The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

20 November 2019

U and I Group PLC

Interim Results for the six months ended 30 September 2019

U+I delivers £3.6m development and trading gains in H1; targets delivery of full year guidance

U+I (LSE:UAI), the specialist regeneration developer and investor, announces its interim results for the six months ended 30 September 2019.

H1 2020 highlights

- £3.6 million of development and trading gains in H1, with the balance of gains targeted later in H2; plan to achieve £35-45 million of gains for the year ending 31 March 2020 through the flexibility of our substantial project portfolio
- Submitted planning for Phase 1 of our £1.4 billion scheme in Mayfield, Manchester; expect planning consent outcome for Landmark Court, 8 Albert Embankment and Mayfield in H2
- Investment portfolio capital value down £5.8 million, a decline of 3.2% on a like for like basis, including our share of joint ventures (H1 2019: -2.6%), reflects the market decline in retail sector property values. Core portfolio initial yield of 7.0% (H1 2019: 6.6%)
- Since half year, c.£24 million of assets are under offer, in line with our strategy to reduce our retail exposure and improve returns to achieve our medium term 10% per annum total return target
- Impairment in H1 of £6.5 million relating to a forward funded development where construction has completed and is in the process of being sold. U+I anticipates recovering these costs in future periods
- C.£1 million of annualised savings (representing 5% of the cost base) achieved in H1 as part of £4 million annualised savings targeted over the three year period to FY 2022. Marcus Shepherd appointed Chief Financial and Operating Officer (CFOO) to drive this strategic objective
- Interim dividend of 2.4 pence per share (H1 2019: 2.4 pence per share) in line with the Board's previously stated policy

Financial summary (unaudited) for six months ended	**30 Sept 2019**	31 Aug 2018(i)	31 Mar 2019(i)
Development and trading gains(ii)	£3.6 million	£12.8 million	£42.8 million
(Loss) / profit before tax	(£23.9) million(iii)	(£4.2) million	£6.3 million
Basic net asset value (NAV)	£327.0 million	£356.2 million	£360.1 million
Basic NAV per share	263 pence	284 pence	289 pence
Basic (loss) / earnings per share	(18.3) pence	(3.5) pence	4.2 pence
Dividend per share (in respect of period reported)	2.4 pence	2.4 pence	5.9 pence
Supplemental dividend per share declared	-	-	4.1 pence
Net debt	£154.1 million	£118.7 million	£139.0 million
Gearing	47.1%	33.3%	38.6%

(i) U+I changed its financial year end to 31 March in 2019
(ii) Non-GAAP measure
(iii) Loss mainly reflects gains of £3.6 million, a reduction of £9.2 million compared to 31 August 2018, £5.8 million Investment Portfolio valuation decline and £6.5 million impairment of a development asset

Matthew Weiner, Chief Executive, said:

"Demand for affordable, convenient and vibrant mixed-use places remains strong. Our proven track record and purpose-driven, sustainable approach to reinvent our towns and cities to become efficient and enjoyable places for everyone to benefit from is as relevant as ever. In terms of market outlook we, like many other businesses, continue to experience challenges. Unsurprisingly, the political and economic uncertainties are delaying decision making, particularly within Government and Local Authorities, with the general election the latest event to impact on market activity at a core time of the transactional year.

We delivered £3.6 million of development and trading gains in the first half through profits across three projects. This reflects the weighting of our projects, where the more significant planned gains remain scheduled for later in H2. We continue to target £35-45 million for FY 2020 through the projects outlined at FY 2019, with the usual flexibility where we have identified other projects in our pipeline, such as Harwell, which has the potential to deliver gains earlier than anticipated.

We are actively managing our investment portfolio to improve returns, targeting a 10% total annual return in the medium term. Additionally, we are improving operational efficiency, targeting c.£4 million of annualised savings to FY 2022, representing 20% of our overall cost base. We achieved c.£1 million of these savings in the first half.

Our focus is on delivering value for all from our substantial existing pipeline. We will continue to deliver our valuable public private partnership pipeline and trading activities, while operating more efficiently, both to maximise returns for shareholders and to benefit in the long term those communities in which we work."

Conference call for analysts and investors
The Company will hold an audiocast for sell-side analysts and investors at 9am today hosted by Matthew Weiner (CEO), Richard Upton (CDO) and Marcus Shepherd (CFOO).

The audiocast details are below and the interims presentation will be posted on the corporate website: https://www.uandiplc.com/investors/results-and-presentations/

Audiocast link:
https://webcasting.brrmedia.co.uk/broadcast/5da5a37f34a3cf1389e7da0c

Participant dial-in numbers

Dial-in	+44 (0)330 336 9411
Passcode	1662669
Access code	Please quote **U+I** for access to the conference

Forthcoming announcement dates:
U+I will announce its full year results for the year ending 31 March 2020 in May 2020.

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About U+I

U+I is a specialist regeneration developer and investor.

With a >£11.5 billion portfolio of complex, mixed-use, community-focused regeneration projects including a £147.1 million investment portfolio, we are unlocking urban sites bristling with potential in the London City Region (within one hour's commute from Central London), Manchester and Dublin. We exist to create long-term socio-economic benefit for the communities in which we work, delivering sustainable returns to our shareholders.

