2019 INTERIM RESULTS

24/10/2018 For the period ended 31 August 2018

OVERVIEW AND HIGHLIGHTS

HY2019 HIGHLIGHTS

ON TRACK TO DELIVER FY2019 TARGET OF £45-50 MILLION GAINS

+ £12.8m development and trading gains, in line with H1 target
+ Post-period secured resolution to grant planning at Kensington Church Street
+ Good visibility on projects that will deliver H2 gains

PROGRESS AGAINST STATED FY OBJECTIVES

+ Growing pipeline with >£9.5bn GDV, supported by Cambridge win in H1; exclusive negotiations on new PPP scheme; 3 new trading opportunities under offer
+ New £11.3m acquisition in investment portfolio; capital value down 2.6% on a like for like basis (including joint ventures), driven by weakening retail sector sentiment
+ Developing capital partner relationships to fund major projects pipeline

MAINTAINED INTERIM DIVIDEND

+ Interim dividend of 2.4 pence per share declared, in line with policy (HY2018: 2.4p)

5 KEY OBJECTIVES FOR FY2019 – ON TRACK AT HY2019

	FY2019 target	HY2019 progress
1 Development and Trading:	£45-50m gains	+ £12.8m gains delivered, in line with HY target + On track with existing pipeline to deliver remaining £32-38m + Resolution to grant planning at Kensington Church Street outside period
2 Investment portfolio:	10% total return with continued repositioning of portfolio	+ £11.3m acquisition in Bournemouth; second acquisition under offer + c.£4m asset management initiatives already identified for FY2019 + Disposals identified for H2 following reinvestment
3 Grow pipeline:	Continue to buy well across the business	+ GDV increased to >£9.5bn (from £7.0bn at FY2018) and to 2030 + GLA's LDP and TfL Panel creating new business opportunities + Cambridge win; in exclusive negotiations for PPP opportunity in London City Region + 3 new trading schemes under offer
4 Transformational change:	Continue to develop specialist platforms and capital partner relationships	+ Advisors appointed to identify capital partner(s) to fund three pipeline projects + Driving further value in existing platform projects through leasing and construction
5 Consistency and culture:	Drive greater productivity and efficiency	+ Acquisitions team structure revised and new appointments made + New Development Director in Dublin from London office to drive growth in region

EXPERTS IN REGENERATION WHERE TRUST AND REPUTATION ARE KEY

WE SECURE LAND WELL

+ Using our relationships and 25 year track record to secure off-market deals
+ Targeting areas with greatest regeneration need: London City Region*, Manchester and Dublin
+ Public sector partner of choice (GLA's London Development Panel, TfL Panel)

WE CREATE VALUE THROUGH PLANNING

+ >90% success rate in securing planning consent
+ Optimise mix of use and density to create value
+ Partnership approach mitigates planning risk

WE HAVE SEVERAL ROUTES TO REALISE VALUE

+ Sell sites with planning permission
+ Develop projects with long-term capital partner or on balance sheet
+ Retain elements of developed properties in investment portfolio

* Within one hour's commute from London

EXECUTING ON A CLEAR STRATEGY DRIVEN BY PURPOSE

To deliver sustainable returns to our shareholders and long-term socio-economic benefits for the communities in which we work

PEOPLE FIRST APPROACH	+	GROW PIPELINE	+	DRIVE VALUE	=	DELIVER EXCELLENT RETURNS	MAINTAIN CAPITAL EFFICIENCY
Focus on attracting and retaining talent. Maintain trusted partnership relationships to deliver projects that benefit the communities in which we work		Focus on fewer, larger projects others can't do		Focus on regeneration and asset management projects in core markets that can collectively deliver >£50m gains every year		Focus on maintaining balance of PPP, Trading and Investment projects to deliver 12% average post tax returns	Focus on maintaining a strong and efficient balance sheet alongside a clear capital returns policy

