Annual Report 2021

COMPLEX / SIMPLE

OUR PLACES ARE COMPLEX.

OUR BUSINESS IS SIMPLER.

STRATEGIC REPORT

GOVERNANCE REPORT

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

WHO WE ARE.

We are experts in regeneration.

We use our creative, entrepreneurial and master developer knowledge to create thriving mixed-use places in the London City Region (within one hour's commute from Central London), Manchester and Dublin, where people can live, work and socialise.

By rejecting the ordinary and preserving, restoring and improving the overlooked and underestimated, we create inspiring places that make people's lives happier and healthier. Our places revive communities, create jobs and boost local economies.

'Thoughtful regeneration' is in our DNA. There is an urgent need for exciting placemaking and we are determined to get on and do it because we believe that our time has come.

We have the long-standing experience, the relationships and the ambition to make a difference.

And we are committed to creating sustainable long-term benefits for our communities and partners and financial returns for our shareholders.

WHY WE EXIST.

Our purpose is to make the lives of people better and to unlock value for all through regeneration.

Imaginative, meaningful mixed-use places create proud, thriving communities. They are good for people and society, good for the economy and good for our business.

WHAT WE DO.

Our six-stage business model allows us to play a central role in placemaking as the master developer.

Acquire: we seek out underestimated brownfield sites, where we can unlock long-term value.

Engage: we start our placemaking process by engaging closely with local communities and other key stakeholders.

Plan: based on our conversations, we create customised designs and plans for each site.

Partner: we either sell parcels of land to trusted partners who can develop them more cost effectively than us or we build out parts or all of the schemes ourselves, with appropriate capital partners.

Deliver: we, and our trusted partners, will then deliver mixed-use neighbourhoods, curating new homes, work places, amenities, public spaces and the supporting infrastructure.

Sell/hold: once completed, we and our partners may choose to take profits through a sale or by holding some or all of the site to benefit from longer-term rental value.

**CASE STUDY:
PRESTON BARRACKS, BRIGHTON**

HERE IN BRIGHTON.

Delivering one of Brighton's biggest and most complex regeneration projects.

Preston Barracks is an example of U+I's master developer model in action. Here we are working with our partners to transform an underestimated five acre site, that had lain derelict for several decades, into a thriving academic and economic corridor.

It is a mixed-use project in partnership with Brighton & Hove City Council and University of Brighton that, when it completes in 2023, will have generated c.£35 million in gross profit to U+I.

The master developer model in action:
Acquired a brownfield site, bristling with untapped potential.
Engaged with the local community and key stakeholders.
Designed the masterplan and secured planning consent.
Parcelled plots of land and sold them to trusted partners to build out.
Delivered infrastructure, increasing the value of the land.
Kept one of the plots ourselves and built a Plus X innovation hub.

Our six stage business model
pages 60 to 61.

WE'RE CREATING LIVING SPACE

369

new homes, including affordable housing, as well as 534 student beds.

OPEN SPACE

125,000+ sq.ft.

of open space, including a wild flower meadow, over ninety species of plant and eleven species of tree.

AND WORK SPACE

160x

more societal and economic value estimated from Plus X innovation hubs than traditional office buildings due to our highly curated approach.

WE'RE CREATING OPPORTUNITY

50,000+ sq.ft.

of flexible workspace at Plus X, state of the art prototyping workshops and media studios to help start-ups and SMEs to thrive.

FOR UP-STARTS AND START-UPS

HERE ARE THE NUMBERS.

5
acres

£200M
Gross Development Value (GDV)

1,500
jobs

£280M
to the local economy in the next ten years

2020
Plus X building opened

2023
scheme completes

AND WE'RE DOING IT IN OTHER PLACES TOO.

8 ALBERT EMBANKMENT, LAMBETH SUMMER 2021 PLANNING DECISION	£500M GDV 2 ACRES 400+ HOMES 1 HOTEL 85,000+ SQ.FT. OFFICE SPACE	FIRE STATION AND MUSEUM, GYM AND RETAIL 1,200+ JOBS
CAMBRIDGE NORTHERN FRINGE EAST, CAMBRIDGE SUMMER 2024 PLANNING APPLICATION	£3BN GDV 120 ACRES 5,000+ HOMES 500,000+ SQ.FT. OFFICE/EMPLOYMENT SPACE	200,000 SQ.FT. LEISURE, RETAIL AND COMMUNITY SPACE 8,500+ JOBS
LANDMARK COURT, SOUTHWARK JANUARY 2021 PLANNING GRANTED	£240M GDV 1.7 ACRES 200,000 SQ.FT. OFFICE, RETAIL AND WORKSPACE	35+ NEW HOMES 1,800+ JOBS
MAYFIELD, MANCHESTER DECEMBER 2020 STARTED ON SITE FOR PHASE 1, 6.5 ACRE PUBLIC PARK	£1.5BN GDV 24 ACRES 1,000+ HOMES 2M SQ.FT. OFFICE SPACE HOTEL, RETAIL AND LEISURE SPACE	6.5 ACRE PUBLIC PARK AND 4.5 ACRES OF PUBLIC REALM 16,000+ JOBS
MORDEN WHARF, GREENWICH SUMMER 2021 PLANNING DECISION	£770M GDV 19 ACRES 1,500 HOMES	200,000 SQ.FT. OF WAREHOUSING AND CREATIVE INDUSTRY SPACE 1,100+ JOBS

ENSURING U+I IS READY TO UNLOCK LONG-TERM DELIVERY.

KEEPING IT SIMPLE:
Three words that define my year

FIT FOR PURPOSE.

Peter Williams
Chairman

Welcome to U+I's 2021 Annual Report
It has been an eventful year and one of huge change. The challenging macro trends at the start of our financial year continued, as the Covid-19 pandemic took hold across the entire country and world, affecting decision-making, consumer confidence, the UK economy and altering behaviours and structural trends, in many cases irreversibly.

Like many businesses, this unprecedented health crisis impacted our financial performance as a decline in retail values, low consumer confidence and delayed completions and lettings contributed to reduced asset valuations in the investment portfolio and development and trading losses. We also took the decision to impair some underperforming projects that do not fit our future focus. The detail behind our financial performance can be found in the CEO Statement (pages 22 to 27) and Financial Review (pages 88 to 94). The Board and I take these losses very seriously and we understand our shareholders, partners and other stakeholders' disappointment on reading our results.

This year has also provided an opportunity for scrutiny and reflection. Scrutinising where we needed to do better and reflecting on how we should position the business for the future to generate more predictable revenue streams and, most importantly, consistently deliver long-term value for our shareholders, communities and other stakeholders every year.

To achieve this, the Board and I have worked closely with the Executive team throughout a root and branch review of the Group. No stone has been left unturned and every element of the business has been examined and tested, enabling us to launch a clear and focused strategy for the future.

Emerging stronger
Conversely, the Covid-19 pandemic has accelerated a number of supportive trends for our company as demand for thoughtful, flexible neighbourhoods, where communities can safely live, work and socialise is now more urgent than ever. Our strategy has therefore been designed to maximise the opportunities to our business from these societal changes and strengthen our positioning, governance and performance for the long term.

As we focus on building long-term financial value, the Board and I feel confident that we are emerging stronger – more resilient, more streamlined with a more efficient team structure and processes. Importantly, we are also more focused – committed to our core areas of strength in mixed-use regeneration where we have over 26 years' track record, market understanding and trusted delivery. We are improving our ESG reporting so we can clearly demonstrate our commitment in this important area and start to measure some of the socio-economic benefits our schemes deliver.

Board changes
Our Board has seen some considerable change during the year. Matthew Weiner – who co-founded U+I and was CEO until 19 January 2021 – and CFOO Marcus Shepherd leave U+I in May and June 2021 respectively, having both previously spent a number of years at Development Securities. I want to personally thank Matthew and Marcus for their huge contributions in creating the distinctive U+I brand we have today. I wish them every success in the future. The Board and I asked U+I's co-founder Richard Upton to step up from his role as Chief Development Officer to become CEO on 19 January 2021. His decades of experience in the property industry, passion for regeneration, vision and energy give him the right skills and ambition to guide U+I through the next stage of its journey. Jamie Christmas joined the U+I Board as an Executive Director in May 2021 and assumes the role of CFO on 19 June 2021. Richard and Jamie will be ably supported by a four-strong Senior Management Team with Planning, Development, Creative and Delivery expertise.

I have also completed a review of the composition of the Board to ensure it is the optimal structure for a more efficient business. Senior Independent Director, Nick Thomlinson, will step down at the AGM in September 2021, after nine years on the Board. Ros Kerslake will take on the Senior Independent Director role and will become Chair of the Remuneration Committee. Non-independent Non-executive Director Barry Bennett will step down by the end of FY2022, having been part of the Board since U+I was formed and formerly at Cathedral Group. I want to thank both Nick and Barry for providing exceptional commitment and expertise in their Board roles.

This will also be my last annual report as I have given notice of my intention to step down by the end of FY2022. U+I has a truly unique approach and culture and it has been a pleasure acting as Chair for the Group over the last five years, guiding it through periods of real change. The timing of my departure allows for an orderly transition for a new Chair to be in place for the next stage of U+I's journey. A search for a successor will commence later this year.

Looking forward
The Board and I want to thank our U+I team for their hard work, commitment and resilience throughout this unprecedented year. I also want to thank our shareholders and other stakeholders for their continued support and patience during these challenging times. Although FY2022 started as FY2021 ended, with some continued government restrictions and closures in place, as the vaccination roll out continues apace, the economy opens up and consumer confidence returns, we are excited by the opportunities the 'new normal' will provide for the Group. We have an expert team in place and renewed focus in the sweet-spot of mixed-use regeneration. Coupled with huge barriers to entry, we believe this positions the Company well to realise its growth potential.

Peter Williams
Chairman
25 May 2021

A STRONG LEADERSHIP TEAM

The leadership team has decades of experience across regeneration, planning, creativity, delivery and finance. It is led by Richard Upton, who became Group CEO in January 2021, focused on strategic delivery. He is supported by Jamie Christmas and a four-strong Senior Management Team that was formed in 2020 to run the day to day Group operations.

Richard Upton
Chief Executive Officer

Co-founder of U+I focused on strategic delivery. Extensive property experience including as CEO of regeneration developer Cathedral Group and Founding Director of housebuilder Mount Anvil. Member of the London Advisory Committee for English Heritage; Commissioner for Historic England.

Jamie Christmas
Chief Financial Officer
(from 19 June 2021)

Joined U+I in 2021 to oversee the finance function and support in executing on the regeneration strategy. Experience in real estate, private equity and financial services, including as CFO at RCL Partners and Round Hill Capital. Former roles at Coller Capital, CBRE Global Investors, DTZ Holdings plc and KPMG. Fellow Chartered Accountant.

Mike Hood
Director of Development

Joined U+I in 2020 to drive forward a clear regeneration strategy, leveraging opportunities from the economic recovery following the Covid-19 pandemic. Former Managing Director at Capco where he held senior leadership roles in a wide range of projects in London, including the £10 billion Earls Court project.

Mark Richardson
Director of Delivery

Joined U+I in 2016 to oversee the senior strategic leadership around the delivery of U+I's regeneration portfolio. Previously Pre-Construction Director at Laing O'Rourke; worked on One Hyde Park, The Francis Crick Institute and Leadenhall.

Dr Malcolm Hockaday
Director of Planning

Joined U+I in 2019 to lead on planning across all major regeneration projects, alongside general policy and strategy advice. Extensive career in the public sector, commercial development and consultancy, including as Senior Director at Lichfields.

Martyn Evans
Creative Director

Returned to U+I in 2019 to deliver the creative strategy at the heart of the Group's regeneration portfolio. Previously 17 years with Cathedral Group, now U+I, and Development Director at the 1,200 acre Dartington Hall Estate in Devon.

KEEPING IT SIMPLE:
Three words that define my year

STRENGTH THROUGH DELIVERY.

Richard Upton
Chief Executive Officer

When we commenced our 100 day review, we had a clear idea of what we wanted to achieve. We wanted to simplify a business that has often been described as too complex, too difficult to understand and too opaque on future strategy. First and foremost, we evaluated our development, trading and investment portfolios against a set of clear time, value and risk criteria and, in FY2021, we received £54.5 million of proceeds from disposals of non-core assets, of which £43.6 million is free cash and £10.9 million restricted cash. This is against the £50 million targeted from our monetisation programme in FY2021, announced at our Interim Results in January 2021. This monetisation programme continues throughout FY2022, allowing us to focus on our remaining core regeneration assets and a portfolio designed to deliver consistent returns for the future. Our 100 day review has informed a refocused strategy, leveraging our strengths as the master developer in value-add, complex, mixed-use regeneration projects, in our core markets.

Away from our projects, the review also included an overhaul of our environmental, social and governance (ESG) approach. To be the business we want to be we need to understand the impact of our work on the world around us, we need to attract and retain the best people and we need strong corporate governance to guide the business as it grows.

The 100 day review has allowed us to reset and over the coming year you will see the results of the review in action. We see it as the first 100 days of a longer 400 day campaign that takes us to FY2022, preparing us for long-term delivery and growth. In twelve months' time, we want U+I to be in a place from which we can demonstrate predictable returns, captured by developing inspiring, sustainable places that revive communities, create jobs, and boost local economies in a post-Covid-19 world – perfectly aligned to the government's economic recovery objectives.

FY2021 results
The operating environment during FY2021 was as challenging as we have ever experienced as the ongoing Covid-19 pandemic impacted planning decisions, delayed completions and lettings, and reduced asset values. As a result, U+I's development and trading losses were £(39.1) million (2020: £11.0 million gains) driven by impairments across twelve different projects. This included £30.3 million of impairments against four assets (exiting our joint venture Spectre platform: £10.6 million; St Mark's Square, Bromley: £7.9 million; The Future Works, Slough: £5.5 million and Beeston Park, Norwich: £6.3 million). We reported a loss before tax of £(86.7) million (2020: £(58.6) million) which is largely driven by development and trading impairments including our share of joint ventures, an £18.9 million valuation deficit from investment portfolio assets and other operating and financing costs.

We have substantially advanced our major regeneration projects in the period, to prime them for the 'prove' stage of our business in FY2022. We have secured approximately £1.0 billion Gross Development Value (GDV) of planning consents at Landmark Court, Kensington Church Street, Newtown Works and Kingstanding. We expect positive planning outcomes at 8 Albert Embankment and Morden Wharf in the next three months. If successful, this would mean that we would have over 8 million sq.ft. of shovel-ready schemes – and four out of our five core regeneration projects (Mayfield, Landmark Court, 8 Albert Embankment and Morden Wharf) – all primed for delivery. We expect to go to planning at Cambridge Northern Fringe East, our fifth core regeneration asset, in 2024, although, with our partners, we are reviewing the opportunity for phases of this scheme to be delivered before then. Progress in building Manchester's first park in over a century at our city-centre Mayfield site is continuing apace, following the government's £23.0 million grant in August 2020. The park is on target to open to visitors in September 2022.

In Brighton, the final phase of our Circus Street regeneration project is due to complete in Summer 2021 and building works at Preston Barracks are progressing on schedule, with our innovation hub Plus X and the student buildings operational since the end of 2020. These are prime examples of our master developer role, acting in partnership with the public and private sectors, delivering both exceptional places and exceptional returns. This includes £14.5 million of cash receipts in FY2021 from the completion of the sale of four new residential buildings at Circus Street to M&G Real Estate and the sale of a new medical centre at Preston Barracks to Assura plc, along with recovery of development loans and U+I's profit share upon completion of the student accommodation. At both schemes we have sold off parcels of land to specialists in student accommodation, offices and homes, where it is more cost efficient, whilst also delivering the infrastructure and building out some of the schemes ourselves, delivering land enablement and development profits. Our Brighton mixed-use schemes – the city's biggest ever – will, together, deliver approximately 2,000 jobs and inject circa £500 million into the local economy over the next ten years.

The investment portfolio reduced to £95.5 million (2020: £130.6 million) as a result of three asset disposals (Swanley Shopping Centre, Vicus House and Belsize Park) and a decline in valuation, largely driven by reduced market confidence in retail assets and the ongoing impact of Covid-19. This includes a 31.9% decline at Furlong Shopping Centre in Ringwood and a 43.1% decline at Borough Parade, Chippenham – two shopping centres assets which have been closed during much of the pandemic. Capital value was down £18.9 million, a decline of 15.1% (2020: 7.9% decline). The core portfolio net initial yield was 6.4% (2020: 6.2%) and the equivalent yield was 8.5% (2020: 8.0%). The estimated rental value of our core portfolio was £8.5 million (2020: £11.0 million). The occupancy was 81.9% (2020: 83.4%).

Immediate actions
Since my appointment on 19 January 2021, we have reset our strategy, refocused management, monetised assets, removed costs, reduced debt and reviewed the Board. We are on target to generate proceeds of £130 million by FY2022 from our monetisation programme, of which £54.5 million – comprising £43.6 million of free cash and £10.9 million of restricted cash – has been completed and a further £4.9 million of proceeds contracted post year end. We have already cut gross recurring overheads to £15.5 million (excluding discretionary bonuses) (2020: £21.0 million) as we move towards our target of £14 million by FY2022 and £12 million by the end of FY2023. At FY2021, gearing stands at 35.5% towards our targeted level of between 25-35% by the end of FY2022. We now have a refreshed business that is not only more efficient but one that is simpler, stronger and aligned to making thoughtful, authentic places alongside shareholder value. It is a business that is ready to deliver.

We have managed our balance sheet prudently and have a clear strategy to strengthen our cash position and reduce debt. We currently have liquidity of £63.3 million of free and restricted cash (2020: £31.1 million) and, during FY2021, we have raised £16.9 million of additional finance, including a £13.5 million two-year loan facility with NatWest. Since the year end, we have repaid our Barclays debt and substituted assets into the Aviva facility, releasing £13.2 million of restricted cash, paying down £5.0 million of loan and leaving £24.5 million of restricted cash on deposit. We also repaid €11.8 million of our €47 million unsecured loan notes in April 2021 (25.0% reduction).

Strategy – our opportunity as master developer
U+I has a clear purpose, to unlock value for all through regeneration, driven by a strategy focused on delivering socio-economic benefits to communities and sustained shareholder returns. To achieve this ambition we have set out a refocused strategy, which is closely aligned to the government's 'Build, Build, Build' and levelling up agendas, the UK's need for more quality homes and the increasing priority to stimulate economic growth in our towns and cities. The public sector is one of the most significant landowners in the UK, with 1.3 million acres of land in England owned by councils eager to leverage growth in towns and cities from their landholdings. The post Covid-19 recovery is supportive of greener, community, place-led aspirations for an evolving society. An under-resourced public sector relies on experts to help it to develop its landbank to meet demanding housing targets and changing needs. This creates a huge opportunity for our business as the public sector seeks trusted partners with a proven track record to help it to realise and unlock the potential in its underestimated sites, giving us a competitive edge. Going forward, our strategy is focused on using our expertise in complex regeneration – which is typically too complicated for REITs and too mixed-in-use for housebuilders – in the three markets that we know intimately by acting as the master developer. This allows us to leverage our core strengths but with a simpler, more focused model.

Acting as master developer will mean that we continue to seek out strategically important sites; work with local stakeholders to create a shared vision; secure an uplift in the land's value through planning enablement; partner with the public or private sector, either building out sites ourselves or with our partners, and we will often sell parcels of land to specialist housebuilders or office developers that we trust. When partnered with appropriate long-term capital, the master developer model allows us to benefit from land enablement gains, recurring development management fees, profits on sale or recurring income where we retain assets to capture their long-term value and grow our own profits where we build out schemes together. The model will also give us greater visibility on profits as we become less reliant on lumpier trading schemes, giving us cash to pay dividends, reduce debt and reinvest in our schemes. In line with our master developer strategy, we have set new targets to measure our performance in FY2022, which are detailed under the 'financial KPIs and guidance' heading on page 26.

We know our work is of huge socio-economic value to the areas we operate in. For example, in Brighton the completed Plus X innovation hub is designed to be one of the healthiest work spaces in the country, on track to be accredited Platinum standard by the WELL Building Institute, achieve BREEAM Excellent and generate as much as 160 times more social and economic value than a traditional office building. We have however never had a clear set of ESG targets – aligned to our business and its ambitions – against which we can be judged. During FY2021, we created a clear vision, framework and programme for delivery on our ESG agenda, centred on realising positive change. Within this framework, we have created four key objectives centred on inclusive places, inspiring buildings, engaged communities and a company fit for purpose – with material issues identified under each. Over the coming year, we are putting in place the infrastructure to measure our ESG performance, alongside capacity building and training programmes for staff and suppliers. In late Summer 2021 we will publish a complete audit of the socio-economic impact of our portfolio. We will also publish a set of detailed targets during the year ahead. In FY2022 we will publish our first annual Positive Impact Report which will provide further detail across our four objectives, as well as the progress we have made against our targets. In time, it is our ambition that our blueprint and reporting become benchmarks for best practice.

Corporate activity – portfolio review
As part of the 100 day review, we have scrutinised every element of the Group's portfolio so that we can refocus and reshape, simplifying the business and positioning U+I for long-term delivery. We have called this our 'reset'.

We will continue to focus on our core geographies where we have strong, trusted relationships and which will remain attractive markets as we emerge from the Covid-19 pandemic. Whilst the pandemic has accelerated a shift in behaviours, it has only strengthened the need for safe, flexible, agile living and working spaces that support health and wellbeing.

Research has shown that three quarters of workers will want to return to the office and a quarter full time (JLL, December 2020). Companies will also continue to rely on physical offices to create a sense of brand, culture, identity and space, along with supporting networking, collaboration and learning opportunities. Needs have evolved to more thoughtful, safe spaces that can provide something extra, engage staff and increase productivity. This plays well into U+I's skillset.

Our pipeline contains significant, value-add entrepreneurial investments, like Plus X, which are complementary to our core business and aligned to demand and the government's political agenda to stimulate local economies. Our ambition is to open more innovation hubs across the UK, that are similar to Plus X, that can deliver c.£100 million of societal impact in every location, create jobs, support innovation and, most importantly, deliver profits on completion to U+I shareholders and recurring rental income through a retained stake in those sites.

In May 2021, we repaid our Barclays debt and substituted a number of assets into the Aviva facility reducing the Aviva restricted cash to £24.5 million. As part of our simplified approach, going forward our investment portfolio will therefore largely refer to those assets contained within the Aviva facility – which will be managed to prevent and minimise any short-term value erosion and benefit from medium- to long-term recoveries – and Plus X Brighton, which sits outside the Aviva facility.

At close of business on 16 May 2021, we had collected or agreed alternative payments for 62% of rent for the March quarter. Across the business, £1.2 million of rent was due for payment in the March 2021 quarter before taking account of adjustments made in support of our customers as a result of Covid-19. We have continued proactive discussions with our occupiers to collect rent throughout these challenging times, whilst negotiating revised payment plans with our retail tenants.

Following the re-opening of non-essential retail on 12 April 2021, 86% of our retail and leisure tenants were trading. This compares to 47% in December quarter and 93% in September quarter. Annual rents lost or waived due to CVAs and administrations was reduced to £75,000 from the £412,000 reported at our Interim Results, due to successful re-tenanting of affected units. Our tenants should continue to benefit as more restrictions are lifted as part of the government's programme to open up the economy, which is expected to have a positive impact on rent collection and occupancy.

				FY2021
	Jun QTR 1	Sep QTR 2	Dec QTR 3	Mar QTR 4
Collected	70%	74%	65%	60%
Deferred	1%	1%	1%	0%
Re-geared	9%	2%	3%	2%
Total collected/ alternative payments agreed	**80%**	**77%**	**69%**	**62%**
Deferrals in negotiation	3%	0%	3%	0%
Re-gears in negotiation	1%	0%	0%	0%
Waived	11%	9%	4%	4%
Rent outstanding	5%	14%	24%	34%
Total	**100%**	**100%**	**100%**	**100%**

Accelerated disposals and repositioning
In FY2021, sales effected by U+I generated gross receipts of £190.8 million, of which U+I received proceeds of £54.5 million, comprising £43.6 million of free cash and £10.9 million of restricted cash, against our £50 million target from our monetisation programme.

We have achieved a further £4.9 million of proceeds contracted post year end through the sale of Fleet Care Home in Dartmouth, against our target of generating proceeds of £80 million in FY2022, as we continue with our disposals programme

Regeneration – priming our core pipeline for delivery
Our focus on value-add, complex, mixed-use regeneration is clear from the reset strategy we have explained. Within this strategy we have a core regeneration platform that consists of five major schemes that encapsulate how U+I can add value. These mixed-use regeneration schemes will deliver sustainable and consistent returns to the Group through development management fees and development profits over the course of their build-out. These projects are the core of our business and require expertise like ours to be successful.

Project	Mayfield	Landmark Court	Morden Wharf	8 Albert Embankment	CNFE	Total
Current WIP	£24.9m	£4.3m	£16.1m	£11.0m	£1.7m	**£58.0m**
Future equity required	£2m	£1-1.5m	£3.5-4m	£2-3m	£5-6m	**£13.5-16.5m**
Debt	£0m	£0m	£0m	£0m	£0	**£0m**
GDV	£1.5bn	£240m	£770m	£500m	£3.0bn	**£6.0bn**
Gross project margin	£400m	£65m	£200m	£100m	£600m	**£1.4bn**

Dividend update
In light of our financial performance, we do not intend to pay a final or supplemental dividend in FY2021. We did not pay an Interim dividend (2020: 2.4 pence). We recognise the importance of the dividend for our shareholders and intend to resume payments at the earliest opportunity. An update on dividend payments will be given at H1 FY2022.

Financial KPIs and guidance
Our existing Group KPIs of 12% total return per annum and £50 million development and trading gains per annum are under review as we consider over the coming year whether they remain right for the future direction of our business. From FY2022, we have reduced our on-balance sheet gearing target to 25-35% and 35-45% including our share of joint venture debt. This target is based on achieving the remaining £80 million target as part of our monetisation programme. We have removed our 10% investment portfolio total return target, as our focus is on total returns from across all our activity. We remain committed to our people KPI as they are at the cornerstone of our business. In light of the challenging year, we were particularly pleased to see 95% satisfaction with U+I as a place to work in FY2021, ahead of our 90% target.

The short-term KPIs we have set ourselves to measure performance in FY2022 are £80 million of proceeds from our monetisation programme; reduce gross recurring overhead to £14 million; and create an integrated ESG approach – including the launch of our first annual Positive Impact Report. At the end of FY2022, when we will be moving from the 'reset and prove' to the 'grow' stage, we will outline new targets for the following year and medium term.

Below is a table of our future disposal expectations from our non-core development and trading assets.

	Total	Next 24 months	Beyond 24 months
Number of projects	35	28	7
NAV	£112m	£100m	£12m
Sale proceeds (net of debt)	£125-195m	£110-145m	£15-50m
Expected project spend in period	£(35)m	£(35)m	–
Net cash from projects	£90-160m	£75-110m	£15-50m

Team and culture
Our growth would not be possible without the right people. We know it is the people within the business that will deliver the strategy, which is why we have been putting measures in place to empower and incentivise our team as we continue to evolve our values-led culture. This includes a new remuneration and incentive policy to ensure we attract and retain the best people in the industry, new wellbeing initiatives and we will shortly be launching a new diversity and inclusion policy.

We have reorganised our team, with a clear focus on project delivery and disposals, led by our Senior Management Team who have Planning, Delivery, Development and Creative expertise. We announced on 11 May 2021 the appointment of Jamie Christmas who joined the U+I Board as Executive Director on 17 May 2021 before assuming the role of CFO on 19 June 2021 when Marcus Shepherd steps down from the Board and his position as CFOO. Jamie has over seventeen years' experience in the real estate, private equity and financial services sectors, most recently as CFO of family office RCL Partners.

We also announced in our results on 26 May 2021 that the Chairman has completed his review of the Board, which will reduce the Non-executive element from six to four by FY2022, aligned with a more simplified and focused business.

I believe that these changes will allow us to deliver the increasing opportunities for our business externally. I want to thank the team for their resilience and hard work during a particularly challenging year. The Board and I are very grateful for their good humour and teamwork and are excited by the journey ahead as we rebuild together.

Conclusion
The review has allowed us to reflect on U+I's strengths. We are a leader in complex mixed-use regeneration, and we have a distinctive skillset and approach that not many can match. We want to harness the potential to deliver attractive, consistent and more predictable returns for shareholders from our core regeneration business. We have laid the foundations through the delivery of the first phase of our strategy, monetisation of non-core assets, strengthening the balance sheet, driving forward our efficiencies programme and improving our ESG reporting. We have shaped the team accordingly. Our business model supports changed behavioural needs for quality, thoughtful – safe – places as we emerge from the Covid-19 pandemic. It is also closely aligned with the government's 'Build, Build, Build' agenda. We have over 6 million sq.ft. of shovel-ready schemes in our portfolio that can unlock the value in brownfield land, whilst creating local jobs and supporting communities. We have identified a significant quantum of new Public Private Partnership opportunities that will come to the market in the short to medium term in the London City Region and key regional cities around the UK, demonstrating the future need for the work that we do.

This is an exciting moment for our business as we reset for long-term delivery and growth. I am confident that our strategy will enable us to deliver for both shareholders and capital partners who, through their respective investments, help deliver our schemes and benefit the communities who live and work in the places we create.

Top five occupiers as at 31 March 2021

	Annual rent £'m	% of contracted rent
Sainsbury's Supermarket Ltd	0.5	7.2
B&M Retail Ltd	0.4	5.5
Carpetright Plc	0.3	4.6
Pure Gym Limited	0.3	4.4
JD Wetherspoon PLC	0.2	3.5

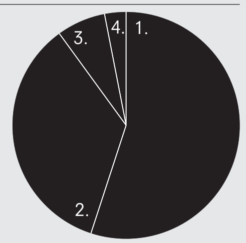
Income generating properties – like-for-like rental income received

	Year ended 31 March 2021			
	Property owned throughout the year £'000	**Acquisitions £'000**	**Disposals £'000**	**Total net rental income £'000**
Investment	**8,157**	**75**	**1,268**	**9,500**
Development and trading	**3,583**	**445**	**497**	**4,525**
Joint ventures	**344**	**–**	**697**	**1,041**
	12,084	**520**	**2,462**	**15,066**

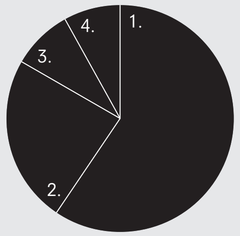
	Year ended 31 March 2020			
	Property owned throughout the year £'000	Acquisitions £'000	Disposals £'000	Total net rental income £'000
Investment	8,486	59	4,441	12,986
Development and trading	3,518	149	696	4,362
Joint ventures	188	–	2,981	3,169
	12,192	208	8,118	20,517

Core investment portfolio – 31 March 2021

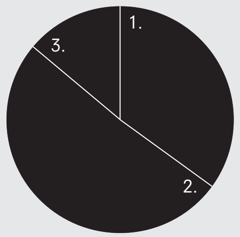
Gross rental income – tenant profile
1. PLC/Nationals **55.0%**
2. Local Traders **35.0%**
3. FTSE 100 **7.2%**
4. Regional Multiples **2.8%**



Gross rental income – lease term profile
1. 0-5 years **59.5%**
2. 10-15 years **23.9%**
3. 5-10 years **8.7%**
4. 15-20 years **7.9%**



Capital value – location profile
1. London **35.0%**
2. South East **51.2%**
3. Rest of UK **13.8%**



Richard Upton
Chief Executive Officer
25 May 2021

WE'RE CREATING A STRONG PLATFORM FOR GROWTH.

£130M
proceeds from disposals by FY2022*

-43%
reduction in gross recurring overhead by FY2023*

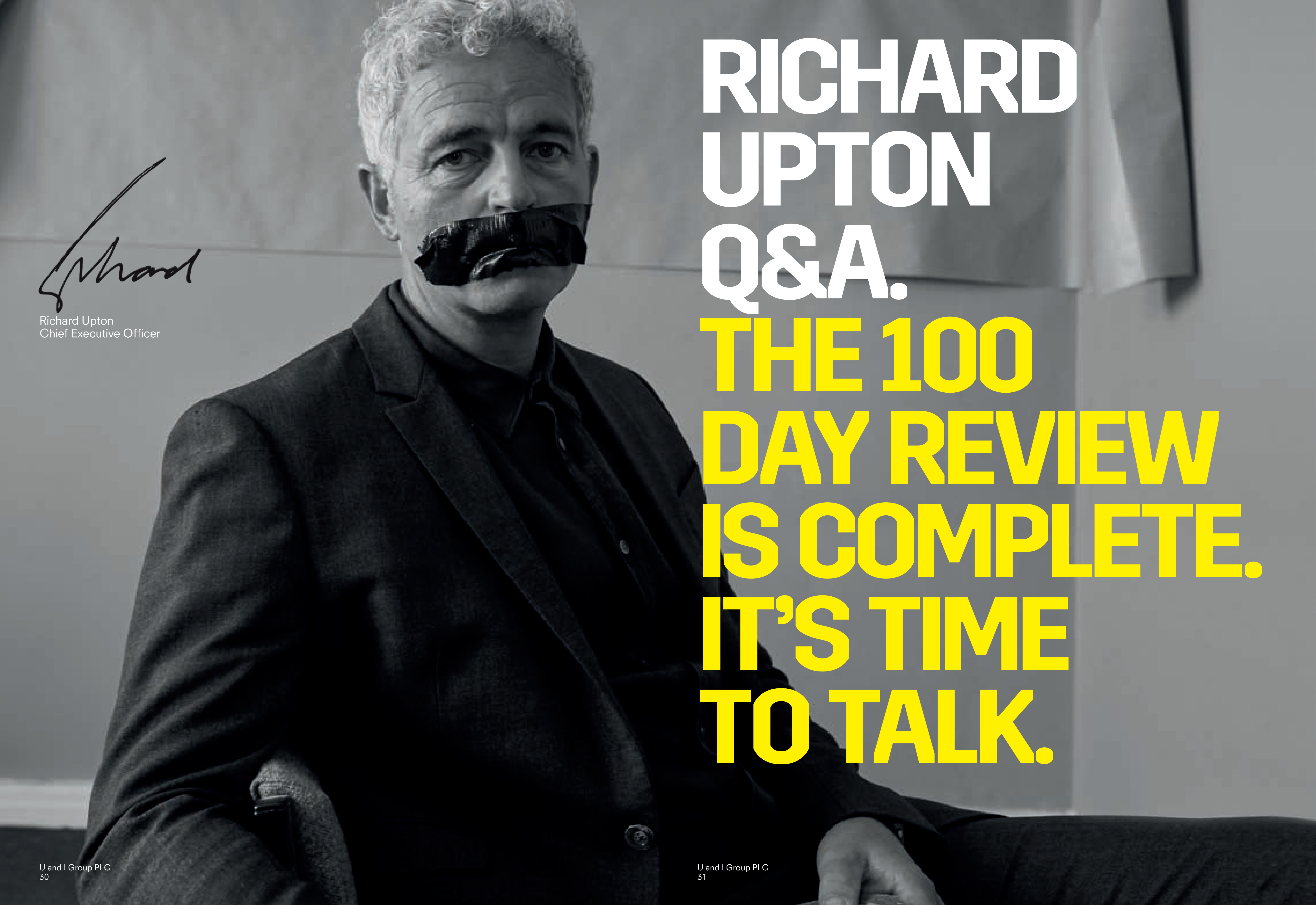
6M+ SQ.FT.
shovel-ready schemes in pipeline

55,000+
new jobs created by 2030

14,000+
new homes by 2030

£18BN+
socio-economic value over the next ten years

* Targets; compared to FY2020 figures.



RICHARD UPTON Q&A. THE 100 DAY REVIEW IS COMPLETE. IT'S TIME TO TALK.

Richard Upton
Chief Executive Officer

Q.

WHAT KEEPS YOU UP AT NIGHT?

Lots of things – some of my best ideas come to me late at night!

As a newly appointed CEO, I feel a huge responsibility to our communities, our partners, our funders and, crucially, to our shareholders.

I am a creative at heart so, for me, I am laser focused on enhancing our distinctive brand and competitive edge by adding that extra creativity and entrepreneurial flair to each of our schemes so we can create authentic places, that will deliver tangible positive social benefits to the communities that live there, as well as superior returns for our shareholders.

I don't believe either is mutually exclusive and I feel duty bound to deliver both.

Mayfield – great example
past treasures
driving future value

Q.

WHAT IS YOUR VISION FOR THE FUTURE OF U+I?

Trust is crucial
trust in our delivery &
trust from all our partners
It's all about engagement

I am very clear that U+I's core business strategy and purpose are sound.

What we have set out is a simplified approach focused on what we are best at – mixed-use regeneration.

We have over 26 years' experience and a trusted reputation for seeking out underestimated brownfield sites, navigating the planning system and creating thriving neighbourhoods where communities can live, work and socialise.

The Covid-19 pandemic has accelerated the urgency for these places, making our business more relevant than ever. Our master developer approach will give us greater visibility of returns and multiple routes to monetisation, giving confidence that we can consistently meet our financial targets.

What was needed was simplification of the business.

I always liked the NASA story. Legend has it they took years and spent millions on a pen that worked in space.

Russia won the space race partly because they took a pencil.

We can't overcomplicate what we do. It's so complex already (and by the way we're great @ managing complexity).

Our master developer business model keeps us focused and allows us to be much clearer on where the money is coming from.

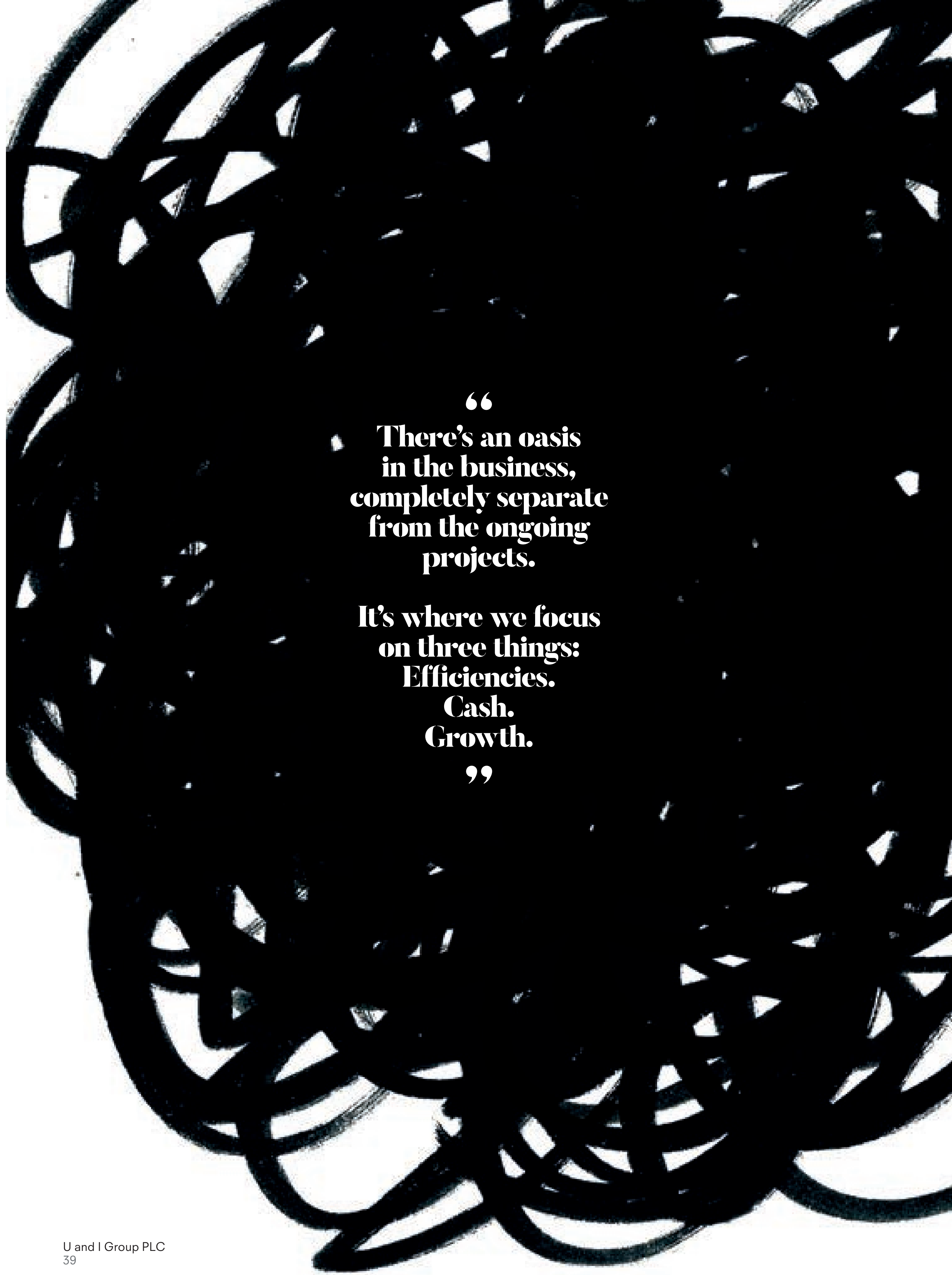
Q.

WHEN WILL WE START SEEING PROOF THAT YOUR STRATEGY WILL DELIVER?

I am targeting returning to growth in FY2023, with an upward trajectory from then onwards. In the meantime, I'm asking our shareholders to be patient and confident. We've talked a lot about the initial 100 day plan but this is part of a wider 400 day campaign that takes us to 31 March 2022. We have already delivered on many of the targets we set out at our Interim Results in January 2021 – exceeding our disposals and efficiencies targets and outlining our programme for delivering our ESG agenda.

Preston Barracks
GREAT EXAMPLE
promises delivered.

We will spend the next twelve months resetting the business and proving our simplified business model works. By the end of FY2022 we will have the foundations in place to enter a growth phase where we can put ourselves in a position to consistently achieve our longer-term ambition to be the best in regeneration, delivering significant shareholder value.



Q.