To find out more, visit www.uandiplc.com or follow us @uandiplc

Chief Executive's Statement

Results for the six months ended 30 September 2019

First half development and trading gains were £3.6 million from project profits identified as part of our guidance for the year ending 31 March 2020.

In the investment portfolio, which is currently in transition to be more dynamic and focused on regeneration, capital value was down £5.8 million. This represents a 3.2% decline on a like for like basis in the first six months, when including our share of joint ventures (H1 2019: -2.6%). This performance reflected the lower valuations of the retail sector assets. Of our directly held portfolio, 40% is in high-yielding, convenience shopping centres, with 96.8% occupancy, where consumer spend is less discretionary and therefore less susceptible to the structural shift to online retailing.

The added value potential within our investment portfolio is clearly demonstrated at our Swanley Shopping Centre asset in Kent where in H1 we were pleased to secure planning permission for a mixed-use scheme, including over 300 new homes, 46,000 sq.ft. additional retail, commercial and community space and a multi-storey car park. This will further enhance the value of this investment asset and was achieved by the leveraging of our combined investment and development expertise. The residential component is now in the market for disposal and will contribute positively to the investment portfolio's performance in H2.

We were also selected by Barnet Council in North London to work exclusively with them to assess the viability of a major regeneration scheme to transform North Finchley high street, making it more suited to modern needs. If the partnership can deliver a viable solution, this would add a major PPP scheme to our already significant development and trading pipeline.

The Group has incurred additional costs in relation to a forward funded development, where construction has now completed and is in the process of being sold. An impairment of £6.5 million has been recognised during the period in this respect. The Group anticipates recovering these costs in the future and any recovery will be treated as a reversal of impairment when received.

As at 30 September 2019 our net debt stood at £154.1 million representing gearing of 47.1% (31 March 2019: £139.0 million and 38.6%). In the first half of the year, the Group repaid £12.4 million of debt relating to its Bromley development. Since 30 September, a further £5.0 million has been repaid as individual unit sales completed and the remaining £20.3 million will be repaid prior to 31 March 2020 from unit sales proceeds.

We continued to improve our operating efficiency, reducing annualised overheads by c.£1 million in the first half, representing c.5% of our cost base.

Consistent with our previously stated policy, the Board has declared an unchanged interim dividend of 2.4 pence per share, which will be payable on 20 December 2019 to shareholders on the register on 29 November 2019. During H2 we will consider, in conjunction with our shareholders, the Company's preferred method of distributing surpluses to shareholders.

Delivering our strategy

Market context and managing risk

A specialist regeneration developer and investor, with a proven track record of working with local authorities to successfully regenerate our towns and cities, U+I is a preferred partner for both the public sector and third party capital. The public sector owns about 15% of all land in our cities (over 20% in London and up to 40% in some boroughs) but lacks the planning and development expertise and the financial resources to address the growing need for more affordable, convenient and inspiring mixed-used places. As a specialist in this field, U+I is ideally placed to deliver both socio-economic value for communities and superior shareholder returns.

U+I focuses on the three high growth geographies of the London City Region (within one hour's commute from Central London), Manchester and Dublin. These regions are concentrated with highly talented people, attract large numbers of tourists, have excellent transport links and show tolerance for diversity. The London City Region is a global commerce, technology and culture hub with a population that is forecast to grow by 10% in the next seven years. Manchester is the most economically important city outside London with 14% population growth forecast in the next five years. Dublin is the capital of the fastest growing economy in the EU.

While these structural growth drivers are clear, optimum progress is hindered by current political and economic uncertainties which are leading to delayed decisions in both the public sector and in the deployment of capital into major regeneration projects. In the short term, with the general election now set, inactivity in the real estate environment is likely to continue, causing further delays in planning, development and investment decisions. For example, Southwark Council has recently cancelled all of its planning meetings for the rest of 2019, which has delayed the outcome of our application for Landmark Court until early 2020.

While such factors are outside our control, we continue to work flexibly and proactively across all of our projects to deliver the gains we have targeted within our originally planned timescales. If some projects are delayed, as with previous years, there are often other projects that have the potential to deliver earlier gains to support delivery of our overall target gains for the full year. This is one of the benefits of our portfolio approach to development.

We also continue to focus on delivering milestone events within our existing valuable public private partnerships (PPP) pipeline. As part of this we are actively progressing discussions with potential funding partners for three key PPP projects at Mayfield, Manchester; 8 Albert Embankment and Landmark Court in London, totalling some £2 billion gross development value (GDV) of projects. There is positive interest in our projects – particularly from Asian, North American and domestic investors – which is particularly encouraging given the levels of caution from inward capital to the UK. The most important milestone to advance these discussions remains securing a resolution to grant planning and we expect a decision on all three projects in H2. We will provide an update on progress in our full year results.

Development and trading

In addition to the £3.6 million secured in H1 2020 from gains from three projects, we continue to make progress across the key projects targeted to deliver our FY 2020 gains. U+I is often second half performance weighted, with a slightly higher weighting this financial year than is typical due to the predominantly trading nature of the projects concerned. We continue to manage our portfolio flexibly to deliver the gains we have targeted within our originally planned timescales.