KPIs

DEVELOPMENT AND TRADING GAINS

£50M+ per annum target and £125-150m+ in the next 3 years

TOTAL RETURNS*

12% average post tax total return target

INVESTMENT PORTFOLIO TOTAL RETURN

10% target

GEARING

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

* Total return comprises NAV growth including dividends paid to shareholders

FINANCIAL RESULTS

Ashford, Kent

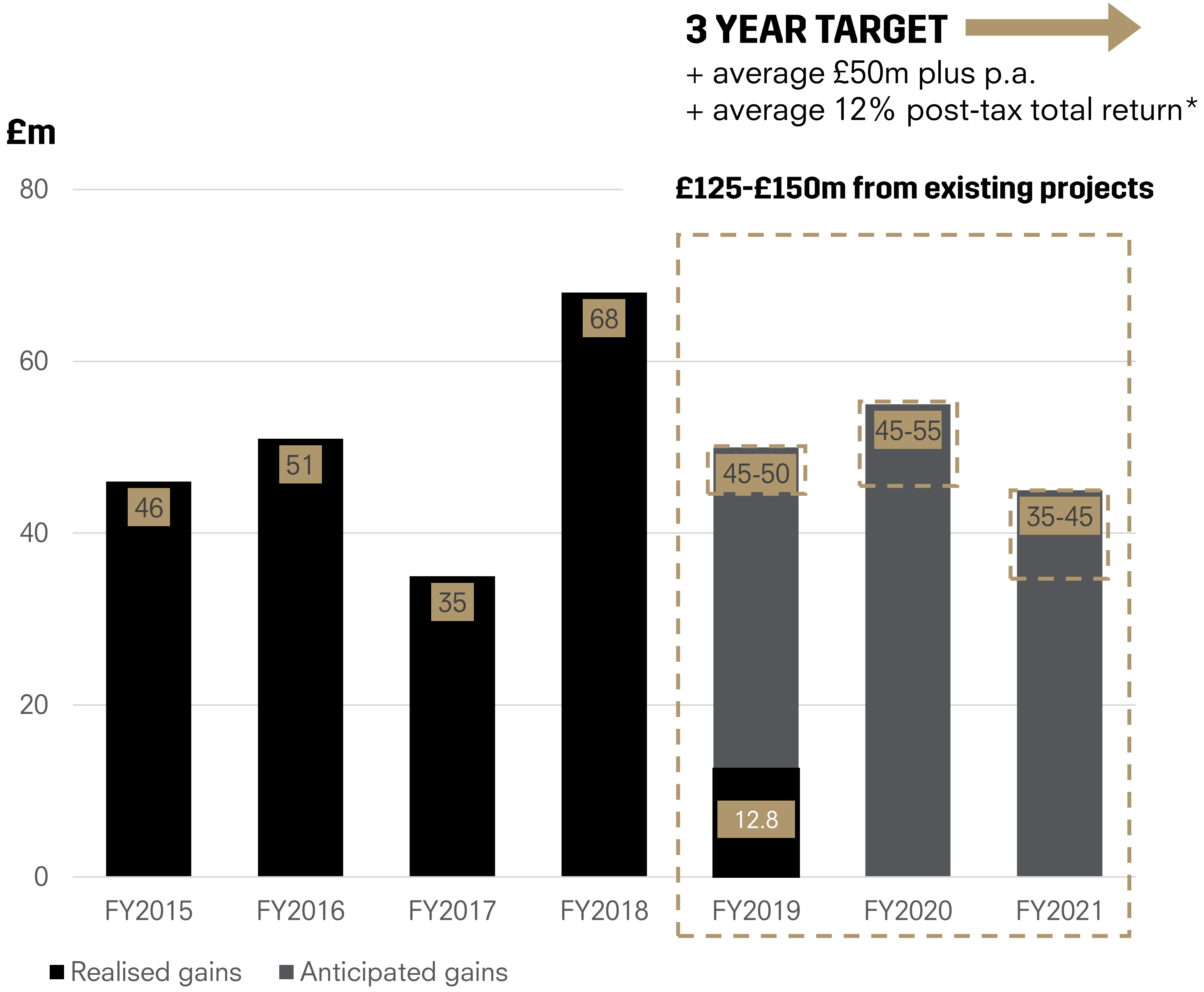
HY2019 PERFORMANCE

	H1 2019	H1 2018	FY 2018
Development and trading gains	£12.8m	£7.2m	£68.3m
Basic NAV	£356.2m	£336.8m(1)	£379.3m
Basic NAV per share	284p	269p(1)	303p
(Loss) / profit before tax	(£4.2)m	(£3.3)m	£48.2m
Basic (loss) / earnings per share	(3.5)p	(3.2)p	32.2p
Dividend per share (in respect of period reported)	2.4p	2.4p	5.9p
Supplemental dividend per share declared	-	-	12.0p
Net debt	£118.7m	£159.4m	£119.1m
Gearing	33.3%	47.3%	31.4%

(1) After payment of supplemental dividend (£3.5m /2.8p per share) – declared for FY2017 and paid in June 2017

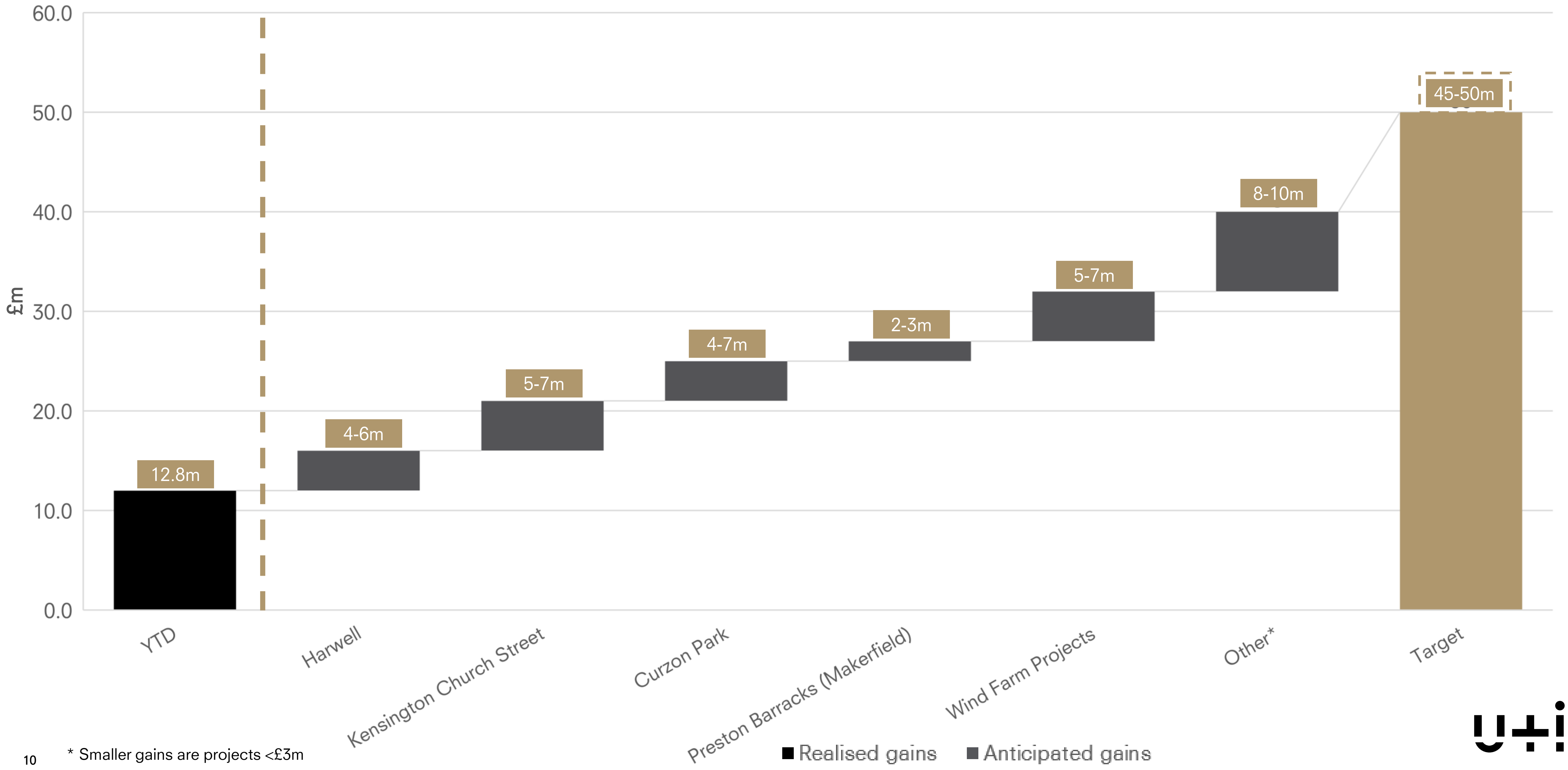
DEVELOPMENT AND TRADING GAINS TARGET TO FY2021 MAINTAINED

Good visibility on a >£9.5bn GDV pipeline over the next ten years and beyond, supporting our ambition to achieve an average of 12% post tax total return.