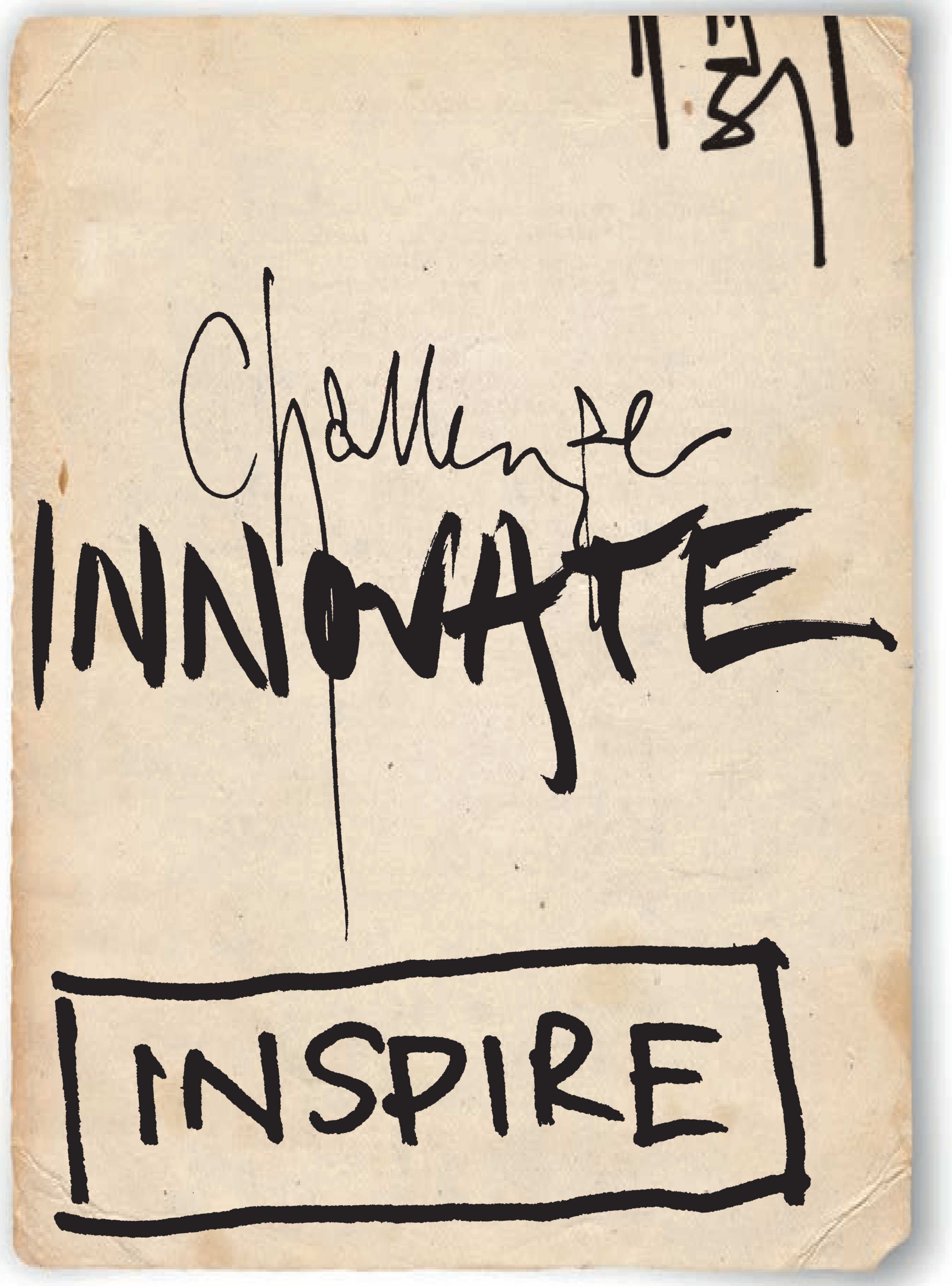
HOW CAN YOU PLAN FOR CONSTANTLY CHANGING TRENDS?

That is what makes our job so exciting. We are a naturally inquisitive company and are always challenging ourselves to find new, more innovative solutions to prepare for evolving needs.

We have in recent years invested in cutting-edge technology innovators – such as WiredScore and Matterport – so we can stay at the forefront of emerging trends. And we have our ears to the ground, working closely with policy makers, architects, designers, communities and investors so our offering is aligned to evolving needs.

We are not afraid of change – quite the contrary. Our size and agile approach mean we can quickly adapt and stay ahead.

Our culture drives this
Nothing EVER stays the same.
Wayne Gretsky had it right:
SKATE TO WHERE THE PUCK IS GOING TO BE // NOT WHERE IT HAS BEEN.



Q.

CAN YOU DELIVER YOUR ESG AGENDA AS WELL AS MEETING THE NEEDS OF ALL STAKEHOLDERS?

Yes, absolutely. I can't see any contradiction between creating hugely successful places for the communities who use them and delivering great returns to our shareholders. We have to get closer and closer to the place where the best financial decisions are also the best social impact decisions.

We know from our daily work that our commercial tenants, along with our funders and shareholders, are increasingly interested in our ESG agenda. It has been part of our DNA since we were formed and is inherently part of every decision we make.

We don't just build office blocks. In every project we speak to the local communities and are respectful of the history, heritage and environmental profile of a place to protect and preserve the natural environment and buildings, creating jobs, delivering socio-economic value for communities and shareholder returns.

Engage engage engage
DOING SOMETHING WITH WHAT YOU HEAR IS KEY

Q.

WHAT ARE YOU MOST LOOKING FORWARD TO IN THE YEAR AHEAD?

We're the only REGENERATION business to be on the panels for both TRANSPORT FOR LONDON & THE Greater London Authority
= PROVIDES THE OPPORTUNITY TO TRANSFORM over £20bn of underused land.

I am hugely excited by the potential within our business and am determined to restore trust by delivering on our pipeline. The Covid-19 pandemic has obviously been hugely challenging for most companies, ourselves included.

However, it has also been an opportunity to take stock, improve our business fundamentals and emerge leaner and hungrier than ever. We have a clear purpose, an empowered team, an enviable pipeline of regeneration projects that will shape and benefit communities, and there is a growing and urgent need for thoughtful mixed-use schemes like ours.

Our close relationships with the government, local authorities, our partners and communities give us access to underestimated land, rich in heritage and potential to unlock value. We have started on site at Mayfield in Manchester and we have good visibility of gains across other schemes.

ALL TOGETHER, DIFFERENT.

FOCUSED ON A CLEAR PLAN.

DELIVERING SUSTAINABLE VALUE.

In line with our simplified, focused approach, we have set three new strategic priorities that will drive our business forward in the year ahead. Executing on these priorities will support our long-standing strategic objective to deliver sustainable returns to our shareholders and long-term socio-economic benefits in the communities where we work.

OVERHEAD REDUCTION

Deliver on our efficiencies programme to significantly reduce gross recurring overheads, including staff, office, third-party and other discretionary costs.

FY2021 performance
- 26% reduction in gross recurring overhead to £15.5 million (FY2020: £21.0 million).
- 42% reduction in staff numbers from 1 April 2020 to 30 June 2021.
- Office headquarter lease on the market; search for smaller, cheaper office space solution underway.
- Exceeded target of £33.0 million cash preserved through reduction in discretionary capex.

FY2022 target
- 33% reduction in gross recurring overhead to £14 million from FY2020 £21.0 million base; reduction to £12 million by FY2023.
- Reduction in office costs, including solution for Howick Place lease and staff headquarters location.
- Annualised savings through decrease in offshore entities and rationalising portfolio of assets.

Relevant risks and uncertainties
A B

PORTFOLIO RATIONALISATION

Execute on our accelerated monetisation programme to dispose of assets we have defined as 'non-core' within our development, trading and investment portfolios.

FY2021 performance
- Completed portfolio review and identified non-core assets for disposal.
- Formed internal team focused on delivery of disposals programme.
- Proceeds of £54.5 million – of which £43.6 million is free cash and £10.9 million is restricted cash – ahead of our £50 million target.

FY2022 target
- Proceeds of £80 million through further disposals of non-core assets.
- Reduce number of non-core development and trading projects to 28 in the next 12-24 months from 35 at FY2021.
- Reduce on balance sheet gearing to 25-35% or 35-45% including our share of joint venture debt.

Relevant risks and uncertainties
A B C D

INTEGRATED ESG APPROACH

Roll out our integrated ESG programme with evidence-based and measurable targets across key areas of the ESG agenda, reflecting our core values and ambitions to be an industry leader.

FY2021 performance
- Independent ESG review completed.
- Set out a detailed framework and programme for delivery of our ESG agenda.
- Four immediate priority areas, objectives and material issues identified.
- Programme commenced.

FY2022 target
- Publish a complete socio-economic audit of our entire portfolio.
- Publish an ambitious set of targets across all aspects of the ESG agenda that are relevant to our business and schemes.
- Roll out a capacity building programme to deliver on our targets.
- Publish our first annual Positive Impact Report that will measure our performance.

Relevant risks and uncertainties
B F

OUR KEY PERFORMANCE INDICATORS

Key
Our strategic priorities
1 Overhead reduction
2 Portfolio rationalisation
3 Integrated ESG approach

Market theme
1 Land potential
2 Increased demand
3 Pent-up capital/ESG
4 Supportive political environment

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

Our Key Performance Indicators (KPIs) are used by the Board to measure the Group's performance against its strategic priorities. In the year ahead, performance will be judged on delivery of the efficiencies, disposals and ESG targets, set out in the strategic priorities on page 48. For transparency, we have outlined progress against the financial KPIs listed in the 2020 Annual Report. These KPIs are under review to see if they remain appropriate for our business. We have removed the investment portfolio KPI as we are focused on total returns from our activities across the entire business.

Link to remuneration
Our Directors' remuneration 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 criteria for the financial element of the Directors' annual bonus awards have been revised to reflect the strategic priorities of the business. More information can be found in the Remuneration Report on pages 138 to 153.

Non-financial KPIs
The Group will not be reporting separately on non-financial KPIs this year as it will be setting out a new set of targets during FY2022 that are relevant to the Company, individual schemes and wider ESG vision to realise positive change. These targets will demonstrate our clear commitment to strengthening our ESG reporting and measurement of progress. More details can be found on pages 73 to 79.

KPIS

Employee satisfaction
>90% per annum

95%
(FY2020: 93%)

KPI figure delivered in period
95% 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 FY2022
We are reviewing and responding to comments from our FY2021 survey to help us to continue to outperform our target of >90% employee satisfaction. New wellbeing initiatives, a Diversity and Inclusion policy and a future of working consultation plan will be launched to support our team in a changed working environment following the Covid-19 pandemic.

Link to remuneration
Yes

Link to strategic priority
1 2 3

Link to market theme
1 2 3 4

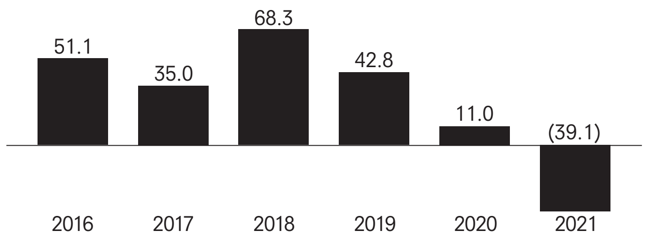
Link to risks and uncertainties
A B C

KPIS CONTINUED

Development and trading gains
average £50 million per annum

£(39.1) million
(FY2020: £11.0 million gains)

Development and trading gains (£m)



KPI figure delivered in period
£(39.1) million development and trading losses.

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.

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. Our target represents 35% of our Directors' annual bonus.

Objectives for FY2022
This KPI is under review to see if it remains appropriate for the business.

Link to remuneration
Yes

Link to strategic priority
1 2 3

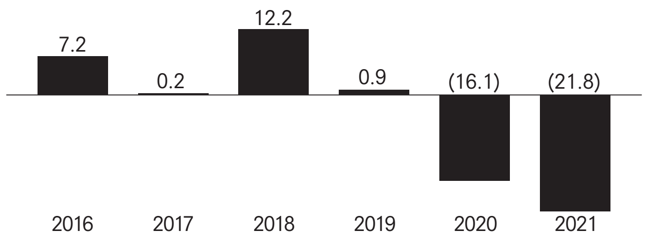
Link to market theme
1 2 3 4

Link to risks and uncertainties
A B C D E F

Total return (post tax)
average 12% per annum

(21.8)%
(FY2020: (16.1)%)

Total return (%)



KPI figure delivered in period
(21.8)% 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 35% of our Directors' bonus.

Objectives for FY2022
This KPI is under review to see if it remains appropriate for the business.

Link to remuneration
Yes

Link to strategic priority
1 2 3

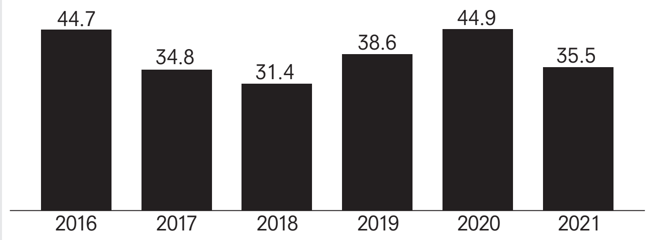
Link to market theme
1 2 3 4

Link to risks and uncertainties
A B C D E F

Gearing
40-50% gearing on balance sheet and 50-60% including our share of joint venture debt. New gearing policy implemented during FY2021 as per FY2022 objective below

35.5%
(FY2020: 44.9%)

Gearing (%)



KPI figure delivered in period
35.5% 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. As we have progressed our disposals programme, we have seen gearing levels fall towards our revised targets of 25-35% or 35-45% including our share of joint venture debt, in line with our FY2022 objective.

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 FY2022
25-35% gearing on balance sheet and 35-45% including our share of joint venture debt.

Link to remuneration
No

Link to strategic priority
1 2

Link to market theme
1 2 3 4

Link to risks and uncertainties
A C D E

Key

Our strategic priorities
1 Overhead reduction
2 Portfolio rationalisation
3 Integrated ESG approach

Market theme
1 Land potential
2 Increased demand
3 Pent-up capital/ESG
4 Supportive political environment

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

OUR TIME IS NOW.

ALIGNED TO TODAY'S MARKET.

The Covid-19 pandemic has accelerated a structural shift in behaviours. It has driven an urgent need to reimagine our high streets and to provide attractive, flexible, spacious living, working and socialising spaces that support productivity and wellbeing. Our refocused strategy leverages the many opportunities from these major long-term trends shaping our markets, whilst mitigating risk.

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

LAND POTENTIAL

Trend/description
- The public sector is one of the most significant landowners in the UK with 1.3 million acres of England owned by councils and 1.1 million acres of the UK by the Ministry of Defence – much of this land is underutilised.
- There is growing pressure for landowners to make their land work harder, get revenue, deliver environmental improvements and deliver social value.
- An under-resourced public sector needs trusted experts to help it to develop its landbank to meet demanding housing targets and changed needs.

Medium- to long-term expectation
- There is an increasing opportunity in Public Private Partnerships (PPP) as the public sector heavily relies on innovative private sector partners to deliver change at the requisite pace, scale and quality – with councils nationally accounting for 1-2% of housing delivery.
- The trend to deliver c.85% of London council development projects by PPP is expected to continue to help address the demand.

Opportunities for U+I
- U+I's 2020 research into six major cities/regions (including Greater London and Greater Manchester), showed 348,000 new homes could be built on previously developed land, meeting c.30% of demand in these areas by 2030.
- We have identified relevant new PPP opportunities with a GDV of c.£5 billion in the London catchment and key regional cities over the coming ten years.

Our response
- We have the vision and expertise to help the public and private sectors to unlock the potential in their existing, often underestimated, brownfield sites, to create places which address urgent demand, boost jobs and stimulate local economies.
- We have nurtured trusted relationships over the past 26+ years and have proven delivery in innovative PPPs, giving us a point of difference.

Relevant risks and uncertainties
A B D E F

INCREASED DEMAND

Trend/description
- The UK population is expected to grow to over 72 million by 2040, 89% urban (Worldometer, 2021) fuelling long-term demand for thoughtful mixed-use regeneration.
- A systematic change in lifestyles resulting from Covid-19 has accelerated the need for spacious, agile places to meet new living, working and socialising behaviours.
- There is a requirement for towns and cities to offer the necessary infrastructure, public space, amenities, services, work places and homes – and at affordable prices.

Medium- to long-term expectation
- Major towns and cities will remain attractive as they offer unrivalled access, convenience, opportunities and lifestyle benefits, including amenities – albeit they will need to be designed for radical flexibility and efficiency.
- Demand will continue for the best spaces, that are carefully curated to improve physical and mental health, whilst offering the required flexibility, environmental sustainability and artificial intelligence.
- Affordability will remain key.

Opportunities for U+I
- An increased emphasis on 'place' and a sense of belonging opens up opportunities for our business to create thoughtful, inspiring mixed-use neighbourhoods, centred on heritage and community needs.
- Growing pressure for the government to deliver its annual target of 300,000 new homes by 2025 stimulates demand.
- New office space will be increasingly attractive to meet demand/supply imbalances – companies will continue to base themselves around talent hubs.

Our response
- The spaces we create are amenity-rich, innovative and customised, providing positive and productive experiences that enhance and protect physical and mental wellbeing, whilst supporting evolving business and community needs.
- Our distinctive, customer-centric approach – focused on sites often too complex for REITs and too mixed in use for housebuilders – and local market knowledge give us an edge.
- We have over 6 million sq.ft. of shovel-ready schemes to address demand.

Relevant risks and uncertainties
A B C D F

PENT-UP CAPITAL/ESG

Trend/description
- More than 75% of global assets under management are expected to be viewed through a sustainability lens over the next three years, up from 25% before the Covid-19 pandemic (KPMG, 2020). This adds to the attraction of responsible companies with a clear social compass.
- There is increased appetite from funders and investors in sustainable, thoughtful places that encourage wellbeing, create local jobs and UK infrastructure.
- The ESG real estate investment market is expected to double in 2021 as demand increases for companies demonstrating that they are making a positive social impact (OnePlanetCapital, 2021).

Medium- to long-term expectation
- Trust in the UK makes it an appealing destination for overseas investors looking for robust local economies, occupational activity and the prospect of rental growth as part of the Covid-19 recovery.
- The importance of ESG – and more sustainable living and working solutions – will be an increasingly important differentiator in the future, influencing decision-making for corporates, investors and communities.

Opportunities for U+I
- Pent up capital and renewed consumer confidence, will fuel the economy, with UK GDP expected to return to its pre-Covid size in Q4 2021 (Bank of England, 2021).
- U+I understands changing investor needs and is the facilitator between the demand for affordable mixed-use places, the need to make brownfield land more productive and capital interested in investing in sustainable, responsible schemes of the future.

Our response
- ESG is a fundamental part of our corporate strategy, ingrained in our approach and influencing our decision-making. Our detailed framework and programme for delivery of our ESG agenda (pages 73 to 79) and clearly stated vision centred on realising positive change, demonstrate our commitment and increased accountability in this area.
- We are offering opportunities for patient capital to invest in scalable, shovel-ready schemes, delivered by a trusted partner, with proven credentials and shared values.

Relevant risks and uncertainties
A B C D E F

SUPPORTIVE POLITICAL ENVIRONMENT

Trend/description
- The government is supportive of a recovery that reflects the greener, fairer aspirations of an evolving society.
- New policies and crucial funding are being made available to stimulate growth in our towns and cities through new infrastructure and regeneration.
- Housebuilding targets are on the rise in some regions and will remain a government priority, regardless of political leader.

Medium- to long-term expectation
- Leaving the EU will deliver longer-term certainty and faster decision-making as the UK can control its future policies and regulations, whilst redirecting resources to the domestic agenda.
- The Ministry of Housing, Communities and Local Government's £100 million commitment to building on brownfield sites – and increased structural demand for mixed-use spaces – will continue to drive the political agenda.

Opportunities for U+I
- The government's simplification of the planning system to 'build better, build greener and build faster' in August 2020, supports delivery of responsible schemes by trusted suppliers.
- London was first in GCPI's Global Power City Index 2020 and will continue to attract international businesses to invest and headquarter.
- The government's £4.8 billion 'Levelling Up Fund', launched in 2021, will increase opportunities in Manchester, whilst Dublin remains a beneficiary of Brexit.

Our response
- Our size and flexibility allow us to anticipate and respond quickly to change.
- We operate in high-growth markets where demand for mixed-use regeneration is a priority and aligned to the government's agenda.
- We work closely with all political parties towards policies and a regulatory framework to support communities and allow local authorities to realise value from unused assets.
- Our track record, long-standing partnerships and commitment to thoughtful construction, support our success in planning.

Relevant risks and uncertainties
A B C D E F

CASE STUDY:
CIRCUS STREET, BRIGHTON

DELIVERING POSITIVE IMPACT

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 facilities.

Circus Street embodies our approach, delivering:

100+
trees

10,000+
shrubs, grasses and plants

600+
secure cycle spaces

BREEAM
excellent rating across entire development

400+
new jobs

£200m+
to the local economy

THE MASTER DEVELOPER MODEL.

DEVELOPMENT MADE SIMPLER.

We have simplified our business model to focus on our strengths in complex, mixed-use regeneration where we have a competitive advantage, acting in a master developer role.

This focused approach aligns with long-term structural shifts accelerated by the Covid-19 pandemic and the government's 'Build, Build, Build' agenda, whilst providing multiple routes to monetisation and greater visibility on profits. It will, we believe, enable us to deliver the greatest benefits for the communities we work in and sustained shareholder returns.

ACQUIRE

We seek out underestimated brownfield sites, often overlooked by others, in our chosen geographies, where we can unlock long-term value. The land is typically owned by the public or private sector, who want to generate income but do not have the resources, capital or expertise to do so. This gives U+I access to sites with prime regeneration potential for limited upfront equity.

— Investment

U+I partners with the public or private sector. It often has the option to buy the site, increasing its anticipated profits.

Typical scale: £200 million-£1.5 billion.

ENGAGE

We start the placemaking process, working closely with local authorities, our partners and communities.

We spend time thoroughly researching the history of a place, its importance to the community and their social identity. We ask what local people want for the future so that we can create inspirational neighbourhoods where people of all generations will enjoy spending time. Where we are able to, we open up our sites at the start of the consultation process, creating Worthwhile Use spaces, helping us to build trust and foster close – and lasting – relationships.

— Investment

U+I typically invests £2-10 million on design, planning, consultations and Worthwhile Use, as well as to secure forward funding and/or pre-sales.

PLAN

Based on our conversations with local communities, we create customised designs and plans that reflect the spirit and heritage of the place. This is where trust, relationships and experience are so important and where 'thoughtful regeneration' is vital in creating value.

By creating a shared vision with local stakeholders, we have their support. This means we have an excellent track record in securing planning consent.

+ Returns

Profits from the uplift in land value, having secured planning consent.

PARTNER

Having unlocked the land's value, we have two options.

We either sell off parcels of land to specialist housebuilders or office developers who we trust and have long-standing relationships with, where they can build out the scheme more efficiently and cost effectively than we can. They will develop the places out with a design blueprint to ensure the quality and integrity of the end scheme.

Or, we also have the option to build out parts or all of the schemes ourselves with appropriate long-term capital partners to capture fees and additional margin.

+ Returns

Partner(s) to reimburse U+I costs.

Potential for profits from sale of plots of land.

DELIVER

We and our partners will then start to deliver our mixed-use neighbourhood, curating new homes, work places, shops and other amenities. We will also deliver infrastructure, roads, walkways and public spaces. In larger sites, we will take a phased approach so we can prioritise those amenities most urgently needed. This also allows us to recycle capital as different phases complete and reduces the risk.

+ Returns

Earn pre-agreed development management fees from funding partner over the lifespan of the project.

Earn development profits (from funding partner or direct if no funding partner) as different phases complete, reinvesting in new phases of the scheme.

Earn uplift in land value as new phases secure planning.

SELL/HOLD

Once construction completes, U+I, any joint venture partner and funding partner will all make profits through the disposal or valuation of the site when let, with percentages of the gains agreed in advance. U+I may keep hold of some or all of a site so it can benefit from its longer-term value, as it secures rent through asset management.

+ Returns

Earn development profits on sale of completed developments.

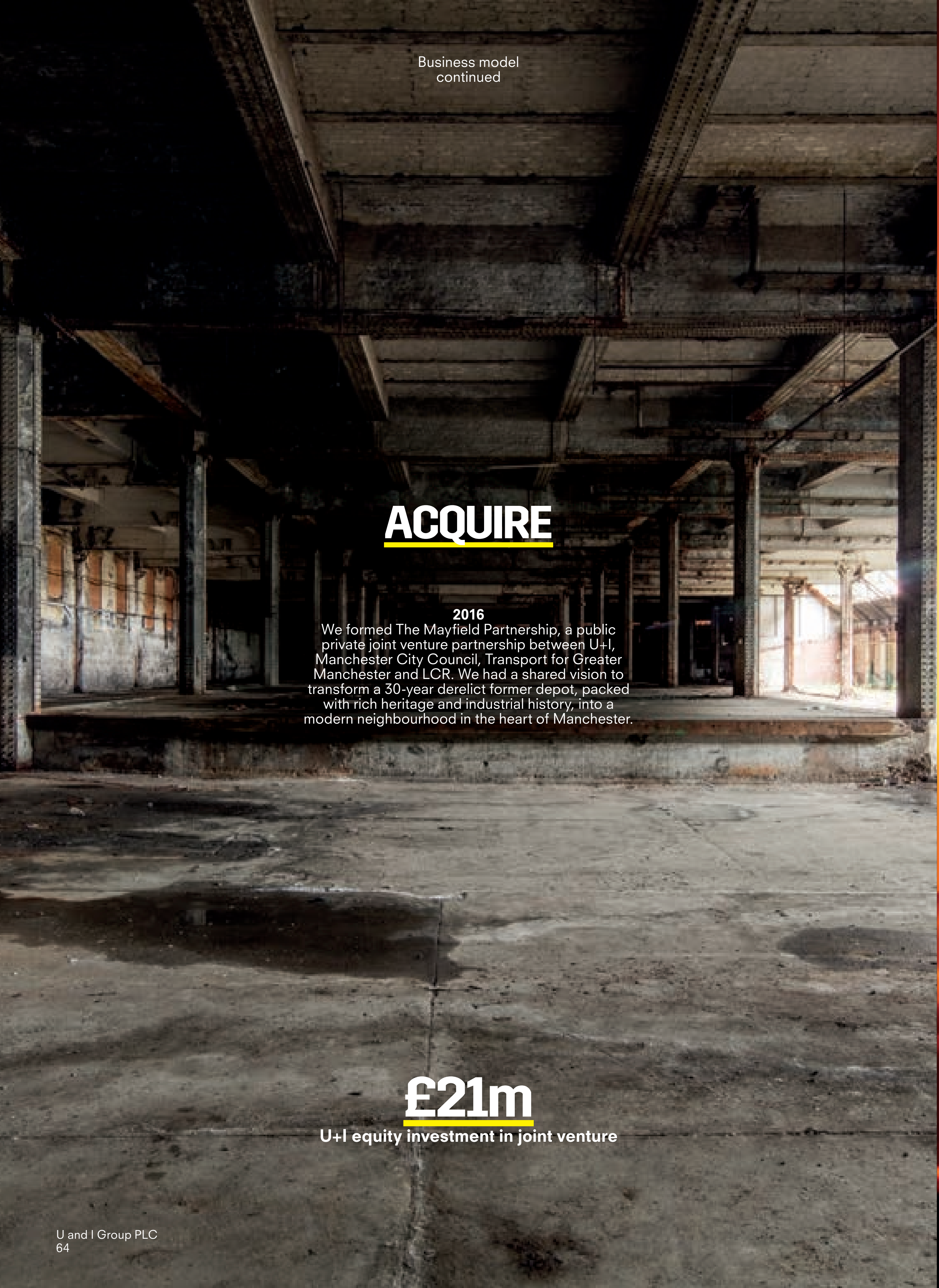
Recurring rental income, where we retain elements of schemes.

**CASE STUDY:
MAYFIELD, MANCHESTER**

OUR BUSINESS MODEL IN ACTION.

DEFIANTLY MANCUNIAN. DEFINITELY MAYFIELD.

Mayfield is a good example of U+I's master developer model. A complex, multi-phased mixed-use site with a 6.5 acre park at its heart.



ACQUIRE

2016
We formed The Mayfield Partnership, a public private joint venture partnership between U+I, Manchester City Council, Transport for Greater Manchester and LCR. We had a shared vision to transform a 30-year derelict former depot, packed with rich heritage and industrial history, into a modern neighbourhood in the heart of Manchester.

£21m
U+I equity investment in joint venture

ENGAGE

2016 – ongoing
The Partnership opened up the 24 acre site's assets, through a curated programme of placemaking-led events and projects to start conversations with local communities.

In 2017, street food operator Grub moved in, attracting foodies to the site. In 2018, Mayfield & Co was established as a small community of creative innovation businesses and, in 2019, the Mayfield Partnership formed a joint venture with live entertainment group, Broadwick Live, to open the 10,000 capacity Depot Mayfield music venue, attracting 350,000+ visitors until it was forced to close in March 2020 as a result of the Covid-19 pandemic. During Summer 2020, and since April 2021, the operation has morphed into Escape to Freight Island, an outdoor Covid-safe food, drink and entertainment venue, attracting tens of thousands of visitors.

£2.5m+
Investment to date

PLAN

2020

Based on extensive research into the site's roots and regular conversations with local stakeholders, we created designs and plans that received widespread local support.

In February 2020, we were granted planning consent for Phase 1 of this multi-phase scheme, which will deliver a new park, offices, car park and significant public realm.

Planning gain

Phase 1 of scheme

PARTNER

2020

As part of the UK's strategy to build back better following the Covid-19 pandemic, in August 2020, we secured a £23 million government grant to fund the first elements of Phase 1 of our scheme.

This grant meant that, in December 2020, we could start work on Manchester city centre's first public park in over a century, creating 6.5 acres of outdoor space on the River Medlock. It will also support the creation of other infrastructure and public realm works.

£23m

Government grant

DELIVER

2022

As we continue to work on creating the public park, we are targeting additional funding to support continued delivery of Phase 1 of the scheme and funding for the other phases of this multi-phase, 15-year, mixed-use project.

The scheme will deliver recurring development management fees during the build out.

£0.5m

Current annual development management fees

SELL/HOLD

2022

As we complete phases of the project, U+I will receive its share of the proceeds either from the sale of elements of the site or an improved valuation once it is let.

We may also choose to keep hold of some elements of the completed scheme to benefit from longer-term rental value.

CREATING VALUE

Thoughtful, authentic regeneration only works through genuine partnership. We take our responsibilities towards our stakeholders very seriously, engaging with our communities, partners, investors, tenants, suppliers – and our staff – throughout the year to understand their needs, to challenge ideas, innovate and, ultimately, deliver positive change. It is only through asking difficult questions that we can improve as a business. We use a number of channels to encourage more open dialogue with a wider group of stakeholders, discussing feedback and concerns in Board meetings, in line with Section 172 of the Companies Act 2006 (see pages 84 to 85), to inform our decision-making, disclosures and manage risk. Further details on engaging with our stakeholders can be found in our Governance Report on pages 109 to 114.

OUR PEOPLE

The value we create
Our expert team is our biggest strength and is integral to the success of our business.

In return, it is empowered to work on ambitious projects, too complex or not suitable for other companies; incentivised to deliver on clear goals; and rewarded with a collaborative, distinctive culture that encourages learning and wellbeing.

Responsibility
Board, Executives, senior managers.

Key issues and themes
- Corporate strategy, objectives and risks (pages 23 to 26, 48 to 51, 80 to 83).
- Salaries, benefits, training and progression opportunities (pages 79, 110, 112).
- Team structure and redundancies programme (pages 20 to 21, 24, 26).
- Corporate and individual KPIs (pages 48 to 51).
- Diversity and inclusion (pages 79, 127).
- Culture and purpose (pages 24 to 26, 79, 110, 112 to 113).

Our engagement and response
- Employee satisfaction survey to gauge sentiment and identify areas of improvement.
- Virtual all team strategy day to empower and inform staff.
- Monthly all staff virtual townhalls with Q&A.
- Quarterly T.E.A.M. ('Together Everybody Achieves More') employee engagement forum.
- Bi-monthly confidential virtual 'drop-in' clinics with NED.
- Independently run group workshops, encouraging input into new policies on diversity and inclusion, remuneration and incentives and performance management.
- Improved performance review format and feedback loops.
- Salaries benchmarked against industry peers to ensure competitiveness.
- Open forum project and strategy workshops and learning circles.
- Intranet and regular internal communications, including weekly CEO email during Covid-19 and wellbeing emails.
- Virtual social events to strengthen culture and wellbeing, alongside a new Wellbeing Programme.
- Access to Employee Assistance Programme, career advisory and other support services.

Value created

95%
staff satisfaction (FY2020: 93%)

82%
of staff enrolled in private healthcare (FY2020: 89%)

OUR INVESTORS

The value we create
As owners of our business, we want our investors to be emotionally, as well as financially, invested in U+I, attracted by our purposeful, community-driven approach to regeneration.

In return for their trust, we are focused on rewarding our shareholders with sustained financial performance and dividends.

Responsibility
Board, Executives.

Key issues and themes
- Financial and operational performance (pages 23 to 27, 84 to 85, 88 to 94, 172 to 175).
- Strategic direction, business model and KPIs (pages 23 to 26, 48 to 51, 60 to 61).
- Efficiencies and overhead (pages 24, 48, 89).
- Remuneration (pages 138 to 153).
- Risks and uncertainties (pages 80 to 87, 128 to 130).
- Dividend (pages 26, 94).
- Environmental, social and governance (pages 73 to 79, 160).

Our engagement and response
- Investor relations website.
- AGM, annual report, presentations, roadshows, RNS's, newsletters and conference calls around major announcements and results.
- Regular dialogue through 1:1 calls, site visits and emails, particularly around major financial, strategic and operational topics.
- Increased, direct Board and Executive engagement around key concerns, business strategy and dividend policy.
- Feedback from analysts and investors through third-party advisors.
- Calls by a third-party sustainability consultancy to inform the ESG strategy and encourage openness.
- 100 day review completed. Launched a simplified strategy, focused on delivery and driving shareholder value.
- Redundancies programme undertaken to reduce costs; plans to streamline the Board in FY2022 following a review by the Chairman.
- Accelerated efficiencies and disposals programmes to strengthen liquidity and give greater visibility of proceeds.

Value created

0 pence
total dividend payments (FY2020: 2.4 pence per share)

OUR COMMUNITIES

The value we create
We work closely with our communities from the outset to understand their needs.

These conversations mean we can transform underestimated places into thriving neighbourhoods that encourage wellbeing, create jobs, increase productivity and leave a long-lasting positive legacy – in short, great places to live, work and socialise.

Responsibility
Full team.

Key issues and themes
- Planning and design (pages 60 to 61, 76 to 77).
- Community wellbeing and benefits (page 114).
- Local infrastructure support (page 61).
- Affordability.
- Social value, job creation and local procurement (pages 74 to 79).
- Protection/enhancement of environment (pages 76 to 77, 160).

Our engagement and response
- Open, regular dialogue and extensive consultations, encouraging communities to participate and provide feedback at every stage of development.
- Online platforms, face-to-face meetings, working groups, websites and leaflets to encourage meaningful feedback.
- Local events and Worthwhile Use to increase dialogue and wellbeing across different age groups.
- Increased use of social media and interactive forums to aid discussions, transparency and listen to opinions.
- Formation of an eight-strong Community Challenge Panel and first two meetings took place virtually to agree a programme of activity to ensure our Public Private Partnership schemes deliver against U+I's values, including proactive community involvement from the outset.
- Increased engagement with tenants and communities throughout Covid-19 to understand and support their needs, providing case-by-case solutions.

Value created

55,000+
new jobs created by 2030

14,000+
new homes by 2030

OUR PARTNERS

The value we create
Our partners are vital to ensuring we can challenge more traditional briefs, drive creativity, innovative thinking and funding opportunities.

In turn, our partners are rewarded by working on ground-breaking schemes, whilst the public and private sector can unlock value from existing assets, supporting delivery of their targets for homes, jobs and stimulating economies.

Responsibility
Board and full team.

Key issues and themes
- Corporate responsibility and social value (pages 74 to 79, 114).
- Innovation and technology.
- Regulation.
- Environmental, social and governance impact/performance (pages 74 to 79, 160).
- Health and safety (page 77).
- Diversity and inclusion (pages 79, 84 to 85, 127).
- Employment standards (pages 78, 133 to 134, 159).

Our engagement and response
- Increased dialogue across all our partners, prioritising safety and wellbeing at all times.
- Closer collaboration and more innovative thinking to push boundaries and deliver relevant, customised, safe solutions, aligned with changing structural trends.
- Investment in innovators like Matterport and WiredScore to allow for early adoption of cutting-edge technology.
- Clearly defined policies, supported by regular independent site audits to ensure good practice across our sites and operations.
- Creation of a new Diversity and Inclusion policy underway, which will be rolled out across our team and our suppliers.
- Extensive third-party review of ESG practices and roll out of a detailed framework for the development of our ESG agenda. Programme will include training to ensure greater accountability internally and across the supply chain.
- U+I Think, third-party virtual events and newsletters to explore emerging trends in the real estate sector and challenge the status quo.

Value created

6m+ sq.ft.
shovel-ready schemes in our pipeline

£18bn+
socio-economic value in the next ten years

REALISING POSITIVE CHANGE.

AN INTEGRATED ESG APPROACH.

U+I's focus on complex, mixed-use regeneration enables us to unlock value across our entire portfolio 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.

OUR ESG STRATEGY

We have done what we said we would do. As announced in our 2020 Annual Report, we engaged an external consultancy to carry out an extensive review of our ESG (environmental, social and governance) strategy and to refresh our approach to making a positive impact in the communities where we operate. They used a robust and evidence-based methodology to identify material issues the strategy needed to address and ensure our existing core pillars remained relevant.

Legislation and policy were reviewed on a national scale and policy at a regional scale to ensure that our targets and internal standards will anticipate the rapid changes ahead in both environmental and social impact measurement. The U+I team participated in interactive workshops to talk through the challenges and opportunities faced by those at the coal face of regeneration projects when addressing ESG. The opinions of our funders and investors were sought to understand their priorities and expectations. And our company and our peers were benchmarked against best practice to understand our current position, strengths, weaknesses and what we need to do to become leaders ourselves.

By mapping the priorities of all these different studies against each other – alongside U+I's wider corporate objectives and purpose to unlock value for all through regeneration – our key ESG issues were identified. From there our vision and a detailed ESG framework were created. The research showed that our existing development pillars – places, buildings and people – remained relevant but the headings have been updated to more clearly reflect what is meant by each. We have also added a fourth pillar 'a company fit for purpose' based on the results of our research. This highlights the importance of establishing U+I as a genuinely responsible business that cares about its people, the long-term impact of the work it does and recognises its environmental and social obligations.

"By using the strategy as a means of channelling the passion and knowledge of the U+I team into a system integrated with the Company's wider purpose and values, it can deliver on its promise to realise positive change."

Richard Upton
Chief Executive Officer

ESG VISION

REALISING POSITIVE CHANGE

FOCUS AREAS	OBJECTIVES	MATERIAL ISSUES
Inclusive places	To create thriving mixed-use places that support diverse communities, catalyse economic opportunity and enhance biodiversity.	– Purposeful construction and placemaking. – Biodiversity and green infrastructure. – Affordable housing. – Affordability of product and services. – Inclusive economic development.
Inspiring buildings	To design buildings that deliver lasting benefits to those who use them and the environment within which they are built.	– Circular economy. – Building labels and standards. – Wellbeing and productivity. – Energy and carbon.
Engaged communities	To build strong relationships and close partnerships that drive collaboration, encourage inclusivity and promote wellbeing.	– Community cohesion. – Healthy and sustainable communities. – Diversity and inclusivity.
A company fit for purpose	To establish U+I as a genuinely responsible business that cares about its people, cares about the long-term impact of its work and recognises its environmental and social obligations.	– Employee engagement. – Transparent disclosure. – Responsible supply chain management. – Corporate governance. – Alternative capital raising/ funding models.

Our priorities for FY2022

In the coming year, we will roll out the ESG programme we spent the last year building. This will include developing detailed – and ambitious – targets across our four core focus areas listed in the table, reflecting key areas of the ESG agenda; creating capacity to deliver on these targets; and publishing an internal framework to guide our work. We will publish our first annual Positive Impact Report in FY2022, which will measure and report on progress against these targets, providing consistency and transparency across our business.

The purpose of our ESG programme is to ensure that U+I delivers a positive impact in everything that it does. We know we cannot do this on our own; we need the help of all our partners. So we will build up capacity through internal training for staff and our supply chain, as well as through thought leadership events on key challenges facing the real estate sector, such as the circular economy and biodiversity.

Our mantra 'everything is connected' will be borne out in the creation of a positive impact framework. This will consist of ambitious internal standards and guidelines for community engagement, design briefs, construction operations and asset management, delivered through a more consistent, measurable approach.

Delivering socio-economic benefits to the communities we work in is ingrained in our approach. For this reason we have undertaken a complete socio-economic audit of our entire portfolio which, for the first time, will allow us to confidently describe the quantum of impact our developments will have on the surrounding communities. We will publish the findings in Summer 2021. We will also publish some additional targets that are relevant to our business and the wider ESG agenda during FY2022. We will report on our progress each year in our Positive Impact Report.

Our ESG strategy needs to be able to evolve and grow in response to changes in our understanding of the impact of the built environment. To build on our tradition of thought leadership, we will set up forward-looking working groups focused on carbon, biodiversity, the circular economy and health and wellbeing. They will identify pilot practical solutions that we can test run at our current projects. This will embed a collaborative and innovative approach to ESG into all our projects and provide us with the means of demonstrating how we are realising positive change. We will also investigate possibilities for collaborating with academic institutions on all these topics.

Whilst there is still much to do in this priority area for our business, our longer-term ambition is to deliver market-leading ESG reporting.

Environmental and social performance in FY2021
U+I is committed to delivering transparent reporting on its ESG approach and performance to its investors and stakeholders.

With this in mind, we provide an account of our management approach with respect to the main environmental and social topics that align with the investor-led ESG frameworks that we prioritise.

We use a dashboard to establish a consistent framework to collect key environmental, employee and social data across the Company. This dashboard measures our performance on a quarterly basis so that we can track our progress and identify improvements and efficiencies across our business and our schemes. As we identify new ESG targets in the year ahead, we will add these to the dashboard allowing us to capture all the data in one place so we can analyse the findings in more detail, whilst improving the accuracy and transparency of our future reporting.

