in the Notes to the Company Financial Statements and to page 150, Audit and Risk Committee Report).*** The outbreak of the novel coronavirus (known as Covid-19) in many countries is rapidly evolving and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption in the United Kingdom. In order to assess the impact of Covid-19 on the business, management updated their risk assessment and prepared an analysis of the potential impact on the revenues, profits, cash flows, operations and liquidity position of the Group for the next 12 months and over the next five years. Management's analysis includes base case and severe but plausible downside scenarios and an analysis of planned mitigating actions as set out in the 'Material uncertainty related to going concern' section above. The analysis and related assumptions have been used by management in its assessment of the level of provisions required against certain balance sheet items, as well as underpinning the Group's and Company's going concern and viability analysis. In addition to considerations around going concern, the most significant impact to the financial statements has been in relation to the valuation of investment properties, and the carrying value of trading and development properties. Impairment provisions have been recorded in respect of trade receivables.	*Going concern assessment* Our procedures and conclusions relating to going concern and other information are set out in the 'Material uncertainty related to going concern' section above, and the 'Going Concern' and 'Reporting on other information' sections of our report, respectively, below. *Other procedures relating to Covid-19* Our procedures in respect of the valuation of investment properties and the carrying value of trading and development properties are set out in the respective key audit matters above. We assessed the recoverability of trade receivables by evaluating the financial viability of the major tenant balances and ensured provisions made are accounted for in accordance with the requirements of IFRS 9 – Financial Instruments. We assessed the disclosures presented in the Annual Report in relation to Covid-19 by reading the other information, including the Principal Risks and Uncertainties section set out on pages 94 to 96 and the Viability Statement set out on pages 99 to 100, and assessing its consistency with the financial statements and the evidence we obtained in our audit. We considered the appropriateness of the disclosures around the increased uncertainty on both the going concern assumption and its accounting estimates and consider these to be adequate.

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	£5.5 million (2019: £6.2 million).	£5.0 million (2019: £5.6 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, and consistent with the prior year, we set an overall Company materiality level based on total assets. For purposes of the Group audit, we capped the overall materiality for the Company to be 90% of the Group overall materiality.
Specific materiality	£1.6 million (2019: £1.4 million).	Not applicable.
How we determined it	5% of adjusted loss before tax (2019: adjusted profit before tax).	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 loss, excluding the revaluation movements of investment properties, loss on disposal of investment properties and net finance costs.	Not applicable.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality.

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) (2019: £0.3 million) and £0.2 million (Company audit) (2019: £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 other than the material uncertainty we have described in the material uncertainty related to going concern section above. 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.
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 year ended 31 March 2020 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 Governance Report section (on pages 107 to 179) 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 Governance Report section (on pages 107 to 179) 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
Other than the material uncertainty we have described in the material uncertainty related to going concern section above, we have nothing material to add or draw attention to regarding:
- The directors' confirmation on pages 94 to 96 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 pages 99 to 100 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 179, 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 144 to 150 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 179, 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

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 12 years, covering the years ended 31 December 2008 to 31 March 2020.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 July 2020

Consolidated statement of comprehensive income

For the year ended 31 March 2020

	Notes	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 (restated+) £'000
Revenue	2	**70,049**	160,130
Direct costs	2	**(80,556)**	(133,269)
Gross (loss)/profit	2	**(10,507)**	26,861
Operating costs	2	**(19,417)**	(21,859)
Loss on disposal of investment properties	2	**(960)**	(223)
Loss on revaluation of property portfolio	9	**(13,451)**	(11,165)
Operating loss	3	**(44,335)**	(6,386)
Other income		**1,932**	2,547
Share of post tax (losses)/profits of joint ventures and associates	2	**(13,245)**	12,128
Profit from sale of investments	2	**9,710**	3,888
Profit/(loss) on sale of other plant and equipment		**4**	(42)
(Loss)/profit before interest and income tax		**(45,934)**	12,135
Finance income	5(a)	**652**	617
Finance costs	5(b)	**(13,349)**	(6,432)
(Loss)/profit before income tax		**(58,631)**	6,320
Income tax	6	**3,203**	(1,120)
(Loss)/profit for the year/period		**(55,428)**	5,200
OTHER COMPREHENSIVE INCOME			
(Loss)/profit for the year/period		**(55,428)**	5,200
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**161**	163
Revaluation of operating property	10	**10**	40
Total comprehensive (loss)/income for the year/period		**(55,257)**	5,403
Basic (loss)/earnings per share attributable to the Parent*	8	**(44.5p)**	4.2p
Diluted (loss)/earnings per share attributable to the Parent*	8	**(44.5p)**	4.2p

\+ Restatement – refer note 1d,2.0.
* 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 194 to 237 are an integral part of these Consolidated financial statements.

Consolidated balance sheet

As at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2020 £'000	31 March 2019 (restated+) £'000	31 March 2019 (restated+) £'000
NON-CURRENT ASSETS					
Direct real estate interests					
Investment properties	9	**130,578**		154,041	
Operating property	10	**700**		750	
Right-of-use assets	1(e)	**38,704**		–	
Trade and other receivables	15(a)	**5,398**		4,617	
			175,380		159,408
Indirect real estate interests					
Investments in associates	13(a)	**5,463**		5,763	
Investments in joint ventures	13(b)	**64,242**		103,870	
Intangible assets – goodwill	11	**2,328**		2,328	
Financial assets at amortised cost	17(a)	**10,500**		3,204	
Financial assets at fair value through profit or loss	17(a)	**14,092**		13,244	
Financial assets at fair value through other comprehensive income	17(a)	**1,173**		1,271	
			97,798		129,680
Other non-current assets					
Other plant and equipment	12	**4,461**		4,594	
Deferred income tax assets	18	**10,042**		1,294	
			14,503		5,888
Total non-current assets			**287,681**		294,976
CURRENT ASSETS					
Inventory – development and trading properties	14	**137,654**		193,939	
Financial assets at amortised cost	17(a)	**16,143**		8,962	
Financial assets at fair value through profit or loss	17(a)	**13,788**		13,672	
Trade and other receivables	15(b)	**66,308**		60,426	
Monies held in restricted accounts and deposits		**29,393**		8,841	
Cash and cash equivalents		**1,741**		31,911	
			265,027		317,751
Total assets			**552,708**		612,727
CURRENT LIABILITIES					
Trade and other payables	16(a)	**(48,308)**		(67,466)	
Current income tax liabilities		**–**		(1,230)	
Borrowings	17(b)	**(16,312)**		(37,394)	
Lease liabilities	1(e)	**(5,517)**		–	
Provisions	16(b)	**(9)**		(36)	
			(70,146)		(106,126)
NON-CURRENT LIABILITIES					
Borrowings	17(b)	**(144,752)**		(142,362)	
Lease liabilities	1(e)	**(36,878)**		–	
Deferred income tax liabilities	18	**(10,305)**		(3,448)	
Provisions	16(b)	**(1,046)**		(646)	
			(192,981)		(146,456)
Total liabilities			**(263,127)**		(252,582)
Net assets			**289,581**		360,145
EQUITY					
Share capital	19	**62,716**		62,716	
Share premium	20	**104,590**		104,590	
Other reserves	20	**51,792**		54,457	
Retained earnings	20	**70,483**		138,382	
Total equity			**289,581**		360,145
Basic/diluted net assets per share attributable to the owners of the Parent	8		**232p/232p**		289p/289p

+ Restatement – refer note 1d,2.0.

The notes on pages 194 to 237 are an integral part of these Consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 7 July 2020 and signed on its behalf by:

M S Weiner
Director

Consolidated statement of changes in equity

For the year ended 31 March 2020

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 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 13-month 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
Loss for the year ended 31 March 2020		–	–	–	(55,428)	(55,428)
Other comprehensive income:						
– Revaluation of operating property		–	–	10	–	10
– Currency translation differences		–	–	161	–	161
Total comprehensive income/(expense) for the year ended 31 March 2020		–	–	171	(55,428)	(55,257)
Share-based payments (net movement)	20	–	–	(2,628)	–	(2,628)
Treasury shares (net movement)	20	–	–	(208)	–	(208)
Final dividend 2019	7	–	–	–	(4,358)	(4,358)
Supplemental dividend 2019	7	–	–	–	(5,107)	(5,107)
Interim dividend 2020	7	–	–	–	(3,006)	(3,006)
Total distributions to owners of the Company		–	–	(2,836)	(12,471)	(15,307)
Balance at 31 March 2020		**62,716**	**104,590**	**51,792**	**70,483**	**289,581**

The notes on pages 194 to 237 are an integral part of these Consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
CASH GENERATED FROM OPERATIONS			
Cash flows generated from operating activities	21	**11,930**	31,562
Interest paid		**(8,778)**	(7,189)
Income tax received/(paid)		**1**	(7,550)
Net cash generated from operating activities		**3,153**	16,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**70**	417
Proceeds on disposal of other plant and equipment		**4**	10
Proceeds on disposal of investment properties		**19,998**	7,293
Proceeds from sale of investments		**395**	10,506
Purchase of other plant and equipment		**(692)**	(1,225)
Purchase of investment properties		**(3,795)**	(30,496)
Investment in joint ventures		**(5,633)**	(31,351)
Cash inflow from joint ventures and associates – dividends		**–**	17,654
Cash inflow from joint ventures and associates – repayment of loan		**16,244**	8,998
Cash outflow for financial asset loans		**(1,954)**	(3,784)
Cash inflow from financial assets – loans repaid by other real estate businesses		**950**	10,518
Net cash generated from/(used in) investing activities		**25,587**	(11,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(12,471)**	(22,434)
Issue of new shares		**–**	160
Purchase of treasury shares		**(208)**	(1,293)
Repayments of borrowings		**(22,851)**	(38,233)
New bank loans raised		**1,297**	46,013
Transaction costs associated with borrowings		**(62)**	(923)
Lease payments		**(4,063)**	–
Cash released from restricted accounts		**2,075**	31,910
Cash retained by restricted accounts		**(22,627)**	(29,278)
Net cash used in financing activities		**(58,910)**	(14,078)
Net decrease in cash and cash equivalents		**(30,170)**	(8,715)
Cash and cash equivalents at the beginning of the year/period		**31,911**	40,626
Cash and cash equivalents at the end of the year/period		**1,741**	31,911
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash at bank and in hand		**1,741**	31,911
Bank overdrafts	17(b)	**–**	–
Cash and cash equivalents at the end of the year/period		**1,741**	31,911
NET DEBT COMPRISES:			
Monies held in restricted accounts and deposits		**29,393**	8,841
Cash and cash equivalents		**1,741**	31,911
Financial liabilities:			
– Current borrowings	17(b)	**(16,312)**	(37,394)
– Non-current borrowings	17(b)	**(144,752)**	(142,362)
Net debt		**(129,930)**	(139,004)

An analysis of the movement in net debt is provided in note 21.

The notes on pages 194 to 237 are an integral part of these Consolidated financial statements.