*Total returns: the growth in our basic net asset value including dividends

CLEAR ROADMAP TO REACH FY2019 OBJECTIVES



* Smaller gains are projects <£3m

PROGRESS AGAINST FY2019 DEVELOPMENT AND TRADING GAINS TARGET

Project	FY2019 target gains	H1 2019 gains	H2 2019 target	Value trigger	Progress made
Bicester (Mixed-Use Scheme A), London City Region	£3-5m	£4.5m	-	Trading: Post planning consent being obtained, funding or sale of retail led mixed-use scheme	Sale completed in June 2018
Bryn Blaen, Wales*	£6-8m	£5.0m	-	Trading: Surplus arising from disposal	Share Purchase Agreement exchanged; completion expected January 2019
Charlton Riverside, London*	£2-4m	£3.3m	-	Trading: Completion of sale	Sale completed
Harwell, Oxford*	£4-6m	-	£4-6m	PPP: Profits from further phases of development	Profits in H2 through further phases of development
Kensington Church Street, London*	£5-7m	-	£5-7m	Trading: Surplus arising from either development of the site (post planning) or from sale of our interest	Secured resolution to grant planning consent on 18 September
Curzon Park, Birmingham*	£4-7m	-	£4-7m	Trading: Vesting of land under CPO	Land transfer completed; valuation negotiation underway
Preston Barracks (Makerfield), Brighton	£2-3m	-	£2-3m	PPP: Surplus arising from either development or disposal of the residential element of the site	Marketing for sale
Wind Farm Projects	£10-12m	-	£5-7m	Trading: Post planning consent being obtained, funding or sale of Rhoscrowther and Hendy wind farms	Hopeful of achieving planning consent for Hendy wind farm imminently, with £5-7m gains targeted in FY2019; Rhoscrowther planning delayed – reduced £2-3m gains expected FY2020 under merchant rather than subsidy regime
Other (8 projects)	£9-12m	£0.0m**	£8-10m	Various smaller projects, individually contributing <£3.0 million, or commercially sensitive	Includes disposal of further smaller projects in FY2019 and Lichfield loss
Target range	**£45-50m**	**£12.8m**			

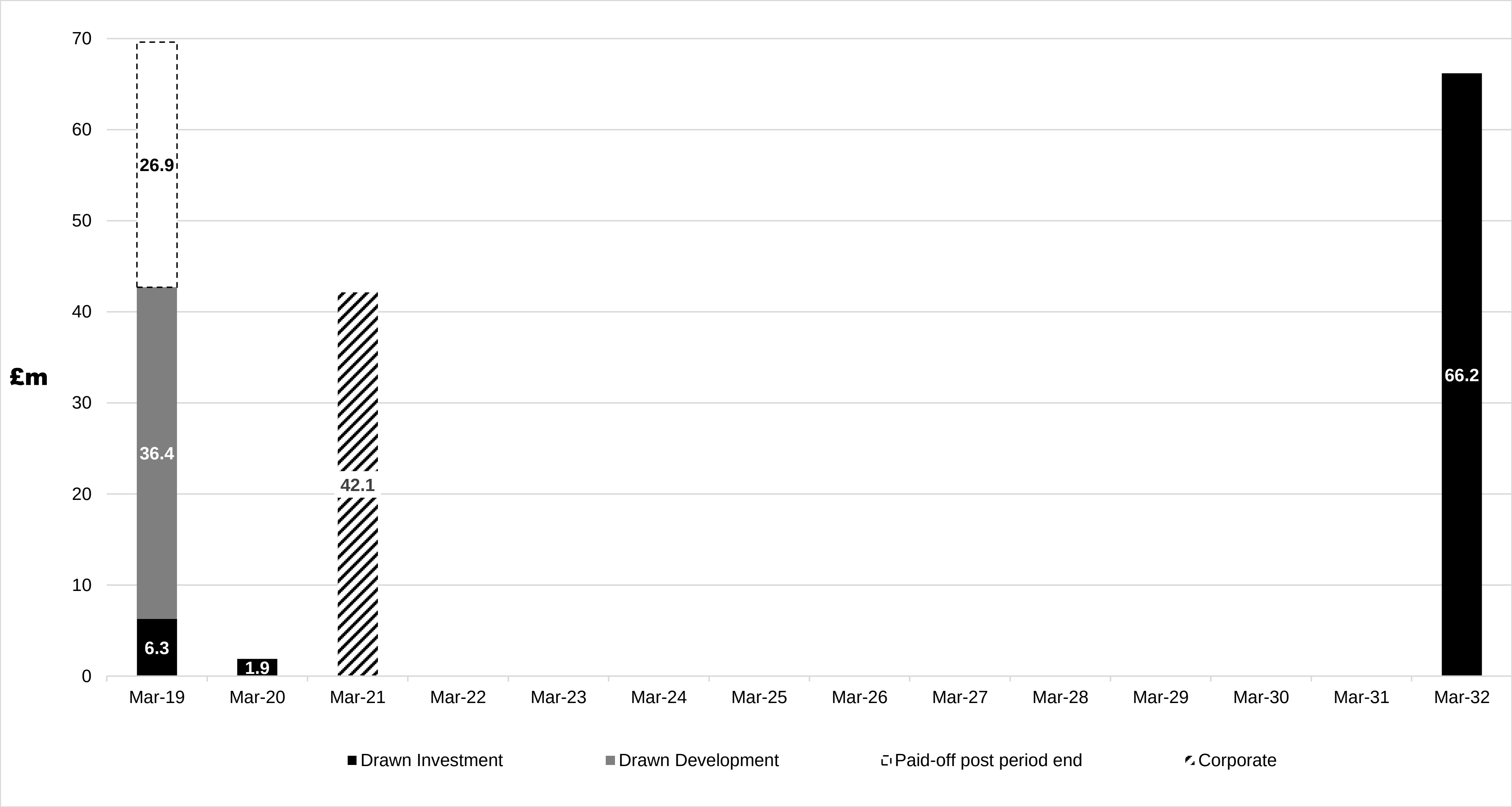
* Held in joint venture
** Net of Lichfield write-off

DEBT FINANCE

	H1 2019 £m	FY 2018 £m
Gross debt	**178.5**	171.2
Cash	**(59.8)**	(52.1)
Net debt	**118.7**	119.1
Gearing	**33.3%**	31.4%
Share of net debt in joint ventures	**73.0**	72.7
Net debt including joint ventures	**191.7**	191.8
Gearing including joint ventures*	**53.8%**	50.5%
Analysis of gross debt (excluding JVs)		
Fixed rate	**66.3%**	65.2%
Capped / SWAP	**23.4%**	24.0%
Floating rate	**10.3%**	10.8%
Weighted average interest rate	**4.8%**	4.7%
Weighted average maturity	**6.0 years**	7.0 years

* Development (PPP and trading) assets held at cost

DEBT MATURITY PROFILE



PORTFOLIO UPDATE

Vertium Building, Dublin

DEVELOPMENT AND TRADING

Gains in line with HY target. On track to deliver KPI of £45-50m development and trading gains.