As an example of this flexibility, Harwell, our joint venture innovation and science cluster in the Oxford corridor, is added to our H2 development and trading guidance. We believe the real estate market for science and research led facilities is strong, with occupational demand for space high. Having delivered over 500,000 sq.ft. of new space over the last five years, we believe that an additional capital partner is required to drive the next phase of growth. We commenced Phase 1 of a marketing campaign to secure this partner in November 2019, with a view to entering into a recapitalisation of the joint venture this financial year, subject to terms and pricing. The potential transaction does not change our future guidance for either development and trading gains or the investment portfolio.

Below are the key value triggers that will support delivery of our profits for each project.

Project	**Target for FY 2020 gains**	**H1 2020 Actual**	**H2 2020 Guidance**	**Progress in H1 2020 and value trigger**
Arts Building, London	£8-10m	-	£6-8m	**H1 progress:** fitting out first floor as Cat A office space; marketing campaign underway. Revised range to reflect market conditions. **Value trigger:** completion of refurbishment, letting and subsequent sale.
Newtown Works, Ashford	£5-7m	-	£5-7m	**H1 progress:** submitted for planning. **Value trigger:** surplus arising from either development of the site or refinancing of the site post planning.
Kensington Church Street, London*	£4-6m	-	£4-6m	**H1 progress:** Inquiry commenced on 5 November, completed on 15 November. **Value trigger:** surplus arising from either development of the site or refinancing of the site post planning decision.
Hendy Wind Farm, Wales	£4-6m	-	£4-6m	**H1 progress:** built first turbine; pursuing accreditation. **Value trigger:** accreditation under Ofgem's RoC scheme and forward sale.
Rhoscrowther Wind Farm, Wales	£1-3m	-	£1-3m	**H1 progress:** finalising revised planning application. **Value trigger:** planning and sale.
Harwell, Oxfordshire*	undisclosed	-	undisclosed	**Progress:** decision taken to recapitalise JV. Phase 1 Marketing commenced. **Value trigger:** complete recapitalisation.
Other smaller projects	£13-15m	£3.6m	£12-14m	**H1 progress:** ongoing activities to drive forward gains target. **Value trigger:** various smaller projects individually contributing <£3.0 million.
Targeted for year ending 31 March 2020	**£35-47m**	**£3.6m**	**£32-44m**	

** Held in joint venture*

We are making good progress on our regeneration strategy in Dublin. Having acquired assets in 2018, these are now subject to an earlier than anticipated rezoning to residential uses, with Dublin City Council in detailed consideration to change the planning designation on our White Heather property within H2. This is a major step to generating value.

In relation to the Hendy Wind Farm, following construction and commissioning of the initial turbine in FY 2019, further construction is required and this is progressing.

Consequently, whilst practical completion of the project will be delayed until Q1 2021, a potential forward sale of the project in H2 would enable profit recognition in FY 2020.

Central to this profit recognition is Ofgem accreditation under the relevant subsidy regime. We, in conjunction with the project's advisors, are of the view that the project has strong grounds for accreditation and aspects of our accreditation application are currently being progressed. Based on our and market experiences elsewhere, we cannot be certain that accreditation will be achieved in H2.

An entrepreneurial portfolio

Our three core geographies of London City Region, Manchester and Dublin, where there is a significant shortfall in quality mixed-use schemes, provide exciting opportunities for development as the public sector looks to improve the socio-economic and financial productivity of its land holdings.

The housing crisis is increasing the pressure on Local Authorities who fail to meet the Government's test of having a five-year supply of housing land. This means that certain Local Authorities will need to grant more planning consents. With a 23% reduction in golf memberships over the last decade marking a steady decline in the sport, we have seen an opportunity to meet housing needs from the regeneration of obsolete golf course land. Over the last two years, we have built up a golf related portfolio of assets comprising a golf driving range and three golf courses. We have submitted for planning on two courses, the latest in September on Broke Hill Golf Course in Sevenoaks. In total, our "golf" portfolio now comprises 390 acres assembled for an investment of c.£10.5 million. This land has a potential GDV of over £875 million, capable of delivering in excess of £50 million of gains to the Company by the end of FY 2022.

As we seek to bring forward our major PPP schemes, we are targeting securing planning consents at 8 Albert Embankment and Landmark Court – two of our major PPP projects in London City Region – in FY 2020. In October 2019 we also submitted planning applications for the first phase of our significant £1.4 billion mixed-use regeneration project at Mayfield, Manchester. This included designs for a 6.5 acre public park (the first in Manchester city centre for over 100 years), an eight storey (72,000 sq.ft. NIA) office building, a twelve storey (230,000 sq.ft. NIA) office building, a multi-storey car park, together with public realm improvements. The offices are in response to strong occupier interest at Mayfield and the wider Manchester market. We are targeting securing resolution to grant planning across these three projects by FY 2020. The delivery of our larger PPP projects will support the planned growth of Development Management fees to c.£6.5 million per annum by FY 2022 (FY 2019: £2.5 million per annum; FY 2016: £0.7 million per annum).

Investment portfolio

Capital value in the investment portfolio was down £5.8 million. This represents a 3.2% decline on a like for like basis in the first six months, when including our share of joint ventures. Notwithstanding this decline, occupancy remains strong at 91.5% across the portfolio and at 96.8% for shopping centres. In H1, we suffered no impact from CVAs across our centres.