Notes to the Consolidated financial statements

For the year ended 31 March 2020

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

a)

(i) General information

The Consolidated financial statements of the Group for the Year ended 31 March 2020 comprise the results of U and I Group PLC and its subsidiaries and were authorised by the Board for issue on 7 July 2020.

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 funds its operations through a combination of retained cash balances, principally generated by the disposal of property assets, project level debt secured against specific properties and corporate level debt.

The financial position of the Group, its cash flows and liquidity are described in the Financial Review on pages 101 to 106. The principal risks of the Group are set out on pages 94 to 96. Note 17(b) details the Group's borrowing facilities and note 17(d) details the Group's financial risk management objectives. The Directors have considered these when producing a forecast analysis to assess going concern.

The Group's main corporate level debt consists of €47,000,000 of loan notes which were issued in 2008 and mature in April 2021. The loan notes are expected to be repaid from cash receipts generated by the Group's planned programme of disposals within its normal course of business during FY2021.

The Group's base case forecasts and projections, taking account of possible changes in trading performance, show that the Group will continue to operate within the level of its banking and debt facilities for at least twelve months from the approval date of these Consolidated financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its Consolidated financial statements.

The Group has also forecast a severe but plausible downside scenario in making its assessment of going concern. This forecast reflects the potential impact of more adverse economic and market events and in particular the impact of Covid-19 on its ability to dispose of assets, levels of rent collection, valuation of investment properties and availability of cash flows. In preparing this analysis, the following key assumptions were used:

- A further 30% reduction in capital values across all investment properties compared with their carrying value at 31 March 2020, with a requirement to post additional collateral of either cash or properties to cure any resultant LTV covenant breach.
- Rent collection rates falling below those experienced for the March quarter day with a potential impact to cure any resultant ICR breach.
- A six-month delay in completion of all contracted revenue.
- No non-contracted capital sales.
- No additional financing secured.
- Cessation of dividends.

If the above scenario were to occur, then there is a risk that the Group would not have the level of free cash required to repay the loan notes due for repayment in April 2021.

The severe but plausible downside scenario detailed above indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The Group has a series of actions it can and would take which it believes would mitigate the position in this scenario including:

- Either extending or refinancing the loan notes, a process which is already under way and expected to be finalised by the end of the first half of FY2021. This would remove the necessity for repayment in April 2021.
- Accelerating a number of the deferred capital receipts by reducing transaction prices.
- Curing any potential LTV breach in the investment portfolio by utilising some of the unsold assets as security rather than cash.
- Cutting back on planned capital expenditure for the next twelve months, the majority of which is discretionary.
- Leveraging several of the assets which would no longer assumed to be sold.

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 year ended 31 March 2020 and the 13-month period ended 31 March 2019.

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) Significant changes in the current reporting year

- Brexit, the General Election and the Covid-19 pandemic have impacted development and trading gains and Group results as at 31 March 2020. These events have caused delays to project timelines and third-party decision-making, directly impacting the realisation of development and trading gains for the Group. Due to future uncertainty the Group has temporarily suspended dividend payments and withdrawn future financial guidance. The Group will continue to monitor the situation closely.
- Investment property valuations have declined by £13,451,000 over the twelve months to 31 March 2020. Valuers have carried out their valuation assessments using RICS guidance on Covid-19 and have issued their valuation report subject to 'material uncertainty'.
- The Group achieved two significant planning consents during the year. In December 2019, the Group was granted consent for its Albert Embankment scheme. The scheme will deliver 443 new homes, a reprovisioned fire station and museum. On 11 June 2020, the scheme was Called In by the Secretary of State for review. The Group are reviewing the next steps and are hopeful for a positive outcome. In February 2020, the Group also achieved positive planning consent for Phase 1 at Mayfield, Manchester. The first phase will deliver two office buildings, a car park and public park.
- The Group disposed of its 50% joint venture interest in Harwell Oxford Developments Limited realising a gain on disposal £9,333,000.

- Five investment property assets have been disposed of during the year realising a net loss of £960,000 on disposal.
- The Group has incurred additional costs in relation to a forward funded development, where construction has now completed and is in the process of being sold. An impairment of £9,514,000 has been recognised during the year in this respect.
- The Group made a provision of £10,582,000 in respect of another development project where delays in completion have adversely impacted the sale of the residential units and completion of the project.
- The Group adopted the new accounting standard for leases (refer note 1(e) and 1(l).

d) 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, often 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.

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).

1.4 Leases

Following the application of IFRS 16, Leases, the Group was required to make judgements and estimates in respect of the following:

Lease term – management need to apply judgement when considering the likelihood of leases being terminated or extended. It is not the current intention of management to extend or terminate any of its lease obligations. The lease term will be reassessed if an event, extension or termination, is reasonably certain or actually exercised in the future.

Incremental borrowing rate –management consider the interest rates applied to third-party Group debt for similar assets in addition to the covenant associated with the Group entity party to the lease agreement. Further adjustments are also made in relation to the asset type and location. Management are required to apply judgement in order to arrive at an appropriate incremental borrowing rate.

Estimates

1.5 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. In addition, valuers have needed to assess the implications of Covid-19 on the values of property assets, estimating the impact of unit closures and the risk of tenant default. Valuers have carried out their valuation assessments using RICS guidance on Covid-19 and have issued their valuation report subject to 'material uncertainty'.

Details of the judgements and assumptions made are set out in notes 1(j), 1(k), 9 and 10.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

d) Critical accounting judgements and estimates continued

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.

1.6 Impairment reviews

The Group has carried out a full review of its development and trading assets also considering the implications of the Covid-19 pandemic. Impairments have been made where the Directors consider the project viability has been impacted or where the project is unlikely to proceed.

During the year, the Group has incurred additional costs in relation to a forward funded development, where construction has now completed and is in the process of being sold. An impairment of £9,514,000 has been recognised during the year in this respect. A further provision of £10,582,000 has been made where delays in completion of the project have adversely impacted the sale of the residential units and completion of the scheme. The Group has also impaired two further development and trading assets, recognising a loss of £2,011,000.

1.7 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 year/period are set out in note 17(c).

1.8 Group Long-Term Incentive Plan (LTIP)

During the year, 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.

1.9 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.

2.0 Correction of error in respect of affordable housing sale

In October 2018, following practical completion of the Bromley residential development, the affordable housing element was transferred to Moat Homes as part of the related forward funding agreement, however this transaction was not recorded in the prior period financial statements. As a consequence, the Moat Homes affordable homes element was incorrectly recognised as inventory, with an equivalent deferred income balance relating to the forward funding arrangement also incorrectly recognised at 31 March 2019.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	31 March 2019 £'000	(Decrease)/ increase £'000	31 March 2019 (restated) £'000
Balance sheet (extract)			
Current assets			
Inventory – development and trading properties	203,759	(9,820)	193,939
Current liabilities			
Trade and other payables	(77,286)	9,820	(67,466)
Net assets	360,145	–	360,145
Retained earnings	138,382	–	138,382
Total equity	360,145	–	360,145

	13-month period ended 31 March 2019 £'000	Increase/ (decrease) £'000	13-month period ended 31 March 2019 (restated) £'000
Statement of profit or loss (extract)			
Revenue	150,310	9,820	160,130
Direct costs	(123,449)	(9,820)	(133,269)
Profit for the period	5,200	–	5,200

The restatement has had no impact on net assets or profit for the period and therefore no impact on earnings or net assets per share.

e) 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 April 2019:

- IFRS 16, Leases – the Group adopted IFRS 16, Leases using the modified retrospective approach from 1 April 2019, as permitted under the specific transition provisions in the standard. Comparatives for the 13-month period to 31 March 2019 have therefore not been restated.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The associated right-of-use assets were measured at the amount equal to the lease liability (see below).

- Amendment to IFRS 3, 'Business combinations' is effective for periods beginning on or after 1 January 2020 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.

A number of new standards, amendments and interpretations are effective for accounting periods commencing after 1 April 2020 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:

- Amendments to IAS 1, 'Presentation of financial statements'.
- IAS 8, 'Accounting policies, changes in accounting estimates and errors.
- Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform.
- Amendments to References to the Conceptual Framework in IFRS Standards.

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.

Changes in accounting policies
This note provides a summary of the impact of the adoption of IFRS 16 'Leases' on the Group's Consolidated financial statements.

Impact on the Consolidated financial statements
The Group has adopted the modified approach, therefore adopting an incremental borrowing rate as at 1 April 2019 and recognising a right-of-use (ROU) asset and lease liability at that date. Comparatives for the 13-month period to 31 March 2019 have therefore not been restated.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate the lessee would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use as at 1 April 2019.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6.4%.

The Group leases and occupies various office buildings for fixed terms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes. In addition, the Group owns long leasehold investment property assets which have obligations to pay head rent to the freeholder. Until 31 March 2019, leases of property were classified as operating leases. Payments under operating leases, net of any lease incentives, were charged to profit or loss on a straight-line basis over the lease term. Under IFRS 16, from 1 April 2019, each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant rate of interest on the remaining lease liability at each reporting date.

On initial recognition, the right-of-use asset equals the lease liability. As a result, there is no impact on opening retained reserves as at 1 April 2019.

ROU assets, excluding investment property ROU assets, are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of useful life of the asset or the end of the lease term. The Group considers the facts and circumstances in relation to the lease such as whether the lease is likely to be extended or terminated at the lease break. Management are also required to test right-of-use assets for impairment at each reporting date.

The Group holds the following types of operating leases:

- Head leases – a small number of investment, development and trading assets are owned by the Group through a long leasehold arrangement. The remaining lease terms range from 27 to 127 years.
- Office leases – these leases relate to premises occupied by Group companies.
- Short-term, low value assets – the costs associated with these leases are recognised on a straight-line basis through profit and loss. Low value assets comprise of computer or other office equipment.

Practical expedients applied
In applying IFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard:

- The Group has used a single discount rate for a portfolio of leases with similar characteristics. Discount rates used range from 4.0% to 8.0%.
- Reliance has been placed on previous assessments on whether leases are onerous.
- Assets with a value below £5,000 have qualified for the low value exemption and have therefore have not been recognised.
- Leases with a remaining lease term of 12 months or less have not been recognised in line with IFRS 16.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

e) New and amended accounting standards continued

Head leases

The balance sheet impact of recognising the lease liabilities and associated ROU asset upon adoption and subsequently at 31 March 2020 is set out below:

	31 March 2020 £'000	1 April 2019 £'000
Right-of-use assets		
Investment properties	**2,122**	2,123
Property assets	**35,453**	38,594
Lease income receivable	**3,251**	3,975
Right-of-use assets	**38,704**	42,569
Total assets	**40,826**	44,692
Lease liabilities		
Current	**(5,517)**	(4,983)
Non-current	**(36,878)**	(39,709)
	(42,395)	(44,692)

Measurement of lease liabilities

The remeasurements of the Group's operating leases are recognised as right-of-use assets immediately after the date of initial application with an associated lease liability.