H1 2019 HIGHLIGHTS

- Delivered £12.8m development and trading gains, in line with H1 target
- Post period end resolution to grant planning at Kensington Church Street to support FY profit targets
- Exchanged on sale of our share of the joint venture of the residential units at Circus Street on 22 October
- Cambridge win; exclusive negotiations for new PPP opportunity in London City Region; 3 trading schemes under offer in London City Region
- Appointment to GLA's London Development Panel opening up new opportunities

WHAT TO LOOK OUT FOR IN H2

- £32-38m development and trading gains targeted
- Focus on planning with submission of eight planning applications (gains will not be realised for any of these in FY2019)
- Outcome of exclusive negotiations on PPP opportunity
- Complete three trading deals

PPP
8 ALBERT EMBANKMENT

- Partnership with The London Fire Commissioner
- Part of joint funding activity with two other major PPP projects
- Transforming £500m GDV, 2.5 acre London Fire Brigade site into high-quality mixed-use development
- Contemporary fire station, museum, 417 new homes, 70,000 sq. ft. offices, retail, 143-bed hotel and public square
- Planning application in early 2019

2024
First gains targeted

>1,000
New jobs for area

INVESTMENT PORTFOLIO: FUTURE PROOFING THROUGH INCOME SUSTAINABILITY

Number of assets	Valuation change (inc. JVs)	Size of portfolio	Initial Yield*
17 28 February 2018: 16	**£(4.5)m** 28 February 2018: £14.3m **(2.6%)** Capital growth / loss	**£145.7m** 28 February 2018: £139.5m	**6.6%** 28 February 2018: 6.2% **7.6%** After expiry of rent free periods

Weighted unexpired lease term*	Estimated Rental Value*	Void rate*	Equivalent Yield*
5.9 yrs 28 February 2018: 5.0 yrs **5.0 yrs** WAULT to break* 28 February 2018: 3.9 yrs	**£12.8m** 28 February 2018: £10.7m**	**8.9%** 28 February 2018: 7.9% **2.3%** On shopping centre assets	**8.1%** 28 February 2018: 8.3%

* Core portfolio only
** Excludes Airport House ERV

Figures as at 31.08.18 on a like for like basis

CLEAR STRATEGY FOR INVESTMENT PORTFOLIO TO TARGET 10% TOTAL RETURN

STRATEGY:

to acquire and/or retain quality regeneration assets

in growth towns / cities

with long-term sustainable income

where value can be added through asset management initiatives / change of use

Outcome: deliver >10% total return

1 Acquisitions:

+ Acquire assets with regeneration focus, both at asset and city level
+ Considering retail warehouses, large town centre blocks, mixed-use assets, offices
+ Market nervousness around retail provides opportunity and value
+ Bring U+I projects into portfolio where see long-term potential
+ **What to look out for in H2**: further reinvestment into new assets

FY2019 TARGET: £50M NEW ASSETS

2 Disposals:

+ Dispose of non-core and mature assets which don't have regeneration focus
+ Process undertaken to review quality and risk across existing assets to assess income sustainability
+ **What to look out for in H2**: further disposals of mature assets

FY2019 TARGET: £25M MATURE ASSETS

3 Asset management:

+ Drive income and/or value through lease extensions, new lettings, refurbishments and proactive asset management – c.£4 million of initiatives identified, primarily at Harwell, Belsize Park and The Old Vinyl Factory
+ **What to look out for in H2**: lease up Caxton Works, sale of Belsize Park, lease regear at Harwell, unit extensions at Nailsea

FY2019 TARGET: £5M VALUE THROUGH INITIATIVES

INVESTMENT PORTFOLIO
ST PETER'S QUARTER, BOURNEMOUTH

- Acquisition of major 98,000 sq.ft. mixed-use scheme for £11.3 million
- Thriving part of Bournemouth – retail footfall up 13.9%, second fastest growing area in UK for start ups
- 5 anchors, with right mix of offer to meet demand
- Scope to drive further value through asset management initiatives, including adding leisure element
- c.£970,000 annual income