Environmental management
Highlights

90%
of all waste recycled on average across our investment portfolio and corporate offices

9.6
acres of green space delivered

340
new trees planted

8,200m²
of habitats protected, restored or created

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

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 support our partners in achieving the most appropriate green building certification given the specific characteristics of each project. For future developments, we target certification to the BREEAM Excellent/LEED Gold standard, aiming for Outstanding. In FY2021, 46% of applicate projects were BREEAM 'Excellent', and 36% were 'Very Good'. We have expanded this target to only hold assets in our portfolio that have an EPC rating of 'B' or above going forward. Where appropriate, we include lease provisions requiring tenant fit outs and maintenance consistent with the level of certification achieved.

As the industry moves to a low-carbon model, our aim is for our existing portfolio and all new developments to become net zero carbon by 2030. Our focus mainly on mixed-use, brownfield sites located in the urban areas of London City Region, Manchester and Dublin, means we can take advantage of opportunities to redevelop and refurbish existing buildings that have lower embodied carbon, incorporate recycled materials and achieve high levels of energy, water and waste efficiency.

We are formalising our sustainable design principles to align with these significant low-carbon and circular economy 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.

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 to 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 investment portfolio is largely made up of commercial, retail, shopping centre or leisure assets that we have acquired or developed. We are currently targeting a 13% year-on-year reduction in our Scope 1 and 2 emissions across our investment portfolio, using FY2020 data as a baseline. In FY2021, Scope 1 and 2 emissions have decreased by 47% when compared to FY2020 emissions. This decrease can mainly be attributed to the disposal of three high consuming assets which do not feature in this year's reporting, coupled with the change in occupancy patterns of assets due to the Covid-19 pandemic.

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. Our GHG performance can also be found in the Governance section on page 160.

Health and safety
Highlights

0%
lost time for accidents or incidents across U+I's sites

100%
of health and safety impacts assessed or reviewed for compliance of improvement

0
work-related fatalities

0
incidents of non-compliance identified

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 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. We take into consideration contractor ISO 45001 certified health and safety management systems during the selection process, relative to the size of the project we are tendering for.

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 our team and the people we work with.

Responsible procurement
Highlights

157
new local jobs created

51%
of procurement spend within a 25-mile radius of our core regions (on average per development)

39
average Considerate Construction Scheme score

100%
of suppliers signed up to U+I's anti-bribery and corruption policy

Our policies require that anti-slavery, anti-bribery and corruption measures are in place across our operations and embedded in our dealings with suppliers. The Company's Anti-Bribery and Corruption Policy (available on our website, alongside our other policies) sets out the standards we expect our employees to uphold with regard to third parties.

As well as working with our suppliers to ensure high standards of contractor health and safety, 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, and aim to ensure that at least three local people are employed for every £1 million of development spend.

We prioritise local suppliers within a 25-mile radius of our core regions and target at least 20% of our procurement spend with these suppliers. This way we reduce procurement risk, support local businesses and boost local economies. 51% of procurement spend was within a 25-mile radius in FY2021.

Employees
Highlights

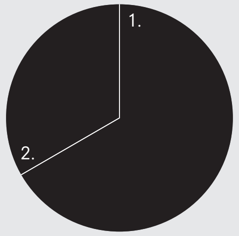
95%
of employees satisfied with U+I as a place to work

82%
of employees enrolled in private medical insurance

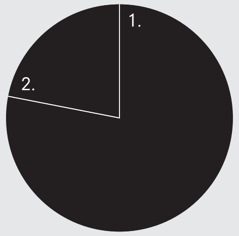
98%
of employees agree their fellow employees are committed to doing quality work

100%
of employees signed up to U+I's anti-bribery and corruption policy

Board gender diversity
1. Male **6**
2. Female **3**

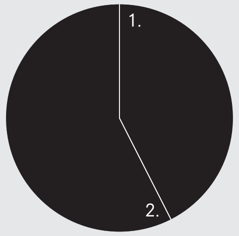


Senior management (excluding Board)*
1. Male **18**
2. Female **5**



* The Senior Management Team comprises 4 males. They have 14 male and 5 female direct reports.

Remaining team
1. Male **17**
2. Female **23**



2020 was an unquestionably tough year for our people. Throughout the Covid-19 pandemic our priority has been to keep our employees safe and healthy. We closed our offices to all but essential work in line with the government's advice and home working has become normal for most of the Company.

It is natural that these rapid and unprecedented changes to the way we work and live, coupled with two redundancy programmes during the year, have had an unsettling effect on employees. With this in mind, we were pleased to see 95% satisfaction with U+I as a place to work in the annual employee engagement survey, an improvement on the prior year. However there is more we can do. As we emerge from the Covid-19 pandemic, we recognise that we need to refocus on our people and our culture and prepare our offices for changed working practices.

While the speed of change has been abrupt, the pandemic has accelerated trends towards flexible and remote working that were already underway. We have taken the opportunity to launch our Future of Work at U+I programme which includes a comprehensive review of our employment policies and practices to make them more supportive of how and where our people work. An employee consultation was launched in early 2021 and we expect to publish internally the findings and recommendations later in the year.

A second focus area has been wellbeing. We have appointed an employee wellness co-ordinator who has created a working group to lead our wellbeing efforts and act as a shared resource for the Company. The group hosts virtual learning, social and support events and publishes a regular newsletter, featuring advice on the steps employees can take to improve their physical and mental wellbeing.

Finally, the whole property industry needs to work harder to attract and nurture people from a diverse range of backgrounds. We create the places where people live, work and socialise and we are acutely aware that we have a responsibility to create diverse and inclusive places that reflect the needs of the businesses, communities and people who call them home. Our role is to provide the inspiration to embed this thinking into the consultation and planning process and our ability to achieve this begins with ourselves. Under the direction of our Diversity and Inclusion Committee, in 2021 we will update our Diversity and Inclusion policy and publish a roadmap to deliver this change within our Company. We will then cascade this commitment through to our partners and suppliers to ensure this becomes an integrated part of the way we design and deliver our projects.

RISK FRAMEWORK

BOARD OF DIRECTORS

Audit and Risk Committee

Risk Management Committee

Identify

Mitigate

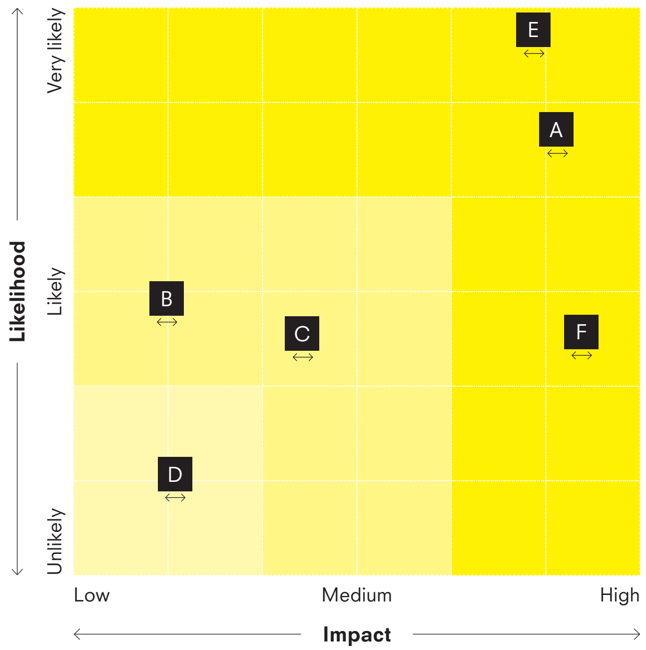
Assess

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.

For further information on the work carried out by the Risk Management Committee see pages 131 to 137.

MAPPING OUR RISKS



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

■ 31 March 2021 and 31 March 2020

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.

During the year Covid-19 impacted all areas of our business and our principal risks. The Risk Management Committee reviewed the heightened risks as a result of the pandemic and the required mitigation strategies; this is set out in further detail on pages 128 to 130.

OUR OPERATIONAL KEY PERFORMANCE INDICATORS

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.

Impact
- 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.

Mitigation
- 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.

Risk exposure change year-on-year
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.

Impact
- 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.

Mitigation
- 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.

Risk exposure change year-on-year
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.

OUR OPERATIONAL KEY PERFORMANCE INDICATORS CONTINUED

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.

Impact
- 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.

Mitigation
- 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.

Risk exposure change year-on-year
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 due to the impact of Covid-19 on job security and personal finances at the previous year's heightened levels.

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.

Impact
- 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.

Mitigation
- 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.

Risk exposure change year-on-year
Lenders' appetite for development risk, particularly on a speculative basis continues at the reduced level seen in the recent past in light of the continuing economic impact of both Brexit and the Covid-19 pandemic.

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.

Impact
- 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.

Mitigation
- 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.

Risk exposure change year-on-year
Uncertainty over the availability of EU nationals working in the UK post the UK's exit from 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 continues.

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.

Impact
- 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.

Mitigation
- 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.

Risk exposure change year-on-year
The political landscape and planning decisions continue to be the battleground on which disagreements over social issues play out. The ever increasing 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

Section 172 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 duties around decision-making and to promote the success of the Company. This information can be found throughout the Annual Report. By considering the Company's values, purpose and vision, alongside its strategic priorities, the Board aims to ensure that all its decisions are fair, consistent and balanced.

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

LIKELY CONSEQUENCES OF ANY DECISION IN THE LONG TERM

Explanation
- 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.
- In addition to the standard meetings, Board strategy days scrutinise in more detail the business, market relevance and changes needed. In March 2021, the strategy day examined and agreed the outputs of a 100 day plan, aimed to strengthen the business fundamentals and performance for the long term, better aligning the Company to the structural shift in behaviours following the Covid-19 pandemic.
- The Board and Executive Directors have increased dialogue with investors during the year around key topics and concerns – like strategy, performance and dividend policy – to aid long-term decision-making.

Cross reference
Strategic review:
- Business model, pages 59 to 61.
- Strategic priorities, page 48.
- KPIs, pages 49 to 51.
- Creating value, pages 70 to 71.
- Principal risks and uncertainties, pages 80 to 83.
- Viability statement, pages 86 to 87.

Governance:
- Company purpose, culture and values, pages 98, 110.
- Stakeholder engagement, pages 109 to 114.
- Remuneration Policy, pages 138 to 153.
- Dividend policy, pages 26, 154.

THE INTERESTS OF THE COMPANY'S EMPLOYEES

Explanation
- The Board is aware of the importance of retaining its talent. It listens to staff feedback and encourages activities that will ensure a strong culture and a motivated, happy team.
- U+I's two redundancy programmes were undertaken in a sensitive, thoughtful, transparent manner to ensure those leaving the business were supported at all times.
- Throughout the year, U+I has implemented a range of new initiatives to re-engage and inspire employees, ensuring they have the support structures in place to protect their wellbeing, whilst enhancing learning and career development opportunities.
- New integrated and realigned team structures are designed to empower talent, give clearer role definition and ensure the right skills are in place to deliver on U+I's portfolio.
- A transparent, values-driven approach, feedback mechanisms, new policies and regular dialogue aid our ability to protect our employees' interests.

Cross reference
Strategic review:
- Creating value, our people, page 70.
- KPIs, pages 49 to 51.
- Environmental, social and governance, people, page 79.

Governance:
- Engaging with our employees, pages 112 to 113.
- Remuneration policies including a Group-wide Long-Term Incentive Plan, pages 138 to 153.
- Equality and diversity forum, page 127.

THE NEED TO FOSTER THE COMPANY'S BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

Explanation
- U+I is committed to nurturing strong, long-standing relationships with the people it works with, operating a professional approach and fair practices.
- U+I's size helps ensure a flexible approach.
- It has increased dialogue with its suppliers, partners, tenants and communities throughout the Covid-19 pandemic, listening to their needs and finding customised solutions, such as for those struggling with rent payments or navigating rules to comply with changing restrictions.
- Our Worthwhile Use activities, hosting virtual events and open forum websites enable us to foster relationships with local businesses and visitors, create feedback mechanisms and stimulate ideas so we can address local needs and concerns.
- We continue to review and roll out new internal and external policies to ensure U+I is operating in a consistent, fair and transparent way across its team and supply chain.

Cross reference
Strategic review:
- Creating value, page 71.
- Environmental, social and governance, pages 73 to 79.

Governance:
- Engaging with our partners, pages 110 to 114.
- Anti-bribery and corruption, page 133.
- Modern slavery, page 136.

THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND THE ENVIRONMENT

Explanation
- Our socio-economic impact is a primary concern and focus for our business as we seek to create quality, sustainable environments where communities can flourish, whilst creating jobs and stimulating local economies.
- To demonstrate our commitment in this important area, we have set out our framework and programme for delivery on our ESG agenda, which set out a clear action plan to improve our accountability and reporting, particularly around protecting the environment, managing our social impact and ensuring good governance across the business.
- We have also improved our measurement capabilities so each quarter we can track our performance across a wider range of ESG areas to help us to identify where we can become more efficient, whilst improving our internal processes and training.
- We work closely with communities throughout the development process from consultation to completion, so we can scope out viable, responsible schemes that support their needs.

Cross reference
Strategic review:
- Creating value, page 71.
- Chief Executive Officer's statement, page 24.
- Strategic priorities, page 48.
- Environmental, social and governance, pages 73 to 79.

Governance:
- Engaging with our communities, pages 110 to 114.
- Greenhouse gas emissions, page 160.
- Charitable giving, page 159.

THE DESIRABILITY OF THE COMPANY MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

Explanation
- U+I is committed to maintaining a robust, transparent approach to all its shareholders and other stakeholders, maintaining an open dialogue at all times. The Board reviews working practices to ensure a high level of governance throughout the business.
- It has clear policies around its supply chain and ensuring anti-slavery, anti-bribery and corruption measures are in place, alongside diversity and inclusion.
- We understand our responsibilities towards our suppliers and target payment within 30 working days.
- U+I 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.

Cross reference
Strategic review:
- Creating value, pages 70 to 71.
- Environmental, social and governance, pages 73 to 79.

Governance:
- Culture and values, pages 98 and 110.
- Risk management and internal controls, pages 128 to 137.
- Whistleblowing policy, page 133.

THE NEED TO ACT FAIRLY BETWEEN MEMBERS OF THE COMPANY

Explanation
- U+I has a number of policies to ensure equality across the business, encouraging diversity and inclusion, 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 through the Group's corporate website and there is an open discourse for those wanting to attend the AGM or other Group events.

Cross reference
Strategic review:
- Creating value, page 70.
- Environmental, social and governance, pages 73 to 79.

Governance:
- Engaging with our shareholders, pages 110 to 114.
- Annual General Meeting, pages 156 to 158.

VIABILITY STATEMENT

Introduction
U+I's business model is to deliver returns through regeneration, realising profits by successfully transforming undervalued 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 80 to 83. 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 persistence of Covid-19 as a material risk that continues 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 produced a scenario using the following assumptions:
- Property investment valuations continue to be broadly stable with no prolonged significant downwards movements following those of the previous 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 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.

A material uncertainty exists as at 31 March 2021 when the severe but plausible downside is applied, however when applying the Group's five-year look forward forecast, 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 2026.

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 15% 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 or additional properties would be required to cure any loan covenant defaults.
- Rent collection rates continue to be severely reduced for the next twelve months as a result of the impact of 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 previously detailed 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 137. The Consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

RESULTS FOR THE YEAR

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

	2021	2020
Development and trading (losses)/gains	**(£39.1)m**	£11.0m
Basic net asset value (NAV)	**£202.9m**	£289.6m
Basic NAV per share	**163p**	232p
Total declared dividends per share	**–**	2.4p
Loss before tax	**(£86.7)m**	(£58.6)m
Balance sheet gearing	**35.5%**	44.9%

The loss before tax for the year ended 31 March 2021 was £86.7 million (2020: £58.6 million loss), after development and trading losses (including joint ventures) of £39.1 million.

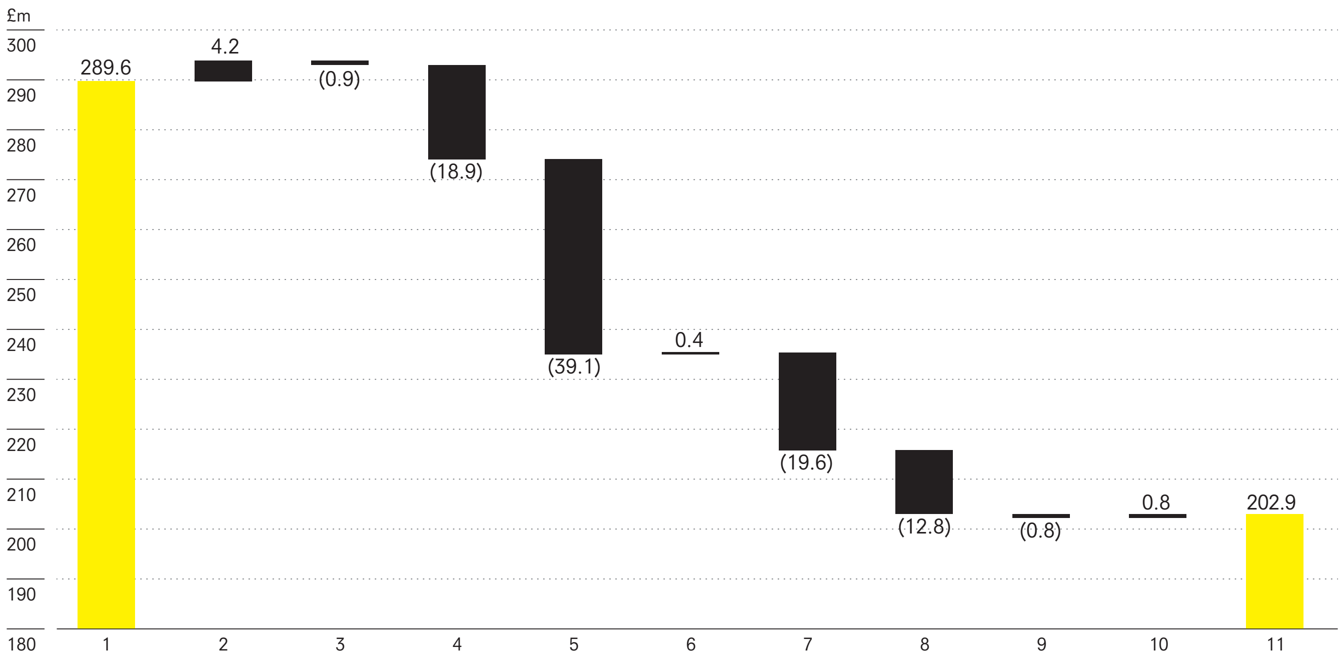
Development and trading loss
During the year, we realised net development and trading losses (including joint ventures) of £39.1 million. The key points to note are:

The Group acquired the shareholding of our 50% joint venture partner in the Shepherd's Bush Market project and then sold 75.5% of the shares to Yoo Capital Investment Management, maintaining a minority interest. The reorganisation and sale contributed a gain of £3.7 million to U+I.

The student element at the Preston Barracks site, which was developed out by Scape, has now opened enabling the Group to recognise a profit of £3.4 million during the year. Gains of £2.2 million were also recognised on completion of the residential site at Circus Street and the leisure scheme in Sittingbourne.

The sale of the Arts Building concluded in January 2021. A loss on sale of £2.4 million was recognised on disposal.

MOVEMENT IN NET ASSETS



1. NAV April 2020.
2. Investment portfolio contribution.
3. Loss on disposal of investment properties.
4. Investment property revaluations.
5. Development & trading contribution.
6. Sale of investments.
7. Net operating costs.
8. Net interest costs
9. Taxation.
10. Other.
11. NAV March 2021.

The Group has recognised a total impairment loss of £10.6 million in the year following the termination of the Spectre joint venture with Colony Capital. The joint venture was created to redevelop commercial properties in Dublin and London, progress on which has been severely impacted by the Covid-19 pandemic and would have required significant further investment over a prolonged period of time.

As previously announced, the Group has carried out a 100 day portfolio review to critically appraise and simplify the Group's business model and make it more streamlined, identifying assets within the portfolio as either core or non-core with the latter being accelerated towards monetisation. The Group has reviewed the net realisable value of non-core assets and has recognised development and trading and financial asset impairments across 12 different projects in the year.

These impairments include:
- £6.3 million in respect of the land promotion agreement at Beeston Park, East Anglia as the contractual land value is not believed to be achievable in the current market.
- £5.5 million against the development in Slough where local power infrastructure costs and other factors deem the current scheme unviable.
- A further impairment of £7.9 million has also been made against our Bromley mixed-use scheme. The commercial element has been impacted by Covid-19 which has had a direct impact on the value of the asset.

Development and trading gains, including joint ventures, can be analysed as follows.

	2021 £m	2020 £m
Included in segmental analysis:		
Development and trading segment result	**(27.5)**	(17.7)
Share of results of joint ventures	**(1.1)**	(4.9)
Sale of investments	**0.1**	9.8
Impairment of Spectre JV	**(10.6)**	–
Adjustment in respect of legacy assets	**–**	20.1
Impairment of Dublin bid costs	**–**	3.7
	(39.1)	11.0

Investment property portfolio
The Group continued its policy of selectively disposing of investment property assets. During the year, the Group disposed of Swanley Shopping Centre, Vicus in Manchester and Belsize Park in London with a combined book value of £16.9m.

The Group's historic investment portfolio does still have a retail bias and as such it has suffered a £18.9 million decline in values during the year, heavily impacted by the Covid-19 pandemic with many assets unable to operate for a large part of the year. Overall, we have seen a 15.1% 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.

Overheads
The overheads during the year comprised:

	2021 £m	2020 £m
Group overheads (including depreciation)	**21.1**	19.4
Non-recurring staff costs	**(3.3)**	(0.5)
Group restructuring costs	**(0.8)**	–
LTIP (charge)/credit	**(0.6)**	2.3
Discretionary bonuses	**(0.9)**	(0.2)
Recurring overheads excluding discretionary bonuses	**15.5**	21.0
Income from specialist platforms	**(1.5)**	(1.9)
Net recurring overheads	**14.0**	19.1

We remain rigorously focused on maintaining capital discipline and strengthening the balance sheet. During the year, the Group completed its redundancy programme, significantly reducing the staff head count and terminating a number of temporary contracts and consultancy arrangements. This smaller team, along with more flexible working practices, means we are looking to reduce our office requirement and associated costs further. Our Howick Place lease is currently on the market.

An internal restructure of the Group corporate structure has also now completed. The Group has continued to rationalise the number of entities, including entities held in off-shore structures. The restructure will deliver cost savings associated with the volume of entities and associated professional fees, estimated at £0.4 million per annum.

We will continue to monitor the efficiencies programme to ensure that we manage our recurring overheads as effectively as possible, whilst identifying further opportunities for efficiencies, both this financial year and in the longer term.

Net finance costs
Net finance costs for the year of £12.8 million (2020: £12.7 million) include a foreign exchange gain of £1.8 million (2020: £1.1 million loss) in respect of the retranslation of Euro-denominated loans and deposits.

For entities where the reporting currency is in Euros, retranslation differences are charged to reserves. The movement for 2021 was a loss of £0.1 million (2020: £0.2 million gain). The net impact of these movements on NAV during the year was a £1.7 million gain (2020: £0.9 million loss).

BALANCE SHEET

The key balance sheet movements are summarised below:

	2021 £m	2020 £m	Comment
Non-current assets			
Investment properties	**95.5**	130.6	– Disposed of three assets with a book value of £16.9 million. – Valuation decline of £18.9 million.
Investment in joint ventures	**60.6**	64.2	– Cash invested of £13.5 million. – Disposal of joint venture interest in Shepherd's Bush. – £10.6 million loss relating to Spectre joint venture.
Financial assets (total)	**20.0**	25.8	– First instalment of Harwell loan notes received £3.5 million. – £2.1 million proceeds received in repayment and disposal of medical centre at Preston Barracks.
Current assets			
Inventory	**81.9**	137.7	– Additions – £14.0 million, disposals – £42.0 million, impairments – £27.8 million.
Financial assets (total)	**20.4**	29.9	– Repayment of Preston Barracks student housing loan of £3.0 million. – £5.3 million impairment of Northpoint loan.
Trade receivables	**26.4**	66.3	– Proceeds from Harwell sale received in April 2020 – £36.3 million.
Monies held in restricted deposits	**43.2**	29.4	– Net proceeds from sale of Swanley retained by lender – £10.7 million.
Liabilities			
Total borrowings	**135.4**	161.1	– £16.9 million of new bank debt drawn down. – £40.5 million of loans repaid.

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 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 may be large differences between the level of receivables and payables from one balance sheet to the next and consequently can cause a 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 2020. 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, the first instalment of £3.5 million being received in March 2021.

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:

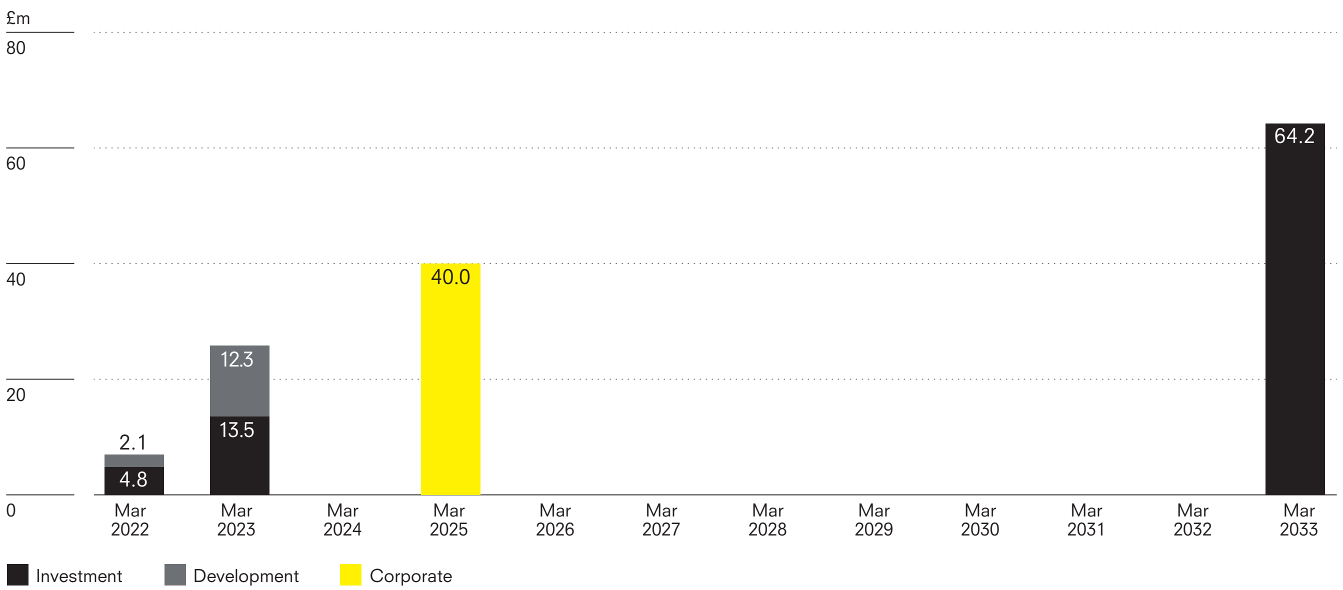
						Principal financial highlights		
Facility type	Notes	Utilised as at 31 March 2021 £'000	Total facility	Interest rate	Maturity	Loan to value ratio (LTV)	Interest cover ratio (ICR)[1]	Minimum net worth[1] £'000
On Balance Sheet Loans								
Investment facilities								
Term loan – investment properties	2	4,750	£19,710	Variable	25-Mar-22	50%	110%	–
Term loan – Plus X/other assets	3	13,500	£13,500	Variable	1-Jul-22	–	–	180,000
Term loan – Aviva assets	4	64,183	£66,667	Fixed	5-Dec-32	75%	125%	–
Development and trading facilities								
Term loan – Bromley residential		2,107	£26,000	Fixed	31-Jan-19	–	–	–
Term loan – White Heather, Dublin		~9,853	€11,565	Variable	13-Dec-22	70%	–	100,000
Term loan – Dublin Industrial Estate		~2,454	€2,880	Fixed	28-Mar-23	70%	–	100,000
Corporate facility								
Loan notes	5	~40,041	€47,000	Cap	24-Apr-24	–	–	–
Joint Venture Loans	6							
Development facilities								
Term loan – Kensington Church Street		13,596	£26,000	Variable	31-Dec-21	60%	125%	100,000
Term loan – Mecca Bingo		5,100	£5,610	Cap	30-Jun-21	60%	175%	–
Term loan – Keighley & Barnsley	7	4,399	£4,000	Fixed	09-Nov-21	–	–	–
Term loan – Hendy Wind Farm		9,611	£16,674	Variable	31-Dec-22	–	120%	–

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. The loan has been fully repaid since the year end.
3. The bank has temporarily reduced the minimum net worth covenant from £240.0 million to £180.0 million until 31 March 2022.
4. 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. A loan repayment of £5.0 million was made against this facility in May 2021.
5. These unsecured, variable rate loan notes are denominated in Euros, with a nominal value of €47 million. A repayment against this facility of €11.8 million was made in April 2021.
6. Loans relating to joint ventures represent the total loan facility and not the Group's share.
7. This facility has the provision to allow interest to be rolled into the loan. A loan repayment of £2.5 million was made against this facility in April 2021.

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

Debt covenants are monitored on a quarterly basis and the Group maintains a constant dialogue with all its lenders.

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:

- Drawdown of new £13.5 million investment facility charged against the Plus X Building at Preston Barracks and various other assets. A capital repayment of £3.5 million was made on 31 March 2021 in line with the facility; however the bank did not apply the repayment against the loan until April 2021.
- Our White Heather Euro facility was extended during the year and a further €3.1 million was drawn down.
- The term of the Group's €47.0 million, unsecured loan notes was extended by three years to April 2024. An €11.8 million loan repayment has been made since the year end.
- Repayment of £16.8 million of The Arts Building facility on sale in January 2021.
- £8.7 million investment property loan repayment on disposal of Gemini Building at Harwell, Vicus in Manchester and Belsize Park in London.
- £12.6 million loan repayment in respect of the Bromley facilities as residential units were sold during the year.

Our debt policy has been reviewed during the year and can be summarised as follows:

- Longer-term fixed rate facilities are used to fund longer-term income-producing assets. Target loan to value (LTV): 60-70%.
- Shorter-term asset-specific debt aligned to the business plan for shorter-term trading assets. Target LTV: 50-55%.
- Euro-denominated debt acts to hedge Euro-denominated assets in Dublin and will be gradually repaid as Euro exposure decreases.
- 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	2021	2020
Gearing (excl. share of JVs)	25-35%	**35.5%**	44.9%
Gearing (incl. share of JVs)	35-45%	**37.9%**	80.4%

During the year, following the disposal of our Shepherd's Bush Market joint venture interest and the sale of the Manchester Ski Slope asset and repayment their associated debt, the look through gearing has substantially reduced and is converging towards the on-balance sheet level.

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.

		2021	2020
Group net debt and gearing:			
Gross debt	£m	**(135.4)**	(161.0)
Cash and cash equivalents	£m	**63.3**	31.1
Net debt	£m	**(72.1)**	(129.9)
Net assets	£m	**202.9**	289.6
Gearing	%	**35.5**	44.9
Weighted average debt maturity	years	**6.7**	5.9
Weighted average interest rate	%	**5.7**	4.7
Including joint ventures:			
Share of net debt in joint ventures	£m	**(4.8)**	(102.9)
Gearing	%	**37.9**	80.4
Weighted average debt maturity	years	**6.3**	3.7
Weighted average interest rate	%	**5.4**	5.6

Post the partial repayment of the Euro denominated loan notes in April 2021, the weighted average interest rate on balance sheet debt has reduced from 5.7% to 5.5%.

Monies held in restrictive accounts and deposits
As at 31 March 2021, the Group held £43.2 million of restricted cash deposits (2020: £29.4 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.

Included in the balance above is £3.5 million associated with the Group's £13.5 million investment facility. Under the terms of the facility, the Group repaid £3.5 million on 31 March 2021. The bank, however, did not apply the repayment against the loan until 5 April 2021. The Group's £3.5 million repayment is therefore included in restricted cash at 31 March 2021 and the loan balance is £13.5 million.

In May 2021, the Group restructured the Aviva investment portfolio debt facility. Property assets previously charged under the Group's Barclays facility were substituted into the Aviva facility. As a result, £13.2 million of Aviva restricted cash was released, £5.0 million of the Aviva facility and the entire £4.8 million Barclays facility were repaid. £24.5 million remains restricted in relation to the Aviva facility.

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.

During the year, the Group restructured its joint venture investment in Shepherd's Bush Market, generating a gain of £3.7 million and also recognised a gain of £1.1 million when the joint venture disposed of the Manchester ski slope. Additionally, the Group exited its Spectre joint venture with Colony Capital.

The Group's principal remaining joint ventures relate to Kensington Church Street in London and Mayfield in Manchester.

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 (1.02)%. 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.

Dividends

In July 2020, given the economic uncertainty created by the Covid-19 pandemic, the Board suspended the payment of dividends in order to preserve cash reserves. The pandemic has caused delays in completing transactions, reduced market confidence leading to cautious decision making as well as planning delays all of which has significantly impacted the Group's performance. As such, the Board is not recommending the payment of a final or supplemental dividend in respect of the year ended 31 March 2021.

The Board will revisit this temporary measure at the next reporting date.

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 2021, the Group had net Euro-denominated liabilities of €37.4 million (2020: €40.1 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 continued to fluctuate following the UK's exit from the EU and the continuing global economic crisis as a result of the Covid-19 pandemic, albeit improved since 31 March 2020. The impact on our NAV during the period was a gain of £1.7 million, which is the net result of a gain of £1.8 million recorded in finance income in the profit and loss account and a loss through reserves of £0.1 million. The deficit in the 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
25 May 2021

Five-year summary

		31 March 2021	31 March 2020	31 March 2019*	31 March 2018	31 March 2017
Revenue	£m	**45.8**	70.0	160.1	173.7	123.9
(Loss)/profit before taxation	£m	**(86.7)**	(58.6)	6.3	48.2	(1.7)
Net assets	£m	**202.9**	289.6	360.1	379.3	347.6
(Loss)/earnings per share	Pence	**(70.2)**	(44.5)	4.2	32.2	(2.4)
Net assets per share	Pence	**163**	232	289	303	278

* 13-month period to 31 March 2019.

SIX REASONS TO INVEST.

1.
Our time has come. There is an unquestionable, and urgent, need for mixed-use regeneration to meet the changing requirements of society and the critical need for housing supported by local and central governments.

2.
Experienced management team with strong relationships, a proven track record and a distinctive people-focused approach to placemaking. We have the vision, creative and entrepreneurial flair to see potential in unused land where others see complexity.

3.
Agile and right-sized company with a high-quality pipeline, trusted by communities and partners, with a deep understanding of the value in regeneration and placemaking for all stakeholders.

4.
Simple business model and distinctive brand in an industry with high barriers to entry.

5.
Differentiating purpose supported by sound ESG.

6.
Potential for good returns on investment and long-term dividend growth.

STREAMLINED, FOCUSED AND SUSTAINABLE.

ACCOUNTABILITY THROUGH EFFECTIVE GOVERNANCE.

"The Board acted quickly and decisively to address the challenges posed by the pandemic, ensuring all decisions and actions were taken within a clear governance framework. Following a challenging year, we have emerged as a more streamlined, focused and sustainable business."

Peter Williams
Chairman

Areas of focus for the Board during the year

- **Response to the Covid-19 pandemic:** The Board supported the Senior Management Team in rolling out a comprehensive Covid-19 strategy to support U+I employees and stakeholders – see pages 97, 105 and 129.
- **Board composition and succession planning:** Richard Upton was appointed as Chief Executive Officer effective on 19 January 2021. Matthew Weiner and Marcus Shepherd will stand down from the Board following the release of the financial results for the year ended 31 March 2021.
- Jamie Christmas joined the Board as an Executive Director on 17 May 2021 and will become Chief Financial Officer on 19 June 2021, when Marcus Shepherd steps down from the Board, see page 126.
- Nick Thomlinson will retire from the Board immediately following the 2021 AGM, having spent nine years as an Independent Non-executive Director and the last five years as Senior Independent Director.
- Peter Williams and Barry Bennett have indicated their intentions to stand down from the Board by the end of the financial year ending 31 March 2022.
- **Board strategy:** In-depth Board engagement in the review and refinement of U+I's corporate strategy and the strategic priorities of the business through two Board strategy days during the year, see page 106.
- **Culture:** Ensuring corporate culture and 'employee voice' remain at the forefront of Board deliberations through our employee engagement platforms, see page 112 to 113.
- **Operational review:** Approval and oversight of significant efficiencies programme during the year.
- **Governance:** Compliance with the UK Corporate Governance Code for the year ended 31 March 2021, as set out on page 99.

Our 2021 governance priorities

- Monitoring the ongoing effects of the Covid-19 pandemic on our business performance, whilst delivering against our strategy, the simplification of our business model, and the delivery of long-term value to shareholders and wider stakeholders.
- Appointment and induction of Jamie Christmas as our new Chief Financial Officer.
- Recruitment process for a new Chairman to be initiated during the year and completed by 31 March 2022.
- Supporting Executive Directors and the Senior Management Team through the current transitional period on the Board, as described throughout this Report.
- Ensuring that U+I's culture and the wellbeing of our employees and stakeholders remains at the forefront of Board planning.
- Continuation of organisational and operational efficiencies whilst ensuring governance and risk oversight is maintained.
- The roll out of our new ESG vision and framework overseen by the Board.

BOARD LEADERSHIP AND COMPANY PURPOSE

Dear Shareholders,
On behalf of the Board, I am pleased to present U+I's Governance Report for the year ended 31 March 2021. The purpose of this report is to explain U+I's governance framework and outline how the principles of good governance have been applied on a day to day basis during the year. Further information on how the Company does this is set out on pages 99 to 101 and throughout this Governance Report.

The Board's response to Covid-19
Our financial year beginning 1 April 2020 commenced during the early stages of the first lockdown and developed into what has undoubtably been the most challenging of year's for the Company. The Board, like the rest of U+I, and society as a whole, has adapted its way of working as a result of Covid-19, holding regular virtual meetings and working closely alongside management to navigate the business through this unprecedented period. To ensure the Board was well positioned to direct and support the business during this difficult time, its primary focus was on ensuring the health and wellbeing of U+I employees, the mitigation of the risks attributable to the wide-ranging effects of the pandemic, and a full review of the business strategy and strategic priorities of the Company. Additional Board meetings were arranged to focus on these specific areas of the business to ensure that the appropriate leadership and risk oversight was in place. The Board acted quickly and decisively to address the challenges posed by the pandemic, ensuring all decisions and actions were taken within a clear governance framework. Following a challenging year we have emerged as a more streamlined, focused and sustainable business.

Employee engagement, wellbeing and culture were at the forefront of Board discussions during the year. U+I is a company whose employees thrive on the interaction and engagement with each other at our Head Office at Howick Place and with our stakeholders on our project sites, and so adapting to remote working has brought with it particular challenges. Sadie Morgan, our Director with responsibility for employee engagement, took the lead in ensuring our team was adequately supported and engaged throughout the year; she explains how she did this on page 113. I am particularly pleased to note that through our anonymous annual employee survey, even allowing for the difficulties and disruption faced by employees during the year, satisfaction with U+I as a company to work for increased amongst our team from 93% to 95%. Further information on how the Board has focused on the engagement and wellbeing of our team during the year can be found on pages 112 to 113.

Risk management oversight to ensure that adequate risk mitigation processes and procedures were in place during the year, for both the specific and the wider effects of the Covid-19 pandemic on the business, has been a key area of focus for the Board and its Committees. These key risks, and the actions the Board has taken to address these, have been set out on pages 80 to 85 and 128 to 130.

Changes to the composition of the Board

On 19 January 2021, we announced that Matthew Weiner would be stepping down from his role as Chief Executive Officer and that Richard Upton, Chief Development Officer, would be taking over the position as CEO with immediate effect. At the same time, it was announced that both Matthew and Marcus Shepherd, our Chief Financial and Operating Officer, would be stepping down from the Board following the release of our Preliminary Results. On 11 May 2021, we announced that Jamie Christmas would be appointed to the Board as an Executive Director on 17 May 2021, and would take over as Chief Financial Officer when Marcus steps down from the Board on 19 June 2021. We have also announced that Nick Thomlinson, having spent nine years as an Independent Non-executive Director and, for the last five years Chair of our Remuneration Committee and Senior Independent Director, will not be putting himself forward for re-election at the 2021 AGM. Lastly, Barry Bennett and I have indicated that we intend to step down from the Board by the end of the current financial year. These changes will produce a more streamlined, fit for purpose and diverse Board, to support a more streamlined, focused and sustainable business. There will be an orderly transition over the coming year to ensure the Board continues to provide the right level of support to the Senior Management Team and across the business. For more information on the changes being made to the Board see pages 120 to 127.

Purpose, values and culture

Our purpose and our track record of turning unloved, overlooked pieces of land into beautiful, creative and safe places to live, alongside the long-term socio-economic benefits this brings to the communities in which we work, whilst, at the same time, providing sustainable returns to our shareholders, have become increasingly important as society looks to rebuild a post-Covid-19 economy. We believe that our mixed-use regeneration projects, our purpose, culture and our values, are uniquely aligned to the developing needs of society as it evolves in a post pandemic economy.

As I write this report we find ourselves moving towards the gradual opening up of society and of our economy, with vaccinations providing a degree of positivity and optimism that a return to some form of normality is on the horizon. However, the Board is all too aware of how delicately this situation is balanced. The resilience of U+I, along with its fundamental purpose, values, strategy and culture will continue to be tested as we look to understand how a post-Covid economy will impact our business. The presentation of such challenges demonstrates the necessity of not only having an effective, bold and entrepreneurial Board, but also a lean, fit for purpose and flexible team with strong and common values. The Board encourages the U+I team to be imaginative, intelligent and audacious in everything it does, and its these values, alongside our purpose, and a culture of engagement, transparency and accountability, that we can fall back on to guide us when confronted with such times of uncertainty.