	1 April 2019 £'000
Operating lease commitments disclosed as at 31 March 2019 under IAS17	16,183
Leases discounted using the lessee's incremental borrowing rate at 1 April 2019	44,777
Less contracts to which the short-term lease exemption had been applied	(85)
	44,692

Amounts recognised in the statement of profit or loss:

	31 March 2020 £'000	1 April 2019 £'000
Interest receivable – included in finance income	**195**	–
Depreciation charge of right-of-use assets	**(3,140)**	–
Interest expense – included in finance costs	**(2,687)**	–
Expense relating to short-term and low-value assets – included in overhead costs	**(82)**	–

Summary of significant accounting policies

f) 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.

g) 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.

When the Group ceases to consolidate or equity account for an investment due to the disposal of its interest, the Group will account for its share of the profit or loss up until the date of disposal. Any gain or loss on disposal will be classified as profit or loss on sale of investment in the Income Statement.

h) 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.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

h) Intangible assets continued

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.

i) 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.

j) 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.
ii. Long 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. Lease liabilities associated with leasehold properties are accounted for under IFRS 16, see leases accounting policy 1(k) below.
iii. 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.
iv. 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.

v. 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 the purchaser's acquisition costs.
vi. 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.
vii. 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.
viii. Investment properties held for sale are held at fair value and classified separately within current assets in the balance sheet.

k) 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.

l) Leases

Group as lessee – until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, were charged to the income statement on a straight-line basis over the term of the lease.

With effect from 1 April 2019, the Group adopted IFRS 16, recognising leases of property, where the Group is the lessee, as finance leases. The Group adopted the modified approach recognising right-of-use assets and lease liabilities at the date of inception. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate the lessee would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use as at 1 April 2019. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant rate of interest on the remaining balance of the liability for each period.

The lease liability is included in current and non-current liabilities on the balance sheet.

Cash payments relating to the principal portion of the lease liabilities are presented as cash flows from financing activities and cash payments for the interest portion are presented as cash flows from operating activities.

The ROU asset is measured at a cost based on the amount of the initial measurement of the lease liability. The ROU asset, excluding ROU assets relating to investment properties, is depreciated over shorter of the lease term or useful life of the asset. The ROU asset is subject to testing for impairment. The ROU assets are included in current or non-current assets on the balance sheet.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

l) Leases continued
Where the ROU relates to an investment property, after initial recognition the ROU is accounted for as an investment property and carried at fair value. Valuation gains and losses are taken to the Income Statement. The ROU assets are included within investment properties on the balance sheet.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than 12 months, or for low-value leases. The payments for such leases are recognised in the Income statement on a straight-line basis over the lease term.

Group as lessor – income where the Group is the lessor is recognised on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. The Group was not required to make any adjustments to the accounting for assets held as lessor following the adoption of the leasing standard.

m) 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, interest and capitalised 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.

n) 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.

o) Financial assets and financial liabilities
(i) Financial assets
Classification
The Group classifies its financial assets in the following measurement categories:
- Those measured subsequently at fair value (either through other comprehensive income (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.

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
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.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

o) Financial assets and financial liabilities continued

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. As at 31 March 2020, the Group had also considered the impact of the Covid-19 pandemic when assessing the impairment of receivables.

The loss allowance for trade receivables provided as at 31 March 2020 is £864,000 (2019: £104,000).

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 2020.

p) 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.

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.

q) 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.

r) 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 151-171. The Group recognises a liability when contractually obliged.

s) 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 income or Finance costs 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.

t) 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 Senior Management Team.

u) 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.

v) 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.

w) 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.

x) 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.

y) 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 Senior Management Team. The Group is 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.

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 208.

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 £69,851,000 (2019: £47,575,000) which are located in the Republic of Ireland. All revenue arises from continuing operations.

Year ended 31 March 2020	Investment £'000	Development and trading £'000	Total £'000
Segment revenue	15,238	54,811	70,049
Direct costs	(8,063)	(72,493)	(80,556)
Segment result	7,175	(17,682)	(10,507)
Operating costs	(841)	(10,494)	(11,335)
Unallocated overhead costs			(8,082)
Loss on disposal of investment properties	(960)	–	(960)
Loss on revaluation of property portfolio	(13,451)	–	(13,451)
Operating loss			(44,335)
Other income	432	1,500	1,932
Share of post tax losses of joint ventures and associates	(8,385)	(4,860)	(13,245)
(Loss)/profit on sale of investment	(59)	9,769	9,710
Unallocated profit on sale of other plant and equipment			4
Loss before interest and income tax			(45,934)
Finance income	136	516	652
Finance costs	(4,086)	(9,263)	(13,349)
Loss before income tax			(58,631)
Income tax			3,203
Loss for the year			(55,428)

ASSETS AND LIABILITIES			
Segment assets	176,236	342,043	518,279
Unallocated assets			34,429
Total assets			552,708
Segment liabilities	(80,652)	(157,612)	(238,264)
Unallocated liabilities			(24,863)
Total liabilities			(263,127)

A summary of unallocated assets and liabilities is shown on page 208.

Year ended 31 March 2020	Investment £'000	Development and trading £'000	Total £'000
OTHER SEGMENT INFORMATION			
Capital expenditure	**3,857**	**–**	**3,857**
Unallocated capital expenditure			**630**
Impairment of assets	**–**	**(22,107)**	**(22,107)**
Depreciation	**910**	**1,052**	**1,962**
Unallocated depreciation			**2,063**
Development and trading expenditure	**–**	**19,393**	**19,393**
REVENUE			
Rental income	**12,986**	**4,362**	**17,348**
Serviced office income	**1,840**	**–**	**1,840**
Project management fees	**–**	**30**	**30**
Trading property sales	**–**	**1,880**	**1,880**
Development proceeds	**–**	**48,157**	**48,157**
Other	**412**	**382**	**794**
	15,238	**54,811**	**70,049**

In the year ended 31 March 2020, one project with turnover totalling £33,728,000 generated in excess of 10.0% of total revenue and fell within the development and trading segment.

13-month period ended 31 March 2019 (restated+)	Investment £'000	Development and trading £'000	Total £'000
Segment revenue	16,299	143,831	160,130
Direct costs	(8,719)	(124,550)	(133,269)
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	400,597	575,354
Unallocated assets			37,373
Total assets			612,727
Segment liabilities	(74,834)	(171,358)	(246,192)
Unallocated liabilities			(6,390)
Total liabilities			(252,582)

+ Restatement – refer note 1d,2.0.

2 SEGMENTAL ANALYSIS continued

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	–	126,194	126,194
Other	166	63	229
	16,299	143,831	160,130

In the period ended 31 March 2019, two projects with turnover totalling £73,181,000 generated in excess of 10.0% of total revenue and fell within the development and trading segment.

	31 March 2020 £'000	31 March 2019 £'000
UNALLOCATED ASSETS CAN BE ANALYSED AS FOLLOWS:		
Other plant and equipment	**4,306**	4,448
Right-of-use assets	**9,522**	–
Trade and other receivables	**10,221**	8,773
Deferred income tax asset	**10,042**	1,294
Cash and cash equivalents	**338**	22,858
	34,429	37,373

UNALLOCATED LIABILITIES CAN BE ANALYSED AS FOLLOWS:		
Current borrowings	**(17)**	(17)
Lease liabilities	**(10,299)**	–
Trade and other payables	**(4,242)**	(2,925)
Deferred income tax liability	**(10,305)**	(3,448)
	(24,863)	(6,390)

3 OPERATING LOSS

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
OPERATING LOSS IS STATED AFTER (CREDITING)/CHARGING:		
Share-based payments credit	**(2,276)**	(10)
Write down of development and trading properties to net realisable value	**22,107**	9,137
Reversal of previous impairment	**–**	(5,705)
Depreciation: – Operating property	**60**	65
– Other plant and equipment	**825**	820
– Right-of-use assets	**3,140**	–
Impairment of trade receivables recognised in direct costs	**857**	134

AUDITORS' REMUNERATION		
Fees payable to the Company's auditors and their associates for the audit of Company and Group financial statements	**286**	246
Fees payable to the Company's auditors and their associates for other services:		
– Audit of the Company's subsidiaries	**266**	300
– Half-year review (non-audit service)	**48**	46
	600	592

4 EMPLOYEES

Employee benefit expense	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
Wages and salaries	**9,679**	11,704
Social security costs	**1,316**	1,607
Cost of employee share option schemes	**(2,276)**	(10)
Other pension costs	**846**	970
	9,565	14,271
Less capitalised costs[1]	**(2,860)**	(2,541)
	6,705	11,730

1 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 year.

Average monthly number of employees, including Directors	Year ended 31 March 2020 Number	13-month period ended 31 March 2019 Number
Property development and investment	**94**	94
Operating property activities	**20**	26
	114	120

The Directors are considered to be the only key management personnel. Their remuneration is shown in the Remuneration Report on pages 151 to 171.

5 FINANCE INCOME AND COSTS

a) Finance income

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
Interest receivable on loans and deposits	**457**	463
Interest receivable on lease assets	**195**	–
Net foreign currency differences arising on retranslation of cash and cash equivalents	**–**	154
	652	617

b) Finance costs

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
Interest on bank loans and other borrowings	**(9,049)**	(9,138)
Amortisation of transaction costs	**(540)**	(449)
Provision: unwinding of discount	**–**	(19)
Fair value loss on financial instruments – interest rate swaps, caps and collars	**–**	(10)
Net foreign currency differences arising on retranslation of cash and cash equivalents	**(1,073)**	–
Interest on lease liabilities	**(2,687)**	–
	(13,349)	(9,616)
Capitalised interest on development and trading properties	**–**	3,184
Total finance costs	**(13,349)**	(6,432)
Net finance costs	**(12,697)**	(5,815)
Net finance costs before foreign currency differences	**(11,624)**	(5,969)

No interest was capitalised during the year. £2,549,000 of capitalised interest (2019: £2,701,000) was written off in the year. The tax treatment of capitalised interest follows the accounting treatment.

6 INCOME TAX

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
Current tax	**(835)**	1,835
Adjustment in respect of prior years	**(477)**	(804)
Total current tax (credit)/charge	**(1,312)**	1,031
Deferred tax (credit)/charge	**(1,891)**	89
Income tax (credit)/charge	**(3,203)**	1,120

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:

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
(Loss)/profit before tax	**(58,631)**	6,320
Tax on profit on ordinary activities at 19.0% (2019: 19.0%)	**(11,140)**	1,201
Tax effects of:		
Amounts not deductible for tax purposes	**2,094**	506
Non-taxable capital gains	**3,573**	2,670
Non-taxable income	**–**	(3,094)
Provision for unrealised Group profit	**(497)**	(311)
Adjustment in respect of prior years	**(791)**	(552)
Impact on change in UK tax rate	**222**	19
Income tax at lower rates	**–**	(2)
Realisation of capital gains	**(2,645)**	–
IFRS16 adjustments	**298**	–
Deferred tax not recognised on losses	**7,420**	–
Recognition of tax losses	**(787)**	(324)
Losses carried forward/utilised in the year	**(950)**	1,007
Total tax charge	**(3,203)**	1,120

Deferred income tax is calculated on the temporary differences under the liability method using a tax rate of 19.0% (2019: 17.0%).