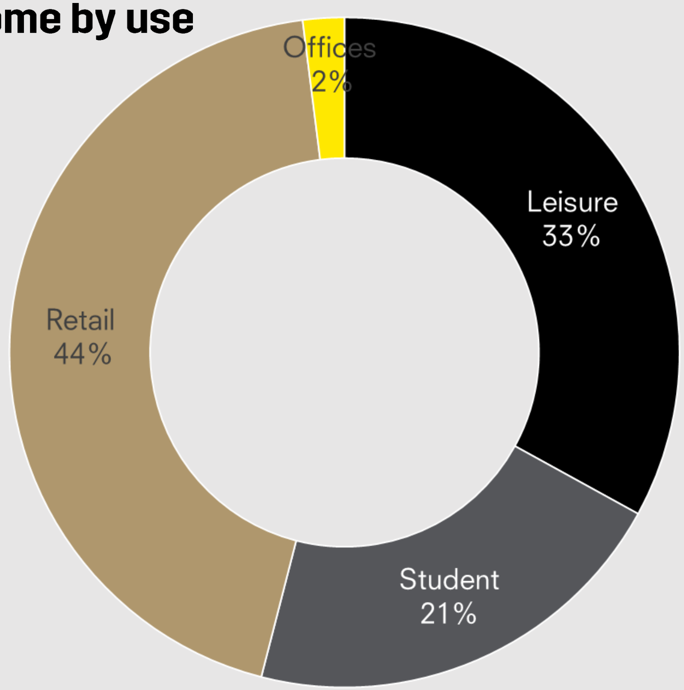
11.36

Year WAULT to expiry

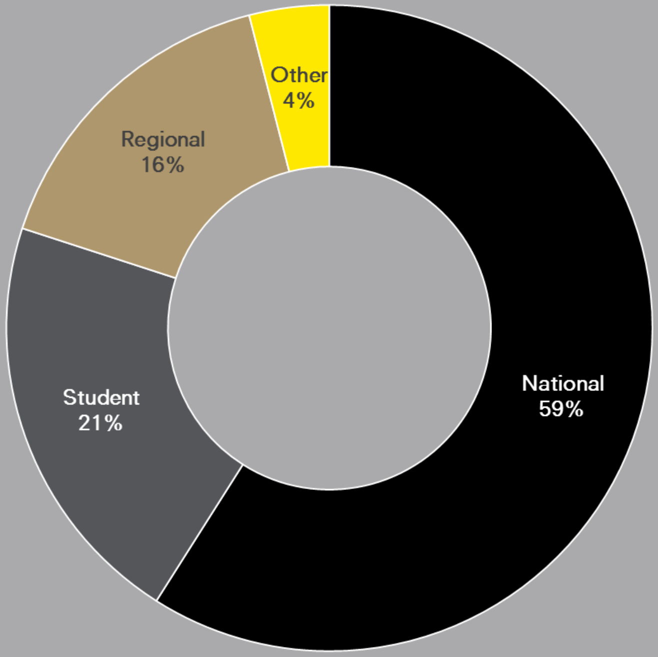
£0.2 million

Added value in first month with lease extension

Income by use



Sustainable income by covenant



SPECIALIST PLATFORMS

Creating further revenue streams off balance sheet; improving efficiency within business model.

Minority stake – promote structure – in ventures with responsibility for development, planning, letting and asset management through partners.

5 projects

H1 2019 HIGHLIGHTS

- Further strong progress in Dublin including:
  - Donnybrook House practical completion and launch (August)
  - Construction started at The Hive (previously Ballymoss House) (August)
- Completion of Charlton Riverside sale

What to look out for in H2:

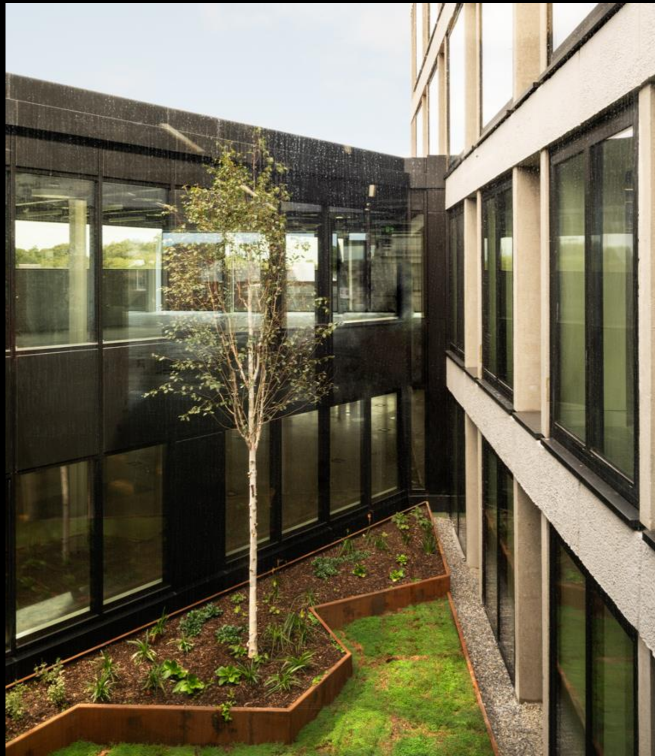
- Planning permission at Carrisbrook House
- Lettings at Donnybrook House
- Construction progress at The Hive
- Letting at Record Store, The Old Vinyl Factory
- **Transformational change:** advisors identifying capital partner(s) to fund three major pipeline projects

SPECIALIST PLATFORMS
DONNYBROOK HOUSE

- Acquired for €9 million in December 2014; held in JV with Colony Capital
- Refurbishment and redevelopment of landmark 6-level building in Dublin4
- Transformed into high-spec office space, restaurant, café and gym
- Launched in August 2018, with strong interest in lettings
- Targeting fully leased in next 12 months

€27 million
Investment in site

>37%
Increase in net lettable office area



SUMMARY AND OUTLOOK

Good start to the year, with clear strategy and momentum into H2.

RELATIONSHIPS AND TRUST CREATING NEW OPPORTUNITIES

+ GLA's London Development Panel and TfL Property Partnerships Framework
+ Growing capital partner relationships

CONTINUING TO BUILD NEW BUSINESS PIPELINE

+ Cambridge win
+ Exclusive negotiations for PPP project in London City Region
+ 3 new trading opportunities in London City Region
+ Shortlist for PPP project in Dublin

ON TRACK TO DELIVER ON FY2019 DEVELOPMENT AND TRADING GAINS TARGETS

APPENDICES

The Old Vinyl Factory, Hayes

AN INTEGRATED MODEL

DEVELOPMENT AND TRADING PORTFOLIO

PPP
22%
Of gross assets*
£121.0m**
Capital Value***

Trading
48%
Of gross assets*
£263.4m**
Capital Value***

DELIVERS
– Longer-term development profit
– Shorter-term trading profit
– Some elements of completed developments retained within investment portfolio

KEY VALUE DRIVERS
– Planning gain
– Arbitrage/mispricing
– Development margin

HY2019 KPIs
£12.8m profit
>£2.5bn GDV added to pipeline

INVESTMENT PORTFOLIO

30%
Of gross assets*
£167.2m
Capital Value***

DELIVERS
– Income return
– Capital growth
– Future development opportunities

KEY VALUE DRIVERS
– Asset management
– Planning gain

HY2019 KPIs
£145.7m portfolio (directly held)
6.6% initial yield

*Group share where appropriate
**Assets held at cost, not revalued
***Capital value includes all property interests held both directly and indirectly