C.80% of our investment portfolio assets delivered a largely flat capital value performance, a further indication of their income sustainability, whilst four of our retail assets delivered value declines of 10% or more. Since the half year end, three assets worth a total of c.£24 million are under offer at an overall premium to September 2019 valuation. This includes two non-core retail assets outside of our key geographies that we had identified for disposal. It also includes our single largest void which is under offer on the basis of a 30 year lease with an option to purchase. Completion of this transaction, which is subject to planning, would take overall portfolio occupancy to 93.6%.

Our transition strategy is progressing as we seek to generate superior rental and capital growth, through the ownership of our own regeneration assets. We have identified a minimum of £50 million of potential U+I assets for transition into the portfolio over the next two years which forms part of up to £175 million targeted to transition across over the next five years. Over time, we believe that our transition strategy will lead to consistent returns of 10% per annum. We are currently evaluating the first phase of assets that could transition to ensure they meet our return criteria.

Business optimisation

Following an extensive review of our operations to assess where business improvements could be made, we plan to deliver an annualised overhead saving by FY 2022 of circa £4 million, which is the equivalent of 20% of our current cost base. This, supplemented by increased Development Management fees, will result in a significant £7.5 million decrease in the uncovered element of our overhead before contribution from rental income from £17.5 million to £10.0 million by FY 2022.

With effect from today, Marcus Shepherd (formerly Chief Financial Officer) has been appointed Chief Financial and Operating Officer under the combined title of CFOO. By combining these roles, we can give single point accountability for the delivery of our efficiencies programme.

Summary and outlook

We continue to focus on managing our portfolio to deliver gains in H2 within originally planned timescales, as well as on realising the full potential of our development pipeline over the longer term. Our investment portfolio transition strategy is well underway, and our focus on overhead savings will underpin enhanced shareholder returns over the coming years.

Our strategic vision remains to deliver high quality regeneration aligned to the growth trends of urbanisation and unfulfilled demand for affordable, convenient and inspiring places. We look forward to delivering this for the benefit of both our shareholders and communities alike.

Financial review

Net assets attributable to shareholders decreased by £33.1 million to £327.0 million (31 March 2019: £360.1 million) reflecting the result for the period and the payment of £9.5 million of dividends declared in respect of the previous financial year (£5.1 million supplemental dividend and £4.4 million final dividend).

The result for the six months to 30 September 2019 was a loss before tax of £23.9 million (31 August 2018: £4.2 million loss).

Our guidance for development and trading gains for the financial year has been reconfirmed as a range of £35-45 million, following the delivery of £3.6 million of gains in the first half of the year, reflecting the previously notified second half weighting.

The Group has incurred additional costs in relation to a forward funded development, where construction has now completed and is in the process of being sold. An impairment of £6.5m has been recognised during the period in this respect. The Group anticipates recovering these costs in the future and recovery will be treated as a reversal of impairment when received.

As at 30 September 2019 our net debt stood at £154.1 million representing gearing of 47.1% (31 March 2019: £139.0 million and 38.6%). In the first half of the year, the Group repaid £12.4 million of debt relating to its Bromley development. Since 30 September, a further £5.0 million has been repaid as individual unit sales completed and the remaining £20.3 million will be repaid prior to 31 March 2020 from unit sales proceeds.

Overall, the weighted average maturity of our debt is 5.9 years with a weighted average interest rate of 4.7%, excluding joint ventures.

The introduction of IFRS 16 has resulted in the recognition on the Group's balance sheet of £44.5 million of lease liabilities and £42.9 million of right-of-use assets as at 30 September 2019. In addition, interest expense now includes a charge of £1.4 million relating to property assets held via long leasehold arrangements.

The Group continues to monitor its risk profile on a regular basis. The main business risks continue to be construction and planning risk with an increasing element of market/political risk as the Government continues its Brexit related negotiations. The Risk Management Committee continually reviews the Group's risk profile, reporting to the Audit and Risk Committee and the Board. Principal risks are categorised either as external risks, whose occurrence is beyond the control of the Group, or business risks which the Board manage as part of the Group's operations. Further details can be found in the U and I Group PLC 2019 Annual Report.

Portfolio analysis

Tenant profile – gross rental income

1	FTSE 100	4.2%
2	Government	0.4%
3	PLC/Nationals	59.0%
4	Regional Multiples	7.6%
5	Local Traders	28.8%

Location profile – capital value

1	London	27.3%
2	South East	42.7%
3	South West	14.7%
4	Manchester	2.3%
5	North	5.6%
6	Wales	2.8%
7	Ireland	4.6%

Lease profile – gross rental income

1	0-5 years	50.8%
2	5-10 years	28.0%
3	10-15 years	15.6%
4	15-20 years	4.6%
5	20 years+	1.0%

Analysis by sector – capital value

1	Food store anchored retail	45.6%
2	Other retail	19.1%
3	Office	18.2%
4	Leisure	17.1%

Income generating properties as at 30 September 2019

Top five occupiers		**30 September 2019**
	Annual rent £'m	% of contracted rent
Matalan	0.5	4.7
J Sainsbury Plc	0.5	4.2
Ricardo-Aea Ltd	0.5	3.8
JD Wetherspoon PLC	0.4	3.2
Wilkinson	0.3	3.7

Top five occupiers		31 March 2019
	Annual rent £'m	% of contracted rent
Matalan	0.5	4.7
J Sainsbury Plc	0.5	4.2
Ricardo-Aea Ltd	0.5	3.9
B&M	0.4	3.2
Carpetright	0.3	2.7