7 DIVIDENDS

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
DECLARED AND PAID DURING THE YEAR/PERIOD		
Equity dividends on Ordinary shares:		
Final dividend for 31 March 2019: 3.50 pence per share (2018: 3.50 pence per share)	**4,358**	4,390
Interim dividend for 31 March 2020: 2.40 pence per share (2019: 2.40 pence per share)	**3,006**	3,011
Supplemental dividend for 31 March 2019: 4.10 pence per share (2018: 12.00 pence per share)	**5,107**	15,033
	12,471	22,434
DIVIDEND DECLARED BUT NOT PAID SINCE 31 MARCH 2020		
Supplemental dividend for 31 March 2020: nil pence per share (2019: 4.10 pence per share)	**–**	5,114
PROPOSED FOR APPROVAL BY SHAREHOLDERS AT THE ANNUAL GENERAL MEETING		
Final dividend for 31 March 2020: nil pence per share (2019: 3.50 pence per share)	**–**	4,366

Given the increased economic uncertainty created by the Covid-19 pandemic, the Board is not recommending the payment of a final or supplemental dividend in respect of the year ending 31 March 2020 in order to preserve cash reserves. The Board will revisit this temporary measure once there is greater clarity on the impact of Covid-19 on the business.

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 an adjusted earnings per share and adjusted net assets position as defined below.

Adjusted 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. Adjusted earnings per share is calculated by dividing the adjusted earnings by the weighted average number of Ordinary shares outstanding during the period, excluding shares purchased by the Parent and held as treasury shares.

Adjusted net assets are the balance sheet net assets adjusted for the fair value of debt and derivatives including the share of joint ventures. This is divided by the number of Ordinary shares in issue at the balance sheet date in order to calculate the adjusted net assets per share.

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
(LOSS)/PROFIT		
(Loss)/profit for the purpose of basic and diluted earnings per share	**(55,428)**	5,200
Revaluation deficit (including share of joint venture revaluation surplus)	**11,834**	8,711
Loss on disposal of investment properties	**960**	223
Impairment of development and trading properties	**22,107**	9,137
Reversal of previous impairments	**–**	(5,705)
Mark-to-market adjustment on interest rate swaps (including share of joint venture mark-to-market adjustment)	**501**	411
Adjusted (loss)/profit from continuing activities attributable to owners of the Company	**(20,026)**	17,977

The calculation of basic, diluted and adjusted profit per share is based on the following data:

	Year ended 31 March 2020 £'000	13-month period ended 31 March 2019 £'000
NUMBER OF SHARES		
Weighted average number of Ordinary shares for the purpose of earnings per share	**124,580**	124,674
Effect of dilutive potential Ordinary shares:		
Share options	**6**	98
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**124,586**	124,772
Basic (loss)/earnings per share (pence)	**(44.5p)**	4.2p
Diluted (loss)/earnings per share (pence)	**(44.5p)**	4.2p
Adjusted (loss)/earnings per share (pence)	**(16.1p)**	14.4p
Adjusted diluted (loss)/earnings per share (pence)	**(16.1p)**	14.4p

Net assets, diluted and adjusted net assets per share have been calculated as follows:

	Net assets £'000	**No. of shares '000**	**31 March 2020 Net assets per share Pence**	Net assets £'000	No. of shares '000	31 March 2019 Net assets per share Pence
Basic net assets per share attributable to the owners	**289,581**	**124,623**	**232**	360,145	124,741	289
Fair value of debt	**(17,018)**			(12,648)		
Adjusted net assets per share	**272,563**	**124,623**	**219**	347,497	124,741	280
Effect of dilutive potential Ordinary shares	**403**	**246**		521	294	
Diluted net assets per share	**289,984**	**124,869**	**232**	360,666	125,035	289
Adjusted diluted net assets per share	**272,966**	**124,869**	**219**	348,018	125,035	280

9 INVESTMENT PROPERTIES

	Freehold £'000	Long leasehold £'000	Total £'000
At valuation 1 March 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
Recognition of right-of-use asset on initial application of IFRS 16	–	2,123	2,123
Adjusted balance 1 April 2019	114,797	41,367	156,164
Additions:			
– acquisitions	–	567	567
– capital expenditure	2,579	649	3,228
Transfer from development and trading assets	–	16,183	16,183
Disposals	(18,246)	(13,867)	(32,113)
Deficit on revaluation	(8,162)	(5,289)	(13,451)
At valuation 31 March 2020	**90,968**	**39,610**	**130,578**

Direct costs of £5,225,000 (2019: £6,115,000) arose as a result of ownership of investment properties.

As at 1 April 2019 the carrying value of investment properties was adjusted by £2,123,000 to reflect the head lease liabilities (2019: £nil) which have been recognised on adoption of IFRS 16. Head lease liabilities are held within current and non-current liabilities (see note 1(e)). The carrying value of investment properties situated on land held under leasehold is £8,435,000 (2019: £11,500,000), excluding the head lease ROU assets.

9 INVESTMENT PROPERTIES continued

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 2020 £'000	31 March 2019 £'000
Market value as assessed by the independent valuers or Directors	**130,564**	157,328
Right-of-use asset	**2,123**	–
Amount included in prepayments and accrued income in respect of lease incentives	**(2,109)**	(3,287)
Net book amount of Investment properties – non-current assets	**130,578**	154,041

At 31 March and 30 September 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 2020, completed investment properties have been valued by CBRE Ltd at a value of £99,661,000 (2019: £138,748,000) with the exception of the leasehold asset transferred from the development and trading portfolio which was valued at £16,850,000 by Savills (UK) Limited. Even though some retail assets and shopping centre units are currently trading, the impact of Covid-19 has resulted in the temporary closure of a large number of non-essential units. Covid-19 has had a direct impact on valuation assumptions as at 31 March 2020 and makes it difficult to accurately determine investment property valuations. In accordance with guidelines issued by RICS our valuations have been provided subject to a 'material uncertainly' clause.

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 £11,945,000 (2019: £15,293,000), 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 £4,459,000 (2019: £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.

£99,955,000 (2019: £138,593,000) of total investment properties are charged as security against the Group's borrowings.

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.

Taking into account the guidance that has been issued in respect of Covid-19, there were no changes to valuation techniques during the year.

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 year ended 31 March 2020 or period ended 31 March 2019.

Analysis of Level 3 investment properties

Class of property: Level 3	**Market value 31 March 2020 £'000**	Market value 31 March 2019 £'000	Valuation technique	Key unobservable inputs	Equivalent yield range 31 March 2020	50 basis point yield contraction £'000	50 basis point yield expansion £'000
Shopping centres	**40,929**	65,700	Income capitalisation	Equivalent yields	8.18%–10.76%	2,215	(1,855)
Retail/commercial space	**47,002**	54,260	Income capitalisation	Equivalent yields	5.00%–9.23%	3,205	(2,820)
Office	**31,250**	22,075	Income capitalisation	Equivalent yields	6.50%–6.75%	1,725	(1,400)
Land held for development	**6,918**	6,783	Residual development method	Price per acre/ development margin	£0.45 million per acre/ 15.0%–20.0%	–	–
Buildings held for development	**4,465**	8,510	Residual development method	Estimated profit margin	15.0%–20.0%	–	–
	130,564	157,328					

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. As a result of the Covid-19 pandemic, valuers have also been issued guidance from RICS in respect of 31 March 2020 valuations.

10 OPERATING PROPERTY

	Long leasehold £'000
VALUATION	
At 1 March 2018	1,747
Surplus on revaluation	40
At 31 March 2019	1,787
Surplus on revaluation	10
At 31 March 2020	**1,797**
ACCUMULATED DEPRECIATION	
At 1 March 2018	972
Charge for the period	65
At 31 March 2019	1,037
Charge for the year	60
At 31 March 2020	**1,097**
Net book amount 31 March 2020	**700**
Net book amount 31 March 2019	750
Net book amount 1 March 2018	775
Original cost of operating property at 31 March 2020 and 31 March 2019	**1,583**

The operating property is charged as security against the Group's borrowings.

Depreciation expense of £60,000 (2019: £65,000) is included within operating costs.

The surplus on revaluation of long leasehold property for the year ended 31 March 2020 is £10,000 (2019: £40,000). If the operating property was measured using the cost model, the carrying value would be £486,000 (31 March 2019: £546,000).

The Group's operating property has been valued at market value as at 31 March 2020 and 31 March 2019 by independent professional valuers CBRE Ltd, on the basis of highest and best use value in accordance with RICS Valuation Professional Standards and in accordance with RICS' response to Covid-19. 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 2018, 31 March 2019 and 31 March 2020	**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% (2019: 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 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
Additions	692	–	692
At 31 March 2020	**7,604**	**70**	**7,674**
ACCUMULATED DEPRECIATION			
At 1 March 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
Charge for the year	818	7	825
At 31 March 2020	**3,164**	**49**	**3,213**
Net book amount 31 March 2020	**4,440**	**21**	**4,461**
Net book amount 31 March 2019	4,566	28	4,594
Net book amount 1 March 2018	4,226	15	4,241

13 INVESTMENTS

	Investments in associates £'000	Investments in joint ventures £'000
At 1 March 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
Additions	70	21,640
Share of loss	(370)	(13,991)
Share of revaluation surplus	–	1,617
Share of mark-to-market adjustment on interest rate swaps	–	(501)
Share of results	(370)	(12,875)
Capital distributions – capital repayment	–	(154)
Capital distributions – repayment of loans	–	(32,162)
Disposals	–	(16,077)
At 31 March 2020	**5,463**	**64,242**

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.

13 INVESTMENTS continued
a) Investment in associates
The Group has the following interest in associates:

	% 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.

31 March 2020	**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	**83,969**	**2,947**	**6,241**	**93,157**
Current liabilities	**(66)**	**(50)**	**(29)**	**(145)**
Non-current liabilities	**(37,611)**	**–**	**(19,789)**	**(57,400)**
Net assets/(liabilities)	**46,292**	**2,897**	**(13,525)**	**35,664**
Share of net assets/(liabilities)	**5,463**	**579**	**(5,680)**	**362**
Net (assets)/liabilities not recognised	**–**	**(579)**	**5,680**	**5,101**
Group's share of net assets	**5,463**	**–**	**–**	**5,463**
SUMMARISED INCOME STATEMENTS:				
Revenue	**–**	**–**	**1,050**	**1,050**
Post tax (losses)/profits of associates	**(3,364)**	**(69)**	**637**	**(2,796)**
Share of (losses)/profits	**(370)**	**–**	**268**	**(102)**
Share of profits not recognised	**–**	**–**	**(268)**	**(268)**
Share of losses recognised	**(370)**	**–**	**–**	**(370)**

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)/profits 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)

Any contingent liabilities in relation to our associate investment partners are disclosed in note 23.

b) Investment in joint ventures
As at 31 March 2020, 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
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
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

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.