Diversity and inclusion

The Board recognises the value that diversity brings to both the Boardroom and to the wider workforce. Board appointments and succession planning are based on merit and objective criteria, which promote all aspects of diversity whilst ensuring positions are filled by the very best qualified person for the role. As at 31 March 2021, female representation on the Board was at 33%. An independent third party ran employee workshops during the year to receive input into our new Diversity and Inclusion policy which will be rolled out during 2021. Further information on diversity within the business can be found on pages 79 and 127.

Shareholder and stakeholder engagement

As a Board, we are conscious that we are accountable to all of our shareholders and wider stakeholders such as our employees, partners, communities and the environment. We maintain an active dialogue with our shareholders and have regular interaction with our wider stakeholders. How we do this is set out in our Section 172 statement on pages 84 to 85, along with further details of how we engage with our stakeholders in this report on pages 109 to 114.

ESG and climate change

We are committed to ensuring U+I plays its part in addressing the serious matter of climate change and of environmental and social governance. Our focus as a business is regeneration, this means that we are delivering developments that have a huge socio-economic impact on the communities where we build. ESG is in our DNA, it has been since we formed as U+I back in 2015, and it plays a key role in everything we do. This coming year will see us putting our ESG strategy at the heart of our business. Over the next few months we will publish an ambitious set of targets across all aspects of the ESG agenda. At the end of our current financial year we will publish our first annual Positive Impact Report, which will measure our ESG performance in its widest sense. Further information on what we do regarding our ESG responsibilities can be found on pages 73 to 79. Our SECR Statement and GHG emissions reporting can be found on page 160.

Board evaluation

In 2021, an 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. Useful opportunities for improvement on specific aspects of our governance practices were highlighted and are set out on pages 123 to 124. Overall, the results confirmed that the Board and its Committees continued to function effectively, despite the necessary changes brought about by the pandemic, and in accordance with their respective terms of reference and governance requirements.

Conclusions

Finally, I would like to take this opportunity to personally thank the U+I team and my fellow U+I Board members for their support, focus and dedication, and for committing a significant amount of additional time to ensure the Board fulfilled its duties in what has been a quite unprecedented year. A refreshed, streamlined and focused Board will continue to respond to the ongoing challenges brought about by the pandemic and wider market and economic conditions, and I am confident that the purpose, values and culture of U+I will ensure that the appropriate decisions and actions are taken for the benefit of all our stakeholders and to promote the sustainable success of the Company over the longer term. It has been a pleasure serving as your Chairman of U+I for the past five years, as mentioned above it is my intention to stand down from the Board by the end of the current financial year. I look forward to handing over to my successor once they have been identified.

Peter Williams
Chairman
25 May 2021

COMPLIANCE WITH THE 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 of the Code, the Board can demonstrate through its reporting how good governance contributes to the long-term sustainable success of a Company. 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 below.

The Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

U+I is pleased to report that for the year ended 31 March 2021 it has consistently applied the principles of good governance contained within the Code, and complied with all Code provisions, with the exception of provision 38 in relation to Directors' pension contributions. The Board has now fully aligned all Executive Director pension contributions with those of the workforce, and the Company will fully comply with provision 38 of the Code for the year commencing 1 April 2021. Further information can be found on pages 138 to 153.

THE UK CORPORATE GOVERNANCE CODE

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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
Compliance with the Code As a Company listed on the London Stock Exchange, U and I Group PLC is subject to the requirements of the Code. The Board is required to comply with the provisions of the Code and, where it does not, explain the reasons for non-compliance.	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 2021. 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 2021, with the exception of provision 38, as set out on pages 99 and 140. For the financial year beginning 1 April 2021 the Company will comply with provision 38 of the Code as explained on page 143.	Details on how the Company complies with the Code can be found throughout the Governance Report together with sections of the Strategic Report and Directors' Report incorporated by reference, see pages 96 to 161.
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 84 to 85. Further information on how we have interacted with our stakeholders during the year can be found in the Governance Report on pages 109 to 114.
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 135, and the Statement of Directors' Responsibilities on page 162.
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 80 to 85.	Information around our key risks and risk mitigation processes can be found on pages 80 to 85 of the Strategic Report, and pages 128 to 137 of the Governance Report.

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
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 128 to 130.
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 2021 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 176.	More details on the Going Concern Statement can be found in the Audit and Risk Committee Report on page 137, and also in note 1 (a)(ii) of the notes to the Consolidated financial statements on page 176.
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 80 to 85.	The Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to March 2026.	U+I's Viability Statement can be found on page 86.

BOARD MEETING ATTENDANCE

Board and Committee meetings would typically be held at the Company's registered office address, 7A Howick Place, London SW1P 1DZ. Board strategy days are held at an offsite location, usually a U+I project site. Due to Covid-19 restrictions, all Board and Committee meetings for the year ended 31 March 2021, with the exception of one, were held virtually via a secure video conference facility. The following table sets out the attendance of the Directors at the scheduled meetings of the Board during the financial year:

Director	Appointed	Number of meetings attended/ meetings possible	% attendance
Peter Williams Chairman	04.01.2016	10/10	100
Richard Upton Chief Executive Officer	19.05.2014	10/10	100
Matthew Weiner Director	18.03.2004	10/10	100
Marcus Shepherd Chief Financial and Operating Officer	18.02.2013	10/10	100
Nick Thomlinson Senior Independent Director	03.01.2012	10/10	100
Barry Bennett Non-executive Director	19.05.2014	10/10	100
Lynn Krige Independent Non-executive Director	10.03.2016	10/10	100
Ros Kerslake Independent Non-executive Director	01.09.2017	10/10	100
Sadie Morgan Independent Non-executive Director	03.04.2019	10/10	100

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:
5 years, 5 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. In addition, Peter has served on the boards of many companies, including Superdry plc, 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. Richard Upton
Chief Executive 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:
7 years

Skills and experience:
Richard was appointed Chief Executive Officer of the Company on 19 January 2021, having previously held the positions of Deputy Chief Executive and Chief Development Officer. 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 housebuilder, and is a member of the London Advisory Committee for English Heritage. In January 2018, Richard was appointed a Commissioner for Historic England.

3. Matthew Weiner
Director

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:
17 years, 2 months

Skills and experience:
Matthew is a Director of the Company, having previously held the position of Chief Executive Officer from July 2015 to January 2021. Matthew previously served 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. Matthew intends to step down from the Board on 31 May 2021.

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:
8 years, 3 months

Skills and experience:
Marcus will remain Chief Financial and Operating Officer of the Company until 19 June 2021 when he will step down from the Board. 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:
9 years, 5 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. Having served nine years as an independent Non-executive Director, Nick will not put himself forward for re-election at the 2021 AGM, and will step down from the Board immediately following the 2021 AGM on 9 September 2021.

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:
7 years

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, 3 months

Skills and experience:
Lynn brings experience from across the construction, infrastructure, investment, healthcare and B2B services sectors. She is Chief Financial Officer of City and County Healthcare and has held executive roles at the Well Pharmacy Group, British Engineering Services Ltd, 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:
3 years, 9 months

Skills and experience:
Ros is currently Chief Executive Officer of the National Lottery Heritage Fund and has previously held CEO/Director 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 Services Honours Advisory Committee. Ros holds honorary degrees from Keele and Staffordshire Universities for her work in heritage and regeneration. In 2016, she was awarded an Order of the British Empire and in 2020 was made a Commander of the British Empire, both 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:
2 years, 2 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 is a commissioner for the National Infrastructure Commission, a board member of Homes England, and chairs the Independent Design Panel for High Speed 2. Sadie is also one of the Mayor's Design Advocates for the Greater London Authority.

Sadie completed an MA at the Royal College of Art in 1993. She was elected president of the Architectural Association in 2013, in 2016 she was appointed Professor of Professional Practice at the University of Westminster and awarded an honorary doctorate from London South Bank University. Sadie more recently won the inaugural 'Female Architectural Leader of the Year' at the BD Architect of the Year awards and the AJ100 Contribution to the Profession award. In 2019, she was awarded an RIBA Honorary Fellowship, for her significant contribution to architecture. Sadie was awarded an OBE by the Queen in 2020 for services to design advocacy in the built environment.

Committees:
Member of the Remuneration Committee and the Nomination Committee. Employee representative Director.

10. Jamie Christmas
Director

What drives me:
"U+I has a distinctive market position and exciting schemes that are more relevant now than ever before. I am looking forward to joining the Group and working with Richard and the team in the execution of the regeneration strategy."

Appointed:
17 May 2021

Period of service on the Board:
0.5 months

Skills and experience:
Jamie was appointed to the Board on 17 May 2021 and will take over as Chief Financial Officer on 19 June 2021 when Marcus Shepherd steps down from the Board.

Jamie has over 17 years' experience in the real estate, private equity and financial services sectors, most recently as Chief Financial Officer of RCL Partners, a large family office with international investments across real estate and private equity. Prior to this, Jamie was Chief Financial Officer at global real estate investment and asset management firm Round Hill Capital. Jamie has held senior positions at Coller Capital, CBRE Global Investors and DTZ Holdings plc after qualifying as a Chartered Accountant at KPMG.

BOARD ACTIVITIES

THE BOARD'S RESPONSE TO THE COVID-19 PANDEMIC

The Board of U+I, as with all businesses both in the UK and around the world, has spent a significant proportion of its time over the past year navigating what has been an unprecedented set of circumstances brought about by the Covid-19 pandemic. Government restrictions in response to the pandemic were in place at the beginning of the financial year commencing 1 April 2020. In accordance with its Section 172 obligations, the Board, along with its Committees, considered the immediate response to, and potential mid to long-term effects of, the pandemic on the Company's stakeholders, its business operations, cash flow and wider strategic objectives, and sought to minimise any potential risks through taking the following actions:

- Directors made themselves available for additional virtual Board meetings to discuss and approve the Company's response to the global pandemic and its effect on the business.
- Disclosures were made to the market regarding the actual and expected impacts of Covid-19 on the business and finances, and the steps the Board was taking to address any areas of concern.
- A specific Covid-19 risk assessment was undertaken and discussed at each Risk Management Committee held during the year, highlighting the potential risks to the business and U+I's proposed risk mitigation strategy – see pages 123 to 124 for further details.
- An efficiencies programme including an immediate reduction to discretionary expenditure and the review and reduction of overheads through two redundancy programmes rolled out during the year.
- Salaries were reduced for all Board Directors and senior management for a three-month period in 2020 – see page 145.
- Cancellation of annual bonuses and salary reviews at all levels throughout the Company – see page 129.
- Commenced monetisation of non-core assets programme and temporary suspension of payment of dividends to ensure the business remained on a secure financial footing.
- 100 day review and assessment of longer term implications on U+I's business model, strategy, pipeline, risks and requirements for the continued functioning of the business.
- Regular, clear and proactive communication and engagement with the U+I team to provide support and assistance during the year – see pages 112 to 113.
- U+I's head office at Howick Place was made a Covid-19 safe environment with necessary safeguards and restrictions put in place. Employees were encouraged to work remotely in line with government guidance.
- The 2020 AGM was arranged as a closed meeting to protect the health and wellbeing of employees, officers and our shareholders.
- A rationalisation programme to streamline U+I's corporate structure was undertaken to reduce complexity and costs.
- A review of the Board composition took place, led by the Chairman, resulting in proposals for streamlining in line with revised business requirements.
- A review of IT and remote working arrangements to ensure seamless transition to remote working throughout the team.
- The roll out of an employee wellness programme and increased focus on maintaining our culture – see pages 110, 112 to 113.
- Engagement with all employees around future working expectations and practices at U+I.
- A review of U+I's head office requirements resulted in the placing the lease for 7A Howick Place on the market and a search for a new, fit for purpose, office in light of our streamlined operations.

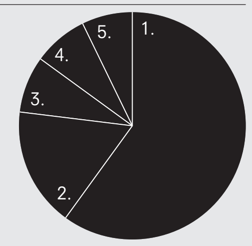
Key Board activities during the year
The Board met formally 10 times during the year to 31 March 2021. The Board met at short notice a further six times during the year for discussions on specific matters including the Company's ongoing response to the Covid-19 pandemic.

Within the scheduled meetings are included two full strategy days dedicated to discussions around Company strategy, see page 106 for further information. Only the formally scheduled meetings are included for the purposes of our Director attendance figures detailed on page 102. Key activities the Board addressed during the year can be separated into the five general areas outlined in the diagram below, and are outlined in more detail on pages 106 to 108. The Company's response to the Covid-19 pandemic spanned across all five of these areas of the business.

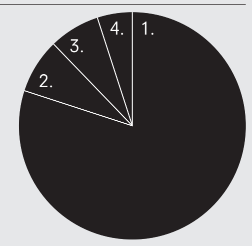
The Board and Senior Management Team keep all areas of the business under review within the context of the business strategy and the strategic priorities of the Company, along with a full understanding of the key risks facing the business and required risk mitigation strategies, as set out on pages 80 to 85 and pages 128 to 130.

The five areas in the chart set out below, and detailed on pages 106 to 108, represent the primary areas of focus for the Board in discharging its obligations for the year ended 31 March 2021. The amount of time spent on each area 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 – allocation of time*
1. Strategy and new and existing project portfolio **60%**
2. Financial planning and performance **17%**
3. Leadership, culture and people **8%**
4. Governance, risk and internal controls **8%**
5. Stakeholders and shareholders **7%**



Allocation of time Directors spent in Board and Committees*
1. Board **80%**
2. Audit and Risk Committee **8%**
3. Remuneration Committee **7%**
4. Nomination Committee **5%**



* Approximate amounts of time spent.

U+I BOARD STRATEGY DAYS

The challenges faced by the business during the year have been significant as are outlined throughout this Report. These issues were addressed by the Board by arranging specific additional meetings to analyse, discuss and approve the response of the business. Whilst a significant proportion of the Board's time was inevitably taken up addressing the immediate challenges facing the business, it was also essential to give the Board the opportunity to take a step back and look at the bigger picture, to allow for debate and strategic planning over the medium to longer term in order to identify opportunities and risks that may present themselves as a result of the current circumstances. U+I's purpose has never been so relevant as it is right at this moment, we believe the Company is aligned with the requirements of a post Covid-19 society in creating open, safe and distinctive places where society can come together to live, work and socialise. To facilitate these discussions we held two Board strategy days during the year. In light of the ongoing pandemic these were held in the office auditorium in October 2020, with the appropriate social distancing measures in place, and online in March 2021. The main items discussed at the two strategy Boards were:

October 2020
- In depth review of business plan and revised strategy.
- Acquisition and funding strategy.
- Review of capitalisation of the business and significant projects.
- Review of overheads, capital expenditure, and roll out of an efficiencies programme.
- The U+I team: discussions on support provided for the U+I team whilst working remotely and employee wellbeing.

March 2021
- Update on progress against business plan including 100 day review and ongoing efficiencies programme.
- Cash flow and gains forecast analysis.
- Review of governance processes.
- The U+I team: discussions on support provided for the U+I team, wellbeing and roll out of all Company discussions on the future working practices at U+I.

The primary focus of the Board during the year included:

BUSINESS ACTIVITY	BOARD INVOLVEMENT	WHAT WE HAVE DONE THIS YEAR
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. The Board undertook a 100 day review of the business during the year; this resulted in a refined strategy with a simplified 'Master Developer' model at its core. The Board is now focused on proving the business plan and the simplification of the asset portfolio through the disposal of non-core assets, and the delivery of our pipeline of core projects against forecast strategy. The Board reviews progress in the execution of our strategy at each meeting, holding the Executive Directors and Senior Management Team to account.	– Covid-19 Response: Evaluation of the significant impact of the pandemic on the U+I workforce, the business strategy, operational performance, financial position, the market and wider economy over the short, medium and longer terms, see page 105. – Oversight of the implementation of U+I's Covid-19 risk mitigation strategies through the Risk Management Committee, see pages 129 to 130. – A 100 day review of the business, focusing on all areas of the business and business strategy, led by senior management was presented to the Board for discussion. – The introduction of a new 'Master Developer' business model and simplification of business strategy to obtain greater predictability over future income streams, see pages 59 to 61. – Two Board and Senior Management Team strategy days were held during the year to discuss all areas of strategy and the strategic priorities for business over the medium and longer terms, see above. – Reduction in portfolio size and monetisation by identification and disposal of non-core assets. – Oversight of a significant programme of cost efficiencies including the reduction in overheads through two redundancy programmes, the reduction in discretionary capex, and a review of U+I's future head office requirements which resulted in the placing of 7A Howick Place lease on the market and the search for a new, fit for purpose office in light of our streamlined operations and reduced size of the workforce. – A review of significant PPP project funding requirements and opportunities. – Review of U+I's synergistic platforms, for example Plus X. – Comprehensive project reports reviewed at each meeting, covering progress against plan in accordance with pre-approved strategy. – Consideration of reports received from the Investment and Operational Committees.

BUSINESS ACTIVITY	BOARD INVOLVEMENT	WHAT WE HAVE DONE THIS YEAR
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 temporary suspension of U+I's interim and final dividend to retain cash within the business. – A review of U+I's portfolio of assets to identify 'non-core' assets and the subsequent roll out of a monetisation programme as part of a simplification strategy, enabling disposals and the creation of significant cash delivery of £50 million+ in FY2021 and £80 million targeted in FY2022. – Oversight of a significant efficiencies programme to reduce gross recurring overhead, including employee, office and third-party costs, through reducing headcount, rationalisation of UK corporate and offshore structures and removing discretionary costs. – Temporary reduction in salary for the Board and senior management and a halt to the annual pay review and bonus process for 2020. – Focus on the preservation of cash and liquidity, whilst strengthening the balance sheet, as mitigation to the deterioration in economic conditions throughout the year. – Review of debt facilities and reduction of on balance sheet gearing. – Secured a £23 million government grant to fund the first elements of Phase 1 of the Mayfield scheme, including the infrastructure for a new public park in Manchester. – Consideration and approval of the Company's full- and half-year reports. – Detailed consideration of financial matters at each meeting, led by the Chief Financial and Operating Officer, including projects forecasts, cash flow, trading forecast, treasury and tax matters, and consideration of Going Concern and Viability Statements.
Leadership, culture and people	Our people are our most important asset and are what sets U+I apart from its competitors. The Board has had to take difficult decisions regarding its workforce during the year to protect the business from the effects of the pandemic and worsening economic conditions. The efficiencies programme has been a key area of focus for the Board during the year resulting in a significant reduction in headcount by 31 March 2021. The Board continued its oversight to ensure the Company had the correct people with the required skills doing the right jobs, along with promoting U+I's culture throughout the business. In addition, the Board has spent a significant amount of time focusing on the key areas of succession planning on the Board; more details can be found on pages 120 to 127.	– Richard Upton appointed CEO on 19 January 2021. – Appointment of Jamie Christmas as Director on 17 May 2021, to become CFO on 19 June 2021. – Board succession planning, see pages 120 to 127. – Review of U+I's operational structure to ensure the business was fit to meet ongoing and future strategic priorities. – Following a full review, an efficiencies programme was initiated including two redundancy programmes resulting in a significantly reduced overhead. – Temporary reduction in salary for the Board and senior management and a halt to annual pay review and bonus process for 2020/21. – U+I's head office has been placed on the market as the Board seeks to relocate the business to facilities more in line with the reduced scale of the workforce. – Reduction in number of Non-executive Directors on the Board agreed for 2021 in line with more streamlined business. – Review of diversity and equality throughout the business. – Sadie Morgan, our Independent Non-executive Director with Board responsibility for employee engagement, continued in this role with quarterly employee forums – see pages 112 to 113 for further information. – Sadie also held a six weekly online drop-in clinics to listen and offer advice, guidance and mentoring to U+I employees. – An anonymous annual employee survey on culture, values and purpose was undertaken to allow the Board to assess the wellbeing of employees throughout the Group. See pages 79 and 110. – A review of succession planning throughout the business. – All employee monthly meetings were held on the first Thursday of each month. – Regular Board updates and presentations on all matters relating to people and culture.

BUSINESS ACTIVITY	BOARD INVOLVEMENT	WHAT WE HAVE DONE THIS YEAR
Governance, risk and internal controls	Good governance, and an effective system of risk management, is essential in allowing the Board to maximise the opportunities available to the Company, whilst ensuring risks are mitigated to the fullest extent possible.	– Oversight of the implementation of U+I's Covid-19 risk mitigation strategy, see pages 129 to 130. – Review of IT and remote working processes to allow for seamless transition to non-office based working arrangements for all employees. – Board oversight of a corporate simplification project to significantly reduce the size and complexity of the Group's subsidiary framework. – Full review of governance process and procedure to identify any areas of risk within the business and the mitigation processes required. – Review of all major internal governance policies and procedures. – Review of the conclusions of the 2020 internal Board evaluation and the implementation of recommendations arising from this review. – Consideration of succession planning issues. – Receipt of regular updates on meetings of the Board's principal committees and discussion around the key issues raised. – Review of the Company's risk register and the effectiveness of the systems of internal control and risk management, with specific focus on the risks associated with Covid-19. – Ongoing review of health and safety reports covering all projects at each Board meeting. – Review of the Company's whistleblowing policy and anti-slavery and human trafficking, including approval of website statement. – Review and approval of Annual Report and Accounts and documentation required for the 2020 Annual General Meeting.
Stakeholders and shareholders	U+I believes in the power of partnerships; by working effectively with our partners we become greater than the sum of our parts. The Board takes time to consider stakeholder and shareholder matters and is committed to an ongoing and active dialogue with stakeholders and shareholders on relevant issues, see pages 110 to 114 for further details.	– Discussions with key shareholders around the Board's response to Covid-19, the efficiencies programme rolled out during the year, the decision to temporarily halt our dividend policy to conserve cash and the changes to our Board composition following the announcement made to the market on 19 January 2021. – Board oversight of independent review of ESG and roll out of vision and framework. – The Board considered its full remit of responsibilities under its Section 172 obligations which can be found in our Section 172 statement set out on pages 84 to 85, and also as detailed on page 110. – Investor relations and media reports were tabled at each Board meeting updating the Board on share price performance, shareholder movement, analyst and media coverage. – Institutional investor feedback was given through analysts and brokers on Company performance and investor presentations. Regular meetings with investors and a limited number of investor site visits (due to government restrictions) to discuss any issues or concerns. – Review of 2020 Notice of Annual General Meeting and proxy voting figures. Unfortunately, due to Covid-19 restrictions, the Board was unable to welcome shareholders to the 2020 Annual General Meeting which was held behind closed doors, see page 156 for further information. – Board oversight around the engagement of, and relationship-building with, local authorities and the government to enable the successful creation of mixed-use development and regeneration projects, to help effect change in local communities. For further insight as to how we engaged with all our stakeholders and shareholders during the year, see pages 84 to 85 and pages 110 to 114.

‘PEOPLE FIRST’ CULTURE.

EMPLOYEE WELLBEING IS AT THE HEART OF OUR BUSINESS.

"Our priority throughout the year has been the safety, health and wellbeing of our team and our wider stakeholders."

PURPOSE

U+I's year to 31 March 2021 will go down as a Covid-19 dominated year, during which the Board has had to prioritise mitigating the impact of the pandemic on its stakeholders, whilst also trying to realign U+I's strategic priorities to emerge as a more focused, streamlined and sustainable business. Our purpose of unlocking long-term, sustainable value for all of our stakeholders through regeneration has never been so relevant as at this moment, as it aligns with the requirements of an emerging post Covid-19 society which is seeking out safe and distinctive mixed-use developments to come together to live, work and socialise. The building of relationships and strong, mutually beneficial partnerships with all of our stakeholders, based on trust and a reputation for getting things is in the very DNA of what U+I is. We do this by creating an experienced, dynamic and diverse team within a positive, entrepreneurial and open culture, and through genuine and continuous stakeholder engagement using the wide variety of channels outlined throughout these pages. By focusing on our engagement with stakeholders, underpinned by our values and our purpose, we believe we can bring forward truly transformational regeneration projects and can unlock untapped potential, creating positive change for the benefit of all.

Why we engage
As a market and thought-leading property regeneration and development business we are continually striving to improve and to challenge ourselves as to how we can better fulfil our purpose. We can only do this by approaching everything we do with a socially responsible and sustainable focus. Taking into account the requirements, ideas and concerns of our different stakeholders will enable us to deliver projects that improve the local environment and strengthen the communities which we serve. Engaging with stakeholders is key to this process, the feedback we receive forms part of our Board and wider strategic discussions, as we focus on running a business that benefits all of our stakeholders for the long term.

Engaging with our employees to promote a positive culture
Employee satisfaction with U+I as a place to work has increased during the year.

93%	95%
2020	2021

How the Board promotes a positive culture
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' culture continues to be a key KPI. Finding and working with professional, entrepreneurial and creative people is essential to the continued success of our business. In return, our employees expect to be part of a great Company, one they can be proud to work for, with a clear purpose and established values, along with an inclusive culture, led by the Board, that embraces and engages the whole of the workforce.

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. Section 172 obligations form part of the discussions at each Board meeting. U+I's Section 172 statement is set out on pages 84 to 85. Additional information on how we have engaged our stakeholders is set out on pages 109 to 114.

The displacement of U+I's employees from our normal working environment, and the issues that this has inevitably created, has been the focus of a significant proportion of Board and senior management's time during the year. U+I has quickly adapted to these alternative ways of working, with substantial time and effort being invested to ensure a high level of employee interaction was maintained whilst remote working and communicating virtually as a business.

Employee engagement has continued through new channels of communication throughout the year. Sadie Morgan continued as our Independent Non-executive Director leading on employee engagement matters. Sadie has embraced this role with her drop in clinics and our employee forum 'T.E.A.M.' meetings taking on an even more important role in connecting our people throughout what has been a challenging year for employees. Sadie has summarised her thoughts on the year on page 113.

All employees were gifted £1,000 of U+I shares during the year in recognition of their effort and dedication in what has been a very challenging year for the business and to ensure that each member of the team had a tangible stake in the future of the Company.

During the year, U+I employees registered a 95% employee satisfaction rate through an anonymous all employee annual survey; this was an increase of 2% on the previous year (FY2020: 93%).

The methods used 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 pages 112 to 113.

ENGAGING WITH OUR SHAREHOLDERS TO ENSURE ALIGNMENT OF INTERESTS

As a Board we encourage 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 annual re-election of directors and the Remuneration Report and Policy. In return, shareholders expect accurate, honest disclosure and the delivery of sustainable long-term returns in accordance with the business strategy and guidance we give to the market. To ensure the Board and shareholders continue to be aligned and the dialogue is open, transparent and constructive, the Board employs the following channels of engagement:

Investor meetings	The opportunity to physically invite our shareholders to our project sites, as we have enjoyed in previous years, has been understandably unavailable over the past year, with the exception of a very limited number of occasions when guidelines permitted. We look forward to recommencing this as soon as government guidelines permit. These site visits have been replaced through regular dialogue in the form of meetings, calls and emails, particularly around major financial, strategic and operational topics, for example, changes to our Board composition, temporary reductions to the salaries of our Directors and senior employees, the temporary suspension of our dividend policy and the impact of Covid-19 on the business operations. Feedback received from our shareholders is brought before the Board for discussion.
Investor presentations	Presentations were made by Executive Directors to analysts and shareholders in July 2020 and January 2021 following the release of the 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 made to shareholders. This feedback and analysis 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 U+I's 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), contact details for our Registrar, our policies, a shareholder frequently asked questions section, dividend information and our financial calendar for the upcoming year.
Annual General Meeting (AGM)	The AGM provides an opportunity for private shareholders, in particular, to meet and pose questions to the U+I Board. Unfortunately in 2020, due to Covid-19 restrictions, we were unable to run this meeting as usual due to government restrictions. Subject to being allowed to do so, we intend to revert back to our normal AGM process in 2021 and look forward to welcoming shareholders to this meeting. Further information on the 2021 AGM can be found on pages 156 to 158.
Transparent reporting	Our 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 of the document by writing to the Company Secretary at info@uandiplc.com; however we strongly encourage the viewing of this document electronically via our website to reduce costs and our usage of paper.
ESG	We engaged an independent third party to contact our investors and other stakeholders to help inform our approach to ESG. Over the next few months U+I will publish an ambitious set of targets across all aspects of the ESG agenda. At the end of the current financial year U+I will publish its first annual Positive Impact Report that will measure U+I's ESG performance in its widest sense. Further information can be found on pages 73 to 79.

EMPLOYEE ENGAGEMENT

U+I

U+I MONITORS ITS CULTURE AND ENGAGES EMPLOYEES BY…

Alignment of employees through ownership of the business
All U+I employees were gifted £1,000 of shares during the year. This was in recognition of the Board's appreciation for the effort and dedication demonstrated by our employees during what has been a challenging year for the business. It was also to ensure that each member of our team at U+I was aligned with the strategic priorities of the business going forward and had a tangible stake in the future of the Company.

First Thursday
Our 'First Thursday' town hall style meetings continued virtually on the first Thursday of each month. Hosted by our Executive Directors and Senior Management Team. All employees were encouraged to attend these meetings which included business activity and project updates, internal and external presentations, question and answer sessions, and the presentation of our 'Black Horse' award to an employee chosen by their peers for going over and above what is expected of them and exemplifying the values of U+I.

U+I team strategy day
A virtual 'all-team' U+I strategy day was held during the year. The purpose of this day was for the Senior Management Team to present the revised business strategy, approved by the Board, to all employees to obtain their feedback and to improve the teams sense of inclusion and ownership of the strategic direction of the business. This day also included virtual evening entertainment for the family.

Employee wellbeing
An employee 'Wellbeing Champion' was appointed during the year, along with the establishment of a Wellbeing Committee with the purpose of overseeing all matters relating to employee health and wellbeing. A schedule of events and initiatives was rolled out to ensure that, whilst working remotely, our employees still felt part of a larger team, and were aware that there was assistance available to them should they be finding this alternate style of working challenging.

Annual 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 the levels of satisfaction with U+I as a place to work, which increased from 93% to 95% over the year. Results are then fed back to the team for the purposes of discussion and raising any potential opportunities for improvement.

T.E.A.M. meetings
During the year our T.E.A.M. meetings, our forum for employee engagement, went virtual. Led by Sadie Morgan, our designated Independent Non-executive Director, with responsibility for employee engagement, T.E.A.M. meetings take place once a quarter, with representation from across the business, to discuss all relevant issues tabled by employees throughout the Company. General themes and any specific issues arising were fed back to, and actioned by, the Board. See more on page 113.

Sadie's Surgery
Sadie's 'drop in' Surgery is held every six weeks. This is an opportunity for any employee to drop in for a one-to-one private chat with Sadie Morgan, our designated Independent Non-executive Director with responsibility for employee engagement, to discuss a particular issue, ask for some advice or mentoring, or just to have a chat about what was on their minds. During the year this forum was successfully moved online. See page 113 for further information.

Intranet and Project Portal
U+I's intranet allows employees to read and to circulate news, and as a central hub to access U+I policies and other information. Our Project Portal contains information on all of our projects which employees and the Board can access to bring them up to speed with developments on individual projects.

Other areas
U+I has many other areas where it has demonstrated engagement with employees during the year. These vary widely but include:
- A daily email to all employees from the CEO during lockdown periods to ensure Company-wide engagement.
- The Friday Fringe: U+I's weekly newsletter updating on professional and personal news stories.
- Virtual 'get togethers' on a Friday evening.
- Weekly Yoga and keep fit classes.
- The Company also has a formal whistleblowing policy where any employee can raise concerns in confidence should they wish.

"There has been a real focus on the health and wellbeing of the team, helped by well-established close working relationships, coupled with practical advice and support."

An update from Sadie Morgan
Independent Non-executive Director with the responsibility for employee engagement:

Last year I reported on the first year of my role on the Board as Employee champion, and the setting up of the formal Employee Engagement Forum called T.E.A.M. By way of recap, this stands for 'Together Everybody Achieves More' and is a quarterly Group meeting which directly connects the Board with the U+I team.

Each department within U+I is represented at these meetings, with individuals rotating within these posts each year. This allows for continuity, but also gives the opportunity for more voices to be heard. We discuss issues, ideas and concerns that have arisen during the period between each meeting. In addition to the collective TEAM meeting, I run 'Sadie's Surgery' giving the opportunity for any team member to speak to me confidentially on a one to one basis.

"The resilience of the U+I team throughout has been an inspiration, and I believe as we rebuild the nation post-Covid the U+I team are as motivated, enthusiastic and inspired as ever to help be part of that transformation."

Both these forums have continued virtually throughout lockdown, and the reporting mechanism remains through a dedicated slot on the Board agenda and directly to the Senior Management Team.

There won't be much surprise about the topics that have been raised this year. From the basic operational needs of working from home, laptops, better connections, office chairs – all fairly easy to address – to more complex personal issues of isolation and a sense of dislocation from one's work colleagues. There is balance between those who crave more social interaction through virtual drinks, pub quizzes, cook-along evenings to those who are 'Zoomed out' and can't wait to get away from their computers. With a team that relies on the creative buzz and energy of the U+I office, adapting to home working has been a particular challenge. So there has been a real focus on the health and wellbeing of the team, helped by well-established close working relationships coupled with practical advice and support.

The third lockdown has been the toughest, as it became increasingly harder to keep motivated and inspired through what felt like an endless winter and a lost Christmas – which highlighted the separation from loved ones.

The reduction in overheads has meant a significant reduction in the team, resulting in high levels of insecurity and vulnerability felt by employees. As unavoidable as this is, I have been impressed with the care and thought that has gone into supporting those who have had to leave, while giving both a stable and inspiring environment to those who remain. An improved reporting structure and review process has helped to give transparency, clarity and confidence to those wishing to understand where they fit into a slimmer organisation to help optimise opportunities and fulfil the potential of individual team members.

I have kept in contact with many of those who have moved on, most in high demand as the industry recognises the dual qualities of ingenuity and competence that are the DNA of the U+I family.

The resilience of the U+I team throughout has been an inspiration, and I believe as we rebuild the nation post-Covid the U+I team are as motivated, enthusiastic and inspired as ever to help be a part of that transformation.

Sadie Morgan
Independent Non-executive Director
Employee Representative Director on the U+I Board

ENGAGING WITH OUR COMMUNITIES TO ENABLE POSITIVE CHANGE

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:

- The Board promotes open, regular dialogue and extensive consultations, encouraging communities to participate and provide feedback at every stage of our developments. Including online platforms, face-to-face (or virtual) meetings, working groups, websites and leaflets to encourage meaningful feedback, along with local events to increase dialogue across communities.
- 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 in order to create lasting relationships built around trust, transparency and accountability ensure engagement and the cultivation of a shared vision.
- We estimate that our schemes have the potential to create 55,000 new jobs and 14,000 new homes by 2030.
- The Board understands that, through no fault of their own, some of our tenants have been placed in a difficult position during the year and have been monitoring their expenditure and seeking rent reductions or holidays where possible. Due to regular and meaningful engagement through our asset management team, we have been able to understand the individual situations and issues faced by our tenants and make the necessary arrangements to assist them through this challenging period.
- We are undertaking a full and comprehensive review as to our approach to environmental and social governance with evidence-based measurable targets across all U+I schemes and wider business. We will report our performance against these targets at financial year end 2022.
- We are 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.
- Our new independent Community Challenge Panel, led by Sadie Morgan, an Independent Non-executive Director, will ensure U+I is delivering on the promises it has made to the local communities in which it operates. This eight-strong panel with a high-quality, experienced and diverse membership held two virtual meetings in FY2021.
- A critical review of our sustainability approach was undertaken, speaking to our key stakeholders to understand what we do well, and where the opportunities lie for us to do more.
- 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.

ENGAGING WITH OUR PARTNERS TO IDENTIFY A COMMON PURPOSE

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 a thought leader, challenging the status quo within 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:

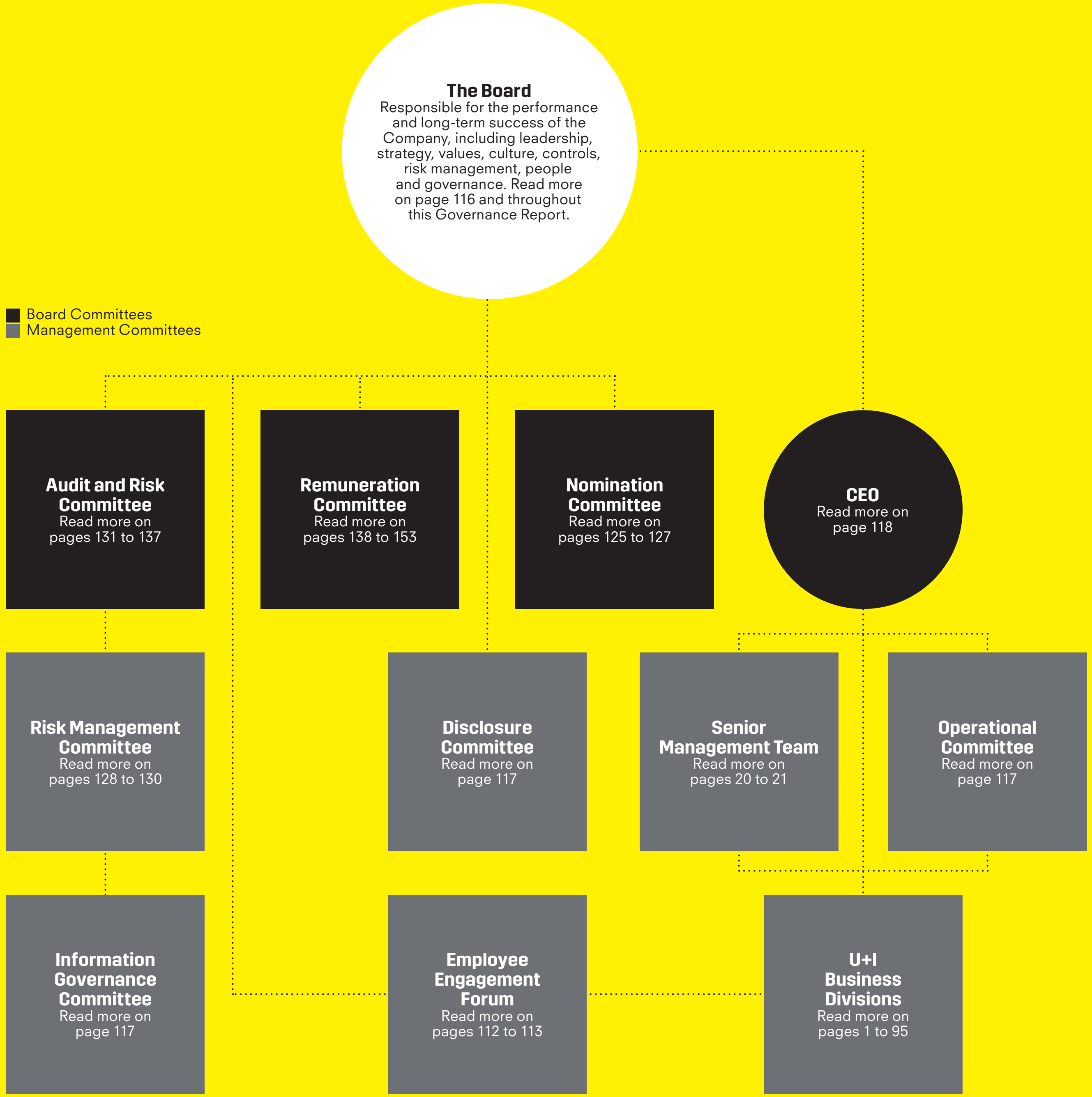
- Led by the Board, U+I focuses on the building and nurturing of strong relationships based on trust, transparency and accountability, through the continuous interaction amongst all parties involved in a project, to foster alignment and ensure projects are completed and delivered to the highest possible standard.
- Through the building of close relationships with our principal suppliers, contractors and sub-contractors. The Board was kept informed of individual positions and responses to the pandemic and how this was impacting on their businesses, finances and employees.
- 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.
- We will be introducing a new Diversity and Inclusion policy throughout the business and across suppliers during the current financial year, this followed the results of all employee workshops run within the business.
- Our independent Community Challenge Panel, approved by the Board and led by Sadie Morgan, an Independent Non-executive Director, will 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 roll out of our ESG vision and framework overseen by the Board, including the engagement of an independent third-party to contact our investors and other key stakeholders to help inform our approach to ESG.
- 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.
- Working with our JV partners, architects, funders, local residents and fledgling start-ups, amongst others, to engage untapped potential and deliver ambitious projects
- Ongoing and regular discussions with partners throughout our project programmes and beyond to encourage open and honest feedback and to areas for improvement.
- Nurturing strong relationships and delivering on key projects to build trusting, complementary and long-term mutually beneficial relationships.
- We have partnered our chosen charity Shelter over previous years by arranging events to raise money and awareness for the charity, which was then matched by the Company.

GOVERNANCE STRUCTURE

U+I has created an effective, transparent and accountable governance framework that supports our strategy.

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 the schedule of matters reserved for the Board, see page 116 for further information.

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 116 to 117 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. The Board is composed of highly skilled professionals who bring a range of skills, perspective and corporate experience to deliberations. It sets the Group's strategy and objectives and oversees their implementation whilst monitoring 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 pages 84 to 85 and 100). The Board composition is set out on page 120.

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 below.

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 Section 172;
- Oversight of corporate reputation and communication;
- Internal control and risk management systems; and
- Review of the Board's own effectiveness.

The Board meets regularly during the year, (see page 102 for further information), and covers a wide range of topics including those set out in an annual schedule of Board items, one-off project-specific items, and any adhoc items specified within its schedule of matters reserved to the Board. How the Board spent its time during the year can be found on pages 105 to 108. During the year the Board held two strategy days; due to Covid-19 restrictions one of these days was held virtually and one was held in the office auditorium and also online. In previous years Board strategy days have been held at project sites, to allow the Board to familiarise itself with U+I's projects, this will continue for future strategy sessions as soon as permitted. Further information on the matters the Board addressed during these strategy days can be found on page 106.

Delegation of authority
To assist in fulfilling its oversight responsibilities the Board has established Board and Management Committees providing dedicated focus to particular areas, and management of the day to day operations of the business. Supported by its principal Committees, the Audit and Risk, Remuneration and Nomination Committees, the Board sets the strategic direction of the business. The 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. The Company Secretary acts as secretary to each of the Committees. Each Committee Chairman reports to the Board on the Committee's activities following each Committee meeting.