Income generating properties – Like-for-like rental income received **30 September 2019**

	Properties owned throughout the period £ million	Acquisitions £ million	Disposals £ million	Total net rental income £ million
Investment properties	5.7	1.2	–	6.9
Development and trading properties	0.9	1.1	–	2.0
Joint ventures	2.0	–	–	2.0
	8.6	**2.3**	–	**10.9**

31 August 2018

	Properties owned throughout the period £ million	Acquisitions £ million	Disposals £ million	Total net rental income £ million
Investment properties	6.0	0.1	–	6.1
Development and trading properties	0.8	–	0.1	0.9
Joint ventures	1.4	–	0.1	1.5
	8.2	0.1	0.2	8.5

Investment property – key statistics

	Portfolio value £ million	Contracted rent £ million	Number of assets held No.	New lettings in period £ million/ '000 sq.ft.	Initial yield in period* %	Equivalent yield* %	Voids* %	Rate of rent collections within 30 days %
30 September 2019	**147.1**	**11.7**	**18**	**£0.8m/53 sq.ft.**	**7.0**	**8.0**	**8.5**	**94.5**
31 March 2019	154.0	11.7	19	£1.3m/108 sq.ft.	6.6	7.9	7.3	95.0
31 August 2018	145.7	12.5	17	£1.1m/148 sq.ft.	6.6	8.1	8.9	91.2

** Based on the core investment property assets only.*

Consolidated statement of comprehensive income unaudited for the six months ended 30 September 2019

	Notes	**Six months to 30 September 2019 unaudited £ million**	Six months to 31 August 2018 unaudited £ million	13-month period to 31 March 2019 audited £ million
Revenue	2	**46.0**	54.0	150.3
Direct costs	2	**(44.4)**	(48.8)	(123.4)
Gross profit	2	**1.6**	5.2	26.9
Operating costs	2	**(10.1)**	(11.0)	(21.9)
Loss on disposal of investment properties	2	**(0.3)**	(0.1)	(0.2)
Loss on revaluation of property portfolio	2	**(5.6)**	(6.2)	(11.2)
Operating loss		**(14.4)**	(12.1)	(6.4)
Other income	2	**0.9**	1.4	2.5
Share of post-tax (loss)/profit of joint ventures and associates	10	**(4.5)**	5.4	12.1
Profit on sale of investment	2	**–**	4.4	3.9
(Loss)/profit before interest and income tax	2	**(18.0)**	(0.9)	12.1
Finance income	3	**0.3**	0.1	0.6
Finance costs	3	**(6.2)**	(3.4)	(6.4)
(Loss)/profit before income tax		**(23.9)**	(4.2)	6.3
Income tax	4	**1.1**	(0.3)	(1.1)
(Loss)/profit after income tax for the period attributable to owners of the parent		**(22.8)**	(4.5)	5.2
Other comprehensive income:				
(Loss)/profit for the period		**(22.8)**	(4.5)	5.2
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences		**0.1**	0.2	0.2
Total comprehensive (loss)/income for the period attributable to owners of the parent		**(22.7)**	(4.3)	5.4
Basic (loss)/earnings per share	6	**(18.3)p**	(3.5)p	4.2p
Diluted (loss)/earnings per share	6	**(18.3)p**	(3.5)p	4.2p

All amounts in the Consolidated statement of comprehensive income relate to continuing operations.

Notes 1 to 19 form an integral part of these condensed consolidated interim financial statements

Consolidated balance sheet
unaudited as at 30 September 2019

	Notes	**30 September 2019 unaudited £ million**	31 August 2018 unaudited £ million	31 March 2019 audited £ million
Non-current assets				
Direct real estate interests				
Investment properties	7	**147.1**	145.7	154.0
Operating property		**0.8**	0.8	0.8
Right-of-use assets	17	**42.9**	–	–
Trade and other receivables		**8.0**	8.7	4.6
		198.8	155.2	159.4
Indirect real estate interests				
Investments in associates	10	**5.8**	5.3	5.8
Investments in joint ventures	10	**113.4**	86.9	103.9
Intangible assets – goodwill	8	**2.3**	2.3	2.3
Financial assets at amortised cost		**3.4**	–	3.2
Financial assets at fair value through profit and loss		**13.3**	8.0	13.2
Financial assets at fair value through other comprehensive income		**1.2**	1.3	1.3
		139.4	103.8	129.7
Other non-current assets				
Other plant and equipment		**4.6**	4.2	4.6
Deferred income tax assets		**2.1**	1.3	1.3
		6.7	5.5	5.9
Total non-current assets		**344.9**	264.5	295.0
Current assets				
Inventory – development and trading properties	9	**187.5**	206.3	203.8
Other financial assets at amortised cost		**9.0**	8.9	9.0
Other financial assets at fair value through profit or loss		**13.8**	11.9	13.7
Trade and other receivables		**46.2**	64.9	60.3
Monies held in restricted accounts and deposits		**8.5**	15.7	8.8
Cash and cash equivalents		**7.8**	44.1	31.9
		272.8	351.8	327.5
Total assets		**617.7**	616.3	622.5
Current liabilities				
Trade and other payables		**(70.5)**	(70.9)	(77.3)
Current income tax liabilities		**(1.2)**	(5.8)	(1.2)
Borrowings	11	**(25.6)**	(70.4)	(37.4)
Lease liabilities	17	**(5.3)**	–	–
Provisions for other liabilities and charges	12	**(0.2)**	(1.0)	–
		(102.8)	(148.1)	(115.9)
Non-current liabilities				
Borrowings	11	**(144.8)**	(108.1)	(142.3)
Lease liabilities	17	**(39.2)**	–	–
Deferred income tax liabilities		**(3.2)**	(3.5)	(3.5)
Provisions for other liabilities and charges	12	**(0.7)**	(0.4)	(0.7)
		(187.9)	(112.0)	(146.5)
Total liabilities		**(290.7)**	(260.1)	(262.4)
Net assets		**327.0**	356.2	360.1
Equity				
Share capital	13	**62.7**	62.7	62.7
Other reserves		**158.2**	161.9	159.0
Retained earnings		**106.1**	131.6	138.4
Total equity		**327.0**	356.2	360.1
Basic/diluted net assets per share attributable to owners of the Parent	6	**263p/262p**	284p/284p	289p/289p

Notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity unaudited as at 30 September 2019

	Share capital £ million	Other reserves £ million	Retained earnings £ million	Total £ million
Balance at 1 March 2018	62.7	161.1	155.5	379.3
Loss for the six months ended 31 August 2018	–	–	(4.5)	(4.5)
Other comprehensive income:				
Currency translation differences - Group	–	0.2	–	0.2
Total comprehensive income for the six-month period ended 31 August 2018	–	0.2	(4.5)	(4.3)
Issue of Ordinary shares	–	0.2	–	0.2
Share based payments (net movement)	–	0.2	–	0.2
Treasury shares (net movement)	–	0.2	–	0.2
Final dividend relating to 2018	–	–	(4.4)	(4.4)
Supplemental dividend 2018	–	–	(15.0)	(15.0)
Total contributions by and distributions to owners of the Company	–	0.6	(19.4)	(18.8)
Balance at 31 August 2018	**62.7**	**161.9**	**131.6**	**356.2**
Profit for the seven months ended 31 March 2019	–	–	9.7	9.7
Total comprehensive income for the seven-month period ended 31 March 2019	–	–	9.7	9.7
Share based payments (net movement)	–	(1.3)	0.1	(1.2)
Treasury shares (net movement)	–	(1.6)	–	(1.6)
Interim dividend 2018	–	–	(3.0)	(3.0)
Total contributions by and distributions to owners of the Company	–	(2.9)	(2.9)	(5.8)
Balance at 31 March 2019	**62.7**	**159.0**	**138.4**	**360.1**
Loss for the six months ended 30 September 2019	–	–	(22.8)	(22.8)
Other comprehensive income:				
Currency translation differences - Group	–	0.1	–	0.1
Total comprehensive income for the six-month period ended 30 September 2019	–	0.1	(22.8)	(22.7)
Share based payments	–	(0.6)	–	(0.6)
Treasury shares (net movement)	–	(0.3)	–	(0.3)
Final dividend relating to 2019	–	–	(4.4)	(4.4)
Supplemental dividend 2019	–	–	(5.1)	(5.1)
Total contributions by and distributions to owners of the Company	–	(0.9)	(9.5)	(10.4)
Balance at 30 September 2019	**62.7**	**158.2**	**106.1**	**327.0**

Notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

Consolidated cash flow statement
unaudited for the six months ended 30 September 2019

	Notes	Six months to 30 September 2019 unaudited £ million	Six months to 31 August 2018 unaudited £ million	13-month period to 31 March 2019 audited £ million
Cash flows from operations				
Cash flows generated from operating activities	14	**19.3**	25.8	31.6
Interest paid		**(3.6)**	(2.6)	(7.2)
Income tax paid		**–**	(2.0)	(7.6)
Net cash generated from operating activities		**15.7**	21.2	16.8
Cash flows from investing activities:				
Interest received		**0.2**	0.1	0.4
Proceeds on disposal of investment properties		**0.1**	–	7.3
Proceeds from sale of investments		**–**	3.5	10.5
Purchase of other plant and equipment		**(0.5)**	(0.4)	(1.2)
Purchase of investment properties		**(2.7)**	(12.4)	(30.5)
Investment in joint ventures and associates		**(14.1)**	(16.0)	(31.4)
Cash inflow from joint ventures and associates – dividends		**–**	17.4	17.7
Cash inflow from joint ventures and associates – repayment of loans		**0.1**	5.9	9.0
Cash outflow for financial asset loan		**(1.1)**	(0.2)	(3.8)
Cash inflow from financial assets – loans repaid by other real estate businesses		**0.8**	2.7	10.5
Net cash (used in)/generated from investing activities		**(17.2)**	0.6	(11.5)
Cash flows from financing activities:				
Dividends paid		**(9.5)**	(19.4)	(22.4)
Issue of new shares		**–**	0.2	0.2
Purchase of treasury shares		**(0.3)**	–	(1.3)
Repayments of borrowings		**(12.8)**	(0.6)	(38.2)
New bank loans raised		**1.0**	5.7	46.0
Transaction costs associated with borrowings		**–**	–	(0.9)
Lease payments		**(1.3)**	–	–
Cash released from restricted accounts		**1.2**	13.6	31.9
Cash retained by restricted accounts		**(0.9)**	(17.8)	(29.3)
Net cash used in financing activities		**(22.6)**	(18.3)	(14.0)
Net (decrease)/increase in cash and cash equivalents		**(24.1)**	3.5	(8.7)
Cash and cash equivalents at the beginning of the period		**31.9**	40.6	40.6
Cash and cash equivalents at the end of the period		**7.8**	44.1	31.9
Cash and cash equivalents comprise:				
Cash at bank and in hand		**7.8**	44.1	31.9
Cash and cash equivalents at the end of the period		**7.8**	44.1	31.9