All figures as at 31.08.18

AND WHAT TO LOOK OUT FOR DEVELOPMENT PIPELINE: MAJOR PPP PROJECTS

Scheme	Region, Acqn Date	GDV	Profit Range, U+I Equity	Timeframe	Planning Status	Rates (psf)	Scheme details
Mayfield Quarter*	Manchester, December 2016	£1.1bn	£40-60m, £20m (max)	FY 2021-2030	Pre-planning Apply: 2018	Resi: £400-450 Office: £28-35 Retail: £25-40	24 acres; 1,350 residential units; 1.4m sq. ft. offices; hotel & retail; JV with public sector partners..
Morden Wharf, Greenwich	London City Region, March 2012	£790m	£25-35m, £19m (max)	FY 2020-2022	Pre-planning Apply: 2019	Resi: £750-900 Industrial: £7-15 Retail: £25	19 acres; 1,500 residential units plus c.200,000 sq. ft. other uses; U+I has a Leasehold interest; Development Agreement with the Freeholder.
The Future Works, Slough	London City Region December 2009	£155m	£4-8m, £8m (max)	FY 2019-2024	Planning secured	Office: £36	350,000 sq. ft. of office accommodation being delivered in three phases.
8 Albert Embankment, Lambeth	London City Region, August 2016	£512m	£60-80m, £15m (max)	FY 2020-2025	Pre-planning Apply: November 2018	Resi: £1,583 Office: £56 Retail: £25	2.5 acres; 417 residential units, 143-bed hotel, 70,000 sq. ft. net office, fire station & museum, gym and retail. Profit shared with ultimate long-term funding partner.
Harwell, Oxfordshire*	London City Region, December 2013	£565m	£5-12m, £10m (max)	FY 2019+	Part secured, part pre-planning	Resi: £350-400 Office: £35+ Hi-tech: £18	1.5m+ sq. ft. mixed-use commercial accommodation; up to 1,000 residential units. Profit shared with Public Sector partner.
Preston Barracks, Brighton	London City Region, July 2014	£200m	£2-3m, £8m (max)	FY 2019-2023	Secured		5 acres; PPP with Brighton & Hove City Council and University of Brighton; 369 residential units, 50,000 sq. ft. offices, 534 student beds and ancillary retail.
Circus Street, Brighton	London City Region, April 2008	£130m	£6-10m, £6m (max)	FY 2019-2022	Secured	Resi: £575 Office: £35 Retail: £35	2.4 acres; 142 residential units, 30,000 sq. ft. of office space, 450 student bed accommodation, 10,000 sq. ft. of ancillary retail space and 14,000 sq. ft. dance space.
Landmark Court, Southwark*	London City Region, December 2017	£205m	£10-15m, £7m (max)	FY 2019-2022	Pre-planning		1.7 acres; 130,000 sq. ft. of office space, retail and workspace, c. 80 new homes. Conditional JV agreement signed with public sector partner.
Cambridge Northern Fringe East	London City Region July 2018	£3.5bn	£20-30m £5m (max)	FY 2022-2032	Pre-planning	Resi: £500 Office: £35 Retail: £20	120 acres; 5-6,000 homes, 1 million sq.ft. office, retail and leisure space

* Held in joint venture

DEVELOPMENT AND TRADING PIPELINE: MAJOR PROJECTS

Scheme	Region, Acqn Date	GDV	Profit Range, U+I Equity	Timeframe	Planning Status	Rates (psf)	Scheme details
Kensington Church Street*	London City Region, March 2011	£300m	£5-7m, £10m (max)	FY 2019-2020	Secured		Planning approved for 55 residential units, 40,000 sq. ft. offices, 30,000 sq. ft. retail.
Valentines House, Ilford	London City Region, July 2011	£50m	£1-3m, £8m (max)	FY 2019	Secured	Resi: £442 Office: N/A Retail: £20	122 pre-sold residential units; 16,350 sq. ft. retail space. Practical completion achieved and sales completing.
Wind Farm projects	UK	£100m	£16-20m £13m (max)	FY2019-2020	1 Secured 1 pre-planning 1 built out	N/A	Securing planning consent to trigger sale or funding of Rhoscrowther and Hendy wind farms. Sale of Bryn Blaen.
Pincent's Hill, Reading	London City Region, April 2008	£17m	£5-10m, £5m (max)	FY 2020	Pre-planning Apply: 2018	Resi: £390	48 acres, 275 residential units.
Kent Wool Growers	London City Region, January 2018	£55m	£2-3m	FY 2019	Pre-planning	Resi: £308	250 residential units.

* Held in joint venture

INVESTMENT PORTFOLIO: TOP FIVE ASSETS

Project name	Overview	Key statistics
The Killingworth Centre, Newcastle	Retail centre anchored by Morrisons (not owned) *Key tenants:* Matalan; Wilko, The Works, Card Factory, Specsavers, Ladbrokes, Home Bargains)	Valuation: £15-£20m Valuation change: ↓ Running yield: 4.2% WAULT: 9.3 years ERV growth: (1.19)% Top Zone A rent: £35
The Furlong Shopping Centre, Ringwood	85,000 sq. ft. retail centre anchored by Waitrose (not owned) *Key tenants:* AGA; Café Nero; Oasis; Crew Clothing; Fat Face; Gerry Weber; Holland & Barrett; Joules; Hobbs; Phase Eight; Paperchase; Waterstones	Valuation: £12-£18m Valuation change: ↓ Running yield: 6.1% WAULT: 5.1 years ERV growth: 0.4% Top Zone A rent: £77
Borough Parade, Chippenham	Retail centre anchored by Waitrose *Key tenants:* Argos; Café Nero; EWM, New Look; Pandora; Waterstones	Valuation: £12-£18m Valuation change: ↓ Running yield: 7.2% WAULT: 5.2 years ERV growth: (1.6)% Top Zone A rent: £53
Swanley Shopping Centre, Kent	Retail centre anchored by Wilko, Costa, Poundland, Barclays and Boots	Valuation: £10-£15m Valuation Change: ↓ Running Yield: 8.1% WAULT: 6.1 years ERV growth: 0% Top Zone A rent: £45
Airport House, Croydon	Serviced office building	Valuation: £10-£15m Valuation Change: → Running Yield: 7.5% WAULT: 3.0 years ERV growth: 6% Average rent psf: £42.84

INVESTMENT PORTFOLIO – OUR TOP FIVE OCCUPIERS

As at 31 August 2018

Occupier	Annual rent £'m	31 August 2018 % of contracted rent
Matalan	0.5	4.4
J Sainsbury Plc	0.5	3.9
Ricardo-Aea Ltd	0.4	3.1
JD Wetherspoon PLC	0.3	2.3
Wilkinson	0.3	2.3

As at 28 February 2018

Occupier	Annual rent £'m	28 February 2018 % of contracted rent
Matalan	0.5	6.1
J Sainsbury Plc	0.5	5.5
Ricardo-Aea Ltd	0.4	4.4
Wilkinson	0.3	3.2
Specsavers	0.2	2.3