The interaction between the Board, its Committees and the management of the Company is detailed in the U+I governance structure on page 115 and each individual Committee's primary areas of focus is set out below. The Chief Executive Officer delegates specific authority to appropriate individual 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 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 set out on pages 131 to 137.

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 138 to 153.

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 125 to 127.

The constitution of the above Board Committees are in accordance with the UK Corporate Governance Code and enable the Board to operate effectively within a strong governance framework.

Senior Management Team
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 pages 116 to 117, to assist the Board and Executive Directors a Senior Management Team, made up of senior departmental directors, meets on a regular basis, with authority for 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.

The Senior Management Team runs the operational side of the business on a day-to-day basis by addressing topics around people, projects, process 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.

Operational Committee
The Operational Committee is made up of the Executive Directors, the Senior Management Team and is attended by a broad spectrum of U+I employees across a number of departments dependent on the projects being discussed at each Committee meeting. The Committee meets every two weeks 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 and minutes of the Operational Committee are included in each formal meeting of the Board.

Risk Management Committee
The Risk Management Committee is made up of the Executive Directors, the Senior Management Team, the Legal Counsel, the Financial Controller 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 to the Audit and Risk Committee. Further information can be found on pages 128 to 130.

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
The role of the Information Governance Board is to make recommendations on all matters relating to the management of information within the business. The Information Governance Board is chaired by the Chief Financial and Operating Officer, reporting into the Risk Management Committee.

Employee Forum – T.E.A.M. meetings
An employee engagement forum has been established in accordance with the 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 on matters discussed to the Board. See pages 112 to 113 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. The Chief Executive Officer changed on 19 January 2021 as set out on pages 120 and 125 to 127. There were no significant changes to the Chairman's other commitments during the year.

ROLE	RESPONSIBILITIES
Chairman Peter Williams The Chairman is responsible for the leadership of the Board and ensuring its effectiveness. Peter Williams has indicated his intention to step down as Chairman of U+I by 31 March 2022.	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 Officer in establishing the key strategic objectives of the Company. – To promote the Company and enhance its standing with stakeholders.
Chief Executive Officer Richard Upton The Chief Executive Officer is responsible for the running of the Company's business and meeting its strategic objectives. Matthew Weiner occupied the position of Chief Executive Officer from 1 April 2020 to 18 January 2021.	Richard Upton, who became Chief Executive Officer of the Company on 19 January 2021, 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 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 will step down from the Board on 19 June 2021 following the conclusion of the 2021 financial reporting process.	Marcus Shepherd became Chief Financial Officer in February 2013. His role was changed to Chief Financial and Operating Officer in 2019 reflecting the updated remit of the role. The CFOO has the following responsibilities: – To support the CEO in developing and implementing strategy. – To provide financial leadership to the Group and align 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. Jamie Christmas was appointed as a Director of the Company on 17 May 2021. Jamie will assume the position of Chief Financial Officer on 19 June 2021 when Marcus Shepherd steps down from the Board.

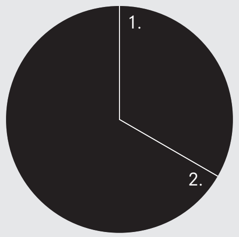
ROLE	RESPONSIBILITIES
Non-executive Directors Nick Thomlinson Barry Bennett Lynn Krige Ros Kerslake Sadie Morgan The Non-executive Directors play a key role in shaping strategy, challenging decision-making processes and holding executive management to account. Nick Thomlinson and Barry Bennett have indicated their intentions to step down from the Board during the 2021/22 financial year.	The Non-executive Directors, as set out on pages 103 to 104, 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.
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. Ros Kerslake will replace Nick Thomlinson as Senior Independent Director following the 2021 AGM.	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 Senior Divisional Directors.	The Senior Management Team has the following key responsibilities: – To assist the Chief Executive 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 and reporting on progress against objectives to the Board. – Responsibility for the executive management of the Company's business on a day to day basis.
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 and external resource 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, compliance and legal obligations.

Creating a streamlined, effective and accountable Board with the right skills to oversee implementation of our business strategy.

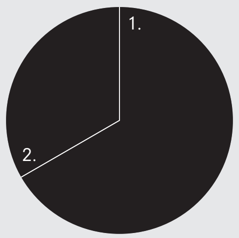
Board composition for the year ended 31 March 2021
As at 1 April 2020, the Board consisted of three Executive Directors, a Non-executive Chairman and five Non-executive Directors, four of whom were considered independent. As at 31 March 2021 there had been no changes to the composition of the Board. On 19 January 2021, the Company announced that Matthew Weiner would be stepping down from his position as Chief Executive Officer and Richard Upton, Chief Development Officer, would assume this position with immediate effect.

As at 25 May 2021, the date this report was approved, the Board temporarily consisted of four Executive Directors, a Non-executive Chairman and five Non-executive Directors, four of whom were considered independent. Further changes to the Board composition following the year end are outlined opposite.

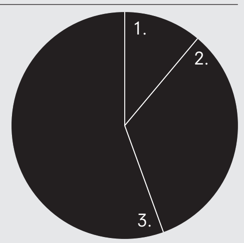
Board composition
1. Executive **3**
2. Non-executive **6**



Gender balance on the Board
1. Male **6**
2. Female **3**

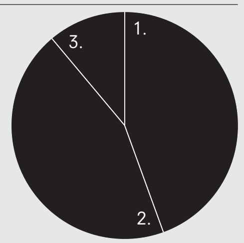


Non-executive Directors' tenure
1. 0-3 years **1**
2. 3-6 years **3**
3. 6 years+ **5**



Board independence
1. Independent **4**
2. Non-independent **4**
3. Chairman* **1**

* Chairman was confirmed independent on appointment.



* All data is as at year end. Changes subsequent to year end are discussed opposite.

Changes to the Board for the year beginning 1 April 2021
As announced on 19 January 2021, Matthew Weiner stepped down as Chief Executive Officer of the Company with immediate effect; however, he would remain a Director of the Company until 31 May 2021, at which time he would stand down from the Board. Marcus Shepherd will step down from his position as a Director of the Board and Chief Financial and Operating Officer on 19 June 2021. Jamie Christmas was appointed a Director of the Company effective 17 May 2021. Jamie will assume the position of Chief Financial Officer following Marcus' departure effective on 19 June 2021.

It was announced on 26 May 2021 that, as required under provision 10 of the Code, Nick Thomlinson our Senior Independent Director and Chairman of the Remuneration Committee, would not put himself forward to stand for annual re-election at the 2021 Annual General Meeting having completed nine years of service on the Board.

It was further announced on 26 May 2021 that it was the intention of Peter Williams, Chairman of the Board, and Barry Bennett, Non-executive Director, to step down from their respective roles on the Board by 31 March 2022.

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 102. Peter Williams will put himself forward for re-election at the 2021 AGM; however, he has confirmed his intention to step down from the Board by 31 March 2022.

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. Barry Bennett will put himself forward for re-election at the 2021 AGM; however, he has confirmed his intention to step down from the Board by 31 March 2022.

During the year, a consultant with close personal ties to Sadie Morgan worked in a specific area of the business on time limited contract. When discussing any matters relating to this area of the business Sadie was excused from Board meetings in order to ensure her independence was retained. The specific contract with this consultant has been concluded and the consultant no longer retains any ties to the business. The Board is confident that the necessary safeguards were put in place and actioned during the year to ensure that Sadie Morgan remained entirely independent in her judgement and therefore fully meets the independence criteria as set out under provision 10 of the Code.

The Board has identified on pages 103 to 104 which Directors it considers to be independent. For the year ended 31 March 2021, 50% of the Board (excluding the Chairman) were independent Non-executive Directors. The number of Independent Non-executive Directors meets the requirements 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 succession
The Nomination Committee oversees the succession planning strategy and appointment procedure for new directors on behalf of the Board. The Committee reviews those skills present on the Board in order to understand where there are strengths and potential weaknesses, 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 diverse shortlist of candidates 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 director 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, and succession planning throughout the year under review, is set out in the Nomination Committee Report on pages 125 to 127.

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 pages 120 and 155, Sadie Morgan was excused from certain items where there may have been the potential for a conflict of interest to arise. Except for this, the Board is satisfied that none of the Directors had any potential 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 in place a formal procedure for the approval of additional external appointments for Directors. The Committee and the Board are satisfied that the external commitments of all the Non-executive Directors do not conflict with their duties and commitments as Directors of the Company.

Information flow
The year commencing 1 April 2020 was groundbreaking in terms of how the Board has accessed information and has undertaken its responsibilities. During the year, except for one occasion, the Board did not physically meet. The delivery of all information and subsequent discussion was carried out online. Following initial training given to those who required this, the process has worked efficiently with few issues. The Company Secretary manages the provision of information to the Board, within an appropriate timeframe, in consultation with the Chairman and the Chief Executive Officer. As discussed on page 105, 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, or the Board is required to oversee the response to certain situations, 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/virtually. 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 2020 Board evaluation highlighted of the quality and volume of information disseminated to the Board as an area requiring ongoing review to ensure Directors were receiving the appropriate level and volume of detail. The information supplied to the Board has been reviewed and refined during the year resulting in a more focused and streamlined approach to reporting.

The Chief Executive Officer regularly updates the Board on the progress on individual projects as well as corporate matters as and when required outside of the standard Board meeting process. Further information for the benefit of the Board is circulated by the Company Secretary to ensure the Non-executive Directors are fully engaged and up to date with recent and relevant developments. The detail relating to new and existing projects contained within Board papers has been the subject of regular review and refinement during the year to ensure this is of the required level of detail; this process is ongoing and feedback from Directors on the quality of Board information is relayed back to the Chairman and the Company Secretary through the Board evaluation process.

Board and Board Committee meeting preparation process

The Company Secretary manages a yearly planner of key Board and Board Committee dates and agenda items, along with the process and timings required for the approval of annual Board and Board Committee matters.

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

The Senior Management Team and Operational Committee meets around ten days prior to each formal Board meeting to agree all project-related matters requiring Board approval, feeding these items into the agenda via the Company Secretary.

Standardised Board reporting templates are in place and training has been given to those preparing reports to ensure clarity, consistency and conciseness in approach. A review of Board information and training is ongoing.

Board and Board Committee papers are circulated electronically by the Company Secretary for review via our secure online Board portal, or by way of password protected Board papers one week prior to the meeting date.

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 the Company's projects. Visits to key project sites are arranged. There were no new Directors inducted onto the Board during the year under review. Jamie Christmas will receive a full induction following his appointment to the Board on 17 May 2021.

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.

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

As highlighted on page 124, as part of the 2021 Board Evaluation process, a schedule of Board training and development will be reviewed and rolled out during year. This began in May 2021 with Audit and Risk Committee training on the current BEIS consultation and a review of current ESG developments led by 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 all 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 the Non-executive Directors. When making new appointments, the Board takes into account other demands on the Directors' time. Prior to appointment, significant commitments are disclosed by Directors for the Board to approve.

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.

The Board noted a 19.53% vote opposing the reappointment of the Chairman at the 2020 AGM amid concerns around 'overboarding'. The Chairman has taken steps to reduce his directorships during the year and should no longer be considered as 'overboarded' based on his current number of directorships of listed companies. As announced on 26 May 2021, Peter Williams has confirmed his intention to step down from the Board by the end of the current financial year, following the recruitment and orderly hand over to a new Chairman. 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 has led a review of the Board composition and has been fully engaged around the subsequent changes to the Board structure which took place during the year and post the year end. More information on this can be found in the Nomination Committee Report on pages 125 to 127.

The Board believes that the Company has benefited greatly from the Chairman's extensive knowledge and expertise accumulated from many years of running and advising businesses spanning across a range of sectors. The Board acknowledges the other commitments the Chairman has, albeit this has reduced in number during the year, and is content that the Chairman's additional appointments do not impact on his ability to allocate sufficient time to discharge his responsibilities to U+I. The Chairman understands the concerns highlighted through the vote on his reappointment at the 2020 AGM and believes that he has taken the necessary steps to address the concerns raised. The Chairman has confirmed his intention to put himself forward for re-election at the 2021 AGM; however, he intends to step down from the Board by 31 March 2022.

Board evaluation
The Board undertakes an annual performance evaluation in order to assess its own effectiveness. The Board strongly believes that the process of annually evaluating its effectiveness is helpful 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.

2020 Board evaluation
In 2020, the Board undertook a formal performance evaluation of itself and its Committees by way of internal questionnaire. As part of this process the effectiveness of individual Directors and their commitment to their respective roles was also reviewed. The 2020 Board evaluation identified no major issues with the effectiveness of the Board's operations, and highlighted that the Board and its Committees continued to operate at a high standard, and were working effectively with good governance practices. Matters highlighted as a result of this process were discussed by the Board and areas of focus for improvement during the year were agreed. Progress against these highlighted topics is detailed below.

AREA OF FOCUS	RECOMMENDATION	WHAT WE DID
Covid-19 pandemic	To focus on supporting 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.	Additional Board meetings were arranged during the year to enable the Board to assist and oversee management's strategy and risk mitigation in response to the pandemic. The Board approved an efficiencies programme which resulted in a significant reduction in overheads, a restructuring exercise, and the revision of the strategy and strategic priorities of the business. More information on the measures the Board took during the year is set out on page 105 and throughout this report. A Covid-19 risk mitigation strategy was implemented by the Risk Management Committee, overseen by the Board, details of which are set out on pages 129 to 130.
Capital requirements	To review the capital requirements of the business and to assess the strategy regarding capitalisation of major projects.	The strategy around the capitalisation of U+I's major projects was reviewed during the year, this area required significant Board attention and was the focus of several meetings. The Board oversaw changes to the operational structure of the business, a reduction in capital expenditure, and a temporary halt to dividend payments to preserve cash within the business.
Succession planning	To continue to focus on succession planning, along with the composition and skills required on the Board. Consideration of potential Board changes, taking into account diversity requirements.	Significant changes were announced to the U+I Board composition during the year, to the date of this report, and through to the end of the current financial year at 31 March 2022. The result will be a more focused, agile and streamlined Board to fit in with the requirements and size of the business, see page 120 and 125 to 127 for further information. Jamie Christmas joined the Board as an Executive Director on 17 May 2021 and will take on the position of Chief Financial Officer on 19 June 2021. The recruitment process for a new Chairman will commence during the year, led by the Senior Independent Director, and an ongoing review of succession planning at Board and Senior Management Team level will continue during the year.
Governance	Effective integration of revised governance structure and updated Senior Management Team with continued Board oversight.	The new Senior Management Team was established during the year, see pages 20 to 21. The purpose of this team is to assist the Executive Directors in the day to day running of the business. The Senior Management Team was invited to present progress against agreed strategic priorities at each Board meeting and participated in both Board strategy days held during the year.
Board information	The ongoing review of Board information, the quality of Board papers and Board presentations as part of a management information systems review.	The information supplied to the Board has been reviewed and refined during the year resulting in a more focused and streamlined approach to reporting. This is an ongoing process and will continue throughout the year to 31 March 2022.
Dividend policy	To keep the Company's cash position under review, along with the distribution of capital to shareholders, with the purpose of recommencing the dividend policy at an appropriate time.	The Board continues to keep U+I's dividend policy under review and, as set out on page 26, intends to resume the distribution of surplus cash to shareholders at the appropriate time.

2021 Board evaluation
The 2021 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 by the Company Secretary and fed back to the Chairman and the Chairmen of the Board Committees on an anonymous basis, 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 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.

2021 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 individual Directors, demonstrated the correct skills and experience required to enable the discharge of duties effectively on behalf of the Company. In this respect the Board was content to recommend to shareholders the approval of resolutions for those Directors who were putting themselves forward for re-election at the 2021 AGM.

The financial year ended 31 March 2021 has clearly been an unprecedented year in terms of the challenges that the Board and the business have faced. A large proportion of the Board's time and energy has been focused on overseeing U+I's response to the Covid-19 pandemic, which has affected all areas of the business, and ensuring the necessary risk mitigation strategies were in place to protect U+I's ongoing viability. In addition, significant time was dedicated to the review and subsequent changes which took place to the composition of the Board during the year, along with discussions around the capitalisation of the Company's significant projects and a review and revision of the Company's strategic priorities and business model.

Through the 2021 Board evaluation the Board identified key positive attributes which demonstrated that the governance structure and the processes of the Board and its Committees continued to work effectively. Board discussions were open, honest, constructive and supportive of management, whilst also robustly challenging the approach of management around potentially difficult operational decisions to be taken on efficiencies, including redundancy programmes, Board composition and the changes to the strategic priorities of the business.

Directors demonstrated a good grasp of all issues that faced the Company during the year, and did so through the lens of U+I's purpose, values and culture, whilst always aware of requirement for good governance practice. 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 changes to the Board and to the wider U+I team were handled with efficiency and sensitivity.

The conclusions drawn from the 2021 Board evaluation reflect the challenging year that the business has faced. Oversight of the significant changes to the composition of the Board and the wider workforce, along with the changes to the strategic priorities of the business will be key objectives for the Board to take forward and address during the current financial year. Succession planning remains a key area of priority for the business along with the roll out of a schedule of Director training and ongoing review of the quality of Board information. Further information on Board objectives for the year beginning 1 April 2021 is set out below.

The Chairman, with the assistance of the Chief Executive Officer and the Company Secretary, understands the requirement to continually evolve and grow as a Board and is committed to building on the positive attributes identified, whilst ensuring that any perceived or potential areas of weakness brought to light through this process are addressed as and when they may arise.

Following a discussion of the results of the 2021 Board evaluation process, it was agreed that the areas of improvement for the Board to focus during the year to 31 March 2022 would be:

2021 Board evaluation recommendations
- Continued support and oversight of Executive Management in its leadership of the business through the continued fallout from the Covid-19 pandemic.
- Guidance through a transitional period following the significant changes in the composition of the Board as set out in this report.
- Review of the composition, skills and experience on the Board in light of the announced changes, including the recruitment process for a new Chairman, to be completed by the start of the financial year beginning 1 April 2022.
- Oversight of the implementation of U+I's revised strategic priorities to ensure these remained appropriate for the changing environment and streamlined operational functions of the Company, ensuring the business remains focused and fit for purpose.
- Review of succession planning on the Board and throughout the Senior Management Team and senior manager levels of the business, factoring in the requirement for diversity with any future Board and Senior Management Team appointments.
- Review of Board information, quality of Board papers and presentations, as part of ongoing management information systems review.
- Roll out of formal Board training plan during the year to ensure the skills present on the Board remain up to date and relevant.
- Resumption of the distribution of capital to shareholders at the appropriate time post Covid-19.

NOMINATION COMMITTEE REPORT

"We have continued to review and refresh the Board to ensure it is aligned with the current requirements of the business and our stakeholders."

Peter Williams
Chairman of the Nomination Committee

Highlights of Committee activities during year to 31 March 2021
- An in-depth review of the composition of the Board in light of the Company-wide efficiencies process and subsequent reduction in the headcount of the business.
- Discussions around changes to Chief Executive Officer and Chief Financial and Operating Officer positions as notified to the market on 19 January 2021, along with subsequent recommendations to the Board.
- Review of requirements for a new Chief Financial Officer and oversight of recruitment process, followed by a recommendation for appointment made to the Board post year end.
- Succession planning for Executive and Non-executive Directors and Senior Management Team.

Our priorities for FY2022
- Appointment and induction of Jamie Christmas as Board Director and Chief Financial Officer.
- Oversight of orderly succession planning for the Chairman who has notified the Board of his intention to stand down by 31 March 2022.
- Ongoing review of succession planning at Board and Senior Management Team level with specific focus on ensuring a diverse selection of candidates is brought before the Board.

Committee attendance

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

For full biographies see pages 102 to 104.

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 Corporate Governance Code. The table above sets out the attendance of members at the scheduled Committee meetings during the year under review.

Dear Shareholder,
I am pleased to present the report of the Nomination Committee which sets out the key activities we have undertaken during the year ended 31 March 2021, and our main priorities for the year beginning 1 April 2021.

The Committee has predominantly focused its time during the year on the composition of the Board and on succession planning. We have continued to review and refresh the Board to ensure it is aligned with the current requirements of the business and our stakeholders. An orderly transition of Chief Executive Officer from Matthew Weiner to Richard Upton took place on 19 January 2021, Matthew will stand down from the Board on 31 May 2021. On 11 May 2021, we announced the appointment of Jamie Christmas as Director of U and I Group PLC effective from 17 May 2021. Jamie will take over as our new Chief Financial Officer on 19 June 2021 following the departure of Marcus Shepherd. We have also announced that Nick Thomlinson will be stepping down from the Board following the AGM in September 2021, having served nine years as an Independent Non-executive Director. Ros Kerslake will take over as Senior Independent Director and Chairman of the Remuneration Committee at this time. Barry Bennett and I have notified the market of our intentions to step down from our positions as Non-executive Director and Chairman respectively by the end of the current financial year. As you can see from the above information, the Board at U+I is going through a period of significant change. This change is required to ensure that the Board is streamlined, focused and sustainable, and to enable it to drive the success of the business over the medium to longer term.

The Committee held three formal meetings during the year. In addition, the Chairman and Non-executive Directors met informally on a number of occasions to discuss the changes taking place on the Board. A full description of the activities undertaken by the Committee during the year is set out on pages 125 to 127. Going forward, the Committee will continue to focus on Board and senior management succession, including planning for my own succession when I step down from the position of Chairman of the Board by the end of the current financial year. This recruitment process will be led by Ros Kerslake who will become Senior Independent Director following the 2021 Annual General Meeting.

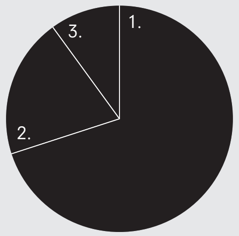
Peter Williams
Chairman of the Nomination Committee

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 each year. Our procedure for the appointment of a new Director is fulfilled through an effective search, interview and evaluation process, facilitated 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.
- Succession planning for the Board and senior management.
- Consideration of the balance of skills, knowledge, experience, time commitment and diversity of the Board.
- Devising descriptions of the role and capabilities required for a particular appointment.
- 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
The Committee meets as and when necessary. The Committee met three times during the year to 31 March 2021. During this period, the Committee addressed the following matters:
- Review of the Board structure, size and composition in light of the current business requirements and efficiencies programme throughout the business.
- Discussions around change of Chief Executive Officer from Matthew Weiner to Richard Upton and subsequent recommendations to the Board.
- Discussion around Matthew Weiner and Marcus Shepherd's intention to step down from the Board announced to the market on 19 January 2021.
- Review of requirements for a new Chief Financial Officer following the proposed departure of Marcus Shepherd.
- Post year end, the Committee discussed the proposed candidates put forward for the role of Chief Financial Officer by the independent search consultant and made a subsequent recommendation to the Board for the appointment of Jamie Christmas as Director and Chief Financial Officer.
- Review of role of Chairman and Non-executive Directors including confirmation of Nick Thomlinson's intention to step down following the 2021 AGM.
- Discussions around further potential changes including Peter Williams – Chairman, and Barry Bennett – Non-executive Director, stepping down from their roles on the Board by 31 March 2022, as announced to the market on 26 May 2021.
- Ros Kerslake to be appointed Senior Independent Director and Chairman of the Remuneration Committee following the 2021 AGM.
- Succession planning for Senior Management Team.
- Review of diversity on the Board and throughout the Company.
- Recommendation for the reappointment of Directors at the 2021 AGM.

Nomination Committee – allocation of time*
1. Board changes; composition, structure and succession planning **70%**
2. Governance and diversity **20%**
3. Senior Management Team **10%**



* Approximate amounts of time spent.

Board appointments
The Committee will lead on the process of Board appointments and make recommendations to the Board on suitable candidates once identified. When considering appointments to the Board, the Committee considers the skills and experience of those Directors currently present, and any potential gaps which require addressing. The Board will also take into account the current gender and ethnic diversity on the Board in its recruitment processes and ensure that a diverse range of candidates is presented to it. The Committee will adopt a formal and transparent process with regards to the skills, knowledge and experience required for a position, and will engage an independent external search consultant to support the recruitment process. There were no Board appointments made during the year to 31 March 2021. The appointment of Jamie Christmas as Director took place following the year end as detailed opposite.

Chief Financial Officer
On 11 May 2021, U+I announced that Jamie Christmas would be appointed as a Director of U and I Group PLC effective 17 May 2021. It was further announced that Jamie would take over the position of Chief Financial Officer when Marcus Shepherd stepped down from the Board on 19 June 2021. The process employed by the Committee in relation to the appointment of Jamie Christmas involved the following steps:

Identification of requirement
On 19 January 2021, U+I notified the market that Marcus Shepherd would be stepping down from his position as Director and Chief Financial and Operating Officer of the Company following the release of the financial results for the year ending 31 March 2021. Following this, the Nomination Committee confirmed that a new Chief Financial Officer and Board Director would be required for the business, and that sufficient time would be required to ensure a thorough and transparent recruitment process could take place.

Preparation of role specification
The Committee adopted a formal and transparent process with regards to understanding the skills, knowledge and experience required for the position of Chief Financial Officer at U+I. A detailed job specification setting out the requirements for the role was prepared.

Engagement of independent consultant
An independent recruitment consultant was engaged to locate, approach, interview and assess proposed candidates against the role requirements along with their fit with the values of U+I. The Committee requested that the consultant prepare a long list candidates for review. A key requirement was to ensure the choice put before the Committee covered a suitably diverse range of candidates. The long list was subsequently reduced to a shortlist by the Committee.

Interview process
Candidates were invited to meet with the Chief Executive Officer and Senior Management Team. Following this, a selection of candidates were invited to a meeting with the Chairman and the Chairman of the Audit and Risk Committee.

Selection of chosen candidate and appointment
Feedback was received from all interview stages and a discussion was held by the Committee prior to a formal recommendation being made to the Board. The Board confirmed that the appointment of the proposed candidate would be in the best interests of the Company and a formal offer was made to the selected candidate. A notification was made to the market on 11 May 2021 that Jamie Christmas would be joining the Company as new Board Director on 17 May 2021, and as CFO designate to step into the role when the incumbent CFO stepped down from the Board on 19 June 2021.

Succession planning
The Board considers the length of service of the members of the Board as a whole, the skills and experience present on the Board and its Committees, and the requirement for it to refresh its composition to meet the evolving needs of the business. As set out in this Report, there are several changes being made to the Board during the year beginning 1 April 2021. Succession planning will continue to be a priority for the Committee during the year.

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 induction process for new Directors. Our induction process is tailored according to the specific requirements of each individual Director. The induction process for Sadie Morgan, our most recent Non-executive Director appointment, is described in full on page 141 of the 2019 Annual Report and Accounts. U+I will be inducting Jamie Christmas as a new Board Director and Chief Financial Officer during the financial year following his appointment to the Board on 17 May 2021 and as Chief Financial Officer on 19 June 2021.

Directors standing for election or re-election
At the Nomination Committee meeting in February 2021 the Committee discussed the re-election of all Directors at the forthcoming 2021 AGM with the exception of:
- Nick Thomlinson who will not put himself forward for re-election having notified the Board of his intention to stand down following nine years as an Independent Non-executive Director in accordance with provision 19 of the Code.
- Matthew Weiner will leave the Board on 31 May 2021 and will not put himself forward for re-election.
- Marcus Shepherd will leave the Board on 19 June 2021 and will not put himself forward for re-election.

Jamie Christmas, who was appointed to the Board effective 17 May 2021, will retire as a Director and put himself forward for election by shareholders at the 2021 AGM.

In conjunction with the findings of the 2021 Board Evaluation process (as outlined on page 124), the Committee recommended that, with the exception of the above, each Director, being eligible, should be put forward for annual 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 them to discharge their duties effectively. 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 put forward to shareholders at the 2021 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 102 to 104, 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 2021 AGM.

Composition of the Board
The Committee has reviewed the size, structure and composition of the Board and concluded that, with the changes announced during the year and following year end, it has the appropriate composition to run as an effective Board. Further detail regarding the composition of the Board can be found on page 120.

Diversity and inclusion
U+I embraces diversity and inclusion in their broadest sense and recognises the benefits and value these bring both to the Board and to the Company as a whole in terms of skills, knowledge, experience and culture. As well as considering diversity from a range of different aspects including age, disability, ethnicity, education, social background and gender the Committee also looks to ensure that the Board has a diverse range of experience and industry-specific experience to enable it to fulfil its role. The Company has a diversity and equal opportunities policy which prohibits any form of discrimination. New employees are required to undertake a mandatory training on diversity and equality. How we engage with our workforce to foster a sense of inclusion and 'TEAM' amongst all employees is set out in greater detail on pages 112 to 113. As part of its role the Committee reviews diversity on the Board. As at 31 March 2021, one-third of the Board were female. Details of the gender diversity on the Board, senior management, direct reports into the Senior Management Team and across the Company are set out in the Sustainability Report on page 79.

Diversity and inclusion continue to be fundamental to the strategy and objectives of the Board and the Company as a whole. U+I is committed to ensuring that individuals from all backgrounds are able to access fulfilling careers within the property industry. The Committee understands that increasing the diversity of Directors and senior leaders cannot be achieved in a vacuum, and recognises the importance of promoting diversity throughout the wider workforce. The Committee recognises the challenges facing the progression of women to senior roles withing the property industry, and supports the work being done 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 simply 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 FY2022
During 2021/22 the Committee will review the requirements for Board and Committee succession given the notification that the Chairman intends to stand down from the Board by 31 March 2022. The Senior Independent Director will lead the recruitment process for a new Chairman. The Board will ensure that the necessary skills and experience are present on the Board, its Committees and through the Senior Management Team in order to effectively implement the strategy of the Company. The Committee will assess visibility on the pipeline of talent and future leaders within the business. The Committee will also review what training requirements are necessary on the Board and how the issue of diversity within all levels of the business is being addressed.

Peter Williams,
Chairman of the Nomination Committee
25 May 2021

"The Board and its Committees have continued their focus on risk management oversight and mitigation throughout what has been an unprecedented year."

Richard Upton
Chief Executive Officer

Risk management and internal control
The Board has overall responsibility for the Group's risk management and internal control systems, and monitors these on an ongoing 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 131 to 137.

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, the Financial Controller and the Company Secretary.

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

Annual activities of the Risk Management Committee
Throughout the year to 31 March 2021, the Committee has continued to oversee U+I's effort to manage and enhance the risk management and mitigation strategy in the face of some significant challenges. Unsurprisingly, the Committee focused much of its attention on the uncertainties presented by the Covid-19 pandemic, which has affected every area of the business; how it did this is set out on page 129 to 130.

The Committee met quarterly during the year to ensure that the Group's risk management procedures were 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. Part of each meeting was dedicated to the Covid-19 specific impacts on the risk profile of the business and the mitigation strategies in place (see opposite). The significant risks facing the Company have been identified and are summarised on pages 80 to 85. At each meeting, the Committee reviews those risks with the highest impact and highest likelihood of occurrence, and the actions in place to ensure mitigation of the risks to the fullest extent possible. Those risks with less impact or likelihood of occurring are reviewed on a six-monthly basis. The Committee's remit includes all of the Group's subsidiaries and those joint ventures and associates which are administered by the Company. Risks arising from externally managed joint ventures are managed at the Boards of the joint venture companies.

The Committee reports into the Audit and Risk Committee. In addition to the activities of the Risk Management Committee, a risk evaluation on each significant prospective development, investment or joint venture opportunity is evaluated by the Board. The Executive Directors regularly evaluate the Group's 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.

Aside from Covid-19, amongst others the key risks focused on by the Committee during the year were:
– The 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.
– Slow 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.
– 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.

How U+I approaches and mitigates the above risks as well as other key risks is set out on pages 80 to 85.

Covid-19 and risk management
The effects of Covid-19 on the UK economy during the year ended 31 March 2021 have been significant. U+I's focus during this time has been on protecting the health and wellbeing of our employees and mitigating any potential risks arising as a result of the pandemic. At the same time, we have revised our business strategy and streamlined our business model, as is set out in the Strategic Report on pages 1 to 95. Our project sites have been run in accordance with government guidelines. An efficiencies programme was implemented during the year to protect liquidity on our balance sheet and to ensure U+I would emerge from the pandemic as a more streamlined, focused and sustainable business. As part of this process, we took a number of measures to reduce our cost base. These included: the temporary halt of our dividend policy, a reduction in Board and senior management pay, a reduction in discretionary spend and a significant reduction in our Group overhead through two redundancy programmes. These measures assisted in increasing cash on our balance sheet and maintaining an appropriate cash buffer. We are also evaluating the potential to relocate from our current head office to an office that will be more in keeping with the revised size of our business. The Risk Management Committee set out the principal risks which arose, or increased, as a result of the Covid-19 pandemic, and the strategies the business engaged to mitigate these risks to the fullest extent possible. The risks in relation to Covid-19 are set out below, and were discussed at each meeting of the Committee during the year.

RISK TO THE BUSINESS	MITIGATING FACTOR/RESPONSE	CHANGES INTRODUCED
Planning delays Continued deferment of planning consultations and committees delaying project progress and monetisation.	– Planning Director in position to focus on planning success. – Virtual planning consultations and committees leading to earlier decision-making by councils.	– Further contingency for planning delay incorporated in future internal timelines. – Short-term removal of guidance in response to market uncertainty.
Construction delays Closure of sites and related delays to project progress/monetisation.	– All U+I sites remained open during Covid-19 with protocols in accordance with government guidance introduced. – Urgent need for homes and mixed-use schemes means construction is an essential service.	– Earlier engagement internally and with third parties to agree strategy and acceleration processes in the instance of future site closures or social distance working to ensure minimal disruption.
Reduced new business opportunities Challenges in strengthening development and trading pipeline.	– Continued focus on opportunistic acquisitions, with strong potential for value creation. – Structural demand for mixed-use schemes remains; U+I has a strong existing pipeline to deliver, with short- and long-term gains visibility. – Disruption presents opportunity. A focused new business team and widened capital partner discussions to build scale.	– Widened team responsibility and accountability for new business oversight and generation to ensure access to new opportunities, whilst increasing focus on nurturing trusted relationships.
Retail exposure Closure of assets within the investment portfolio and related rental and capital declines.	– Progress made to dispose of mature retail assets in line with diversification strategy. – Allowance for potential further decline in capital values prior to requiring renegotiation of LTV covenants. – Opportunity for alternative uses limits the impact of tenant failure. – Focus on essential services retailers which remained open during lockdown.	– Formation of a working group to scenario plan for future events that could trigger closure of assets across the portfolio. – Importance of maintaining focus on the transition strategy for portfolio diversification.
Occupier rent payments Withdrawal or late payment of rent by cash flow constrained tenants.	– Continuing review on re-opening as lockdown measures ease, and slow return to normal trading expected as government rules ease further. – Agreed alternative measures with tenants, as required on a case by case basis, including deferrals and re-gears.	– Earlier one on one discussions with tenants to agree rent payment programmes. – Incurred resource directed towards rent collection/negotiation.
Inability to rent/sell new space Low confidence affecting purchasing power of businesses and individuals.	– Continued demand across U+I's portfolio, albeit decisions are slower. – Demand for high-quality schemes suited to the local catchment and focused on wellness and sustainability. – U+I business is targeted in three high-growth geographies where demand is particularly high. – Begin discussions early to pre-sell or pre-lease spare space at our development sites.	– Greater focus on pre-letting or selling stock as early as deal origination, and closer collaboration with potential purchasers around individual financial circumstances.

RISK TO THE BUSINESS	MITIGATING FACTOR/RESPONSE	CHANGES INTRODUCED
Access to capital Delays in securing third-party funding.	– The UK remains an attractive financial centre. – Demand for long-term secure income streams is strengthening the appetite for real estate assets – across a wider spectrum. – Low interest rates ensure real estate remains attractive, with low supply of assets increasing competition for core assets of the future.	– Discussions with wider pool of capital, to provide additional routes to funding.
Reduced cash due to project delays Development management fee delays, slow third party decision-making and late tenant rent payments reducing U+I's cash position.	– Acceleration of a cost saving programme to strengthen cash position. – Significant free and restricted cash available. – Ceased all discretionary spend and non-essential development capex to preserve cash. – Consideration of early monetisation of assets.	– Create an even greater cash buffer to ensure sufficient reserves in more challenging market backdrops.

Brexit
On 31 December 2020, the UK's transition period for leaving the EU ended with a new trade agreement in place. This meant that the potential 'no-deal' scenario was avoided along with the disruption this would have brought to the UK economy. There has nonetheless been significant disruption to certain industries which has been amplified by the effects of Covid-19, for example the UK construction industry has concerns around shortages of certain materials. The full effects of the UK leaving the EU on the UK economy and subsequently on U+I's business will only become clear over a longer period of time.

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 provided challenge, oversight and accountability, whilst focusing on the management and mitigation of risk and ensuring the integrity of the Company's financial reporting, during a period of particular uncertainty."

Lynn Krige
Chairman of the Audit and Risk Committee

Highlights of Committee activities during the year to 31 March 2021
- The review and approval of the half-year financial statements and the financial statements for the year ended 31 March 2021.
- Consideration of the quality and effectiveness of the external audit and audit report and proposals for future audit planning.
- An in-depth assessment of the effectiveness of internal controls and control processes.
- A review of risk mitigation strategy with regards to the specific impact of Covid-19 on U+I's business, along with key risks and risk mitigation through the Risk Management Committee.
- Review of Going Concern and Viability statements.
- Analysis and approval of impairments and provisions taken on assets.
- Review of delegated levels of authorities and key Group Policies.
- Recommendation on temporary suspension of U+I's dividend policy.
- Review of whistleblowing policy.
- Review of requirements for internal audit.

Committee attendance

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

Full biographies of the Committee members can be found on pages 103 to 104.

Audit and Risk Committee composition
The table above sets out the composition of the Committee and the attendance of members at the scheduled Committee meetings during the year under review. The Committee consists of three Independent Non-executive Directors in line with provision 24 of the 2018 UK Corporate Governance Code.

Dear Shareholder,
As Chairman of the Audit and Risk Committee (the Committee), I am pleased to present the report of the Committee for the financial period ended 31 March 2021.

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 2021. There were no significant changes to the Committee's primary functions during the period. The Committee provided challenge, oversight and accountability, whilst focusing on the management and mitigation of risk and ensuring the integrity of the Company's financial reporting during a period of particular uncertainty. Highlights of the Committee's work during the year include:

Financial reporting process
The primary responsibility of the Audit and Risk Committee is to ensure the integrity of the Company's published financial information and to review significant financial reporting judgements. This includes providing advice to the Board on the appropriateness of the Going Concern and Viability Statements. In this report we explain what judgements the Committee considered to be significant. See page 134 for further information. Prior to recommending the financial statements to the Board, the Committee:
- Considered the appropriateness of the accounting policies adopted;
- Reviewed critical judgements, estimates and underlying assumptions; and
- Assessed whether the financial statements were fair, balanced and understandable.

Risk management
The extensive effects of Covid-19 on the business and the wider economy were a key area that has affected all areas of the business. U+I's risk profile and appetite evolved during the year to incorporate the uncertainty created due to the pandemic; further information on the mitigation of these risks can be found on pages 129 to 130. The Risk Management Committee reviews U+I's risk register at each meeting, reporting into the Committee. This forms the basis of the Committee's risk assessment and subsequent mitigation. Information on the principal risks of the Company can be found on pages 80 to 85.

Portfolio valuation
The valuation of U+I's property portfolio is a significant area of judgement for the Committee in determining the accuracy of the financial statements. The Committee challenges 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, see page 134 for further information.

External audit
The Committee has assessed the effectiveness of the external audit process. They did this by:
– Reviewing the 2020/21 external audit plan;
– Discussing the results of the audit including the auditors' 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 audit; and
– Considering their independence and objectivity.

Going Concern and Viability
U+I has spent considerable effort during the year reviewing its business strategy and 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 86, 101 and 137 and note 1(a)(ii) on page 176.

ESG
The Committee is aware of the increased focus from investors on environmental, social and governance matters and our approach to responsible business continues to progress and evolve with the aim of developing specific, evidence-based measurable targets across U+I schemes and wider business. We will report our performance against these targets at financial year end 2022. For more information see pages 73 to 79.

Internal controls
The Committee reviewed the adequacy and effectiveness of the Group's internal control processes during the year to ensure these remained robust in light of the significant changes to the operation of the business due to the pandemic, see pages 136 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 136.

Committee evaluation
As part of the 2020/21 Board and Committee annual evaluation process the role and effectiveness of the Audit and Risk Committee was considered. I am pleased to report that the feedback received relating to the Committee was positive. The Committee continued to operate to a high standard and was effective in its support to the Board during the period.

Further information on these and other key areas considered by the Committee during the year ended 31 March 2021 can be found within this report.

Lynn Krige,
Chairman of the Audit and Risk Committee
25 May 2021

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, Executive Director, Chief Financial and Operating Officer and Financial Controller attended 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 period under review fall under the following categories:

Financial reporting
– Review of significant financial reporting judgements and accounting policies, and compliance with accounting standards.
– Ensuring the quality, appropriateness and integrity of the half-year and full-year financial statements and their compliance with statutory requirements.
– Ensuring that the Annual Report is fair, balanced and understandable, along with consideration of the underlying assumptions presented in support of the Going Concern and Viability Statements and recommending their approval to the Board.

Risk management
– On behalf of the Board, and in conjunction with the Risk Management Committee, establishing the risk appetite of the Company, along with a review of the risk register and risk mitigation procedures, see pages 80 to 85.

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.

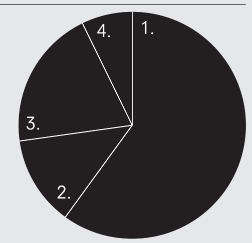
Internal audit
– Monitoring the requirement for an internal audit function and making subsequent recommendations to the Board.
– Agreeing internal audit plans where necessary.

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 134.

Committee activities during the year to 31 March 2021
The Committee met twice during the year ended 31 March 2021; these meetings were scheduled to take place prior to meetings of the main Board to maximise efficiency and to allow the communication of relevant actions to the main Board. Committee meetings were timed to coincide with the approval and publication of financial results, the two Committee meetings took place prior to the issue of the preliminary full-year and interim results. The Committee reviewed the following items during the period and, where required, made recommendations to the Board:
– **June 2020:** Year end financial statements and Annual Report, review of dividend proposals, Going Concern and Viability statements, risk appetite and review of key risks, impairments and provisions, significant project risks, significant areas of judgement, external auditors' report, internal and external property valuations, 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. The Committee also met with the external auditors without management present.
– **January 2021:** External auditors' interim report, interim results and financial statements, review of interim dividend, internal and external portfolio valuations, significant issues and areas of judgement, impairments and provisions, levels of delegated authority, 2021 external audit planning, risk management appetite and key risks, non-audit fees, internal controls and control processes, whistleblowing policy, review of requirement for internal audit, internal policies and processes, and terms of reference.