	Notes	Six months to 30 September 2019 unaudited £ million	Six months to 31 August 2018 unaudited £ million	13-month period to 31 March 2019 Audited £ million
Net debt comprises:				
Monies held in restricted accounts and deposits		**8.5**	15.7	8.8
Cash and cash equivalents		**7.8**	44.1	31.9
Financial liabilities:				
Current borrowings	11	**(25.6)**	(70.4)	(37.4)
Non-current borrowings	11	**(144.8)**	(108.1)	(142.3)
Net debt		**(154.1)**	(118.7)	(139.0)

Notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

Notes to the interim financial information unaudited for the six months ended 30 September 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) General information

The principal activity of U and I Group PLC and its subsidiaries is property investment and development in the UK and Republic of Ireland.

The condensed consolidated interim financial statements for the six months ended 30 September 2019 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 19 November 2019.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 7A Howick Place, London, SW1P 1DZ.

The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the 13-month period ended 31 March 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, were approved by the Board of Directors on 21 May 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have been reviewed, not audited.

b) Basis of preparation of half-year report

These condensed consolidated interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the Group's annual financial statements for the 13-month period ended 31 March 2019, which have been prepared in accordance with IFRS, as adopted by the European Union.

Going concern basis

The Group has considerable financial resources. Rental income continues to be robust, with the risk of significant default assessed by the Directors as low. Development and trading activities are well diversified across regions and sectors. Debt finance is secured for appropriate periods and the Group is comfortable with its covenant positions. As a result, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed the principal risks facing the Group, the Directors considered it appropriate to continue to adopt the going concern basis of accounting in preparing the interim financial statements.

c) Significant events and transaction

The key events for the Group during the interim period were:

- The Group has submitted planning applications for a number of key sites during the period in respect of its direct and joint venture development and trading portfolio.
- Development and trading activity continued to be strong with a high level of construction work (£20.9 million) and disposals (£31.9 million) in the period (note 9).
- The Group's directly owned investment property portfolio suffered a valuation deficit of £5.6 million (3.8%).
- The Group has incurred additional costs in relation to a forward funded development, where construction has now completed and is in the process of being sold. An impairment of £6.5 million has been recognised during the period in this respect.

d) Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 13-month period ended 31 March 2019.

In addition, following the application of IFRS 16, Leases, the Group was required to make judgements and estimates in respect of the following:

- Lease term – the Group needs to determine the likelihood of leases being terminated or extended.
- Incremental borrowing rate – the Group needs to establish an appropriate rate to use depending on the type and use of the asset.

e) Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the Group's financial statements for the 13-month period ended 31 March 2019, as described in those financial statements other than stated below (refer note 17).

A number of new standards and amendments to standards have been issued and are effective from 1 April 2019. The most significant of these are set out below:

- IFRS 16 Leases

The Group adopted IFRS 16, Leases using the modified approach from 1 April 2019, as permitted under the specific transition provisions in the standard. Comparatives for the 13-month period to 31 March 2019 have therefore not been restated.

The impact of adoption of the leasing standard and the new accounting policies are disclosed in note 17. No other standards have had any impact on the Group's accounting policies and did not require retrospective adjustment.

f) Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements as at 31 March 2019.

Uncertainty surrounding the United Kingdom's exit from the European Union continues to be an area of risk for the Group, especially as the next exit deadline again moves closer. The Group continues to monitor the Brexit negotiations and their potential impact along with the impending General Election in December 2019. Otherwise, there have been no changes in risk management or in any risk management policies since the year end.

Liquidity risk

Compared to the period ended 31 March 2019, there is no material change in the contractual undiscounted cash out flows for financial liabilities.

Currency risk

The Directors closely monitor the Group's exposure to Euro denominated assets and liabilities. During the period, the Group has maintained investments in the Republic of Ireland. The Board will enter into foreign currency hedging instruments to limit exposure if deemed appropriate.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 September 2019:

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
Assets				
Investment properties	–	–	147.1	147.1
Financial assets at fair value through other comprehensive income (FVOCI)	–	–	1.2	1.2
Financial assets at fair value through profit or loss (FVPL)			27.1	27.1
Total assets	**–**	**–**	**175.4**	**175.4**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 August 2018:

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
Assets				
Investment properties	–	–	145.7	145.7
Financial assets at fair value through other comprehensive income (FVOCI)	–	–	1.3	1.3
Financial assets at fair value through profit or loss (FVPL)			19.9	19.9
Total assets	**–**	**–**	**166.9**	**166.9**

The following table presents the Group's assets that are measured at fair value at 31 March 2019:

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
Assets				
Investment properties	–	–	154.0	154.0
Financial assets at fair value through other comprehensive income (FVOCI)	–	–	1.3	1.3
Financial assets at fair value through profit or loss (FVPL)			26.9	26.9
Total assets	**–**	**–**	**182.2**	**182.2**

There have been no reclassifications of financial assets during the period.