INVESTMENT PORTFOLIO REVIEW - EXAMPLE

HOLD

RINGWOOD - HAMPSHIRE – KEY METRICS

METRIC		ASSESSMENT
Net Income	£1,056,991	
ERV	£1,226,650	
Cap Val	£16,100,000	
Cap Val Per Sq Ft	£428	
NIY	6.15%	
Rent Per Sq Ft	£28.16	
Vacancy by % ERV	0.00%	
WAULT Exp/Break	5.41/3.67	
Quality Grading (Prime/Secondary/Tertiary)	Prime/Secondary	
Investment Sale Prospects (Very Good/Good/Fair/Poor/Very Poor)	Good	
Time it would take to become fully income producing if vacant.	12 Months	
Covenant Risk of Tenants (Very Low Risk/Low Risk/Med Risk/High Risk/Very High Risk/Unknown)	Low Risk	
Valuation Sentiment	→	
Demographic Information	Ringwood has a population of 14,307 with 59.20% of people being over the age of 40.	
Advantages	Waitrose shadow-anchored shopping centre in Ringwood. The town is extremely affluent and fully let to a number of aspirational retailers. The asset also benefits from tourism trade. We are unable to satisfy all tenant demand and continue to see rental growth.	
Disadvantages/Risks	Although we no longer own the Waitrose unit, there is a risk that the tenant exercises their 2025 break option. This would have a detrimental impact on the overall asset but we believe this risk is small. Waitrose trade well from the store, so much so that they tried to buy it from us and the rent is likely to stay static between now and 2025. Future development and significant asset management of the site is limited without seeking to develop on Council owned land. The reason for this is that the site is quite tight and surrounded by other ownerships as well as being fully let.	
Strategy	Continue to asset manage the asset and focus on lengthening income. There are several lease renewals that are currently being negotiated and in most cases we are seeing rental increases. Over the next 24 months we may be able to upgrade some of our local tenants with national brands. Like for like annual footfall is up 2.2%.	
Hold/Sell	Hold	

MARKET OVERVIEW

EXTERNAL RISK	CHANGE IN H1 2019	RISK EXPOSURE
MARKET / POLITICAL RISK	↑	**Potential risk:** Increased uncertainty as Brexit approaches, alongside reduced Government time to focus on housing/regeneration. **Our response:** A-political with strong relationships across parties; operating in geographies with greatest regeneration need at price-point where demand will remain high. Appointed on GLA's London Development Panel in H1.
SCARCITY OF VIABLE INVESTMENT AND DEVELOPMENT OPPORTUNITIES	↔	**Potential risk:** Reduction of suitable PPP and investment opportunities leads to inflated prices and lowered long-term pipeline. **Our response:** Secured pipeline for next ten years, and continue to be considered for new opportunities across geographies. Cambridge win; Bournemouth acquisition completed, exclusive negotiations for new PPP project; 3 trading and 1 investment portfolio deal under offer in H1.
COUNTERPARTY RISK	↔	**Potential risk:** Weakness in economy leads to financial failure of JV partners, purchasers under sales contracts or banks with cash deposits. Exposure to weak private residential market. **Our response:** Proof of funding required for all partners to reduce risk. No noticeable change in market appetite. Further residential sales including Alcatel Townhouses in H1.
BANK FUNDING RISK	↔	**Potential risk:** Inability to secure funding or refinance existing facilities as lender's appetite for development risk constrains supply – particularly ahead of Brexit. **Our response:** Good relationships with a range of banks and focus on increasing funding partner relationships. New entrants in the lending market has increased maturities available. Refinancing bank debt at Harwell in H1. Repayment of Ilford loan post period end.
CONSTRUCTION RISK	↔	**Potential risk:** Risk of workforce shortages and increased labour costs following Brexit or delays in projects if companies fail. **Our response:** We scrutinise all our partners financially before projects start and have in-house capabilities to mitigate costs. Practical completion at Bromley in H1.
PLANNING RISK	↔	**Potential risk:** Planning process potentially compromised ahead of major political events and financial strain on under-resourced planning departments in local authorities. **Our response:** >90% success rate in securing planning consents based on extensive local knowledge, supported by specialist partners and clear exit strategies. Secured resolution to grant planning at Kensington Church Street in September 2018; 8 applications in H2.

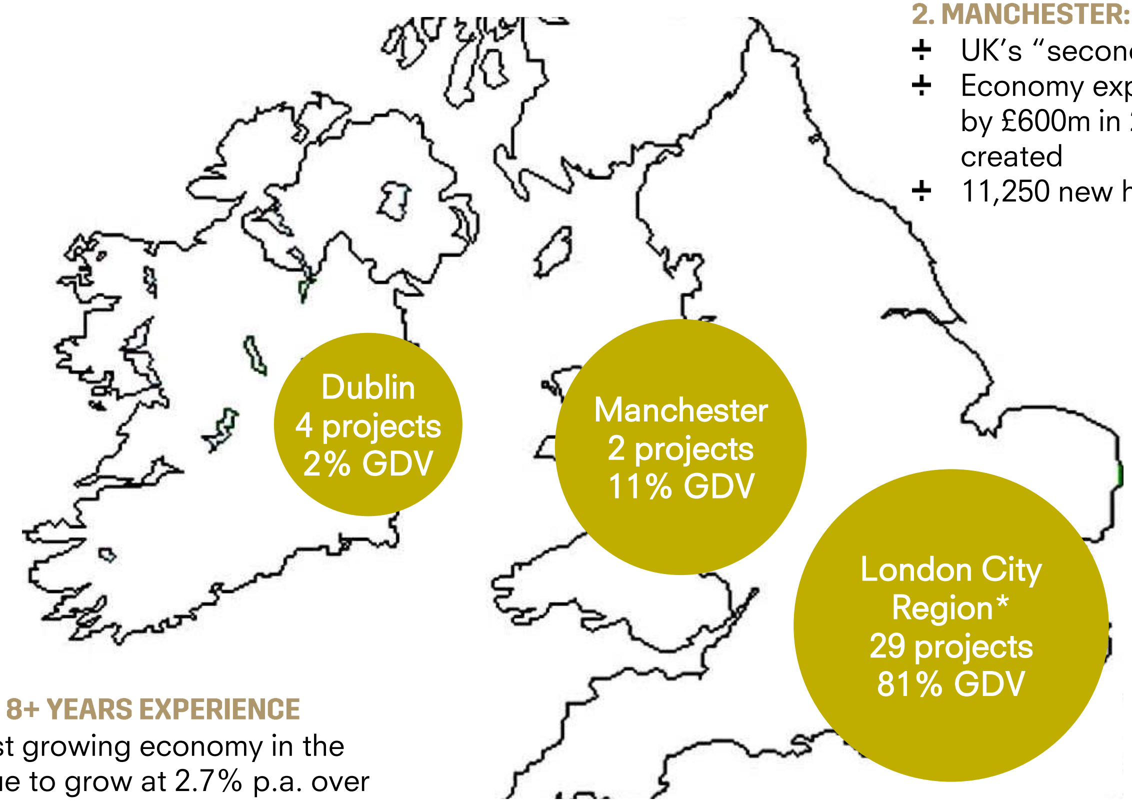
WORKING IN THREE HIGH GROWTH REGIONS

We have chosen to focus on three thriving city regions which have a strong focus on talent, tourism, transport and tolerance – and **huge potential** as demand outstrips supply for quality mixed-use spaces.