Audit and Risk Committee – allocation of time
1. Financial matters **60%**
2. Internal controls **13%**
3. Risk management **20%**
4. Governance **7%**



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

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. 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; this has become especially necessary due to the nature of remote working during the year, in addition to the ongoing education of its employees, to ensure all cyber threats are minimised to the fullest extent possible.

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 during the year. On joining U+I, all new employees are required to undertake 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 155.

Group policies
The following Group-wide policies and statements were reviewed and approved during the year:
- Schedule of Delegated Authorities.
- 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.

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. All new employees are 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.

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 128 to 130), 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 2021, 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 80 to 85.

At the Committee meeting held in January 2021, a full review of the internal control processes and procedures within the Group took place. The Committee analysed the internal control structure, delegated authorities throughout the Group, and the major business processes covering areas such as operations, borrowings, cash management, accounting and reporting, statutory compliance and employment.

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.
- 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.

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 pages 86 to 87.

Fair, balanced and understandable
At the request of the Board, the Committee has considered whether, in its opinion, the 2021 Annual Report and Accounts 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 and Accounts 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?

For the financial year ended 31 March 2021, the Committee will also assess whether the Annual Report and Accounts adequately and clearly explains the actual and anticipated risk and impact of Covid-19 on our business performance, financial position and stakeholders.

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 was content to recommend to the Board that the Annual Report and Accounts 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. In reaching this view the Committee considered the robust and well-established processes in place to prepare the Annual Report and Accounts, which include:
- Regular debates and challenge with senior management and with external auditors around clarity, tone and items of judgement, including ensuring that both positive and negative news was well balanced.
- Revisions to regulatory requirements and governance principles.
- Focused reviews and approval of specific sections by the relevant Board Committees supported by regular reporting by Board Committees to the Board on their activities.

The Committee has reviewed the narrative sections of the Annual Report to ensure compliance with the latest reporting requirements and to satisfy itself that the non-financial reporting had been subject to the appropriately robust process and controls. The Board's statement to this effect is set out in the Statement of Directors' Responsibilities on page 162.

Non-audit services
It is the policy of the Company not to instruct the external auditor to carry out any non-audit services on behalf of the Company. U+I has not instructed the external auditor to perform any non-audit related services on behalf of the Company during the year under review apart from the Interim review.

Reappointment of PwC as external auditor
PwC was reappointed as the Company's external auditor by shareholders at the 2020 AGM. A full tender process led by the Committee took place 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 2021. 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 third 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 auditors' independence and objectivity, it has recommended the reappointment of PwC as the Group's external auditors to the Board for recommendation to, and approval by, shareholders at the 2021 Annual General Meeting.

Internal controls

The Directors acknowledge their responsibility for reviewing the effectiveness of the Group's system of internal controls to safeguard shareholders' investments and protect the Company's assets. The Directors acknowledge that they are responsible for determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives. The operational, financial and compliance risk controls are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Committee and the Risk Management Committee, has conducted a thorough and robust risk assessment of the business, identifying principal risks, their potential impact, likelihood of occurrence, controls and mitigating actions, together with early warning systems and any further actions which need to be implemented.

Detailed below is a description of the Group's internal control and risk management framework used in the process of preparing the Consolidated financial statements. The key features of U+I's system of internal control include:

- A comprehensive system of financial reporting and business planning with appropriate sensitivity analysis;
- A detailed authorisation process which ensures that no material commitments are entered into without competent and extensive approval;
- A defined schedule of matters reserved for the Board, and clearly defined roles of the Chairman and Chief Executive Officer;
- 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;
- A formal whistleblowing policy;
- Regular debates and challenge by the Committee with senior management and with external auditors around clarity, tone and items of judgement, including ensuring that both negative and positive news was well balanced;
- Review of revisions to regulatory requirements and governance principles; and
- Focused reviews and approval of specific sections by the relevant Board Committees supported by regular reporting by Board Committees to the Board on their activities.

Internal audit

A full review of the Company's requirements for an internal audit function was undertaken by the Chief Financial Officer in conjunction with the Committee Chairman in 2016. At that 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 2021 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 2021, and to the date of this report, and considers that there is a sound system of internal control which accords with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the Group's principal risks, including financial, operational and compliance controls, and that it is regularly reviewed.

Modern Slavery Act 2015

U+I recognises the importance of the Modern Slavery Act 2015 and is fully committed to ensuring that human trafficking and slavery play no part in any activities carried out by the Group or its supply chain. During the year a revised modern slavery statement was discussed and approved by the Board, you can find this on our website at 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 government's 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 2021 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 176.

Lynn Krige,
Chairman of the Audit and Risk Committee
25 May 2021

"The Committee reviewed the adequacy and effectiveness of the Group's internal control processes during the year to ensure they remained robust in light of the significant changes to the operation of the business due to the pandemic."

"We have adapted our remuneration framework to reflect the Group's revised strategic priorities and reduced scale. This includes aligning executive with workforce pensions and reducing LTIP awards."

Nick Thomlinson
Chairman of the Remuneration Committee

Highlights of Committee activities during year

- Reviewing the Group-wide remuneration framework and aligning bonus and LTIP measures with the new short-term and long-term strategic priorities.
- Executive Directors waived their annual bonuses for FY2021.
- Determining remuneration arrangements for the promotion of the CDO to CEO, including no change to salary and aligning pension contributions with the rate available to the wider workforce.
- Reducing the new CEO's LTIP award level for 2021 to 100% of salary.
- Determining the departure arrangements for the CEO and CFO.
- One-off award of shares to the entire workforce.

Dear Shareholder,

As Chairman of the Remuneration Committee I am pleased to present our Directors' Remuneration Report for the financial year ended 31 March 2021.

Business context

Last year I wrote about the decisive actions the Board was taking to mitigate the significant impact of the Covid-19 pandemic on our business. During the course of FY2021 we have accelerated our cost saving programme and reduced gross recurring overheads by 26% to £15.5 million. We are also in the process of advancing our disposals programme by reducing the number of development, trading and investment portfolio assets as they reach an appropriate milestone. Total proceeds for FY2021 were £54.5 million, including £43.6 million of free and £10.9 million of restricted cash and we are targeting cash proceeds of a further £80 million during the current year.

Against that background, and as set out in this letter, the Remuneration Committee has considered carefully the way we implement our Remuneration Policy to better align with our strategic priorities.

Executive Director changes

In January 2021 we announced that both Matthew Weiner and Marcus Shepherd would step down from their roles as Chief Executive Officer and Chief Financial and Operating Officer respectively.

Matthew has spent more than twenty years with the Company, including six as CEO. Matthew remained with the Company as an Executive Director until 31 May 2021 in order to provide a smooth transition with Richard Upton. Marcus has been CFO of the Company for eight years and CFOO for the past two years and has made a valuable contribution, providing sound support and financial advice the Board. He will step down on 19 June 2021 following the presentation of the results for FY2021. Details of Matthew and Marcus' remuneration arrangements on departure are set out on page 149.

Our Chief Development Officer, Richard Upton, was appointed CEO with effect from 19 January 2021. Richard declined to receive a salary increase to reflect his promotion to CEO.

As announced on 11 May 2021, Jamie Christmas was appointed as a Director of U and I Group PLC on 17 May 2021 and will become our new Chief Financial Officer effective 19 June 2021. Jamie has been appointed on a salary of £300,000, which is below the salary of the previous incumbent, and his pension contribution has been set at 14% of salary which is in line with the opportunity available to the workforce. Jamie will participate in the annual bonus and LTIP on the same basis as the previous CFO.

Pension aligned to workforce

Last year the Remuneration Committee reduced the pension contributions for newly appointed Executive Directors to 14% of salary to align with the rate available to the workforce. As set out on page 148, Jamie Christmas' pension has been set at this level on his appointment as CFO. Following Matthew and Marcus' departure and the reduction of Richard Upton's pension to the workforce rate following his promotion, there is now full alignment between Executives and the workforce.

Remuneration framework for FY2022

The last year has been a challenging period for U+I, tackling the impact of the Covid-19 pandemic and the associated economic uncertainty. In the face of these challenges the Remuneration Committee has thought carefully about our remuneration framework and we are proposing a number of changes to ensure that the framework supports our current strategic focus.

Our shares are currently trading at a significant discount to our Net Asset Value (NAV). As part of our strategy to reduce this discount and demonstrate the value of our portfolio to shareholders we are accelerating the monetisation of our pipeline. This will strengthen our cash position, allow us to reduce debt levels and increase our ability to pay dividends. We expect this strategy to result in a narrowing of the discount to our NAV resulting in an increase to our share price. Consequently the Committee considered that share price would be an appropriate measure to align with this strategy. To align our Long-Term Incentive Plan (LTIP) with this strategy the Committee has therefore introduced an absolute share price measure which will account for 50% of awards and will be measured over three years. Recognising the continued importance of NAV as a long-term performance measure, the remaining 50% of awards will continue to be subject to stretching NAV growth targets, measured over four years.

Last year the Committee granted Executive Directors LTIP awards of 225% and 75% of salary, which represented a 25% reduction to the normal grant levels. This was in specific recognition of the Company's share price and to mitigate against the potential for windfall gains. Since this grant the share price has somewhat recovered but it remains below pre-Covid-19 levels.

Taking into account the overall reduction in the Company's market capitalisation and reduced scale the Committee has decided to reduce the CEO's ongoing LTIP grant level from 300% of salary to a level not above 200% of salary. In addition, in specific recognition of the current share price, Richard Upton has volunteered that his LTIP award for FY2022 will be further reduced to 100% of salary.

In addition to changes to the LTIP the Committee has also modified the annual bonus performance framework. At U+I Executive Directors have a maximum annual bonus opportunity of 75% of salary subject to the achievement of financial and strategic objectives. No changes are proposed to the maximum opportunity for FY2022 which the Committee considers appropriate; however two new financial measures have been introduced which directly align with our short-term strategic financial objectives. In addition to the existing measures of NAV growth and development and trading gains the Committee is introducing measures linked to reduction of our overheads and net cash realised from existing projects.

Remuneration out-turns for FY2021

For the second year in a row the Executive Directors have waived their entitlement to an annual bonus.

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 2021 was below the threshold target of 5% per annum and therefore the LTIP awards lapsed.

The Remuneration Committee considers that the Policy operated as intended in respect of FY2021.

Workforce remuneration

To recognise and reward the extraordinary effort made by our workforce during the year the Committee approved an award of shares worth £1,000 to every permanent employee (excluding Executive Directors). We hope this will support U+I's distinctive culture and provide strong alignment of our workforce to U+I's future success.

Finally, this will be my last report to you as Chairman of the Remuneration Committee as I will not be putting myself forward for re-election at this year's AGM having served a full nine years as an Independent Non-executive Director on the Board of U+I. I would like to thank my fellow Remuneration Committee and Board members for their keen discussion and debate over the past nine years. U+I is a unique and special Company and I wish the Company every success for the future.

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

Nick Thomlinson
Chairman of the Remuneration Committee
25 May 2021

Remuneration Policy implementation in 2020/21 and 2021/22
The following table sets out a summary of our Remuneration Policy as well as its implementation in 2020/21 and 2021/22. The 2020 Remuneration Policy is available on the Company website at www.uandiplc.com.

<table>
<tr><th>COMPONENT</th><th>SUMMARY OF POLICY</th><th>IMPLEMENTATION IN 2020/21</th><th>IMPLEMENTATION IN 2021/22</th></tr>
<tr><td>Salary</td><td>Core element of remuneration set at a level to attract and retain individuals of the calibre required to shape and execute the Company's strategy.</td><td>Salaries for the financial year starting 1 April 2020 are:
<table>
<tr><th></th><th>1 April 2020
£'000</th></tr>
<tr><td>M S Weiner</td><td>375</td></tr>
<tr><td>R Upton</td><td>350</td></tr>
<tr><td>M O Shepherd</td><td>325</td></tr>
</table>
As part of Covid-19 measures the Executive Directors salaries were consensually reduced for three months (April 2020 – June 2020) by a collective 50%.</td><td>Richard Upton declined to take a promotional salary increase on his appointment to CEO and therefore his salary remains unchanged:
<table>
<tr><th></th><th>1 April 2021
£'000</th></tr>
<tr><td>R Upton</td><td>350</td></tr>
</table>
Jamie Christmas' salary has been set at £300,000 on his appointment as CFO.</td></tr>
<tr><td>Retirement benefits</td><td>Provides Executive Directors with retirement benefits consistent with the role.</td><td>The maximum contribution for incumbent Executive Directors was reduced to 15.5% of salary.

The maximum contribution for new Executive Directors was reduced to the rate available to the workforce (currently 14% of salary).</td><td>Richard Upton's pension contribution rate has been reduced to align with the wider workforce at 14% of salary.

Jamie Christmas' pension contribution rate has been set at 14% of salary on his appointment as CFO.

The maximum contribution for any new Executive Director will be aligned with the rate available to the workforce (currently 14% of salary).</td></tr>
<tr><td>Benefits</td><td>Provides Executive Directors with market-competitive benefits consistent with the role.

Typical benefits include cash in lieu of motor vehicle, private medical insurance, income protection insurance and life assurance.</td><td>No changes.</td><td>No changes.</td></tr>
<tr><td>Bonus</td><td>Incentivises and rewards Executive Directors for the successful delivery of financial and strategic objectives on an annual basis.

Any bonus above 50% of the maximum opportunity is paid in shares which the Director is expected to hold for at least two years.

Malus and clawback provisions apply.</td><td>For 2020/21, 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 2020/21, the second year in a row.</td><td>Maximum bonus opportunity for 2021/22 will be 75% of salary.

Two new financial measures aligned with our strategic priorities have been introduced. The strategic and personal objectives portion of the annual bonus will continue to have a weighting of 30%:
<table>
<tr><th>Measure</th><th>Weighting</th></tr>
<tr><td>Financial measures</td><td></td></tr>
<tr><td>NAV growth</td><td>17.5%</td></tr>
<tr><td>Overheard reduction</td><td>17.5%</td></tr>
<tr><td>Net cash realised</td><td>17.5%</td></tr>
<tr><td>Development and trading gains</td><td>17.5%</td></tr>
<tr><td>Strategic and personal objectives and priorities</td><td>30%</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>COMPONENT</th><th>SUMMARY OF POLICY</th><th>IMPLEMENTATION IN 2020/21</th><th>IMPLEMENTATION IN 2021/22</th></tr>
<tr><td>Long-Term Incentive Plan</td><td>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.</td><td>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 2017 LTIP and the first half of the 2018 LTIP lapsed.

LTIP made in 2020
Taking into account the share price, the normal award levels were reduced by 25% resulting in the following LTIP awards:
<table>
<tr><th></th><th>Face value of award</th></tr>
<tr><td>M S Weiner</td><td>225% of salary</td></tr>
<tr><td>R Upton</td><td>225% of salary</td></tr>
<tr><td>M O Shepherd</td><td>75% of salary</td></tr>
</table>
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:
<table>
<tr><th></th><th>Targets at years three and four</th></tr>
<tr><td>Threshold vesting (20% of maximum)</td><td>5% p.a.</td></tr>
<tr><td>Maximum vesting (100% of maximum)</td><td>12% p.a.</td></tr>
</table>
Awards are subject to a combined performance period and holding period of five years.</td><td>LTIP awards to be made in 2021
Taking into account the overall reduction in the Company's market capitalisation and reduced scale, we are making a substantive reduction to the CEO's LTIP award level. The Committee has decided to reduce the ongoing LTIP grant level from 300% of salary to a level not above 200% of salary. In addition, in specific recognition of the current share price, Richard Upton has volunteered that his LTIP award for FY2022 will be further reduced to 100% of salary.

Following his appointment the CFO will receive an LTIP award for 2021 of 100% of salary.
<table>
<tr><th></th><th>Face value of award</th></tr>
<tr><td>R Upton</td><td>100% of salary</td></tr>
<tr><td>J Christmas</td><td>100% of salary</td></tr>
</table>
Taking into account the Company's strategic priorities which are focused on reducing the discount to NAV in our share price, for this award, the Committee has introduced a performance measure based on the Company's share price, measured over three years. The remaining 50% of the award will continue to be subject to NAVps growth measured over four years (50%):
<table>
<tr><th></th><th>Targets at three years
Share price</th><th>Targets at four years
NAVps growth</th></tr>
<tr><td>Threshold vesting (20% of maximum)</td><td>120p</td><td>5% p.a.</td></tr>
<tr><td>Maximum vesting (100% of maximum)</td><td>180p</td><td>12% p.a.</td></tr>
</table>
Awards are subject to a combined performance period and holding period of five years.</td></tr>
</table>

COMPONENT	SUMMARY OF POLICY	IMPLEMENTATION IN 2020/21	IMPLEMENTATION IN 2021/22
Shareholding guidelines	Aligns Executive Directors with the shareholder experience.	Executive Directors are expected to build a shareholding of 50% of salary within two years of appointment and 100% of salary within four years of appointment. Thereafter, they are required to retain 50% of net vested shares from the LTIP until they build shareholdings of 200% of salary for the Chief Executive Officer and 150% of salary for the Chief Development Officer and the Chief Financial Officer. 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.	No changes to shareholding guidelines or post-employment shareholding requirements.

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 2019/20 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. – To recognise the extraordinary efforts of our workforce this year, and aligned with U+I's distinctive culture, this year we awarded our workforce £1,000 each of shares.

ANNUAL REMUNERATION REPORT

The Annual Remuneration Report on pages 143 to 153 provides details of remuneration for the financial year ended 31 March 2021, and how our Policy will be implemented for the financial year commencing 1 April 2021.

Implementation of Remuneration Policy in the financial year commencing 1 April 2021
The table below provides an overview of the components of the remuneration framework for all Executive Directors:

Fixed pay + Annual bonus + LTIP

Salary
Richard Upton declined a salary increase on his appointment as CEO. Therefore his salary which will apply for the financial year beginning 1 April 2021 is set out below.

	1 April 2021 £'000	1 April 2020 £'000	% increase
R Upton	**350**	350	0

Retirement benefits
Pension is provided via a Group Personal Pension Plan or as a cash supplement. From 1 April 2020 the maximum contribution for existing Executive Directors was reduced from 17.5% to 15.5% of salary. The CEO pension contribution for R Upton was set at 14% of salary effective 1 April 2021, which is in line with the wider workforce rate.

All new Directors will have pensions aligned to the rate available to the wider workforce at a maximum of 14% of salary.

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

For 2021/22 the Committee has introduced two new financial measures that are directly aligned with the business' short-term strategy. The performance measures and weightings for the 2021/22 annual bonus are set out below:

	Measure	Weighting
Financial	NAV growth	17.5%
	Development and trading gains	17.5%
	Overhead reduction	17.5%
	Net cash realised	17.5%
Non-financial and strategic	Strategic and personal objectives and priorities	30%

The financial targets for the 2021/22 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 2021 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 %
R Upton	37.5	75

Long-Term Incentive Plan
Taking into account the overall reduction in the Company's market capitalisation and reduced scale, we are making a substantive reduction to the CEO's LTIP award level. The Committee has decided to reduce the ongoing LTIP grant level from 300% of salary to a level not above 200% of salary. In addition, in specific recognition of the current share price Richard Upton has volunteered that his LTIP award for FY2022 will be further reduced to 100% of salary.

For FY2022 the Committee has introduced an additional performance measure, which will make up 50% of awards, based on the Company's share price performance, measured over a three-year period. This is aligned to the Company's strategy of accelerating the monetisation of our pipeline in order to reduce the discount between the share price and NAV. Recognising the importance of NAV the remaining 50% of the awards will continue to be subject to U+I's NAV growth measured over a four-year period:

	Share price	NAVps growth	
	Targets at year three	Targets at year four	Four-year cumulative targets
Threshold vesting (20% of maximum)	120p	5% p.a.	21.6%
Maximum vesting (100% of maximum)	180p	12% p.a.	57.4%

Pro-rated vesting will occur for performance between these points.

Awards have a holding period such that the entire award has a combined performance and holding period of five years.

Awards are subject to a risk underpin. For awards to vest, the Committee must be satisfied that performance has not been achieved as a result of inappropriate financial risk (e.g. very high levels of gearing), and that the level of financial and business risk is in line with the Company's stated strategy. The Committee also 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 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. Following the conclusion of our 2018 SAYE scheme in February 2021, we intend to launch a new SAYE scheme for all employees in 2021.

Non-executive Directors' fees
Fees for the financial year commencing 1 April 2021 are set out in the table below.

	1 April 2021 £'000	1 March 2020 £'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

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 2021 with a comparison to the 12-month period to 31 March 2020:

Executive Directors		Fees and salary[1,2] £'000	Benefits[3] £'000	Pension[4] £'000	Total fixed £'000	Annual bonus £'000	LTIP £'000	Total variable £'000	Total £'000
M S Weiner	**2021**	**352**	**20**	**58**	**430**	**0**	**0**	**0**	**430**
	2020	375	19	58	452	0	0	0	452
R Upton	**2021**	**262**	**21**	**55**	**338**	**0**	**0**	**0**	**338**
	2020	350	20	55	425	0	0	0	425
M O Shepherd	**2021**	**305**	**21**	**50**	**376**	**0**	**0**	**0**	**376**
	2020	325	20	50	395	0	0	0	395
Non-executive Directors									
P W Williams	**2021**	**112**	**–**	**–**	**112**	**–**	**–**	**–**	**112**
	2020	120	–	–	120	–	–	–	120
N H Thomlinson	**2021**	**51**	**–**	**–**	**51**	**–**	**–**	**–**	**51**
	2020	60	–	–	60	–	–	–	60
B Bennett	**2021**	**39**	**–**	**–**	**39**	**–**	**–**	**–**	**39**
	2020	42	–	–	42	–	–	–	42
L G Krige	**2021**	**51**	**–**	**–**	**51**	**–**	**–**	**–**	**51**
	2020	55	–	–	55	–	–	–	55
R Kerslake	**2021**	**49**	**–**	**–**	**49**	**–**	**–**	**–**	**49**
	2020	52	–	–	52	–	–	–	52
S Morgan	**2021**	**53**	**–**	**–**	**53**	**–**	**–**	**–**	**53**
	2020	57	–	–	57	–	–	–	57

1. Executive Directors took a reduction in salary for the three-month period April to June 2020: R Upton 100% of salary, M Weiner and M Shepherd 25% of salary.
2. The Chairman and Non-executive Directors took a reduction in fees payable of 25% for the three-month period April to June 2020.
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.

Aggregate remuneration for the Executive Directors for the period ended 31 March 2021 totalled £981k, excluding cash in lieu of pension contributions and LTIP payments.

Incentive out-turns (audited)
Annual bonus
The annual bonus structure operates using financial and strategic/personal targets set at the beginning of each financial period.

The Directors voluntarily waived their bonus entitlement for the financial year ended 31 March 2021. This was the second year in a row the Directors had waived their bonus entitlement.

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

Financial targets – 70% of total bonus award
The financial measures and targets were as follows:

NAV growth (35%)

	Threshold performance (20% payout)	Maximum performance (100% payout)	NAV per share growth achieved for year ended 31 Mar 2021	% of actual payout for NAV growth (maximum 35%)*
NAV per share growth (including dividends)*	5%	12%	-29.9%	0

* Payouts are calculated on a straight-line basis between threshold and maximum performance. For 'target' performance (50% of maximum), this is growth of 7.6% per annum.

Development and trading gains (35%)

	Targets			Actual performance and payout	
	0% payout	40% payout	100% payout	Development and trading gains for the period ended 31 Mar 2021	% of actual payout for development and trading gains (maximum 35%)*
Development and trading gains*	30	40	50	-39.1	0

* Payouts are calculated on a straight-line basis between performance points.

Non-financial targets – 30% 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 2020/21 and the longer term.

As the 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	– Planning consent and capitalisation of major projects	– Cost and overhead effectiveness
– Talent and succession	– Strategic business opportunities	– Restructuring and integrating the Finance Team
– IP transition strategy	– Reorganising the Regeneration Team	– Liquidity and refinancing of debt obligations
– Capital structure	– Purpose and Values	– Purpose and Values
– Purpose and Values		

Long-Term Incentive Plan (audited)
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 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 2017 to 31 March 2021. 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	-8.9	0

LTIP awards made in 2018
Awards were made under the LTIP in 2018 with the first half of awards subject to the Company's growth in NAV per share over the three-year performance period 1 March 2018 to 31 March 2021. 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	-16.4	0

The second half of awards made in 2018 are subject to the Company's growth in NAV per share over a four-year performance period 1 March 2018 to 31 March 2022. 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 5 August 2020, 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	1,236,444	225	% NAVps growth	31 Mar 2023/ 31 Mar 2024	20%
R Upton		1,154,015	225			20%
M O Shepherd		357,195	75			20%

1. The face value has been calculated based on the share price of 68.24 pence taken on 5 August 2020 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 141 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.

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 2021[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	121	2,248,842	0
R Upton	4,099,614	1,092	2,098,920	0
M O Shepherd	202,234	58	649,665	0
Non-executive Directors				
P W Williams	167,058	–	0	0
N H Thomlinson	20,000	–	0	0
B Bennett	48,829	–	0	0
L G Krige	6,172	–	0	0
R Kerslake	9,757	–	0	0
S Morgan	22,299	–	0	0

1. Including shares held by connected persons.
2. There have been no changes in share interests held by Directors between 31 March 2021 and 25 May 2021, the date of signing this report.
3. Calculation derived from the market value of 93.20 pence per share and Directors' salary as at close of market on 31 March 2021.

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 2020 Policy onwards.

Recruitment arrangements for the incoming Chief Financial Officer
As announced on 11 May 2021, Jamie Christmas was appointed as a Director of U and I Group PLC on 17 May 2021 and will become our new Chief Financial Officer effective 19 June 2021. The Committee determined that Jamie Christmas' salary on appointment would be set at a lower level than the current incumbent at £300,000. In-line with our Policy, Jamie's pension contributions have been set at 14% of salary, which is aligned with the rate available to the workforce. Jamie will have a maximum bonus opportunity of 75% of salary and his opportunity for 2021/22 will be pro-rated to reflect the portion of the year worked. Jamie will receive an LTIP award in respect of the 2021/22 financial year of 100% of salary.

External directorships
Matthew Weiner is a trustee for the charity Jewish Care; he does not receive any fees for this role. Richard Upton is a Commissioner for English Heritage for which he receives a nominal fee of c.£7,000. Marcus Shepherd is a member of the Finance, Governance and Risk Committee at Land Aid for which he does not receive a fee.

Payments to past directors
There were no payments to past directors in the period.

Payments for loss of office
On 19 January 2021 it was announced that both Matthew Weiner and Marcus Shepherd would step down from the Board during the course of 2021. Matthew will remain with the Company as an Executive Director until 31 May 2021 in order to provide a smooth transition. Marcus will step down on 19 June 2021 following the completion of the results for FY2021. No payments for loss of office were paid during the year under review, the payments referred to below are in respect of payments due to be made in the year beginning 1 April 2021.

Both Matthew and Marcus worked a significant portion of their notice period, and received payments in lieu for the remainder of their 12-month notice period. The contractual arrangements for Matthew included provision for a payment in lieu of unused holiday over the period of his tenure.

Matthew and Marcus will receive the following payments:

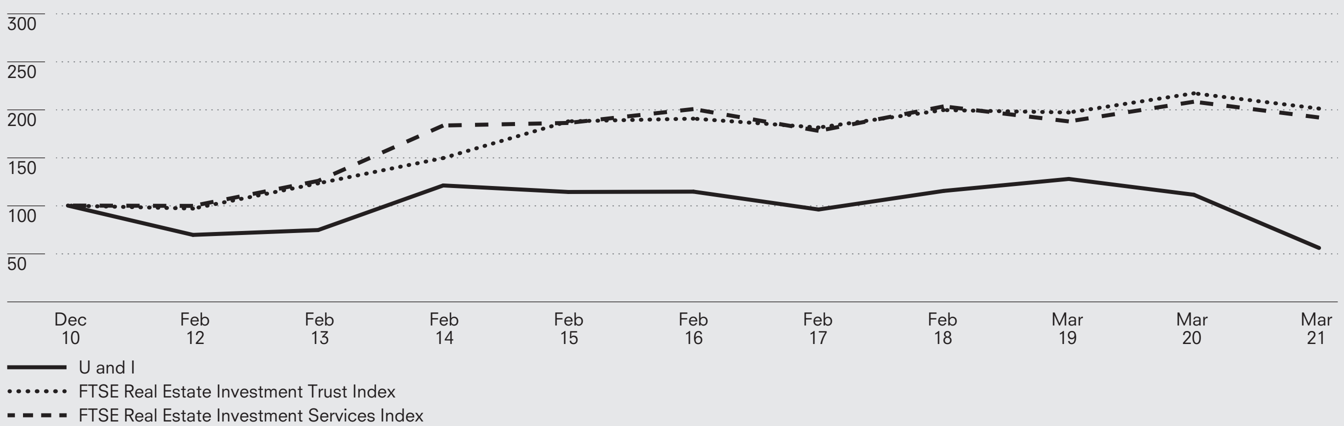
Matthew Weiner
- Payment in lieu of the remaining notice period, comprising salary, pension and benefits (£281,801).
- Outplacement and legal fees (£25,000 and £10,000 respectively).
- Unused holiday accrued over his tenure (£153,563). This was a legacy contractual entitlement prior to Matthew's appointment as Chief Executive Officer.

Marcus Shepherd
- Payment in lieu of the remaining notice period, comprising salary, pension and benefits (£233,920).
- Legal fees (£3,000).
- Unused holiday accrued over the financial year (£26,250).

Matthew and Marcus will not be eligible for an annual bonus in respect of their period of employment during FY2021/22. The Committee determined that both Matthew and Marcus would be treated as good leavers in accordance with the relevant plan rules. Therefore, any outstanding share awards will subsist to their normal delivery dates, subject to performance and time pro-rating. The LTIP awards are currently underwater and are not expected to vest.

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)



Based on 3m average data sourced from Datastream.

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.

	2012[1]	2013	2014	2015	2016 M H Marx[2]	2016 M S Weiner[3]	2017	2018	2019[4]	2020	2021 M S Weiner[5]	2021 R Upton[6]
Single total figure of remuneration (£'000)	714	487	882	1,002	257	1,633	1,723	1,872	652	452	**430**	**338**
Annual bonus (% of maximum)	21	0	67	86.7	–	59	26.8	77.4	26.5	0	**0**	**0**
LTIP vesting (% of maximum)	–	–	–	–	18	18	–	38.1	11.3	0	**0**	**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.
5. M S Weiner's figure relates to both the time he was Chief Executive Officer of the Company from 1 April 2020 to 18 January 2021, and from 19 January 2021 to 31 March 2021 when he was an Executive Director of the Company.
6. R Upton's figure relates to both the time he was Chief Development Officer of the Company, from 1 April 2020 to 18 January 2021, and from 19 January 2021 to 31 March 2021 when he was Chief Executive Officer of the Company.

Percentage change in remuneration

The table below sets out in relation to salary, taxable benefits and annual bonus, the percentage change in remuneration in relation to each Director compared to the wider workforce.

	Fees and salary[1,2]	Taxable benefits	Annual bonus[3]
Wider workforce	-3.2	0	n/a
Executive Directors			
M S Weiner	-6.25	2.3	0
R Upton	-25	2.8	0
M O Shepherd	-6.25	5.1	0
Non-executive Directors			
P W Williams	-6.25	n/a	n/a
N H Thomlinson	-6.25	n/a	n/a
B Bennett	-6.25	n/a	n/a
L G Krige	-6.25	n/a	n/a
R Kerslake	-6.25	n/a	n/a
S Morgan	-6.25	n/a	n/a

1. No salary increases were implemented for the Directors during the year.
2. All Directors and senior employees received voluntary salary deductions for a three-month period during the year.
3. No annual bonus awards were granted to the Directors during the year or for the previous financial year. As there were no bonuses for the wider workforce in 2020 it is not possible to calculate a % bonus change figure.

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.

	2021	2020	% change
Dividends[1]	**–**	3,006	-100
Supplemental dividend	**–**	–	0
Overall expenditure on pay[2]	**9,088**	8,981	1.2

1. These figures have been extracted from Note 7 to the Consolidated financial statements on page 189.
2. These figures represent employee staff costs, before the cost of employee share option schemes, and have been extracted from Note 4 to the Consolidated financial statements on page 187.

Role and constitution of the Committee

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. The Remuneration Committee receives regular updates on the remuneration arrangements that apply throughout the workforce and takes these into account when considering Executive Director remuneration.

In order to ensure that the employee voice is appropriately heard at Board level, regular meaningful engagement with the U+I workforce takes place in a variety of formats. Employees have the opportunity to engage with the Board via an annual employee survey, regular town hall style meetings and through our 'T.E.A.M.' employee engagement forum, which can feedback on a broad range of topics, including workforce and Executive remuneration. The employee forum, run by Sadie Morgan, provides representatives with an interactive opportunity to raise issues, ideas and concerns. As a member of the Remuneration Committee, Sadie Morgan can ensure that the views of the employees are taken into account at Committee meetings when considering changes to workforce and Executive Director remuneration arrangements. The Company also held workshops specifically around the area of employee remuneration during the year.

To recognise and reward the extraordinary efforts made by our workforce during the year, the Committee approved an award of shares worth £1,000 to every permanent employee (excluding Executive Directors).

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 the Group's 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 £55,600. 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.

Matthew Weiner, Chief Executive Officer to 19 January 2021, 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 three 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	3/3	100
P W Williams	04.01.16	–[1]	3/3	100
L Krige	14.07.16	Yes	3/3	100
R Kerslake	01.10.17	Yes	3/3	100
S Morgan	03.04.19	Yes	3/3	100

1. Chairman, independent on appointment.

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.

Matthew Weiner will leave the Company on 31 May 2021. Marcus Shepherd will leave the Company on 19 June 2021.

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 2021 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 as well as the binding vote to approve the Remuneration Policy at the Company's Annual General Meeting on 10 September 2020.

	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve Remuneration Report (2020 AGM)	99,299,161	97.39	2,658,821	2.61	1,518
Approve Remuneration Policy (2020 AGM)	95,659,078	93.82	6,296,364	6.18	4,058

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 2020 Number of shares	Granted	Dividend Equivalent shares granted	Lapsed	Exercised	31 March 2021 Number of shares	Final vesting date
M S Weiner	09.06.16	191.10	294,349	–	–	294,349	–	–	09.06.2020
	30.05.17	194.20	579,299	–	–	289,649	–	289,650	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
	05.08.20	68.24	–	1,236,444	–	–	–	1,236,444	05.08.23/24
R Upton	09.06.16	191.10	274,725	–	–	274,725	–	–	09.06.2020
	30.05.17	194.20	540,679	–	–	270,339	–	270,340	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
	05.08.20	68.24	–	1,154,015	–	–	–	1,154,015	05.08.23/24
M O Shepherd	09.06.16	191.10	85,034	–	–	85,034	–	–	09.06.2020
	30.05.17	194.20	167,353	–	–	83,676	–	83,677	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
	05.08.20	68.24	–	357,195	–	–	–	357,195	05.08.23/24

Save as You Earn (SAYE) (audited)

	1 April 2020 Number of shares	Granted	Lapsed	Exercised	31 March 2021 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	–	0	152.00	–	–	01.02.21	31.07.21
M O Shepherd 2017	11,815	–	11,815	–	0	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
25 May 2021

The Directors present their report and the audited Consolidated financial statements for the financial period ended 31 March 2021.

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 95.

Results and dividends
The loss before tax for the financial period amounted to £86,700,000 (2020: £58,600,000 loss). There was no interim dividend paid in December 2020 (20 December 2019: £3,006,000 representing 2.4 pence per Ordinary share). The Board is not proposing to pay a final Ordinary dividend for the year ended 31 March 2021 (31 March 2020: No final dividend was paid). There was therefore no total dividend declared or paid for the year ended 31 March 2021 (2020: 2.4 pence per Ordinary share). Further information on the Company's dividend policy can be found in note 7 to the Consolidated financial statements.

Group structure
Details of the Group's subsidiary undertakings are disclosed in note 41 to the Consolidated financial statements on pages 225 to 227.

Operations outside the UK
The Group currently operates or has subsidiaries, associates or joint ventures which are located in The Netherlands and Ireland.

Share capital
The Company's issued share capital at 31 March 2021 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 210 to 212.

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. Further information on the 2021 AGM can be found on pages 156 to 158.

Purchase of the Company's shares
At the Annual General Meeting held on 10 September 2020, 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 9 September 2021, 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 10 September 2020 (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 138 to 153 and are incorporated herein by cross-reference.

Corporate governance
The Company's Corporate Governance Statement can be found in the Governance Report on page 100 of the Annual Report. The Governance Report as set on pages 96 to 161 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. The SAYE plan matured in February 2021 and, since the date of maturity, the share price has remained under the option price of 152 pence per share. As at 31 March 2021, a total of 43,123 options from the 2017 grant remain outstanding. It is proposed that a new SAYE Plan will be launched following the release of the preliminary results in 2021. 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 did not purchase any shares in the market during the period under review (2020: 187,315 shares). The EBT released 160,896 shares during the year to satisfy discretionary bonus awards and 53,544 shares to satisfy an £1,000 award of shares to all eligible employees. No shares were released during the year to satisfy LTIP awards (2020: 68,968 shares). At 31 March 2021, the EBT held 594,690 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 year and up to the date of signing the Group financial statements are shown in Table 1 below. Matthew Weiner will step down from the Board on 31 May 2021. Marcus Shepherd will step down from the Board on 19 June 2021. Jamie Christmas was appointed as a Director on 17 May 2021 and will take over as Chief Financial Officer on 19 June 2021. Jamie will retire from the Board and put himself forward for election by shareholders at the 2021 AGM. All remaining Directors will retire at the 2021 Annual General Meeting and, being eligible, will offer themselves for re-election; see page 157, with the exception of Nick Thomlinson who will retire from the Board at the 2021 AGM following nine years service as an Independent Non-executive Director of the Company. 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
R Upton	Chief Executive Officer
M Weiner	Director (to stand down on 31 May 2021)
M Shepherd	Chief Financial and Operating Officer (to stand down on 19 June 2021)
J Christmas	Director (CFO designate) (appointment effective on 17 May 2021)
N Thomlinson	Independent Non-executive Director (to stand down on 9 September 2021)
B Bennett	Non-executive Director
L Krige	Independent Non-executive Director
R Kerslake	Independent Non-executive Director
S Morgan	Independent Non-executive Director

Biographical details of the Directors are shown on pages 102 to 104.

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 120, during the year, a consultant with close personal ties to Sadie Morgan worked in a specific area of the business on time limited contract. When discussing any matters relating to this area of the business Sadie was excused from Board meetings in order to ensure her independence was retained. The specific contract with this consultant has been concluded and the consultant no longer has any ties to the business. The Board is confident that the necessary safeguards were put in place and actioned during the year to ensure that Sadie Morgan remained entirely independent in her judgement and therefore fully meets the independence criteria as set out under provision 10 of the Code.

During the year Sadie Morgan notified the Board of a potential conflict of interest regarding her role as Independent Non-executive Director of the Company and her role as founding partner of dRMM Architects who were appointed to provide services in respect of a bid the Company was making for a potential project. Sadie Morgan had no role in the bid to win this work by dRMM, or in the awarding of the work to dRMM by U+I. In accordance with Section 175 of the Companies Act 2006 and Article 103 of the Articles of Association of the Company, Sadie Morgan disclosed the potential situational conflict appropriately, which was authorised by the Board, and Sadie was, and will, continue to be excused from any decisions taken by the Board on all matters in respect of this project.

No other significant conflicts of interest arose during the year under review.

Directors' service contracts and interests in the Company's shares

The details of Directors' service contracts and interests in the shares of the Company of the Directors who were in office as at 31 March 2021 are disclosed in the Remuneration Report on pages 138 to 153.

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, 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, amongst 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 would provide an opportunity for the Board to meet its shareholders and respond to their questions. The Board believe that this is an important element of shareholder engagement, especially for private shareholders. However, the Covid-19 pandemic and government restrictions meant that the 2020 Annual General Meeting was held as a closed event with shareholders not permitted to attend. Shareholders were encouraged to vote online and submit questions to the Board, the answers to which were published on the Company's website. The results of the voting at the 2020 AGM are shown opposite.

The Board is continuously monitoring the ongoing situation and government guidance with regards to Covid-19 and, at this time, expects that the 2021 AGM will be held at 12 noon, on 9 September 2021 as a normal meeting at the Company's registered office address. Whilst the AGM is an important event for the Company, the health and wellbeing of our shareholders, employees and officers remains our primary concern. The Company is committed to following the recommended government guidance at the time of the AGM and shareholders wishing to attend the 2021 AGM should review our website one week prior to the date of the AGM to ensure it will be taking place as set out above. Should there be any changes to the above details we will also announce this by way of Stock Exchange Announcement.

Shareholders who are unable to attend the 2021 AGM will have the opportunity to submit questions to the Board prior to the AGM by emailing the Company Secretary at info@uandiplc.com with the subject line 'U+I 2021 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 157 to 158. 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 2020 AGM are shown in Table 2 below.

Table 2: Results of the 2020 Annual General Meeting

Resolution		For % of votes cast[1,2]	Against % of votes cast[2]
1	Receive Annual Report and Accounts	99.98	0.02
2	Remuneration Report	97.39	2.61
3	Remuneration Policy	93.82	6.18
4 to 12	Appointment of Directors	80.47-99.99	0.01-19.53
13	Appointment of Auditor	99.98	0.02
14	Auditors' remuneration	99.99	0.01
15	Authority to purchase own shares	99.99	0.01
16	Authority to allot shares	99.82	0.18
17	Disapplication of pre-emption rights	99.98	0.02
18	Meetings on 14 days' notice	99.32	0.68
19	Political donations	99.28	0.72

1. Includes those votes for which discretion was given to the Chairman.
2. Does not include votes withheld.

The 2021 Annual General Meeting will be held on 9 September 2021 at 12 noon at 7A Howick Place, London SW1P 1DZ. At the 2021 Annual General Meeting, the following resolutions will be proposed:

Ordinary Resolution 1 – Report and Accounts

The Directors will present the financial statements and Reports of the Directors and Auditors for the financial period ended 31 March 2021.