The Group disposed of its 50.0% interest in Harwell Oxford Developments on 31 March 2020. The profit on sale of the Group's investment in the joint venture is £9,333,000.

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 2020	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	–	–	–	–
Current assets	–	**243**	**145,999**	**63,544**
Current liabilities	–	**(242)**	**(39,677)**	**(28,802)**
Non-current liabilities	–	–	**(56,296)**	–
Net assets/(liabilities)	–	**1**	**50,026**	**34,742**
Net liabilities not recognised	–	–	–	–
Share of net assets recognised	–	–	**10,268**	**8,310**
SUMMARISED INCOME STATEMENTS:				
Revenue	**8,996**	**21**	**1,224**	**1,031**
Direct costs	**(6,190)**	**(301)**	**(6,295)**	**(5,282)**
Interest costs	**(4,399)**	–	**(10,822)**	**(1,965)**
Gain on revaluation/sale	**6,469**	–	–	–
Profit/(loss) before tax	**4,876**	**(280)**	**(15,893)**	**(6,216)**
Income tax	**(22)**	–	**319**	–
Profit/(loss) after tax	**4,854**	**(280)**	**(15,574)**	**(6,216)**
Share of profit/(loss) before and after tax	**1,219**	–	**(7,594)**	**(1,518)**

£14,013,000 of cash balances are included within current net asset balances of joint ventures. These include £9,098,000 in the accounts of Luxembourg Investment Company 112 Sarl and £2,658,000 in the accounts of DSP Tirol Limited.

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 (assets)/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)

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**	**DS Renewables LLP £'000**	**Curzon Park Limited £'000**	**OSB (Holdco 1) Limited £'000**	**Other £'000**	**Total £'000**
–	–	18,010	–	–	–	–	31	471	18,512
38,547	39,864	228	20,407	4,581	8,365	36,642	37,978	4,769	401,167
(35,997)	(2,245)	(5,188)	(18,233)	(4,082)	(1,172)	(2,724)	(51,694)	(1,201)	(191,257)
–	–	–	–	–	(3,455)	–	–	–	(59,751)
2,550	37,619	13,050	2,174	499	3,738	33,918	(13,685)	4,039	168,671
–	–	–	–	–	–	–	(13,685)	–	(13,685)
3,602	21,210	2,597	2,922	660	5,064	5,575	–	4,034	64,242
–	–	549	8,941	52	506	–	1,402	902	23,624
–	(26)	(435)	(8,461)	(28)	(3,653)	–	(1,052)	(3,836)	(35,559)
–	–	(523)	(1,221)	(578)	–	(722)	(5,109)	–	(25,339)
–	–	–	–	–	–	–	–	–	6,469
–	(26)	(409)	(741)	(554)	(3,147)	(722)	(4,759)	(2,934)	(30,805)
–	–	(25)	–	–	–	–	–	–	272
–	(26)	(434)	(741)	(554)	(3,147)	(722)	(4,759)	(2,934)	(30,533)
–	(13)	(102)	(524)	(277)	(1,830)	(361)	(366)	(1,509)	(12,875)

Circus Street Developments Limited £'000	Mayfield Development (General Partner) Limited £'000	UAIP (Drum) BV £'000	DSP Tirol Limited £'000	UAIH Yorkshire Limited £'000	DS Renewables LLP £'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

13 INVESTMENTS continued

c) Principal subsidiaries

The Group's principal subsidiaries at 31 March 2020 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 Ventures) Limited	100	United Kingdom	Investment holding company
DS Jersey (No.1) Limited	100	Jersey	Investment holding company
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 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	(107,805)	(6,507)	(114,312)
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 (restated+)	152,197	41,742	193,939
Additions:			
– development expenditure	16,624	1,587	18,211
– capitalised staff costs	1,146	36	1,182
Transfer to investment assets (refer note 9)	(16,183)	–	(16,183)
Disposals	(40,842)	–	(40,842)
Foreign currency differences	–	501	501
Net write down of development properties to net realisable value	(19,154)	–	(19,154)
At 31 March 2020	**93,788**	**43,866**	**137,654**

+ Restatement – refer note 1d,2.0.

Included in the above amounts are projects stated at net realisable value of £44,925,000 (2019: £78,446,000).

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.

No interest (2019: £3,184,000) was capitalised on development and trading properties during the year. Capitalised interest included within the carrying value of such properties on the balance sheet is £3,288,000 (2019: £5,837,000).

15 TRADE AND OTHER RECEIVABLES

a) Non-current

	31 March 2020 £'000	31 March 2019 £'000
Other receivables	**3,855**	1,400
Prepayments	**1,543**	3,217
	5,398	4,617

b) Current

	31 March 2020 £'000	31 March 2019 £'000
Trade receivables	**4,278**	3,393
Other receivables	**47,898**	22,167
Other tax and social security	**1,836**	2,327
Prepayments	**1,482**	237
Accrued income	**10,814**	32,302
	66,308	60,426

The Group has provided £1,957,000 (2019: £1,197,000) 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 2020 £'000	31 March 2019 (restated+) £'000
Trade payables	**6,304**	2,500
Other payables	**8,465**	14,031
Other tax and social security	**1,498**	5,140
Accruals	**28,376**	37,126
Deferred income	**3,665**	8,669
	48,308	67,466

\+ Restatement – refer note 1d,2.0.

b) Provisions

	Onerous leases £'000	Other provisions £'000	Total £'000
At 1 March 2019	171	511	682
New provisions	–	400	400
Provisions released	–	(27)	(27)
At 31 March 2020	**171**	**884**	**1,055**

Analysis of total provisions	**31 March 2020 £'000**	31 March 2019 £'000
Non-current	**1,046**	646
Current	**9**	36
	1,055	682

Two provisions of £171,000 (2019: £171,000) relate to onerous lease obligations entered into in 2009 and 1974. Provisions totalling £600,000 (2019: £200,000) relate to costs associated with the closure of two serviced office centres.

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 2020 £'000	31 March 2019 £'000
NON-CURRENT ASSETS		
Loans notes at amortised cost less impairment	**10,500**	–
Loan and receivables at amortised cost less impairment	**–**	3,204
Loans at fair value through profit or loss	**14,092**	13,244
Trade and other receivables at amortised cost less impairment	**3,855**	1,400
Financial asset at fair value through OCI	**1,173**	1,271
	29,620	19,119
CURRENT ASSETS		
Loan notes at amortised cost less impairment	**12,600**	8,962
Development loan notes at amortised cost less impairment	**3,543**	–
Loans and receivables at fair value through profit or loss	**13,788**	13,672
Trade and other receivables at amortised cost less impairment	**62,990**	57,862
Monies held in restricted accounts and deposits	**29,393**	8,841
Cash and cash equivalents	**1,741**	31,911
	124,055	121,248
Total financial assets	**153,675**	140,367
CURRENT LIABILITIES		
Trade and other payables at amortised cost	**(43,145)**	(53,657)
Borrowings at amortised cost	**(16,312)**	(37,394)
	(59,457)	(91,051)
NON-CURRENT LIABILITIES		
Borrowings at amortised cost	**(144,752)**	(142,362)
Total financial liabilities	**(204,209)**	(233,413)

a) Other financial assets

	31 March 2020 £'000	31 March 2019 £'000
NON-CURRENT		
Loans notes at amortised cost less impairment	**10,500**	–
Development loans at amortised cost less impairment	**–**	3,204
Development loans – FVPL	**12,896**	12,666
PropTech investment – FVPL	**1,196**	578
LaSalle investment – FVOCI	**1,173**	1,271
	25,765	17,719

The Group disposed of its interest in Harwell Oxford Developments on 31 March 2020. £14,000,000 of the sales proceeds have been satisfied via loan notes receivable in instalments of £3,500,000 per annum on 31 March 2021 to 31 March 2024.

The Group has three funding agreements totalling £7,023,000 (2019: £6,793,000), in respect of projects in partnership. Funding of £344,000 (2019: £344,000) has been provided to Henry Davidson Developments Limited in respect of one project.

Development loans FVPL also includes £5,529,000 (2019: £5,529,000) in respect of property assets 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 invested a further £618,000 in two further PropTech companies. The Group's total investment in PropTech is £1,196,000 across three entities. The entities are not listed and therefore the Directors consider that cost is the best estimate of the fair value. The investments are held as non-current financial assets and any future uplift or decline in value will be reflected through profit or loss.

	31 March 2020 £'000	31 March 2019 £'000
CURRENT		
Development loans at amortised cost less impairment	**3,543**	–
Loan notes at amortised cost less impairment	**12,600**	8,962
Loans and receivables at FVPL	**13,788**	13,672
	29,931	22,634

The Group holds loan notes with a carrying value of £9,100,000 (2019: £8,962,000), 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 2020, the Group has made a provision of £2,050,000 (2019: £1,689,000) against interest receivable in respect of these loan notes.

Development loans include a number of working capital and project-specific loans of £5,365,000 (2019: £5,249,000) 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 (2019: £408,000). As at 31 March 2020, the Group has made a provision of £2,589,000 (31 March 2019: £2,206,000) against interest receivable in respect of these loans.

The Group previously provided a loan to its joint venture interest, Curzon Park Limited. The development land held by Curzon Park Limited was acquired under CPO by the Government for the HS2 rail link in August 2018. The CPO settlement negotiations are still ongoing to determine the consideration due for the land. The Group is carrying a financial asset of £8,423,000 (2019: £8,423,000) representing the balance of loan recoverable and the reversal of previous losses provided for. This amount is recognised as a financial asset held at fair value through profit or loss.

b) Borrowings

	31 March 2020 £'000	31 March 2019 £'000
CURRENT		
Bank overdrafts	**–**	–
Current instalments due on bank loans	**844**	804
Current loans maturing	**16,007**	37,084
Unamortised transaction costs	**(539)**	(494)
	16,312	37,394

	31 March 2020 £'000	31 March 2019 £'000
NON-CURRENT		
Bank loans and loan notes	**145,682**	143,889
Unamortised transaction costs	**(930)**	(1,527)
	144,752	142,362

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 2020 £'000	31 March 2019 £'000
BORROWINGS		
£9,500,000 variable rate loan 2019	**2,410**	10,415
£26,000,000 fixed rate loan 2019	**13,580**	26,652
€47,000,000 variable rate loan notes 2021	**41,781**	40,448
£16,800,000 fixed rate loan 2022	**16,800**	15,800
£19,710,000 variable rate loan 2022	**13,410**	13,410
€8,515,000 fixed rate loan 2022	**7,570**	7,328
€2,180,000 fixed rate loan 2023	**1,938**	1,876
£66,666,000 fixed rate loan 2032	**65,027**	65,831
£16,500 variable rate loan notes 1999	**17**	17
	162,533	181,777
Less: current instalments due on bank loans	**(844)**	(804)
Current loans maturing	**(16,007)**	(37,084)
	145,682	143,889

£9,500,000 variable rate loan

This is a £9,500,000 secured development facility on which interest can be rolled up. The current balance outstanding on the facility is £2,410,000 and will be repaid on disposal of residential units. The loan expired on 31 December 2019. The Group is in discussion with the lender to extend the loan term and this is in the process of being formalised.