1. LONDON CITY REGION*
2. MANCHESTER
3. DUBLIN

2. MANCHESTER: 15+ YEARS EXPERIENCE

+ UK's "second" city
+ Economy expected to have increased by £600m in 2017 with 22,250 jobs created
+ 11,250 new homes needed p.a.



3. DUBLIN: 8+ YEARS EXPERIENCE

+ Fastest growing economy in the EU; due to grow at 2.7% p.a. over next 4 years
+ Strong beneficiary of Brexit
+ Committed to building 25,000 residential units every year by 2020

1. LONDON CITY REGION*: 25+ YEARS EXPERIENCE

+ Largest city in the EU
+ 22% of UK GDP
+ 65,000 new homes needed p.a., with greatest imbalance in Outer London and South East

*Within one hour's commute from Central London
Figures as at 31.08.18

AT THE HEART OF MAJOR MARKET TRENDS

A changing marketplace filled with regeneration opportunities.

Supporting economic, technological and social change.

PUBLIC SECTOR NEEDS TO GENERATE RETURNS FROM EXISTING ASSETS

Optimising £370bn+ developable, mostly unused land – 46% of which is owned by local authorities

FLEXIBLE LIVING AND WORKING SEEING INCREASING DEMAND

New quarters of London City Region, Manchester and Dublin to benefit as affordability and infrastructure prioritised over postcode

CURRENT HOUSING, OFFICES AND COMMUNITY SPACES UNSATISFACTORY

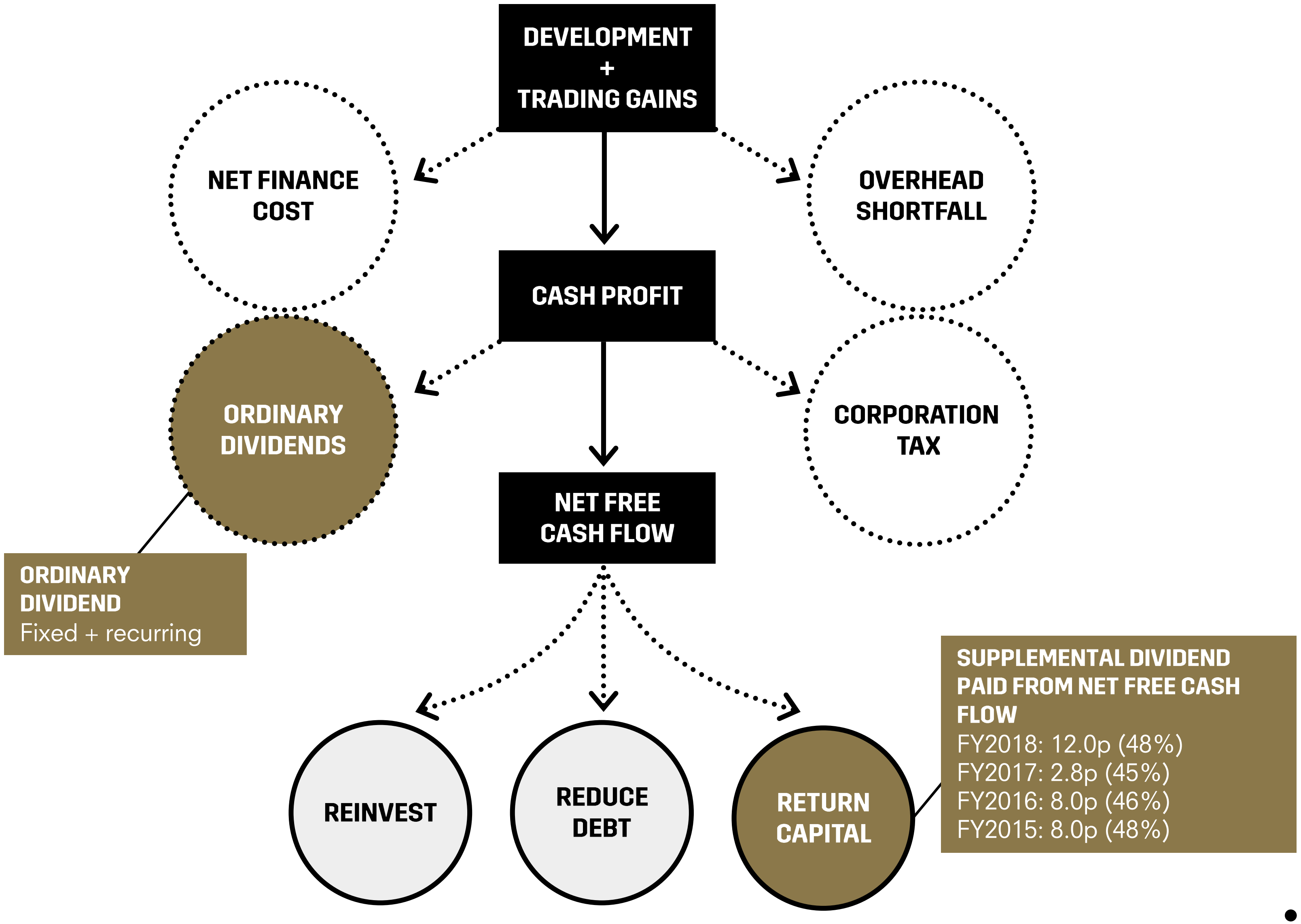
Mixed-use areas stimulate local economies and increase productivity. Government targeting 300,000 new homes a year

INVESTORS FOCUSED ON CORE ASSETS OF THE FUTURE

Looking for better rental and capital growth prospects

STRONG CASH FLOW ALLOWS US TO:

+ Reinvest cash into the business
+ Pay down debt
+ Maintain a strong balance sheet
+ Provide returns to shareholders



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