Ordinary Resolution 2 – To approve the Directors' Remuneration Report

In accordance with the Directors' remuneration reporting regime as set out in Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the Company's 2021 Directors' Remuneration Report comprises the Remuneration Committee Chairman's Annual Statement, the Annual Report on Remuneration (the Annual Remuneration Report), and a summary of the Directors' Remuneration Policy (the Policy).

The Directors' Remuneration Policy was approved by shareholders at the 2020 Annual General Meeting and took immediate effect. The Policy is subject to a shareholder vote at least once every three years and, subject to any proposed changes being required, will next be laid before shareholders for approval at the Annual General Meeting in 2023. The Company is not able to make remuneration or loss of office payments to a current or past Director, unless the payment is consistent with the approved Policy, or has been otherwise approved by shareholders.

Resolution 2 seeks shareholder approval for the Annual Remuneration Report. This is set out on pages 143 to 153 of the Annual Report and Accounts and sets out details on how our Directors were paid in the financial year ended 31 March 2021, and how their pay will be structured in the financial year ending 31 March 2022. The Annual Remuneration Report will be prepared on an annual basis and is subject to an advisory shareholder vote.

Ordinary Resolutions 3 to 9 – Election and 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 2020 Annual General Meeting, or appointed since that date, with the exception of Matthew Weiner, Marcus Shepherd and Nick Thomlinson, will voluntarily retire and those wishing to serve again shall submit themselves for election/re-election by the shareholders at the 2021 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 Governance Report on pages 115 to 117. Biographical details of all the Directors appear on pages 102 to 104 of the Annual Report.

Ordinary Resolutions 10 and 11 – Re-appointment and remuneration of auditors

Resolutions 10 and 11 propose the re-appointment of PwC as auditors of the Company and authorise the Directors to set their remuneration.

Special Resolution 12 – 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 25 May 2021 (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 25 May 2021 (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 24,219 (approximately 0.019% of the Company's issued share capital and approximately 0.021% of the Company's issued share capital if the full authority proposed by Resolution 12 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 12, 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 October 2022 (being the latest date by which the Company must hold an Annual General Meeting in 2022). At the date of this report the Company did not hold any shares in treasury.

Ordinary Resolution 13 – 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 2020 to allot shares or grant rights to subscribe for, or convert any securities into, shares is due to expire at the conclusion of this year'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 October 2022 (being the latest date by which the Company must hold an Annual General Meeting in 2022).

If passed, paragraph (a) of Resolution 13 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 25 May 2021 (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 13, 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 25 May 2021 (being the last practicable date prior to publication of the Notice of the Annual General Meeting). As at 25 May 2021 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 14 – 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 14 is to authorise the Directors to allot any shares pursuant to the authority given by paragraph (a) of Resolution 13 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 25 May 2021 (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 14 is to authorise the Directors to allot any shares pursuant to the authority given by paragraph (b) of Resolution 13 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 15 – 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 10 September 2020, shareholders authorised the calling of general meetings, other than an Annual General Meeting, on not less than 14 clear working days' notice. Resolution 15 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 16 – 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 captured.

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 16 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 205 to 209.

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 205.

Charitable and political donations
Charitable donations during the period were £21,411 (2020: £47,289). 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. No political donations were made during the year.

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 25 May 2021 (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 capital held, are likely to have changed since the Company was notified. Notification of any change as required under DTR 5 is the responsibility of those with the notifiable interest and is not required until the next notifiable threshold has been crossed.

Table 3

Holder	Shares	% holding*
Aberforth Partners LLP	17,407,821	13.88%
FIL Limited (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) (F&C Asset Management)	5,875,946	4.71%
Threadneedle Asset Management (Ameriprise Financial, Inc.)	5,722,553	4.68%
M&G plc	5,386,074	4.29%
The Wellcome Trust Limited	5,108,153	4.08%
Richard Upton (CEO)	3,995,764	3.19%

* Percentage holding in the Company at the time of most recent notification does not necessarily reflect current holding; see www.uandiplc.com/investors for more details.

Human rights
This report does not contain information about any policies of the Group in relation to human rights issues since it is not considered necessary for an understanding of the development, performance or position of the Group's business activity due to the existing regulatory requirements within the UK which are adhered to by the Company. The Company does have policies which adhere to internationally proclaimed human rights principles.

In the year to 31 March 2021, 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 2021 and our policy on diversity can be found in the Sustainability Report on page 79.

Employee engagement
The Group recognises the importance of engaging its employees and keeps them regularly informed on matters affecting them; this has been especially important given the remote working practices enforced during the year due to Covid-19. The Company would generally engage with its employees through various media, including the display of notices in communal areas, memoranda and emails, presentations, meetings and the Company's intranet and website. During the year under review the main conduit used for employee engagement was online through Microsoft Teams and Zoom calls. In accordance with the Corporate Governance Code applicable to the Company for the year commencing 1 April 2020, the Company held quarterly Workforce Engagement Panels chaired by Sadie Morgan, an independent Non-executive Director, reporting directly into the Board. Further information regarding employee engagement can be found on pages 112 to 113.

It is the Directors' belief that employees will be instrumental in the 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.

During the year all eligible employees were granted £1,000 of shares in the Company as a reward and a thank you from the Board for their dedication over what has been a difficult year for the Company and also to ensure employees were engaged and their interests were aligned to those of the business.

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 157.

Post balance sheet events
Details of events which have occurred since 31 March 2021, and up to the date of this report, are disclosed in note 27 to the Consolidated financial statements.

SECR Statement: Greenhouse Gas Emissions and Energy Consumption Disclosure

This Streamlined Energy and Carbon Reporting (SECR) statement[1] gives U and I Group PLC's annual energy consumption and GHG emissions for the financial year 1 April 2020 to the 31 March 2021. Emissions disclosed relate to activities for which the Company is responsible across the UK and Ireland*, and include as applicable: combustion of any fuel and operation of its facilities; and annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use.

Methodology and data tables

U+I has used the main requirements of the GHG Protocol Corporate Standard (revised edition) as a basis to report GHG emissions. Data was gathered at site level to compile the carbon footprint. The 2020 DEFRA UK Government Conversion Factors for GHG Company Reporting have been used to convert data into tCO_2e emissions.

In FY2021, Scope 1 and 2 emissions have decreased by 47% when compared against FY2020 emissions which can be attributed in the main to the disposal of three high consuming assets, coupled with the change in occupancy patterns of assets due to the Covid-19 pandemic. Reporting on fewer assets within the property investment portfolio, therefore means that this is not a like-for-like comparison.

* Ireland accounts for 0.2% of the Scope 2 emissions/0% Scope 1 emissions.

Energy intensity ratio

U+I's chosen intensity ratio of GHG emissions per floor area of investment property managed and property occupied is reported below in Table 6.

Energy efficiency actions

In 2020 U and I Group PLC committed to implement energy efficiency measures – the result of which will be a reduction in Scope 1 and Scope 2 emissions by 13% year-on-year compared to the FY2020 baseline and to become net zero carbon by 2030.

Specifically, various energy saving opportunities have been carried out over the last year (and in recent years) as part of the ongoing maintenance and repair approach for the assets, such as the replacement of light fittings and bulbs to energy efficient types such as LED. For example, at St Peter's Quarter in Bournemouth LED lighting has been installed; and at the U+I Airport House offices, the first floor common areas have been fitted with LED lighting and this will extend to the second floor over the next 12 months and all of the offices in 2022.

Table 4: U+I's underlying energy consumption for FY2021

Consumption source (kWh)	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Natural Gas	1,231,410	3,855,000
Electricity	3,009,080	3,833,093
Business Travel	34,221	32,096

Table 5: U+I's GHG emissions for FY2021

Greenhouse Gas (GHG) Emissions Scope (tCO_2e)	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Scope 1[2,3,4] – Direct combustion of fuel from operation of properties and business travel in company cars	228	713
Scope 2 – Electricity purchased for landlord shared services and own use (purchase of heat, steam and cooling not applicable)	702	1,055
Scope 3 – Business travel in employee owned/rented vehicles	7	4
Scopes 1 and 2 – Mandatory carbon footprint disclosure	**930**	**1,768**

Table 6: U+I's chosen intensity measurements

Intensity ratio (tCO_2e/sq.ft.)	01/04/2020-31/03/2021	01/03/2019-31/03/2020
GHG emissions per square foot of property occupied	0.002[5]	0.057[5]
GHG emissions per square foot of investment property managed	0.006[6]	0.003[6]

1. GHG emissions and energy consumption statement pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the SECR Regulations).
2. 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.
3. Where gas/electricity consumption data was not available to cover all months of the reporting period, an estimation of emissions was calculated using an average property type energy consumption from the overall available data for properties, alongside floorspace and intensity ratio figures.
4. Business travel in company cars in FY2021 accounts for 1.44 tCO_2e of the total Scope 1 emissions.
5. Intensity ratios for occupied property based on data from U+I London offices only.
6. Intensity ratios calculated using 'common area ratios' to estimate landlord controlled floorspaces and does not include assets with fully estimated energy consumption.

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 7. Pursuant to Listing Rule 9.8.4C.

Table 7

* Information required to be disclosed in the Annual Report under Listing Rule 9.8.4R is marked with an asterisk (*).

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

Chris Barton
Company Secretary
25 May 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 and the 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). In preparing the group financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, 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 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 international accounting standards in conformity with the requirements of the Companies Act 2006, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRSs issued by IASB 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's 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.

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

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 group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and loss of the group;
- The company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and loss of the company; 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's 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's and company's auditors are aware of that information.

On behalf of the Board

Richard Upton
Chief Executive Officer
25 May 2021

Marcus Shepherd
Chief Financial and Operating Officer
25 May 2021

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 2021 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

We have audited the financial statements, included within the Annual Report 2021 (the 'Annual Report'), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2021; 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.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 1 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

Other than those disclosed in Note 3, we have provided no non-audit services to the Group or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

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 the Company's ability to continue as a going concern.

The Group and Company's forecast severe but plausible downside scenario highlights that there is a risk that the Group and Company would not have the level of free cash required to mitigate liquidity issues as they arise within the next 12 to 15 months. These conditions 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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing management's going concern analysis and obtaining evidence to support the key assumptions used in preparing the base case and severe but plausible downside scenario, including assessment of covenant and liquidity 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 and 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. Where contracted development revenue was included, we obtained evidence supporting the amount and timing of receipt of this contracted revenue. We challenged management's assessment regarding the possible mitigating actions available to the Group and Company and the reasonableness of these mitigating actions; and
- We evaluated the adequacy of management's disclosure of the material uncertainty within the financial statements.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in Note 1(a)(ii) to the Consolidated financial statements and Note 28(a)(i) to the Company financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- 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.

Key audit matters

- Material uncertainty related to going concern.
- Valuation of investment properties, either held directly or through joint ventures (Group).
- Carrying value of development and trading properties, either held directly or through joint ventures (Group).
- Carrying value of financial assets (Group and Company).
- Covid-19 (Group and Company).
- Valuation of investments and loans to subsidiaries (Company).

Materiality

- Overall Group materiality: £4.3 million (2020: £5.5 million) based on 1% of total assets.
- Group Specific materiality: £2.6 million (2020: £1.6 million), based on 5% adjusted loss before tax.
- Overall Company materiality: £3.8 million (2020: £5.0 million) based on 1% of total assets.
- Performance materiality: £2.1 million (Group) and £1.9 million (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.

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.

Valuation of investments and loans to subsidiaries (Company) is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, either held directly or through joint ventures (Group) (Refer to Note 1, Note 9 and Note 13 in the Notes to the Consolidated financial statements) 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 £95.5 million as per the Consolidated Balance Sheet. Included within investments in joint ventures of £60.6 million as per the Consolidated Balance Sheet are investment properties. The net assets of these joint ventures in which investment properties are held is £6.4 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'. A portion of the portfolio (£10.0 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 2021. 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. 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 ERV. We considered the adequacy of the disclosures made in Note 1 and Note 9 to the Consolidated financial statements. 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. We obtained additional supporting evidence for the internal director's valuations to evidence the valuation. We have no issues to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Carrying value of development and trading properties, either held directly or through joint ventures (Group) (Refer to Note 1, to Note 13 and Note 14 in the Notes to the Consolidated financial statements) 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 £81.9 million as at 31 March 2021. Included within investments in joint ventures of £60.6 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 £54.2 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, planning and development risk, particularly in light of Covid-19, and assets acquired during periods in which market values were higher than currently. We have assessed whether there have been any significant changes in the key assumptions used for each property, and whether any indicators of impairment currently exist. We have individually categorised the properties into impairment risk categories and performed audit procedures to assess and quantify any impairments at year-end.	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 £27.8 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). With travel restrictions in place, we have confirmed, on a sample basis, the properties' physical existence using Google maps. Where indicators of impairment exist, in addition to the above, we have challenged management on the rationale for and against impairing the property in line with realisable values. Further discussions with management have been held to determine the valuations of the property and plans to sell the property. Where applicable, we have performed additional downside scenario procedures, and assessed the impact that these scenarios would have on the year-end carrying value. We tested acquisitions and disposals by agreeing back to relevant sales agreements, bank statements and land registry documents. Additionally, we performed a look-back test, comparing historical book values of assets against disposal proceeds following their sale. We have no issues to report in respect of this work.
Carrying value of financial assets (Group and Company) (Refer to Note 1, to Note 17 in the Notes to the Consolidated Financial Statements, Note 28 and Note 34 in the Notes to the Company financial statements) 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 – £7.0 million in non-current assets (Group) and £7.3 million (Group) and £3.8 million (Company) in current assets. Financial assets held at fair value through profit and loss – split between – £11.8 million (Group) and £2.3 million (Company) in non-current assets, £13.1 million (Group) 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 and on their recoverability.	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. We held discussions with management and obtained appraisals supporting impairments in the underlying schemes. We tested cash receipts received in relation to part repayment of working capital loans received during the year through to bank statements and obtained supporting evidence for movements in the underlying property appraisals that have supported impairments of the remaining balance. We have no issues to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Covid-19 (Group and Company) (Refer to the Strategic Report – Principal Risks and Uncertainties and the Viability Statement, the Audit and Risk Committee Report, the Chairman's Introduction to Governance and Note 1 in the Consolidated financial statements) The Covid-19 pandemic has continued to impact the operations of the Group and Company during the reporting period, reducing both property valuations and net rental income. The extent of the negative impact of the pandemic on future performance is difficult to predict as government intervention continues, such as the UK rent moratorium, and wider structural challenges in the retail sector remain. In order to assess the impact of Covid-19 on the business, management have 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 and Company 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.	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 'Reporting on other information' section of our report, below. Other procedures relating to Covid-19 in respect to 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 and the Viability Statement, 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.
Valuation of investments and loans to subsidiaries (Company) (Refer to Note 28, Note 32 and Note 33 in the Notes to the Company financial statements) The Company has investments and loans to subsidiaries of £414.1 million (2020: £484.3 million) as at 31 March 2021. This is following the recognition of a £24.9 million (2020: £1.6 million) provision for impairment on investments in subsidiaries, and an expected credit loss of impairment of £59.6 million (2020: £18.9 million) recognised on loans to subsidiaries in the year. The Company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with IFRS 9 – Financial Instruments, where expected credit losses are considered to be the excess of the Company's interest in a subsidiary over the subsidiary's fair value. Investments in subsidiaries are assessed for impairment in line with FRS 102.	Given the inherent judgement and complexity in assessing both the carrying value of a subsidiary company, and the expected credit loss of intercompany receivables, this was identified as a key audit matter. We obtained the directors' impairment assessment for the recoverability of investments and loans held in subsidiaries as at 31 March 2021. We assessed the accounting policy for investments and loans in subsidiaries to ensure they were compliant with FRS 102. We verified that the methodology used by the directors in arriving at the carrying value of each subsidiary, and the expected credit loss provision for intercompany receivables, was compliant with FRS 102. We identified the key judgement within the requirement for impairment of both the investments and loans to subsidiaries to be the underlying valuation of investment and trading and development property held by the subsidiaries. For details of our procedures over these please refer to the related Group key audit matter above. We have no issues to report in respect of this work.

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.

The Group's properties are spread across a number of subsidiaries with the Group financial statements being a consolidation of these entities in addition to the properties held by the Group's joint ventures. All of the work was carried out by the Group audit team to ensure sufficient coverage and appropriate audit evidence for our opinion on the Group financial statements as a whole.

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:

	Financial statements – Group	Financial statements – Company
Overall materiality	£4.3 million (2020: £5.5 million).	£3.8 million (2020: £5.0 million).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	We determined materiality based on total assets given the valuation of investment properties, development and trading properties, whether held directly or through joint ventures, is the key determinant of the Group's value.	The Company's main activity is the holding of investments and loans in subsidiaries and joint ventures. 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.

In addition, we set a specific materiality level of £2.6 million (2020: £1.6 million). For 2021, this equates to 5% of the adjusted loss before tax (2020: 5% of the adjusted loss before tax). 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, profit/loss on disposal of investment properties and net finance costs.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £2.1 million for the Group financial statements and £1.9 million for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.2 million (Group audit) (2020: £0.3 million) and £0.2 million (Company audit) (2020: £0.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

Directors' Remuneration
In our opinion, the part of the Annual Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement
The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the 'Reporting on other information section' of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement of corporate governance, is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:
- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when 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.

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 in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules and the UK 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 financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements such as valuation of investment and development properties. Audit procedures performed by the engagement team included:

- Understanding management's internal controls designed to prevent and detect irregularities;
- Assessment of matters, if any, reported in line with the Group's whistleblowing procedures and the results of management's investigation of such matters;
- Reviewing the Group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Audit and Risk Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing of expenses;
- Challenging assumptions and judgements made by management in their significant areas of estimation such as procedures relating to the valuation of investment properties and carrying value of development and trading properties held directly or through a joint venture described in the related key audit matters above; and
- Identifying and testing journal entries, in particular any manual journal entries posted, significant estimates, intercompany and suspense accounts.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 Annual Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 28 May 2008 to audit the financial statements for the year ended 31 December 2008 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the years ended 31 December 2008 to 31 March 2021.

Sandra Dowling
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Revenue	2	**45,793**	70,049
Direct costs	2	**(69,086)**	(80,556)
Gross loss	2	**(23,293)**	(10,507)
Operating costs	2	**(21,073)**	(19,417)
Loss on disposal of investment properties	2	**(902)**	(960)
Loss on revaluation of property portfolio	9	**(18,886)**	(13,451)
Operating loss	3	**(64,154)**	(44,335)
Other income		**1,466**	1,932
Share of post tax losses of joint ventures and associates	2	**(11,561)**	(13,245)
Profit from sale of investments	2	**387**	9,710
Profit on sale of other plant and equipment		**–**	4
Loss before interest and income tax		**(73,862)**	(45,934)
Finance income	5(a)	**1,786**	652
Finance costs	5(b)	**(14,608)**	(13,349)
Loss before income tax		**(86,684)**	(58,631)
Income tax	6	**(844)**	3,203
Loss for the year		**(87,528)**	(55,428)
Other comprehensive income			
Loss for the year		**(87,528)**	(55,428)
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(76)**	161
Revaluation of operating property	10	**35**	10
Total comprehensive loss for the year		**(87,569)**	(55,257)
Basic loss per share attributable to the Parent*	8	**(70.2p)**	(44.5p)
Diluted loss per share attributable to the Parent*	8	**(70.2p)**	(44.5p)

* 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 176 to 215 are an integral part of these Consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2020 £'000
Non-current assets					
Direct real estate interests					
Investment properties	9	**95,517**		130,578	
Operating property	10	**675**		700	
Right-of-use assets	1(e)	**35,686**		38,704	
Trade and other receivables	15(a)	**3,390**		5,398	
			135,268		175,380
Indirect real estate interests					
Investments in associates	13(a)	**3,797**		5,463	
Investments in joint ventures	13(b)	**60,641**		64,242	
Intangible assets – goodwill	11	**2,328**		2,328	
Financial assets at amortised cost	17(a)	**7,000**		10,500	
Financial assets at fair value through profit or loss	17(a)	**11,803**		14,092	
Financial assets at fair value through other comprehensive income	17(a)	**1,158**		1,173	
			86,727		97,798
Other non-current assets					
Other plant and equipment	12	**3,244**		4,461	
Deferred income tax assets	18	**9,770**		10,042	
			13,014		14,503
Total non-current assets			**235,009**		287,681
Current assets					
Inventory – development and trading properties	14	**81,883**		137,654	
Financial assets at amortised cost	17(a)	**7,300**		16,143	
Financial assets at fair value through profit or loss	17(a)	**13,138**		13,788	
Trade and other receivables	15(b)	**26,403**		66,308	
Monies held in restricted accounts and deposits		**43,171**		29,393	
Cash and cash equivalents		**20,094**		1,741	
			191,989		265,027
Total assets			**426,998**		552,708
Current liabilities					
Trade and other payables	16(a)	**(36,790)**		(48,308)	
Current income tax liabilities		**(593)**		–	
Borrowings	17(b)	**(10,733)**		(16,312)	
Lease liabilities	1(e)	**(5,607)**		(5,517)	
Provisions	16(b)	**(1,211)**		(9)	
			(54,934)		(70,146)
Non-current liabilities					
Borrowings	17(b)	**(124,663)**		(144,752)	
Lease liabilities	1(e)	**(34,246)**		(36,878)	
Deferred income tax liabilities	18	**(10,226)**		(10,305)	
Provisions	16(b)	**–**		(1,046)	
			(169,135)		(192,981)
Total liabilities			**(224,069)**		(263,127)
Net assets			**202,929**		289,581
Equity					
Share capital	19	**62,716**		62,716	
Share premium	20	**104,590**		104,590	
Other reserves	20	**52,668**		51,792	
Retained earnings	20	**(17,045)**		70,483	
Total equity			**202,929**		289,581
Basic/diluted net assets per share attributable to the owners of the Parent	8		**163p/163p**		232p/232p

The notes on pages 176 to 215 are an integral part of these Consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 25 May 2021 and signed on its behalf by:

R Upton
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 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
Loss for the year ended 31 March 2021		–	–	–	(87,528)	(87,528)
Other comprehensive income:						
– Revaluation of operating property		–	–	35	–	35
– Currency translation differences		–	–	(76)	–	(76)
Total comprehensive expense for the year ended 31 March 2021		–	–	(41)	(87,528)	(87,569)
Share-based payments (net movement)	20	–	–	475	–	475
Treasury shares (net movement)	20	–	–	442	–	442
Total distributions to owners of the Company		–	–	917	–	917
Balance at 31 March 2021		**62,716**	**104,590**	**52,668**	**(17,045)**	**202,929**

The notes on pages 176 to 215 are an integral part of these Consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Cash generated from operations			
Cash flows generated from operating activities	21	**54,722**	11,930
Interest paid		**(12,667)**	(8,778)
Income tax received		**24**	1
Net cash generated from operating activities		**42,079**	3,153
Cash flows from investing activities			
Interest received		**2,298**	70
Proceeds on disposal of other plant and equipment		**111**	4
Proceeds on disposal of investment properties		**16,702**	19,998
Proceeds from sale of investments		**3,224**	395
Purchase of other plant and equipment		**(344)**	(692)
Purchase of investment properties		**(755)**	(3,795)
Investment in joint ventures		**(15,259)**	(5,633)
Cash inflow from joint ventures and associates – repayment of loan		**3,628**	16,244
Cash outflow for financial asset loans		**(66)**	(1,954)
Cash inflow from financial assets – loans repaid by other real estate businesses		**9,426**	950
Net cash generated from investing activities		**18,965**	25,587
Cash flows from financing activities			
Dividends paid		**–**	(12,471)
Purchase of treasury shares		**–**	(208)
Repayments of borrowings		**(40,536)**	(22,851)
New bank loans raised		**16,943**	1,297
Transaction costs associated with borrowings		**(786)**	(62)
Lease payments		**(4,534)**	(4,063)
Cash released from restricted accounts		**2,160**	2,075
Cash retained by restricted accounts		**(15,938)**	(22,627)
Net cash used in financing activities		**(42,691)**	(58,910)
Net increase/(decrease) in cash and cash equivalents		**18,353**	(30,170)
Cash and cash equivalents at the beginning of the year		**1,741**	31,911
Cash and cash equivalents at the end of the year		**20,094**	1,741
Cash and cash equivalents comprise:			
Cash at bank and in hand		**20,094**	1,741
Bank overdrafts	17(b)	**–**	–
Cash and cash equivalents at the end of the year		**20,094**	1,741
Net debt comprises:			
Monies held in restricted accounts and deposits		**43,171**	29,393
Cash and cash equivalents		**20,094**	1,741
Financial liabilities:			
– Current borrowings	17(b)	**(10,733)**	(16,312)
– Non-current borrowings	17(b)	**(124,663)**	(144,752)
Net debt		**(72,131)**	(129,930)

An analysis of the movement in net debt is provided in note 21.

The notes on pages 176 to 215 are an integral part of these Consolidated financial statements.

1 Basis of preparation and accounting policies

a)

(i) General information

The Consolidated financial statements of the Group for the year ended 31 March 2021 comprise the results of U and I Group PLC and its subsidiaries and were authorised by the Board for issue on 25 May 2021.

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 88 to 94. The principal risks of the Group are set out on pages 80 to 85. 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 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 15% reduction in capital values across all investment properties compared with their carrying value at 31 March 2021, with a requirement to post additional collateral of either cash or properties to cure any resultant LTV covenant breach.
- No non-contracted capital sales.
- No additional financing secured.
- No payment 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 mitigate liquidity issues as they arise within the next 12 to 15 months.

The Group has a series of actions it can and would take which it believes would mitigate the position in this scenario including:

- 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.

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.

b) Basis of preparation

The Group's Consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union. The accounting policies which follow set out those policies which were applied consistently in preparing the financial statements for the years ended 31 March 2021 and 31 March 2020.

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)

(i) Significant changes in the current reporting year

The financial position and performance of the Group was particularly affected by the following events and transactions in the reporting period:

- The Covid-19 pandemic has impacted development and trading gains and Group results as at 31 March 2021. The pandemic has caused delays to project timelines and third-party decision-making, directly impacting the realisation of development and trading gains for the Group. In light of this, the Group has temporarily suspended dividend payments. This will be reviewed in the financial year ended 31 March 2022.

(ii) Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature or amount. These have been listed below to provide a better understanding of the financial performance of the Group.

- Investment property valuations have declined by £18,886,000 over the twelve months to 31 March 2021. Valuers have carried out their valuation assessments using RICS guidance on Covid-19.
- The Group has exited its Shepherd's Bush joint venture arrangement with Orion Land and Leisure. The third-party finance has been restructured and the Group now holds a 24.5% associate holding in the new arrangement. A total profit of £3,439,000 has been recognised in the year.
- The Group has recognised a loss of £10,548,000 in respect of the Spectre joint venture with Colony Capital.
- The Directors have carried out an impairment review in respect of the development and trading portfolio's net realisable value. This review has identified £27,806,000 of impairments across ten different schemes.

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.

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

Under IFRS 16, 'Leases', the Group is 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.

Details of the judgements and assumptions made are set out in notes 1(j), 1(k), 9 and 10.

The same uncertainties affect the determination of fair value of certain financial instruments, described in note 17, with the further complexity that the value of these assets requires estimates of future construction costs, tenant demand and market yields.

The Group's development and trading properties are carried at the lower of cost and net realisable value. The determination of net realisable value relies upon similar estimates, with the added challenge, in some cases, of judgements about uncertain planning outcomes. These amounts are disclosed in note 14.

1.6 Impairment reviews

The Group has continued to review its development and trading portfolio considering the implications of the Covid-19 pandemic. Assets have been impaired where Directors consider the recoverability of the assets have been impacted. A full review of tenant balance has also been carried out. New lease terms or rephasing of rent receipts have been considered when calculating revenue and recoverability of tenant balances.

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 are set out in note 17(c).

1 Basis of preparation and accounting policies continued
d) Critical accounting judgements and estimates continued
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.

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 2020:
– Definition of material – Amendments to IAS 1 and IAS 8.
– Definition of a business – Amendment to IFRS 3.
– Revised conceptual framework for financial reporting.

Certain new standards, amendments and interpretations are effective for accounting periods commencing after 1 April 2021 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:

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.

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.

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
Goodwill and intangible 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 over time 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.

1 Basis of preparation and accounting policies continued

j) Investment properties continued

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 – the Group recognises leases of property as finance leases. The Group adopted the IFRS 16 modified approach, recognising right-of-use assets (ROU) and lease liabilities at the date of inception of the standard. 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 the date of inception. 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 the 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.

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 income statement 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 a 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.

Lease incentives

Lease incentive balances held by the Group have been considered for impairment based on historical default rates over the expected lift and are adjusted for forward-looking information. Based on that analysis, no material loss allowances are held against these assets in the current or prior years.

1 Basis of preparation and accounting policies continued
o) Financial assets and financial liabilities continued
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.

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 2021, the Group 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 2021 is £1,668,000 (2020: £864,000).

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 2021.

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 138 to 153. 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, except assets of £17,903,000 (2020: £69,851,000) which are located in 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 186.

Year ended 31 March 2021	Investment £'000	Development and trading £'000	Total £'000
Segment revenue	10,444	35,349	45,793
Direct costs	(6,278)	(62,808)	(69,086)
Segment result	4,166	(27,459)	(23,293)
Operating costs	(1,141)	(12,141)	(13,282)
Unallocated overhead costs			(7,791)
Loss on disposal of investment properties	(902)	–	(902)
Loss on revaluation of property portfolio	(18,886)	–	(18,886)
Operating loss			(64,154)
Other income	308	1,158	1,466
Share of post tax losses of joint ventures and associates	(10,455)	(1,106)	(11,561)
Profit on sale of investment	325	62	387
Loss before interest and income tax			(73,862)
Finance income	18	1,768	1,786
Finance costs	(6,544)	(8,064)	(14,608)
Loss before income tax			(86,684)
Income tax			(844)
Loss for the year			(87,528)
Assets and liabilities			
Segment assets	149,158	236,195	385,353
Unallocated assets			41,645
Total assets			426,998
Segment liabilities	(93,686)	(109,968)	(203,654)
Unallocated liabilities			(20,415)
Total liabilities			(224,069)

Year ended 31 March 2021	Investment £'000	Development and trading £'000	Total £'000
Other segment information			
Capital expenditure	833	89	922
Unallocated capital expenditure			177
Depreciation	(565)	(1,066)	(1,631)
Unallocated depreciation			(2,544)
Development and trading expenditure	–	14,574	14,574
Impairment of development and trading assets	–	(27,806)	(27,806)
Revenue			
Rental income	9,500	4,525	14,025
Serviced office income	910	–	910
Development proceeds	–	30,789	30,789
Other	34	35	69
	10,444	35,349	45,793

In the year ended 31 March 2021, three projects with turnover totalling £23,681,000 generated in excess of 10.0% of total revenue and fell within the development and trading segment.

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)

2 Segmental analysis continued

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
Depreciation	(910)	(1,052)	(1,962)
Unallocated depreciation			(2,063)
Development and trading expenditure	–	19,393	19,393
Impairment of development and trading assets	–	(22,107)	(22,107)

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.

	31 March 2021 £'000	31 March 2020 £'000
Unallocated assets can be analysed as follows:		
Other plant and equipment	**3,089**	4,306
Right-of-use assets	**8,020**	9,522
Trade and other receivables	**6,426**	10,221
Deferred income tax asset	**9,770**	10,042
Cash and cash equivalents	**14,340**	338
	41,645	34,429

Unallocated liabilities can be analysed as follows:		
Current borrowings	**(17)**	(17)
Lease liabilities	**(8,595)**	(10,299)
Trade and other payables	**(1,577)**	(4,242)
Deferred income tax liability	**(10,226)**	(10,305)
	(20,415)	(24,863)

3 Operating loss

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating loss is stated after charging/(crediting):		
Share-based payments charge/(credit)	**555**	(2,276)
Write down of development and trading properties to net realisable value	**27,806**	22,107
Depreciation: – Operating property	**60**	60
– Other plant and equipment	**1,449**	825
– Right-of-use assets	**2,666**	3,140
Impairment of trade receivables recognised in direct costs	**1,145**	857

Auditors' remuneration		
Fees payable to the Company's auditors and their associates for the audit of Company and Group financial statements	**400**	286
Fees payable to the Company's auditors and their associates for other services:		
– Audit of the Company's subsidiaries	**300**	266
– Half-year review (non-audit service)	**100**	48
	800	600

4 Employees

Employee benefit expense	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Wages and salaries	**9,386**	9,679
Social security costs	**1,218**	1,316
Cost of employee share option schemes	**555**	(2,276)
Other pension costs	**746**	846
	11,905	9,565
Less capitalised costs[1]	**(2,301)**	(2,860)
	9,604	6,705

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 2021 Number	Year ended 31 March 2020 Number
Property development and investment	**77**	94
Operating property activities	**19**	20
	96	114

The Directors are considered to be the only key management personnel. Their remuneration is shown in the Remuneration Report on pages 138 to 153.

5 Finance income and costs
a) Finance income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest receivable on loans and deposits	**3**	457
Interest receivable on lease assets	**31**	195
Net foreign currency differences arising on retranslation of cash and cash equivalents	**1,752**	–
	1,786	652

b) Finance costs

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest on bank loans and other borrowings	**(11,521)**	(9,049)
Amortisation of transaction costs	**(633)**	(540)
Net foreign currency differences arising on retranslation of cash and cash equivalents	**–**	(1,073)
Interest on lease liabilities	**(2,454)**	(2,687)
Total finance costs	**(14,608)**	(13,349)
Net finance costs	**(12,822)**	(12,697)
Net finance costs before foreign currency differences	**(14,574)**	(11,624)

No interest was capitalised during the year. £1,886,000 of capitalised interest (2020: £2,549,000) was written off in the year. The tax treatment of capitalised interest follows the accounting treatment.

6 Income tax

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current tax	**–**	(835)
Adjustment in respect of prior years	**651**	(477)
Total current tax charge/(credit)	**651**	(1,312)
Deferred tax charge/(credit)	**193**	(1,891)
Income tax charge/(credit)	**844**	(3,203)

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 2021 £'000	Year ended 31 March 2020 £'000
Loss before tax	**(86,684)**	(58,631)
Tax on profit on ordinary activities at 19.0% (2020: 19.0%)	**(16,470)**	(11,140)
Tax effects of:		
Amounts not deductible for tax purposes	**5,880**	2,094
Non-taxable capital (losses)/gains	**(57)**	3,573
Provision for unrealised Group profit	**264**	(497)
Adjustment in respect of prior years	**705**	(791)
Impact on change in UK tax rate	**–**	222
Income tax at lower rates	**25**	–
Realisation of capital gains	**–**	(2,645)
IFRS 16 adjustments	**91**	298
Deferred tax not recognised on losses	**10,782**	7,420
Recognition of tax losses	**–**	(787)
Losses carried forward/utilised in the year	**(376)**	(950)
Total tax charge	**844**	(3,203)

The Group has not made a provision for tax payable should litigation in respect of an historic tax case not be successful. The Group are currently seeking permission to appeal an adverse ruling issued in December 2020 and are confident, following legal advice, that the decision will be overturned.

Should the appeal be unsuccessful, the tax liability would be approximately £990,000 with interest payable of £200,000.

Deferred income tax is calculated on the temporary differences under the liability method using a tax rate of 19.0% (2020: 19.0%).

7 Dividends

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Declared and paid during the year		
Equity dividends on Ordinary shares:		
Final dividend for 31 March 2020: nil pence per share (2019: 3.50 pence per share)	**–**	4,358
Interim dividend for 31 March 2021: nil pence per share (2020: 2.40 pence per share)	**–**	3,006
Supplemental dividend for 31 March 2020: nil pence per share (2019: 4.10 pence per share)	**–**	5,107
	–	12,471

Given the Group's financial performance, the Board is not recommending the payment of a final or supplemental dividend in respect of the year ended 31 March 2021. The suspension of dividends will be reviewed at the next reporting date.

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 2021 £'000	Year ended 31 March 2020 £'000
Loss		
Loss for the purpose of basic and diluted earnings per share	**(87,528)**	(55,428)
Revaluation deficit (including share of joint venture revaluation surplus)	**18,886**	11,834
Loss on disposal of investment properties	**902**	960
Impairment of development and trading properties	**27,806**	22,107
Impairment of financial asset	**5,300**	–
Mark-to-market adjustment on interest rate swaps (including share of joint venture mark-to-market adjustment)	**–**	501
Adjusted loss from continuing activities attributable to owners of the Company	**(34,634)**	(20,026)

The calculation of basic, diluted and adjusted loss per share is based on the following data:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Number of shares		
Weighted average number of Ordinary shares for the purpose of earnings per share	**124,740**	124,580
Effect of dilutive potential Ordinary shares:		
Share options	**–**	6
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**124,740**	124,586
Basic loss per share (pence)	**(70.2)**	(44.5p)
Diluted loss per share (pence)	**(70.2)**	(44.5p)
Adjusted loss per share (pence)	**(27.8)**	(16.1p)
Adjusted diluted loss per share (pence)	**(27.8)**	(16.1p)

Net assets, diluted and adjusted net assets per share have been calculated as follows:

	Net assets £'000	No. of shares '000	31 March 2021 Net assets per share Pence	Net assets £'000	No. of shares '000	31 March 2020 Net assets per share Pence
Basic net assets per share attributable to the owners	**202,929**	**124,837**	**163**	289,581	124,623	232
Fair value of debt	**(22,964)**			(17,018)		
Adjusted net assets per share	**179,965**	**124,837**	**144**	272,563	124,623	219
Effect of dilutive potential Ordinary shares	**271**	**43**		403	246	
Diluted net assets per share	**203,200**	**124,880**	**163**	289,984	124,869	232
Adjusted diluted net assets per share	**180,236**	**124,880**	**144**	272,966	124,869	219

9 Investment properties

	Freehold £'000	Long leasehold £'000	Total £'000
At valuation 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
Additions:			
– capital expenditure	240	515	755
Disposals	(16,930)	–	(16,930)
Deficit on revaluation	(13,408)	(5,478)	(18,886)
At valuation 31 March 2021	**60,870**	**34,647**	**95,517**

Direct costs of £4,578,000 (2020: £5,225,000) arose as a result of ownership of investment properties.

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 2021 £'000	31 March 2020 £'000
Market value as assessed by the independent valuers or Directors	**95,813**	130,564
Right-of-use asset	**2,122**	2,123
Amount included in prepayments and accrued income in respect of lease incentives	**(2,418)**	(2,109)
Net book amount of Investment properties – non-current assets	**95,517**	130,578

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 2021, completed investment properties have been valued by CBRE Ltd at a value of £69,760,000 (2020: £99,661,000) with the exception of one leasehold asset which has been valued at £16,100,000 (2020: £16,850,000) by Savills (UK) Limited.

Although lockdown measures have now been eased, the impact of Covid-19 resulted in the temporary closure of a large number of non-essential retail and shopping centre units. Valuation methodology has remain unchanged, with no special assumptions applied as at 31 March 2021; however, some allowances have been made for the increased risk of default by tenants.

9 Investment properties continued

a) Reconciliation of market value of investment properties to the net book amount continued

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 £9,953,000 (2020: £11,945,000), 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 £3,609,000 (2020: £4,459,000) 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.

£82,817,000 (2020: £99,955,000) 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 and long lease could be capitalised at a rate of 4.0% and an independent/sole trader could be capitalised at a rate of 8.5% 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 methodology used during the year, however some allowances were made for increased risk. At the June valuation date, capital expenditure to the equivalent amount of between three to six months' rent were applied to a small number of properties where it was considered that there was risk of default through inability of tenants to operate and trade through national lockdowns. As and when it became apparent that occupiers were able to meet their rental obligations this capital expenditure was removed, and now remains only for those tenants where there have been rental defaults or leases have been amended to reflect agreed deferment plans.

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 years ended 31 March 2021 or 31 March 2020.

Analysis of Level 3 investment properties

Class of property: Level 3	**Market value 31 March 2021 £'000**	Market value 31 March 2020 £'000	Valuation technique	Key unobservable inputs	Equivalent yield range 31 March 2021	50 basis point yield contraction £'000	50 basis point yield expansion £'000
Shopping centres	18,183	40,929	Income capitalisation	Equivalent yields	9.75%–12.50%	850	(780)
Retail/commercial space	36,905	47,002	Income capitalisation	Equivalent yields	6.50%–9.25%	2,395	(2,053)
Office	29,800	31,250	Income capitalisation	Equivalent yields	7.25%–13.90%	832	(744)
Land held for development	7,312	6,918	Residual development method	Price per acre/development margin	£0.45 million per acre/15.0%–20.0%	–	–
Buildings held for development	3,613	4,465	Residual development method	Estimated profit margin	15.0%–20.0%	–	–
	95,813	130,564					

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 were issued guidance from the RICS and a Material Valuation Uncertainty clause was inserted into all valuations. As the year progressed and greater transparency was achieved across the market this was lifted in stages by asset type, and by 3 November 2020 had been lifted for all asset types bar those with reference to trading potential, which does not apply to any of the Level 3 assets.

10 Operating property

	Long leasehold £'000
Valuation	
At 1 April 2019	1,787
Surplus on revaluation	10
At 31 March 2020	1,797
Surplus on revaluation	35
At 31 March 2021	**1,832**
Accumulated depreciation	
At 1 April 2019	1,037
Charge for the year	60
At 31 March 2020	1,097
Charge for the year	60
At 31 March 2021	**1,157**
Net book amount 31 March 2021	**675**
Net book amount 31 March 2020	700
Net book amount 1 April 2019	750
Original cost of operating property at 31 March 2021 and 31 March 2020	**1,583**

The operating property is charged as security against the Group's borrowings.

Depreciation expense of £60,000 (2020: £60,000) is included within operating costs.

The surplus on revaluation of long leasehold property for the year ended 31 March 2021 is £35,000 (2020: £10,000).

If the operating property was measured using the cost model, the carrying value would be £426,000 (2020: £486,000).