£26,000,000 variable rate loan

The current balance outstanding on the facility is £13,580,000 and will be repaid on disposal of residential units. This loan expired on 31 January 2019. The Group is in discussion with the lender to extend the loan term and this is in the process of being formalised.

€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 £16,800,000.

£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 £65,027,000.

£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 101 to 106.

c) Derivative financial instruments
As at 31 March 2020, the Group held one interest rate cap designated as an economic hedge, not qualifying as an effective hedge under IFRS 9. The derivatives are used to mitigate the Group's interest rate exposure to variable rate loans of £41,781,000 (2019: £40,448,000). The fair value of the derivatives as at 31 March 2020 is £nil (2019: £nil).

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 2020 Total £'000**	Level 1 £'000	Level 2 £'000	Level 3 £'000	31 March 2019 Total £'000
ASSETS								
Financial assets – FVPL	**–**	**–**	**14,092**	**14,092**	–	–	13,244	13,244
Financial assets – FVOCI	**–**	**–**	**1,173**	**1,173**	–	–	1,271	1,271
Current financial assets – FVPL	**–**	**–**	**13,788**	**13,788**	–	–	13,672	13,672
Total assets	**–**	**–**	**29,053**	**29,053**	–	–	28,187	28,187

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 101 to 106 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 2020	**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	**13,580**	**16,800**	**9,508**	**–**	**–**	**65,027**	**104,915**
Variable rate borrowings	**2,427**	**13,410**	**–**	**–**	**–**	**–**	**15,837**
Variable rate borrowings with interest rate caps or swaps	**–**	**41,781**	**–**	**–**	**–**	**–**	**41,781**
	16,007	**71,991**	**9,508**	**–**	**–**	**65,027**	**162,533**

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

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.

17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

d) Financial risk management

(ii) Foreign currency risk

During the year 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 2020, the Group was exposed to foreign currency risk from €47,000,000 (2019: €47,000,000) loan notes denominated in Euros. In addition to the loan notes, the Group holds two Euro-denominated loan facilities of €8,515,000 and €2,180,000 (2019: €8,515,000 and €2,180,000).

During the year to 31 March 2020, 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 2020		
Sterling against Euro	**+10%**	**4,663**
	-10%	**(5,699)**
31 March 2019		
Sterling against Euro	+10%	4,514
	-10%	(5,517)

(iii) Interest rate risk

The Group's interest bearing assets do not generate significant amounts of interest and therefore are not sensitive to fluctuations in 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 2020, 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 2020		
Sterling borrowings	**+50**	**(279)**
	–50	**279**
31 March 2019		
Sterling borrowings	+50	(291)
	–50	291

(iv) Price risk
The Group is not exposed to commodity or security price risk.

(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 2020 and 31 March 2019 on a contractual undiscounted payments basis:

31 March 2020	**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**	**4,266**	**18,939**	**96,976**	**95,937**	**216,135**
Trade and other payables	**–**	**34,680**	**8,465**	**–**	**–**	**43,145**
	17	**38,946**	**27,404**	**96,976**	**95,937**	**259,280**

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	–	39,626	14,031	–	–	53,657
	17	41,744	57,241	97,949	101,544	298,495

(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 94 to 96 and further discussed in the Market Review on pages 59 to 65.

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 2020 by independent valuers, 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 2020, and may be subject to daily fluctuations in line with money market movements.

The fair value compared with the carrying amounts of the Group's fixed rate financial liabilities as at 31 March 2020 and 31 March 2019 is analysed below:

	Book value 31 March 2020 £'000	**Fair value 31 March 2020 £'000**	Book value 31 March 2019 £'000	Fair value 31 March 2019 £'000
Fixed rate term loan due 2032	**65,027**	**82,045**	65,831	78,479

The fair value difference of £17,018,000 at 31 March 2020 (2019: £12,648,000) represents approximately 26.2% of gross, fixed rate borrowings (2019: 19.2%). The effect on net assets per share after tax of this adjustment would be a decrease of 11.0 pence after tax (2019: 8.2 pence decrease).

17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

d) Financial risk management continued

(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 2020 and 31 March 2019 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 5.5% of the annual rent roll. Due diligence is carried out on new tenants and nearly 60% 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.

As a result of the Covid-19 pandemic, rent collections for the March 2020 rent quarter have been severely impacted. To date, approximately 60% of the rent receipts due in March have been collected since the rent quarter day. The Group has worked closely with tenants to negotiate monthly payment terms or a deferred payment scheme to assist while their businesses are closed or not trading. It is anticipated that the June quarter rental receipts will also be impacted. However, 42% of rent receipts have been received within one week of the June quarter day.

To measure the expected credit loss of trade receivables, the Group has reviewed aged balances on a portfolio basis. The Group usually bases its assessment on previous bad debts, current trading conditions of the tenant portfolio in the different sectors they operate and future expectations. As a result of the Covid-19 pandemic, the Group has reassessed the criteria in determining the expected credit loss provision of tenant receivables. The balances outstanding have been reviewed on a tenant-by-tenant basis, giving consideration to on-going negotiations with each tenant, the business sector in which it operates and the tenant profile.

A summary of the review is included below:
Rather than using past data to assess tenant performance, a more detailed approach has been taken whereby the circumstances of each tenant has been reviewed in turn. Where tenants have agreed to pay their rent monthly or to defer payment for six months, rent has been deemed to be receivable. Where signs of tenant distress exist provisions of between 50% and 100% have been made.

On that basis the impairment provision for 31 March 2020 is calculated as follows:

Days past due	Gross carrying amount £'000	Lifetime expected loss £'000
Quarterly rent roll		
0-30 days	1,802	258
31-60 days	16	14
61-90 days	188	100
91-120 days	34	6
120+ days	513	486
	2,553	**864**

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 2020, the fair value of the Group's holding is £1,173,000 (2019: £1,271,000).

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 year/period. The UK corporation tax rate is 19% (2019: 19%). Deferred income tax is calculated on the temporary differences under the liability method using a tax rate of 19% (2019: 17%).

	31 March 2020 £'000	31 March 2019 £'000
(Credit)/charge for the year/period in the income statement (refer note 6)	**(1,891)**	89

Deferred income tax (assets)/liabilities recognised	Decelerated capital allowances £'000	Provisions £'000	Provision for unrealised inter Group profits £'000	Property revaluations £'000	Tax losses £'000	Net fair value adjustments £'000	IFRS16 Right-of-use assets £'000	IFRS16 lease liability £'000	Held over capital gains £'000	Total £'000
At 1 March 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
(Credited)/ charged to the income statement	(40)	329	(445)	(2,367)	(1,651)	(318)	(6,941)	7,207	2,335	(1,891)
At 31 March 2020	**(45)**	**(60)**	**(766)**	**–**	**(2,230)**	**763**	**(6,941)**	**7,207**	**2,335**	**263**

	31 March 2020 £'000	31 March 2019 £'000
Deferred income tax assets	**10,042**	1,294
Deferred income tax liabilities	**(10,305)**	(3,448)
Net deferred income tax liabilities	**(263)**	(2,154)

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 £13,027,000 (2019: £6,714,000) in respect of losses amounting to £68,557,000 (2019: £39,494,000) 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 2020 £'000	31 March 2019 £'000
Issued, called up and fully paid		
125,431,713 Ordinary shares of 50 pence (2019: 125,431,713 Ordinary shares of 50 pence)	**62,716**	62,716

	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 year the Company acquired 187,315 of its own shares through purchases on the London Stock Exchange for an average price of £1.85 per share. The total amount paid to acquire the shares was £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. In December 2019, 68,968 shares were awarded under the Group's Long-Term Incentive Plan. As at 31 March 2020, the Group holds a total of 809,130 treasury shares (2019: 690,783).

The Company has the right to re-issue these shares at a later date. All shares are fully paid.

19 SHARE CAPITAL continued

a) Share option schemes

As at 31 March 2020, 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 151 to 171.

SAYE option plan 2005:

Date of grant	31.03.20 Number	07.07.20 Number	Exercise dates	Price
19 December 2017	246,214	225,894	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 year:

	Number	**31 March 2020 Weighted average exercise price Pence**	Number	31 March 2019 Weighted average exercise price Pence
At 1 March 2018 and 1 March 2017	**293,589**	**152.0**	446,830	158.5
Options exercised	**–**	**–**	(88,987)	179.2
Options lapsed	**–**	**–**	(7,029)	179.2
Options cancelled	**(47,375)**	**152.0**	(57,225)	152.0
At 31 March 2020 and 31 March 2019	**246,214**	**152.0**	293,589	152.0

The options outstanding at 31 March 2020 are exercisable at 152.0 pence per share and have a weighted average remaining contractual life of 1.3 years (2019: 2.3 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 151 to 171.

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 2020	LTIP 2019	LTIP 2018
Ordinary shares conditionally awarded (no. of shares)	**3,613,707**	2,042,204	2,446,632
Date of award	**21 November 2019**	7 June 2018	30 May 2017
Share price (pence)	**143.8**	244.5	194.2
Vesting period (months)	**33**	33	33

The credit recognised for equity-settled share-based payments in respect of employee services received during the year is £2,276,000 (2019: £10,000 credit). The credit has arisen due to the 2017 LTIP award not vesting and the projections for the 2018 and 2019 awards indicating that they will not vest.

The charge recognised for cash-settled share-based payments during the year is £nil (2019: £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 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	–	–	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)
Share-based payments – LTIP exercised	–	–	–	(352)	–	–	–	–
Share-based payments	–	–	–	(2,276)	–	–	–	–
Treasury shares utilised	–	–	–	–	–	–	–	142
Treasury shares purchased	–	–	–	–	–	–	–	(350)
Revaluation of operating property realised on sale	–	–	10	–	–	–	–	–
Currency translation differences – Group	–	–	161	–	–	–	–	–
At 31 March 2020	**62,716**	**104,590**	**2,834**	**80**	**1,631**	**44,188**	**4,725**	**(1,666)**

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.

20 RESERVES AND MOVEMENTS IN EQUITY continued

Retained earnings

	£'000
At 1 March 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
Loss for the year	(55,428)
Final dividend 2019	(4,358)
Supplemental dividend 2019	(5,107)
Interim dividend 2020	(3,006)
At 31 March 2020	**70,483**

21 NOTE TO THE CASH FLOW STATEMENT

Reconciliation of profit before income tax to net cash inflow/(outflow) from operating activities:

	31 March 2020 £'000	31 March 2019+ £'000
(Loss)/profit before income tax	**(58,631)**	6,320
Adjustments for:		
Loss on disposal of investment properties	**960**	223
Loss on revaluation of property portfolio	**13,451**	11,165
Share of post tax losses/(profits) of joint ventures and associates	**13,245**	(12,128)
Profit from sale of investment	**(9,710)**	(3,888)
(Profit)/loss on sale of other plant and equipment	**(4)**	42
Finance income	**(652)**	(617)
Finance cost	**13,349**	6,432
Depreciation of leases, property, plant and equipment	**4,025**	885
Operating cash flows before movements in working capital	**(23,967)**	8,434
Decrease in development and trading properties	**42,174**	13,500
Decrease in receivables	**14,190**	45,635
Decrease in payables	**(20,840)**	(33,760)
Increase/(decrease) in provisions	**373**	(2,247)
Cash flows generated from operating activities	**11,930**	31,562

\+ Restatement – refer note 1d,2.0.

Analysis of movement in net debt

	31 March 2020			31 March 2019		
	Cash and deposits £'000	**Borrowings £'000**	**Net debt £'000**	Cash and deposits £'000	Borrowings £'000	Net debt £'000
At 1 April/1 March	**40,752**	**(179,756)**	**(139,004)**	52,099	(171,184)	(119,085)
Cash flow	**(9,618)**	**21,554**	**11,936**	(11,347)	(7,780)	(19,127)
Foreign currency exchange movements	**–**	**(1,637)**	**(1,637)**	–	1,035	1,035
Non-cash movements	**–**	**(1,225)**	**(1,225)**	–	(1,827)	(1,827)
At 31 March	**31,134**	**(161,064)**	**(129,930)**	40,752	(179,756)	(139,004)

22 FINANCIAL COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

Capital commitments

At 31 March 2020, the Group had contracted capital expenditure of £92,000 (2019: £148,000). The Group has no commitments for loans to its associates (2019: £nil).

Operating lease arrangements

As set out in note 1(e), the Group leases various property assets under non-cancellable operating lease arrangements. From 1 April 2019, under IFRS 16 'Leases', the Group has recognised a right-of-use asset for these leases, except for short-term and low-value leases. The future aggregate minimum lease payments on non-cancellable operating leases at 31 March 2019 under IAS 17 were:

	31 March 2020 £'000	31 March 2019 £'000
Within one year	**–**	3,073
In the second to fifth years inclusive	**–**	10,991
After five years	**–**	2,119
	–	16,183

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 2020 £'000	31 March 2019 £'000
Within one year	**12,358**	12,595
In the second to fifth years inclusive	**38,471**	37,015
After five years	**47,811**	34,290
	98,640	83,900

Property investment income earned during the year was £15,238,000 (31 March 2019: £16,299,000).

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 2020, such guarantees amounted to £5,405,000 (2019: £5,607,000).

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 (2019: £7,000) with an average unexpired lease period of 66 years (2019: 67 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 year are set out in note 4.

25 RELATED PARTIES

During the year, the Group entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into and balances outstanding at 31 March 2020 and 31 March 2019 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 151 to 171.

	Finance income from related parties £'000	Amounts owed by related parties £'000
JOINT VENTURES		
31 March 2020	**1,932**	**67,845**
31 March 2019	2,547	74,718
ASSOCIATES		
31 March 2020	**–**	**24,095**
31 March 2019	–	17,252

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 2020 £'000**	31 March 2019 £'000
Cannock Designer Outlet LP	Property development	Investment in associates	**5,463**	5,763
Cathedral (Movement, Greenwich) LLP	Property development	Financial assets	**100**	100
Northpoint Developments Limited	Property development	Financial assets	**14,465**	14,211
Curzon Park Limited	Property development	Investment in joint ventures	**5,575**	5,336
Curzon Park Limited	Property development	Financial assets	**8,423**	8,423
Henry Davidson Developments Limited	Property development	Financial assets	**344**	344
LaSalle Land LP	Strategic land investment	Financial assets	**1,173**	1,271
PropTech investments	Strategic investment	Financial assets	**1,196**	578
Quinn Estates Brokehill Limited	Property development	Financial assets	**4,295**	3,770
Quinn Estates Newtown Works Limited	Property development	Financial assets	**2,628**	2,923
Circus Street Developments Limited	Property development	Investment in joint ventures	**3,602**	3,642
Development Equity Partners Limited	Property development	Investment in joint ventures	**268**	268
DSP Tirol Limited	Investment property	Investment in joint ventures	**2,922**	3,472
DS Renewables LLP	Property development	Investment in joint ventures	**5,064**	17,085
Harwell Oxford Developments Limited	Property development	Investment in joint ventures	**–**	30,322
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	Property development	Investment in joint ventures	**1,067**	211
Luxembourg Investment Company 112 Sarl	Property development	Investment in joint ventures	**10,268**	15,481
Mayfield Development (General Partner) Limited	Property development	Investment in joint ventures	**21,210**	13,193
Notting Hill (Guernsey Holdco) Limited	Property development	Investment in joint ventures	**8,310**	8,729
Opportunities for Sittingbourne Limited	Property development	Investment in joint ventures	**125**	124
Plus X Holdings Limited	Strategic investment	Investment in joint ventures	**1,123**	1,771
Triangle London Developments LLP	Property development	Investment in joint ventures	**191**	191
UAI (G) Limited	Property development	Investment in joint ventures	**1,260**	666
UAIH Yorkshire Limited	Property development	Investment in joint ventures	**660**	697
UAIP (Drum) BV	Property development	Investment in joint ventures	**2,597**	2,682
			102,329	141,253

The aggregate amounts included within each relevant balance sheet account are as follows:

	31 March 2020 £'000	31 March 2019 £'000
Investment in associates	**5,463**	5,763
Investment in joint ventures	**64,242**	103,870
Financial assets – current	**22,888**	22,634
Financial assets – non-current	**9,736**	8,986
	102,329	141,253

27 POST BALANCE SHEET EVENTS

On 2 July 2020, the Group signed a new £13,500,000 loan facility, charged against various property assets, for a term of two years.

Company balance sheet

As at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2019 £'000
FIXED ASSETS					
Tangible assets	31	**4,306**		4,448	
Debtors – loans and receivables	34	**5,234**		922	
Deferred income tax asset	36	**764**		707	
Investments	32	**132,099**		135,601	
			142,403		141,678
CURRENT ASSETS					
Debtors – loans and receivables	34	**14,465**		14,211	
Debtors	33	**376,105**		431,950	
Cash at bank and in hand		**28,563**		30,314	
		419,133		476,475	
CREDITORS					
Amounts falling due within one year	35(a)	**(218,536)**		(238,682)	
Net current assets			**200,597**		237,793
Total assets less current liabilities			**343,000**		379,471
CREDITORS					
Amounts falling due after more than one year:					
Bank loans	35(b)	**(105,247)**		(104,543)	
Deferred income tax liabilities	36	**(72)**		(107)	
Provisions for liabilities	35(c)	**(136)**		(136)	
			(105,455)		(104,786)
Net assets			**237,545**		274,685
CAPITAL AND RESERVES					
Called up share capital	37	**62,716**		62,716	
Share premium account	38	**104,590**		104,590	
Other reserves	38	**4,770**		7,606	
Profit and loss account	38	**65,469**		99,773	
Total shareholders' funds			**237,545**		274,685

The loss after tax for the year was £21,833,000 (2019: £26,486,000 profit).

The notes on pages 240 to 249 are an integral part of these financial statements.

Approved by the Board of Directors on 7 July 2020 and signed on its behalf by:

M S Weiner
Director

Company statement of changes in equity

For the year ended 31 March 2020

	Notes	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 March 2018		62,671	104,475	9,980	95,612	272,738
Profit and total comprehensive income for the 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
Loss and total comprehensive expense for the year ended 31 March 2020		–	–	–	(21,833)	(21,833)
Share-based payments (net movement)	38	–	–	(2,628)	–	(2,628)
Treasury shares (net movement)	38	–	–	(208)	–	(208)
Final dividend 2019		–	–	–	(4,358)	(4,358)
Supplemental dividend 2019		–	–	–	(5,107)	(5,107)
Interim dividend 2020		–	–	–	(3,006)	(3,006)
Total distributions to owners of the Company		–	–	(2,836)	(12,471)	(15,307)
Balance at 31 March 2020		**62,716**	**104,590**	**4,770**	**65,469**	**237,545**

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) Going concern

The Company funds its operations through a combination of retained cash balances, corporate level debt and cash generated by the disposal of property assets and project level debt secured against specific properties in the Group. The Company's main corporate level debt consists of €47,000,000 of loan notes which were issued in 2008 and mature in April 2021.

The Directors have produced a base case and severe but plausible forecast scenario analysis in making their assessment of going concern.

The severe but plausible downside scenario indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

The Company has a series of actions it can and would take which it believes would mitigate the position in this scenario. Further information can be found in note 1(a)(ii) to the Consolidated financial statements.

(ii) 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 7 July 2020.

(iii) 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 year are set out in note 17(c) to the Consolidated financial statements.

1.2 Group Long-Term Incentive Plan (LTIP)

During the year, 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 year represents the actual amount payable to the scheme in the period. Differences between contributions payable in the year 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 the 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 to equity.

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 151 to 171.

Auditors' remuneration in respect of the audit for the Company was £15,000 (2019: £15,000).

30 OPERATING LEASE ARRANGEMENTS

	31 March 2020 £'000	31 March 2019 £'000
The Company as lessee:		
Minimum lease payments under operating leases recognised for the year/period	**2,250**	2,450

Annual commitments under non-cancellable operating leases are as follows:

	31 March 2020 £'000	31 March 2019 £'000
Operating leases which expire:		
Within one year	**2,571**	2,250
In the second to fifth years inclusive	**9,204**	10,091
After five years	**–**	1,684
	11,775	14,025

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 (2019: 11.4 years).

31 TANGIBLE ASSETS

	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Total £'000
COST			
At 1 April 2019	6,712	70	6,782
Additions	629	–	629
At 31 March 2020	**7,341**	**70**	**7,411**
ACCUMULATED DEPRECIATION			
At 1 April 2019	2,293	41	2,334
Charge for the year	764	7	771
At 31 March 2020	**3,057**	**48**	**3,105**
Net book amount 31 March 2020	**4,284**	**22**	**4,306**
Net book amount 31 March 2019	4,419	29	4,448

32 INVESTMENTS

	Shares in subsidiary undertakings £'000	Interest in associated undertakings £'000	Interest in joint ventures £'000	Total £'000
COST				
At 1 April 2019	167,836	997	2,254	171,087
Capital reduction	(1,500)	–	–	(1,500)
Liquidation of subsidiary	(135)	–	–	(135)
At 31 March 2020	**166,201**	**997**	**2,254**	**169,452**
AMOUNTS PROVIDED				
At 1 April 2019	(34,489)	(997)	–	(35,486)
Impairment of subsidiary	(1,867)	–	–	(1,867)
At 31 March 2020	(36,356)	(997)	–	(37,353)
Net book amount 31 March 2020	**129,845**	**–**	**2,254**	**132,099**
Net book amount 31 March 2019	133,347	–	2,254	135,601

The full list of subsidiaries of the Company is set out in note 41.