The Group's operating property has been valued at market value as at 31 March 2021 and 31 March 2020 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 April 2019, 31 March 2020 and 31 March 2021	**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 reputation associated with large-scale PPP projects and specialist development knowledge acquired.

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 12.0% (2020: 11.0%). No provision for impairment was considered necessary.

12 Other plant and equipment

	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2019	6,912	70	6,982
Additions	692	–	692
At 31 March 2020	7,604	70	7,674
Additions	344	–	344
Disposals	(205)	–	(205)
At 31 March 2021	**7,743**	**70**	**7,813**
Accumulated depreciation			
At 1 April 2019	2,346	42	2,388
Charge for the period	818	7	825
At 31 March 2020	3,164	49	3,213
Charge for the year	1,442	7	1,449
Disposals	(93)	–	(93)
At 31 March 2021	**4,513**	**56**	**4,569**
Net book amount 31 March 2021	**3,230**	**14**	**3,244**
Net book amount 31 March 2020	4,440	21	4,461
Net book amount 1 April 2019	4,566	28	4,594

13 Investments

	Investments in associates £'000	Investments in joint ventures £'000
At 1 April 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
Additions	1,776	13,483
Share of profit/(loss)	1,910	(13,271)
Share of revaluation loss	–	(200)
Share of results	1,910	(13,471)
Capital distributions – capital repayment	(128)	–
Capital distributions – repayment of loans	–	(3,500)
Disposals	(5,224)	(113)
At 31 March 2021	**3,797**	**60,641**

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

As at 31 March 2021, the Group has the following interest in associates:

	% of holding	Country of incorporation	Principal activity	Reporting segment	Acquisition date	Note
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
YC Shepherds Bush Limited	24.5	United Kingdom	Property development	Development and trading	September 2020	

1. The investment in the associate has been fully provided against.

The Group disposed of its 12.5% interest in Cannock Designer Outlet Limited Partnership in July 2020.

31 March 2021	YC Shepherds Bush Limited £'000	Cannock Designer Outlet Limited Partnership £'000	CDSR Burlington House Developments Limited £'000	Northpoint Developments Limited £'000	Total £'000
Summarised balance sheets:					
Non-current assets	24,028	–	–	52	24,080
Current assets	7,071	–	2,693	6,444	16,208
Current liabilities	(15,600)	–	(33)	(71)	(15,704)
Non-current liabilities	–	–	–	(20,330)	(20,330)
Net assets/(liabilities)	15,499	–	2,660	(13,905)	4,254
Share of net assets/(liabilities)	3,797	–	570	(5,840)	(1,473)
Net (assets)/liabilities not recognised	–	–	(570)	5,840	5,270
Group's share of net assets	3,797	–	–	–	3,797
Summarised income statements:					
Revenue	476	–	–	720	1,196
Post tax (losses)/profits of associates	(810)	(1,909)	(178)	481	(2,416)
Share of profits/(losses)	2,020	(110)	–	202	2,112
Share of profits not recognised	–	–	–	(202)	(202)
Share of profits/(losses) recognised	2,020	(110)	–	–	1,910

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)

Any contingent liabilities in relation to our associate investment partners are disclosed in note 23.

b) Investment in joint ventures

As at 31 March 2021, 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
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
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.

In September 2020, the joint venture agreement with Orion Land and Leisure was terminated with the Group acquiring their 50% interest. On the same date the Group sold 75.5% of the share capital in Orion Shepherds Bush Limited to YC Shepherds Bush Limited, retaining an associate holding of 24.5%.

In October 2020, Colony Capital, our joint venture partner in Luxembourg Investment Company 112 Sarl, exercised its option to take over the Group's share interest, terminating the joint venture arrangement.

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 2021	Harwell Oxford Developments Limited £'000	Plus X Holdings Limited £'000	Luxembourg Investment Company 112 Sarl £'000	Notting Hill (Guernsey Holdco) Limited £'000	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
Summarised balance sheets:														
Non-current assets	–	1,574	–	–	–	–	16,750	–	–	–	–	–	–	18,324
Current assets	–	1,807	–	89,030	2,743	49,165	234	6,323	6,309	15,485	36,676	–	1,665	209,437
Current liabilities	–	(2,039)	–	(1,189)	(2,221)	(7,469)	(5,277)	–	(4,941)	(546)	(19,464)	–	(116)	(43,262)
Non-current liabilities	–	(774)	–	(13,596)	–	–	–	–	–	(9,611)	–	–	–	(23,981)
Net assets	–	568	–	74,245	522	41,696	11,707	6,323	1,368	5,328	17,212	–	1,549	160,518
Share of net assets recognised	–	2,024	–	11,966	261	24,855	2,486	3,882	1,078	5,984	5,983	–	2,122	60,641
Summarised income statements:														
Revenue	–	3,014	1,071	5,348	126	5	549	1,684	2,750	–	–	268	17	14,832
Direct costs	–	(4,173)	(1,020)	(2,156)	–	(43)	(250)	–	(1,548)	(1,312)	–	(42)	(3,031)	(13,575)
Interest costs	–	–	(6,436)	(862)	–	–	(478)	–	(607)	–	–	996	–	(7,387)
(Loss)/profit before tax	–	(1,159)	(6,385)	2,330	126	(38)	(179)	1,684	595	(1,312)	–	1,222	(3,014)	(6,310)
Income tax	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(Loss)/profit after tax	–	(1,159)	(6,385)	2,330	126	(38)	(179)	1,684	595	(1,312)	–	1,222	(3,014)	(6,310)
Share of (loss)/profit before and after tax	–	(2,445)	(10,548)	573	63	(19)	89	977	298	(656)	–	(341)	(1,262)	(13,271)

£13,492,000 of cash balances are included within current net asset balances of joint ventures. These include £6,323,000 in the accounts of DSP Tirol Limited.

31 March 2020	Harwell Oxford Developments Limited £'000	Plus X Holdings Limited £'000	Luxembourg Investment Company 112 Sarl £'000	Notting Hill (Guernsey Holdco) Limited £'000	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
Summarised balance sheets:														
Non-current assets	–	471	–	–	–	–	18,010	–	–	–	–	31	–	18,512
Current assets	–	347	145,999	63,544	38,547	39,864	228	20,407	4,581	8,365	36,642	37,978	4,665	401,167
Current liabilities	–	(138)	(39,677)	(28,802)	(35,997)	(2,245)	(5,188)	(18,233)	(4,082)	(1,172)	(2,724)	(51,694)	(1,305)	(191,257)
Non-current liabilities	–	–	(56,296)	–	–	–	–	–	–	(3,455)	–	–	–	(59,751)
Net assets/(liabilities)	–	680	50,026	34,742	2,550	37,619	13,050	2,174	499	3,738	33,918	(13,685)	3,360	168,671
Net liabilities not recognised	–	–	–	–	–	–	–	–	–	–	–	13,685	–	13,685
Share of net assets recognised	–	1,128	10,268	8,310	3,602	21,210	2,597	2,922	660	5,064	5,575	–	2,906	64,242
Summarised income statements:														
Revenue	8,996	92	1,224	1,031	–	–	549	8,941	52	506	–	1,402	831	23,624
Direct costs	(6,190)	(964)	(6,295)	(5,282)	–	(26)	(435)	(8,461)	(28)	(3,653)	–	(1,052)	(3,173)	(35,559)
Interest costs	(4,399)	–	(10,822)	(1,965)	–	–	(523)	(1,221)	(578)	–	(722)	(5,109)	–	(25,339)
Gain on revaluation/sale	6,469	–	–	–	–	–	–	–	–	–	–	–	–	6,469
Profit/(loss) before tax	4,876	(872)	(15,893)	(6,216)	–	(26)	(409)	(741)	(554)	(3,147)	(722)	(4,759)	(2,342)	(30,805)
Income tax	(22)	–	319	–	–	–	(25)	–	–	–	–	–	–	272
Profit/(loss) after tax	4,854	(872)	(15,574)	(6,216)	–	(26)	(434)	(741)	(554)	(3,147)	(722)	(4,759)	(2,342)	(30,533)
Share of profit/(loss) before and after tax	1,219	(436)	(7,594)	(1,518)	–	(13)	(102)	(524)	(277)	(1,830)	(361)	(366)	(1,073)	(12,875)

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.

13 Investments continued

c) Principal subsidiaries

The Group's principal subsidiaries at 31 March 2021 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
Development Securities (Investments) PLC	100	United Kingdom	Investment holding company
DS Jersey (No 1) Limited	100	Jersey	Investment holding company
DS Jersey (No 3) Limited	100	Jersey	Investment holding company
DS Jersey (No 4) Limited	100	Jersey	Investment holding company
U and I (Projects) Limited	100	United Kingdom	Development and investment holding company
OSB (Holdco 2) Limited	100	United Kingdom	Development holding 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 April 2019	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
Additions:			
– development expenditure	10,584	3,373	13,957
– capitalised staff costs	589	28	617
Disposals	(19,513)	(22,368)	(41,881)
Foreign currency differences	–	(658)	(658)
Net write down of development properties to net realisable value	(26,661)	(1,145)	(27,806)
At 31 March 2021	**58,787**	**23,096**	**81,883**

Included in the above amounts are projects stated at net realisable value of £22,710,000 (2020: £44,925,000).

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 (2020: £nil) 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 £1,402,000 (2020: £3,288,000).

15 Trade and other receivables

a) Non-current

	31 March 2021 £'000	31 March 2020 £'000
Other receivables	**1,407**	3,855
Prepayments	**1,983**	1,543
	3,390	5,398

b) Current

	31 March 2021 £'000	31 March 2020 £'000
Trade receivables	**5,065**	4,278
Other receivables	**15,192**	47,898
Other tax and social security	**2,374**	1,836
Prepayments	**1,842**	1,482
Accrued income	**1,930**	10,814
	26,403	66,308

The Group has provided £1,736,000 (2020: £1,957,000) 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 2021 £'000	31 March 2020 £'000
Trade payables	**416**	6,304
Other payables	**6,682**	8,465
Other tax and social security	**3,629**	1,498
Accruals	**23,633**	28,376
Deferred income	**2,430**	3,665
	36,790	48,308

b) Provisions

	Onerous leases £'000	Other provisions £'000	Total £'000
At 1 April 2020	171	884	1,055
New provisions	–	200	200
Provisions released	(35)	(9)	(44)
At 31 March 2021	**136**	**1,075**	**1,211**

Analysis of total provisions	31 March 2021 £'000	31 March 2020 £'000
Non-current	**–**	1,046
Current	**1,211**	9
	1,211	1,055

The provision of £136,000 (2020: £171,000) relates to an onerous lease obligation entered into in 2009. Provisions totalling £800,000 (2020: £600,000) 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 2021 £'000	31 March 2020 £'000
Non-current assets		
Loans notes at amortised cost less impairment	**7,000**	10,500
Loans at fair value through profit or loss	**11,803**	14,092
Trade and other receivables at amortised cost less impairment	**1,407**	3,855
Financial asset at fair value through OCI	**1,158**	1,173
	21,368	29,620
Current assets		
Loan notes at amortised cost less impairment	**7,300**	12,600
Development loan notes at amortised cost less impairment	**–**	3,543
Loans and receivables at fair value through profit or loss	**13,138**	13,788
Trade and other receivables at amortised cost less impairment	**22,187**	62,990
Monies held in restricted accounts and deposits	**43,171**	29,393
Cash and cash equivalents	**20,094**	1,741
	105,890	124,055
Total financial assets	**127,258**	153,675
Current liabilities		
Trade and other payables at amortised cost	**(30,731)**	(43,145)
Borrowings at amortised cost	**(10,733)**	(16,312)
	(41,464)	(59,457)
Non-current liabilities		
Borrowings at amortised cost	**(124,663)**	(144,752)
Total financial liabilities	**(166,127)**	(204,209)

a) Other financial assets

	31 March 2021 £'000	31 March 2020 £'000
Non-current		
Loans notes at amortised cost less impairment	**7,000**	10,500
Development loans – FVPL	**10,607**	12,896
PropTech investment – FVPL	**1,196**	1,196
LaSalle investment – FVOCI	**1,158**	1,173
	19,961	25,765

Following the Group's disposal of its interest in Harwell Oxford Developments on 31 March 2020, an element of the sales proceeds was satisfied via loan notes receivable in instalments over four years. As at 31 March 2021, £3,500,000 is receivable on 31 March 2022 with a further £7,000,000 receivable in two instalments on 31 March 2023 and 31 March 2024.

The Group has three funding agreements totalling £6,027,000 (2020: £7,023,000), in respect of projects in partnership. Funding of £250,000 (2020: £344,000) has been provided to Henry Davidson Developments Limited in respect of one project.

Development loans FVPL also includes £4,330,000 (2020: £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.

The Group holds investments in three in PropTech entities totalling £1,196,000. 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 2021 £'000	31 March 2020 £'000
Current		
Development loans at amortised cost less impairment	**–**	3,543
Loan notes at amortised cost less impairment	**7,300**	12,600
Loans and receivables at FVPL	**13,138**	13,788
	20,438	29,931

The Group holds loan notes with a carrying value of £9,100,000 (2020: £9,100,000), 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 2021, the Group has made a provision of £2,404,000 (2020: £2,050,000) against interest receivable in respect of these loan notes. The Group has made a further £5,300,000 provision against the principal amount of the loan notes due from Northpoint Developments Limited.

Development loans include a number of working capital and project-specific loans of £4,645,000 (2020: £5,365,000) 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 (2020: £408,000). As at 31 March 2021, the Group has made a provision of £2,961,000 (2020: £2,589,000) 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 (2020: £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 2021 £'000	31 March 2020 £'000
Current		
Bank overdrafts	**–**	–
Current instalments due on bank loans	**4,388**	844
Current loans maturing	**6,874**	16,007
Unamortised transaction costs	**(529)**	(539)
	10,733	16,312

	31 March 2021 £'000	31 March 2020 £'000
Non-current		
Bank loans and loan notes	**125,642**	145,682
Unamortised transaction costs	**(979)**	(930)
	124,663	144,752

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 2021 £'000	31 March 2020 £'000
Borrowings		
£9,500,000 variable rate loan 2019	–	2,410
£26,000,000 fixed rate loan 2019	2,107	13,580
£16,800,000 fixed rate loan 2022	–	16,800
£19,710,000 variable rate loan 2022	4,750	13,410
£13,500,000 variable rate loan 2022	13,500	–
€11,565,000 fixed rate loan 2022	9,853	7,570
€2,880,000 fixed rate loan 2023	2,453	1,938
€47,000,000 variable rate loan notes 2024	40,041	41,781
£66,666,000 fixed rate loan 2032	64,183	65,027
£16,500 variable rate loan notes 1999	17	17
	136,904	162,533
Less: current instalments due on bank loans	(4,388)	(844)
Current loans maturing	(6,874)	(16,007)
	125,642	145,682

£26,000,000 variable rate loan
The current balance outstanding on the facility is £2,107,000 and will be repaid on disposal of remaining residential units. This loan expired on 31 January 2019.

£19,710,000 variable rate loan
This loan is repayable in one instalment on 25 March 2022. The balance outstanding as at 31 March 2021 is £4,750,000. The loan was repaid on 14 May 2021.

£13,500,000 variable rate loan
The current balance outstanding on the loan is £10,000,000, a capital payment of £3,500,000 was made on 31 March 2021; however the bank did not apply it to the loan until 5 April 2021. A further £3,500,000 is repayable on 31 March 2022 with the remaining balance of £6,500,000 repayable on 1 July 2022.

€11,565,000 fixed rate loan
This loan is repayable in one instalment on 13 December 2022. The current balance outstanding on the facility is €11,565,000.

€2,880,000 fixed rate loan
This loan is repayable in one instalment on 28 March 2023. The current balance outstanding on the facility is €2,880,000.

€47,000,000 variable EURIBOR loan notes
These unsecured, Euro-denominated loan notes were extended during the year and are now repayable on 24 April 2024. €11,750,000 was repaid in 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 balance outstanding as at 31 March 2021 is £64,183,000. The Group renegotiated the terms of the facility in May 2021. Under the new terms, the Group will amortise an additional £10,000,000 over the term of the loan, repayable in quarterly instalments.

£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 88 to 94.

c) Derivative financial instruments
The Group held one interest rate cap designated as an economic hedge, not qualifying as an effective hedge under IFRS 9 to mitigate the Group's interest rate exposure to variable rate loans of £40,041,000 (2020: £41,781,000). This instrument expired on 2 April 2021.

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 2021 Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	31 March 2020 Total £'000
Assets								
Financial assets – FVPL	–	–	11,803	11,803	–	–	14,092	14,092
Financial assets – FVOCI	–	–	1,158	1,158	–	–	1,173	1,173
Current financial assets – FVPL	–	–	13,138	13,138	–	–	13,788	13,788
Total assets	–	–	26,099	26,099	–	–	29,053	29,053

	Current	Non-current	
	Financial assets FVPL £'000	Financial assets FVOCI £'000	Financial assets FVPL £'000
At 1 April 2019	13,672	1,271	13,244
Loans advanced	499	7	1,143
Settlements	–	(105)	(295)
Impairment of financial asset at fair value through profit or loss	(383)	–	–
At 31 March 2020	13,788	1,173	14,092
Loans advanced	372	–	162
Settlements	(720)	(15)	(2,191)
Transfer to current assets	70	–	(70)
Impairment of financial asset at fair value through profit or loss	(372)	–	(190)
At 31 March 2021	13,138	1,158	11,803

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 88 to 94 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.

17 Financial assets and financial liabilities continued
d) Financial risk management continued
(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 2021	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	2,107	12,306	–	–	–	64,183	78,596
Variable rate borrowings	4,767	13,500	–	–	40,041	–	58,308
	6,874	25,806	–	–	40,041	64,183	136,904

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

Interest on financial instruments classified as variable rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial assets and financial liabilities of the Group that are not included above are non-interest bearing and are therefore not subject to interest rate risk.

(ii) Foreign currency risk
During the 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 2021, the Group was exposed to foreign currency risk from €47,000,000 (2020: €47,000,000) loan notes denominated in Euros. In addition to the loan notes, the Group holds two Euro-denominated loan facilities of €11,565,000 and €2,880,000 (2020: €8,515,000 and €2,180,000).

During the year to 31 March 2021, the movement of Sterling against the Euro has remained relatively stable. Management consider 10.0% to be a prudent measure of sensitivity.

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 2021		
Sterling against Euro	+10%	4,759
	-10%	(5,816)
31 March 2020		
Sterling against Euro	+10%	4,663
	-10%	(5,699)

(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 2021, 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 2021		
Sterling borrowings	+50	(102)
	–50	102
31 March 2020		
Sterling borrowings	+50	(279)
	–50	279

(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 Group also produces a five-year cash flow forecast to project the longer-term cash position of the business.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2021 and 31 March 2020 on a contractual undiscounted payments basis:

31 March 2021	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	3,787	9,347	82,734	86,218	182,103
Trade and other payables	–	24,049	6,682	–	–	30,731
	17	27,836	16,029	82,734	86,218	212,834

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

17 Financial assets and financial liabilities continued
d) Financial risk management continued
(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 Principal risks and uncertainties section on pages 80 to 85 and further discussed in the Our market opportunities section on pages 53 to 55.

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 2021 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 2021, 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 2021 and 31 March 2020 is analysed below:

	Book value 31 March 2021 £'000	**Fair value 31 March 2021 £'000**	Book value 31 March 2020 £'000	Fair value 31 March 2020 £'000
Fixed rate term loan due 2032	**64,183**	**87,147**	65,027	82,045

The fair value difference of £22,964,000 at 31 March 2021 (2020: £17,018,000) represents approximately 35.8% of gross, fixed rate borrowings (2020: 26.2%). The effect on net assets per share after tax of this adjustment would be a decrease of 14.8 pence after tax (2020: 11.0 pence decrease).

(vii) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk is managed on a Group basis. The Group has policies in place to protect against credit risk:
– Rental contracts are entered into with lessees with suitable credit history and are monitored throughout their tenancy.
– Cash balances and derivative contracts are held with suitably rated financial institutions and limits are placed on the value of deposits with each institution.

The Group has three types of financial assets which are subject to the expected credit loss model:
– Trade receivables.
– Debt investments held at FVOCI.
– Debt investments held at amortised cost.

Cash and cash equivalents and tenant deposits are subject to impairments tests under IFRS 9, however the identified loss is considered immaterial. Tenant deposits are only refunded to lessees once all obligations have been settled. The fair value of cash and cash equivalents as at 31 March 2021 and 31 March 2020 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 300 tenants. The Group's maximum exposure to a single entity is limited to approximately 7.2% of the annual rent roll. Due diligence is carried out on new tenants and over 60% of the rental income comes from PLCs, national retailers or FTSE 100 companies. It is assumed that if a tenant defaults, the recovery will be zero.

As a result of the Covid-19 pandemic and national lockdowns, rent collections for the year have been severely impacted. 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, in some instances the lease term has been extended.

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. The Group has also reviewed the associated tenant incentive balances for recoverability over the term of the lease and has made impairments where necessary.

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, defer payment for six months or extend their lease, rent has been deemed to be receivable. Adjustments have been made in respect of any concessions or rent-free periods granted. Where signs of tenant distress exist, provisions of between 50% and 100% have been made based on the expectation of recovery.

A sensitivity analysis was performed to consider the impact of reasonable changes to the Group's assumptions. Based on outstanding balances, less receipts since 31 March 2021, an increase of the default rate by 10% would result in an additional £219,000 expected credit loss provision being recognised in the income statement. A reduction in the default rate of 10% would result in a credit of £167,000 being recognised in the income statement.

The impairment provision for 31 March 2021 is calculated as follows:

Days past due	Gross carrying amount £'000	Lifetime expected loss £'000
Quarterly rent roll		
0-30 days	1,559	47
31-60 days	122	9
61-90 days	855	269
91-120 days	46	35
120+ days	1,769	1,308
	4,351	**1,668**

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 2021, the fair value of the Group's holding is £1,158,000 (2020: £1,173,000).

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. The UK corporation tax rate is 19% (2020: 19%). Deferred income tax is calculated on the temporary differences under the liability method using a tax rate of 19% (2020: 19%).

	31 March 2021 £'000	31 March 2020 £'000
Charge/(credit) for the year in the income statement (refer note 6)	**193**	(1,891)

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	IFRS 16 right-of-use assets £'000	IFRS 16 lease liability £'000	Held over capital gains £'000	Total £'000
At 1 April 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
(Credited)/charged to the income statement	(81)	60	174	–	361	(104)	(242)	365	(340)	193
At 31 March 2021	**(126)**	**–**	**(592)**	**–**	**(1,869)**	**659**	**(7,183)**	**7,572**	**1,995**	**456**

	31 March 2021 £'000	31 March 2020 £'000
Deferred income tax assets	**9,770**	10,042
Deferred income tax liabilities	**(10,226)**	(10,305)
Net deferred income tax liabilities	**456**	(263)

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 £19,315,000 (2020: £13,027,000) in respect of losses amounting to £99,277,000 (2020: £68,557,000) that can be carried forward against future taxable income.

19 Share capital

	31 March 2021 £'000	31 March 2020 £'000
Issued, called up and fully paid		
125,431,713 Ordinary shares of 50 pence (2020: 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.

The Company acquired treasury shares in order to satisfy obligations under the employee Long-Term Incentive Plan and other bonus schemes. In July 2020, 160,896 shares were awarded in bonuses to members of the Senior Management Team and in March 2021 a further 53,544 shares were awarded to permanent employees. As at 31 March 2021, the Group holds a total of 594,690 treasury shares (2020: 809,130). This amount has been deducted from shareholder equity.

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 2021, 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 138 to 153.

SAYE option plan 2005:

Date of grant	31.03.21 Number	25.05.21 Number	Exercise dates	Price
19 December 2017	43,123	24,219	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 2021 Weighted average exercise price Pence**	Number	31 March 2020 Weighted average exercise price Pence
At 1 April 2020 and 1 April 2019	**246,214**	**152.0**	293,589	152.0
Options cancelled	**(203,091)**	**152.0**	(47,375)	152.0
At 31 March 2021 and 31 March 2020	**43,123**	**152.0**	246,214	152.0

The options outstanding at 31 March 2021 are exercisable at 152.0 pence per share and have a weighted average remaining contractual life of 0.3 years (2020: 1.3 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.

19 Share capital continued

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 138 to 153.

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 2021	LTIP 2020	LTIP 2019
Ordinary shares conditionally awarded (no. of shares)	**6,285,486**	3,613,707	2,042,204
Date of award	**5 August 2020**	21 November 2019	7 June 2018
Share price (pence)	**68.2**	143.8	244.5
Vesting period (months)	**33**	33	33

The charge for equity-settled share-based payments in respect of employee services received during the year is £555,000 (2020: £2,276,000 credit). Under current projections, the 2018 LTIP award is not anticipated to vest.

The charge recognised for cash-settled share-based payments during the year is £nil (2020: £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 April 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	–	–	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)
Share-based payments – LTIP charge	–	–	–	555	–	–	–	–
Share-based payments	–	–	–	(80)	–	–	–	–
Treasury shares utilised	–	–	–	–	–	–	–	442
Revaluation of operating property	–	–	35	–	–	–	–	–
Currency translation differences – Group	–	–	(76)	–	–	–	–	–
At 31 March 2021	**62,716**	**104,590**	**2,793**	**555**	**1,631**	**44,188**	**4,725**	**(1,224)**

The capital redemption reserve arose from business combinations in prior financial years. This reserve is not distributable.

The merger reserve comprises the premium on shares following the share issue to acquire Cathedral Group. No share premium is recorded in the Company's financial statements through the operation of the Merger Relief provisions of the Companies Act 2006.

Retained earnings

	£'000
At 1 April 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
Loss for the year	(87,528)
At 31 March 2021	**(17,045)**

21 Note to the cash flow statement

Reconciliation of profit before income tax to net cash inflow from operating activities:

	31 March 2021 £'000	31 March 2020 £'000
Loss before income tax	**(86,684)**	(58,631)
Adjustments for:		
Loss on disposal of investment properties	**902**	960
Loss on revaluation of property portfolio	**18,886**	13,451
Share of post tax losses of joint ventures and associates	**11,561**	13,245
Profit from sale of investments	**(387)**	(9,710)
Profit on sale of other plant and equipment	**–**	(4)
Finance income	**(1,786)**	(652)
Finance cost	**14,608**	13,349
Depreciation of leases, property, plant and equipment	**4,273**	4,025
Operating cash flows before movements in working capital	**(38,627)**	(23,967)
Decrease in development and trading properties	**55,771**	42,174
Decrease in receivables	**48,321**	14,190
Decrease in payables	**(10,899)**	(20,840)
Increase in provisions	**156**	373
Cash flows generated from operating activities	**54,722**	11,930

Analysis of movement in net debt

	31 March 2021			31 March 2020		
	Cash and deposits £'000	**Borrowings £'000**	**Net debt £'000**	Cash and deposits £'000	Borrowings £'000	Net debt £'000
At 1 April 2020/1 April 2019	**31,134**	**(161,064)**	**(129,930)**	40,752	(179,756)	(139,004)
Cash flow	**32,131**	**23,593**	**55,724**	(9,618)	21,554	11,936
Foreign currency exchange movements	**–**	**2,293**	**2,293**	–	(1,637)	(1,637)
Non-cash movements	**–**	**(218)**	**(218)**	–	(1,225)	(1,225)
At 31 March 2021/31 March 2020	**63,265**	**(135,396)**	**(72,131)**	31,134	(161,064)	(129,930)

22 Financial commitments and operating lease arrangements

Capital commitments

At 31 March 2021, the Group had no contracted capital expenditure (2020: £92,000). The Group has no commitments for loans to its associates (2020: £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.

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 2021 £'000	31 March 2020 £'000
Within one year	**8,256**	12,358
In the second to fifth years inclusive	**26,426**	38,471
After five years	**37,038**	47,811
	71,720	98,640

Property investment income earned during the year was £10,444,000 (2020: £15,238,000).

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 2021, such guarantees amounted to £5,405,000 (2020: £5,405,000).

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 (2020: £7,000) with an average unexpired lease period of 65 years (2020: 66 years).

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 2021 and 31 March 2020 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 138 to 153.

	Finance income from related parties £'000	Amounts owed by related parties £'000
Joint ventures		
31 March 2021	**1,307**	**34,463**
31 March 2020	1,932	67,845
Associates		
31 March 2021	**159**	**11,556**
31 March 2020	–	24,095

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 2021 £'000	31 March 2020 £'000
Cannock Designer Outlet LP	Property development	Investment in associates	**–**	5,463
YC Shepherds Bush Limited	Property development	Investment in associates	**3,797**	–
Cathedral (Movement, Greenwich) LLP	Property development	Financial assets	**100**	100
Northpoint Developments Limited	Property development	Financial assets	**8,445**	14,465
Curzon Park Limited	Property development	Investment in joint ventures	**5,983**	5,575
Curzon Park Limited	Property development	Financial assets	**8,423**	8,423
Henry Davidson Developments Limited	Property development	Financial assets	**250**	344
LaSalle Land LP	Strategic land investment	Financial assets	**1,158**	1,173
PropTech investments	Strategic investment	Financial assets	**1,196**	1,196
Quinn Estates Brokehill Limited	Property development	Financial assets	**4,295**	4,295
Quinn Estates Newtown Works Limited	Property development	Financial assets	**1,702**	2,628
Circus Street Developments Limited	Property development	Investment in joint ventures	**261**	3,602
Development Equity Partners Limited	Property development	Investment in joint ventures	**268**	268
DSP Tirol Limited	Investment property	Investment in joint ventures	**3,882**	2,922
DS Renewables LLP	Property development	Investment in joint ventures	**5,984**	5,064
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	Property development	Investment in joint ventures	**1,539**	1,067
Luxembourg Investment Company 112 Sarl	Property development	Investment in joint ventures	**–**	10,268
Mayfield Development (General Partner) Limited	Property development	Investment in joint ventures	**24,855**	21,210
Notting Hill (Guernsey Holdco) Limited	Property development	Investment in joint ventures	**11,966**	8,310
Opportunities for Sittingbourne Limited	Property development	Investment in joint ventures	**124**	125
Plus X Holdings Limited	Strategic investment	Investment in joint ventures	**2,024**	1,123
Triangle London Developments LLP	Property development	Investment in joint ventures	**191**	191
UAI (G) Limited	Property development	Investment in joint ventures	**–**	1,260
UAIH Yorkshire Limited	Property development	Investment in joint ventures	**1,078**	660
UAIP (Drum) BV	Property development	Investment in joint ventures	**2,486**	2,597
			90,007	102,329

The aggregate amounts included within each relevant balance sheet account are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Investment in associates	**3,797**	5,463
Investment in joint ventures	**60,641**	64,242
Financial assets – current	**16,938**	22,888
Financial assets – non-current	**8,631**	9,736
	90,007	102,329

27 Post balance sheet events

In May 2021, the Group restructured the Aviva investment portfolio debt facility and repaid the Barclays £4.8 million loan facility.

In May 2021, the Group exchanged contracts for the sale of a trading asset for £4.9 million. The sale is due to complete in August 2021.

COMPANY BALANCE SHEET

As at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2020 £'000
Fixed assets					
Tangible assets	31	**3,089**		4,306	
Debtors – loans and receivables	34	**1,547**		5,234	
Deferred income tax asset	36	**1,797**		764	
Investments	32	**122,215**		132,099	
			128,648		142,403
Current assets					
Debtors – loans and receivables	34	**8,445**		14,465	
Debtors	33	**312,828**		376,105	
Cash at bank and in hand		**18,467**		28,563	
		339,740		419,133	
Creditors					
Amounts falling due within one year	35(a)	**(242,540)**		(218,536)	
Net current assets			**97,200**		200,597
Total assets less current liabilities			**225,848**		343,000
Creditors					
Amounts falling due after more than one year:					
Bank loans	35(b)	**(49,796)**		(105,247)	
Deferred income tax liabilities	36	**(58)**		(72)	
Provisions for liabilities	35(c)	**(136)**		(136)	
			(49,990)		(105,455)
Net assets			**175,858**		237,545
Capital and reserves					
Called up share capital	37	**62,716**		62,716	
Share premium account	38	**104,590**		104,590	
Other reserves	38	**5,687**		4,770	
Profit and loss account	38	**2,865**		65,469	
Total shareholders' funds			**175,858**		237,545

The loss after tax for the year was £62,604,000 (2020: £21,833,000 loss).

The notes on pages 218 to 227 are an integral part of these financial statements.

Approved by the Board of Directors on 25 May 2021 and signed on its behalf by:

R Upton
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Notes	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 April 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
Loss and total comprehensive expense for the year ended 31 March 2021		–	–	–	(62,604)	(62,604)
Share-based payments (net movement)	38	–	–	475	–	475
Treasury shares (net movement)	38	–	–	442	–	442
Total distributions to owners of the Company		–	–	917	–	917
Balance at 31 March 2021		**62,716**	**104,590**	**5,687**	**2,865**	**175,858**

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 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 25 May 2021.

(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 believes that the underlying assumptions are appropriate. Areas requiring judgement 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.

Estimates

1.3 Impairment of investment in subsidiary

Investments in subsidiaries are assessed annually to determine if there is any indication that the investment might be impaired.

In light of the Group's financial performance for the year ended 31 March 2021, the Company has made an impairment provision of £25,319,000 against investments in subsidiaries.

The recoverable amount is estimated on an entity-by-entity basis, considering the operation of the business and the expected future recovery of property assets.

b) Investments

The Company's investments in subsidiaries, associates and joint ventures are accounted for in the financial statements at cost less an expected credit loss on the balance in accordance with IFRS 9.

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 138 to 153.

Auditors' remuneration in respect of the audit for the Company was £21,000 (2020: £15,000).

30 Operating lease arrangements

	31 March 2021 £'000	31 March 2020 £'000
The Company as lessee:		
Minimum lease payments under operating leases recognised for the year	**2,258**	2,250

Annual commitments under non-cancellable operating leases are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Operating leases which expire:		
Within one year	**–**	–
In the second to fifth years inclusive	**9,585**	11,775
After five years	**–**	–
	9,585	11,775

Operating lease payments represent rentals payable by the Company for its office property. The lease payments were negotiated for an average term of 12.4 years (2020: 12.4 years).

31 Tangible assets

	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2020	7,341	70	7,411
Additions	177	–	177
At 31 March 2021	**7,518**	**70**	**7,588**
Accumulated depreciation			
At 1 April 2020	3,057	48	3,105
Charge for the year	1,387	7	1,394
At 31 March 2021	**4,444**	**55**	**4,499**
Net book amount 31 March 2021	**3,074**	**15**	**3,089**
Net book amount 31 March 2020	4,284	22	4,306

32 Investments

	Shares in subsidiary undertakings £'000	Interest in associated undertakings £'000	Interest in joint ventures £'000	Total £'000
Cost				
At 1 April 2020	166,201	997	2,254	169,452
Additions	14,635	–	800	15,435
Disposals	–	–	(454)	(454)
At 31 March 2021	**180,836**	**997**	**2,600**	**184,433**
Amounts provided				
At 1 April 2020	(36,356)	(997)	–	(37,353)
Impairment of subsidiaries	(24,865)	–	–	(24,865)
At 31 March 2021	**(61,221)**	**(997)**	**–**	**(62,218)**
Net book amount 31 March 2021	**119,615**	**–**	**2,600**	**122,215**
Net book amount 31 March 2020	129,845	–	2,254	132,099

The full list of subsidiaries of the Company is set out in note 41.

33 Debtors
Amounts falling due within one year

	31 March 2021 £'000	31 March 2020 £'000
Trade debtors	**72**	56
Amounts owed by subsidiary undertakings	**294,489**	354,423
Other debtors	**15,734**	17,845
Current income tax asset	**670**	670
Prepayments and accrued income	**1,863**	3,111
	312,828	376,105

During the year, £59,552,000 was provided against amounts owed by subsidiary undertakings. 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 2021 £'000	31 March 2020 £'000
Fixed assets		
Development loans	**250**	344
Other receivables	**901**	3,694
PropTech investment	**1,196**	1,196
	2,347	5,234

Amounts falling due within one year

	31 March 2021 £'000	31 March 2020 £'000
Current assets		
Loans and receivables	**4,645**	5,365
Loans notes receivable	**3,800**	9,100
	8,445	14,465

Funding of £250,000 (2020: £344,000) has been provided to Henry Davidson Developments Limited in respect of one development project.

The Group holds loan notes with a carrying value of £9,100,000 (2020: £9,100,000), 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 2021, the Group has made a provision of £2,404,000 (2020: £2,050,000) against interest receivable in respect of these loan notes. The Group has made a further £5,300,000 provision against the principal amount of the loan notes due from Northpoint Developments Limited.

Loans and receivables include a number of working capital and project-specific loans of £4,645,000 (2020: £5,365,000) 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 (2020: £408,000). As at 31 March 2021, the Company has made a provision of £2,961,000 (2020: £2,589,000) against interest receivable in respect of these loans.

35 Creditors
a) Amounts falling due within one year

	31 March 2021 £'000	31 March 2020 £'000
Bank loans and overdrafts	17	17
Bank loans	3,262	635
Trade creditors	–	1,747
Amounts owed to subsidiary undertakings	233,196	210,219
Other taxation payable	1,009	–
Other creditors	213	323
Accruals and deferred income	4,843	5,595
	242,540	218,536

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 2021 £'000	31 March 2020 £'000
Bank loans	49,796	105,247

Information regarding loan balances is shown below:

£13,500,000 variable rate loan
The current balance outstanding on the loan is £10,000,000, a capital payment of £3,500,000 was made on 31 March 2021; however the bank did not apply it to the loan until 5 April 2021. A further £3,500,000 is repayable on 31 March 2022 with the remaining balance of £6,500,000 repayable on 1 July 2022.

€47,000,000 variable EURIBOR loan notes
These unsecured, Euro-denominated loan notes were extended during the year and are now repayable on 24 April 2024. €11,750,000 was repaid in April 2021.

£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 2021 £'000	31 March 2020 £'000
Provisions for liabilities	136	136

The provision of £136,000 (2020: £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% (2020: 19%).

	Accelerated capital allowances £'000	Provisions £'000	Tax losses £'000	Total £'000
Deferred income tax (liabilities)/assets recognised:				
At 1 April 2020	(72)	60	704	692
Credit/(charge) to the income statement	14	(60)	1,093	1,047
At 31 March 2021	(58)	–	1,797	1,739

	31 March 2021 £'000	31 March 2020 £'000
Deferred income tax assets	1,797	764
Deferred income tax liabilities	(58)	(72)
Net deferred income tax assets	1,739	692

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 2021 £'000	31 March 2020 £'000
Issued, called up and fully paid		
125,431,713 Ordinary shares of 50 pence (2020: 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.

The Company acquired Treasury shares in order to satisfy obligations under the employee Long-Term Incentive Plan and other bonus schemes. In July 2020, 160,896 shares were awarded in bonuses to members of the Senior Management Team and in March 2021 a further 53,544 shares were awarded to permanent employees. As at 31 March 2021, the Group holds a total of 594,690 treasury shares (2020: 809,130). This amount has been deducted from shareholder equity.

The Company has the right to re-issue these shares at a later date. All shares are fully paid.

Share option schemes
As at 31 March 2021, 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 138 to 153.

SAYE option plan 2005:

Date of grant	31.03.21 Number	25.05.21 Number	Exercise dates	Price
19 December 2017	43,123	24,219	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 2020	62,716	104,590	80	1,631	4,725	(1,666)
Share-based payments – LTIP charge	–	–	555	–	–	–
Share-based payments	–	–	(80)	–	–	–
Treasury shares utilised	–	–	–	–	–	442
At 31 March 2021	**62,716**	**104,590**	**555**	**1,631**	**4,725**	**(1,224)**

	£'000
Profit and loss account	
At 1 April 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
Loss for the financial year	(62,604)
At 31 March 2021	**2,865**

The loss after tax of the Company was £62,604,000 (2020: £21,833,000 loss).

39 Contingent liabilities

The contingent liabilities of the Group are set out in note 23. The Company has provided guarantees in respect of loans and overdrafts of its subsidiary entities totalling £83,346,000 (2020: £55,708,000). 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 2021 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
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 (Preston Barracks) Limited
Cathedral (Sittingbourne) Limited
Cathedral Special Projects (H) Limited
Central Research Laboratory (Hayes) Ltd
D S Property Developments Limited
Deadhare 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 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
Luneside East Limited
Njord Wind Developments Limited
OSB (Holdco 1) Limited
OSB (Holdco 2) Limited
Public Private Partnership (H) Limited
Purplexed LLP
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 (GVP) Limited
U and I (Harwell) Limited
U and I (Innovation Hubs) Limited
U and I (Pincents Lane) Limited
U and I (Projects) Limited
U and I Exit Limited
U and I Finance PLC
U and I Investment Portfolio Limited
U and I IPA Limited
U and I IPB Limited

41 Details of related undertakings of U and I Group PLC continued

Wholly-owned subsidiaries	Wholly-owned subsidiaries
U and I IPC Limited	U and I Sidcup Limited
U and I IPA SC Limited	United + Industrious Limited
U and I Plus X TC Limited	Wallis Court Buckshaw Limited
U and I Powerhouse Limited	Wassand Wind Farm Limited
U and I PPP Limited	

Entities where the Group holds 100% of the equity but the registered office is held elsewhere are detailed below:

Registered office	Company
6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	Burlington House Developments 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
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
Opus Restructuring and Insolvency, Evergreen House North, Grafton Place, London NW1 2DX	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
DSP Tirol Limited	50
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	50
Manchester Arena Complex LP	30
Mayfield Development (General Partner) Limited	50
Mayfield Development Partnership LP	50
MEN Arena GP Limited	51
Minevote Public Limited Company	50
Northpoint (No.4) Limited	42
Northpoint Ch Limited	42
Northpoint Developments (No 1) Ltd	42
Northpoint Developments (No 2) Ltd	42
Northpoint Developments (No 53) Ltd	42
Northpoint Developments Ltd	42
Northpoint KC Limited	42
Opportunities for Sittingbourne Limited	50
Plus X (Brighton) Limited	50
Plus X FM Limited	50
Plus X Holdings 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 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
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

ADDITIONAL INFORMATION

Financial calendar and advisors

Annual General Meeting 9 September 2021	
Announcement of Interim Results to 30 September 2021 November 2021	

Company Secretary
C Barton ACIS

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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

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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

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