33 DEBTORS

Amounts falling due within one year

	31 March 2020 £'000	31 March 2019 £'000
Trade debtors	**56**	111
Amounts owed by subsidiary undertakings	**354,423**	409,356
Other debtors	**17,845**	16,647
Current income tax asset	**670**	885
Other taxation recoverable	**–**	1,640
Prepayments and accrued income	**3,111**	3,311
	376,105	431,950

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 2020 £'000	31 March 2019 £'000
FIXED ASSETS		
Development loans	**344**	344
Other receivables	**3,694**	–
PropTech investment	**1,196**	578
	5,234	922

Amounts falling due within one year

	31 March 2020 £'000	31 March 2019 £'000
CURRENT ASSETS		
Loans and receivables	**5,365**	5,249
Loans notes receivable	**9,100**	8,962
	14,465	14,211

Funding of £344,000 (2019: £344,000) has been provided to Henry Davidson Developments Limited in respect of one development project.

Loans and receivables include a number of working capital and project-specific loans of £5,365,000 (2019: £5,249,000) 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 (2019: £408,000). As at 31 March 2020, the Company has made a provision of £2,589,000 (31 March 2019: £2,206,000) against interest receivable in respect of these loans.

35 CREDITORS

a) Amounts falling due within one year

	31 March 2020 £'000	31 March 2019 £'000
Bank loans and overdrafts	**17**	17
Bank loans	**635**	595
Trade creditors	**1,747**	25
Amounts owed to subsidiary undertakings	**210,219**	229,846
Amounts owed to associated undertakings	**–**	1,932
Other creditors	**323**	225
Accruals and deferred income	**5,595**	6,042
	218,536	238,682

Bank loans are secured against investment property assets held in other Group companies.

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

b) Amounts falling due after more than one year

	31 March 2020 £'000	31 March 2019 £'000
Bank loans	**105,247**	104,543

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 £65,027,000.

£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 2020 £'000	31 March 2019 £'000
Provisions for liabilities	**136**	136

The provision of £136,000 (31 March 2019: £136,000) relates to an onerous lease obligation entered into in 2009.

36 DEFERRED INCOME TAX

The following are the deferred income tax assets and liabilities recognised by the Company during the current financial year. Deferred income tax is calculated on the temporary differences under the liability method using an income tax rate of 19.0%.

	Accelerated capital allowances £'000	Provisions £'000	Tax losses £'000	Total £'000
Deferred income tax (liabilities)/assets recognised:				
At 1 April 2019	(78)	389	289	600
Credit/(charge) to the income statement	6	(329)	415	92
At 31 March 2020	**(72)**	**60**	**704**	**692**

	31 March 2020 £'000	31 March 2019 £'000
Deferred income tax assets	**764**	707
Deferred income tax liabilities	**(72)**	(107)
Net deferred income tax assets	**692**	600

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 2020 £'000	31 March 2019 £'000
Issued, called up and fully paid		
125,431,713 Ordinary shares of 50 pence (2019: 125,431,713 Ordinary shares of 50 pence)	**62,716**	62,716

	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 year, the Company acquired 187,315 of its own shares through purchases on the London Stock Exchange for an average price of £1.85 per share. The total amount paid to acquire the shares was £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. In December 2019, 68,968 shares were awarded under the Group's Long-Term Incentive Plan. As at 31 March 2020, the Group holds a total of 809,130 treasury shares (2019: 690,783).

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 2020, 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 151 to 171.

SAYE option plan 2005:

Date of grant	31.03.20 Number	07.07.20 Number	Exercise dates	Price
19 December 2017	246,214	225,894	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 April 2019	62,716	104,590	2,708	1,631	4,725	(1,458)
Share-based payments – LTIP exercised	–	–	(352)	–	–	–
Share-based payments	–	–	(2,276)	–	–	–
Treasury shares utilised	–	–	–	–	–	142
Treasury shares purchased	–	–	–	–	–	(350)
At 31 March 2020	**62,716**	**104,590**	**80**	**1,631**	**4,725**	**(1,666)**

	£'000
PROFIT AND LOSS ACCOUNT	
At 1 March 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
Loss for the financial year	(21,833)
Final dividend 2019	(4,358)
Supplemental dividend 2019	(5,107)
Interim dividend 2020	(3,006)
At 31 March 2020	**65,469**

The loss after tax of the Company was £21,833,000 (2019: £26,486,000 profit).

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 £55,708,000 (2019: £75,481,000). 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 2020 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
48 Goldhawk Road Limited
Barrack Close Limited
Barwood Land and Estates Limited
Barwood Land Investments Limited
Beyond Green Developments (Broadland) Limited
Birmingham International Park (2000) Limited
Birmingham International Park Limited
Bruform Limited
Bryn Blaen Wind Farm Limited
Burghfield Bolt Limited
Cambourne Business Park Limited
Cambourne Business Park Management Limited
Cathedral (Brighton) Limited
Cathedral (Bromley 2) Limited
Cathedral (Bromley Esco) Limited
Cathedral (Bromley) Limited
Cathedral (Goswell) Limited
Cathedral (Greenwich Beach) Limited
Cathedral (Moss) Limited
Cathedral (Preston Barracks) Limited
Cathedral (Sittingbourne) Limited
Cathedral Special Projects (H) Limited
Central Research Laboratory (Hayes) Ltd
D S Property Developments Limited
Development Securities (Armagh) Limited
Development Securities (Cannock) Limited
Development Securities (Curzon Park) Limited
Development Securities (Furlong) Limited
Development Securities (Greenwich Beach) Limited
Development Securities (Greenwich) Limited
Development Securities (Hammersmith) Limited
Development Securities (HDD) Limited
Development Securities (Ilford) Limited
Development Securities (Investment Ventures) Limited
Development Securities (Investments) PLC
Development Securities (Launceston) Limited
Development Securities (Lichfield) Limited
Development Securities (Maidstone) Limited
Development Securities (Moreton Woods) Limited
Development Securities (Nailsea) Limited
Development Securities (No.9) Limited
Development Securities (No.19) Limited
Development Securities (No.26) Limited
Development Securities (No.28) Limited
Development Securities (Romford) Limited
Development Securities (Sevenoaks) Limited
Development Securities (Slough) Limited
Development Securities Estates PLC
Development Securities Limited
DS Investment Properties LLP
DS Renewables LLP

Wholly-owned subsidiaries
ECC Investments PLC
Elystan Developments Limited
EPD Buckshaw Village Limited
Executive Communication Centres (Birmingham) Limited
Executive Communication Centres (Cardiff) Limited
Executive Communication Centres (Milton Keynes) Limited
Executive Communication Centres Limited
Extreme Cool Limited
Furlong Shopping Centre Limited
Future High Streets (North Finchley) Limited
Future High Streets Limited
Greenwitch Limited
Griffe Grange Wind Farm Limited
Group U+I Limited
HDD Burghfield Common Limited
HDD Didcot Limited
HDD Lawley Village Limited
HDD Lichfield Limited
HDD Llanelli Limited
HDD Newcastle Under Lyme Limited
HDD Newton Leys Limited
HDD RAF Watton Limited
Hendy Wind Farm Limited
I AM PRS Limited
Kingsland Shopping Centre Limited
Landpack Limited
Luneside East Limited
Njord Wind Developments Limited
Public Private Partnership (H) Limited
RHD (Dartmouth) Limited
Rhoscrowther Wind Farm Limited
Rivella Properties Bicester Limited
The Deptford Project 2 Limited
The Deptford Project Limited
The Telegraph Works Limited
Triangle Developments Limited
Triangle London Limited
U and I (8AE) Limited
U and I (Ashford) Limited
U and I (Bromley Commercial) Limited
U and I (Golf) Limited
U and I (Innovation Hubs) Limited
U and I (Pincents Lane) Limited
U and I (Projects) Limited
U and I Finance PLC
U and I Investments (UK) Limited
U and I PPP Limited
U and I Property Limited
United + Industrious Limited
Wallis Court Buckshaw Limited
Wassand Wind Farm Limited
Waterfront Wakefield (Hebble Wharf) Limited

41 DETAILS OF RELATED UNDERTAKINGS OF U AND I GROUP PLC continued

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	Burlington House Developments Limited Development Securities Avid Limited Development Securities Properties (Dublin) Limited DS Robswall Ireland (Residential) Limited Percy Place DS (Ireland) Limited U and I (Broombridge) Limited U and I (Management) Ireland Limited U and I (White Heather) Limited
70 Sir John Rogerson's Quay, Dublin 2, Ireland	Hordeum Development 1 Company Limited Hordeum Development 2 Company Limited Hordeum Development 3 Company Limited Hordeum Development 4 Company Limited Hordeum Development 5 Company Limited Hordeum Development 6 Company Limited Hordeum Development 7 Company Limited Hordeum Developments Holdco Limited Hordeum Developments JV Company Limited
C/O Ashby Capital, 33 Welbeck Street, London, W1G 8EX	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	Drake Bideford Limited DS Cardiff Unit Trust DS Jersey (Capital Partners) Ltd DS Jersey (No 1) Limited DS Jersey (No 10) Limited DS Jersey (No 2) Limited DS Jersey (No 3) Limited DS Jersey (No 5) Limited DS Jersey (Notting Hill) Limited DS Jersey (Renewables) Limited DS Jersey Corporate Services Limited DS Ringwood Limited DS Thatcham Limited Nailsea Unit Trust Notting Hill (Guernsey Holdco) Limited Notting Hill Gate KCS Limited STRD Holding Company U and I Retail Limited
Fisher Partners, Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom	Development Securities (No.18) Limited
Prins Bernhardplein 200, 1097JB, Amsterdam, Netherlands	U and I 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
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

Registered office	% owned
MEN Arena GP Limited	51
Minevote Public Limited Company	50
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 (Brighton) Limited	50
Plus X FM 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
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, where the registered office is elsewhere:

Registered office	Company	% owned
6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	CDSR Burlington House Developments Limited	20
	Development Securities Properties Donnybrook Limited	50
	Spectre (Ballymoss) House Limited	50
	Spectre (Carrisbrook House) Limited	50
	Spectre (Shelbourne) Limited	50
Prins Bernhardplein 200, 1097JB, Amsterdam, Netherlands	DSP Investments Piano B.V.	34
	UAIP Drum Holco B.V.	20
	UAIP Drum B.V.	20
Bruce Kenrick House, 2 Killick Street, London, N1 9FL	TLD Kidbrooke LLP	1

Financial calendar and advisors

Annual General Meeting
10 September 2020*

Announcement of Interim Results to 30 September 2020
November 2020

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
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 0391
Calls are charged at the standard geographic rate and will vary by provider. 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

* The 2020 AGM will be a closed meeting. Shareholders will not be invited to attend this meeting. For further information see page 174.

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C016486

This Report is printed on materials which are FSC® certified from well-managed forests.

These materials contain ECF (Elemental Chlorine Free) pulp and are 100% recyclable.

Designed by Gather
+44 (0)20 7610 6140
www.gather.london

7A Howick Place
London
SW1P 1DZ
www.uandiplc.com