Fair value measurement using significant unobservable inputs (level 3)

	Financial assets at fair value through other comprehensive income £ million	Financial assets at fair value through profit and loss £ million
At 1 March 2018	–	23.7
Loans advanced	–	0.2
Settlements	–	(2.7)
Transfer to financial assets at fair value through other comprehensive income (FVOCI)	1.3	(1.3)
At 31 August 2018	1.3	19.9
Loans advanced	–	3.6
Settlements	–	(7.8)
Asset receivable on completion of development schemes		5.5
Reversal of previous Impairments	–	5.7
At 31 March 2019	1.3	26.9
Loans advanced	–	1.1
Settlements	(0.1)	(0.9)
At 30 September 2019	**1.2**	**27.1**

A review of the fair value of financial assets is performed at each reporting date with any significant changes in value reported to the Board and Audit and Risk Committee. Level 3 assets consist of loans to other real estate businesses. Each receivable is reviewed as to its recoverability. If recoverability is in doubt an appropriate provision would be made based on the best estimate of the loan recoverable. The Board have concluded that there are no financial assets which are recognised at FVPL where the loan amount is not the best evidence of fair value. For those assets valued at FVOCI, the Board takes in to account future cashflows and risk adjusted discount rates.

Contingent consideration in a business combination

The Group had no contingent consideration liabilities at 30 September 2019, 31 August 2018 or 31 March 2019.

Group's valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of Level 3 investment property assets (refer note 7). The valuation process involves the Investment Team, our asset service provider and valuers. Every six months, prior to the valuation date, full tenancy information, verified by both the Investment Team and asset service 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 fair value of Level 3 assets is also determined by utilising the valuers own internal databases and propriety/external resources for both rental and capital evidence/yield evidence. In addition, they will review 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.

The key unobservable assumptions used in the valuations are:

Valuation technique	Key unobservable input	Range
Income capitalisation	Equivalent yields	5.00% - 10.67%
Residual development method	Price per acre/development margin	£0.45m per acre, 15.0% - 20.0%
Residual development method	Estimated profit margin	15.0% - 20.0%

More information relating to valuation methodology is contained within the Group's financial statements as at 31 March 2019.

The carrying value of the following financial assets and liabilities approximate to their fair value:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables

g) Related parties

Related party disclosures are given in note 16.

h) Capital commitments

As at 30 September 2019, the Group had no contracted capital expenditure or commitments for loans to its associates (31 August 2018: £nil, 31 March 2019: £0.1 million).

2. SEGMENTAL ANALYSIS

The Group is organised for management purposes into two operating divisions, whose principal activities are as follows:

Investment	– management of the Group's investment property portfolio, generating rental income and valuation surpluses from property management; and
Development and trading	– managing the Group's development and trading properties. Revenue is received from rental income, project management fees, development profits and the disposal of inventory.

Operating segmental information for the periods ending 30 September 2019, 31 August 2018 and 31 March 2019 are reported below.

These divisions are the basis on which the Group reports its primary segmental information. All operations occur and all assets are located in the United Kingdom or the Republic of Ireland. All revenue arises from continuing operations.

Unallocated amounts relate to general corporate assets and liabilities which cannot be allocated to specific segments.

	Six months to 30 September 2019 (unaudited)		
	Investment £ million	Development and trading £ million	Total £ million
Segment revenue	**7.9**	**38.1**	**46.0**
Direct costs	**(3.9)**	**(40.5)**	**(44.4)**
Segment result	**4.0**	**(2.4)**	**1.6**
Operating costs	**(0.5)**	**(5.7)**	**(6.2)**
Unallocated operating costs			**(3.9)**
Loss on disposal of investment properties	**(0.3)**	–	**(0.3)**
Loss on revaluation of investment property portfolio	**(5.6)**	–	**(5.6)**
Operating loss			**(14.4)**
Other income	**0.2**	**0.7**	**0.9**
Share of post-tax loss of joint ventures	**(4.0)**	**(0.5)**	**(4.5)**
Loss before interest and income tax			**(18.0)**
Finance income	**0.1**	**0.2**	**0.3**
Finance costs	**(2.1)**	**(4.1)**	**(6.2)**
Loss before income tax			**(23.9)**
Income tax			**1.1**
Loss after income tax			**(22.8)**
Assets and liabilities			
Segment assets	**171.3**	**417.2**	**588.5**
Unallocated assets			**29.2**
Total assets			**617.7**
Segment liabilities	**(79.6)**	**(193.3)**	**(272.9)**
Unallocated liabilities			**(17.8)**
Total liabilities			**(290.7)**

Revenue	Investment £ million	Development and trading £ million	Total £ million
	Six months to 30 September 2019 (unaudited)		
Rental income	**6.9**	**2.0**	**8.9**
Serviced office income	**0.9**	**–**	**0.9**
Trading property sales	**–**	**0.6**	**0.6**
Development proceeds	**–**	**35.1**	**35.1**
Other income	**0.1**	**0.4**	**0.5**
	7.9	**38.1**	**46.0**

Six months to 31 August 2018 (unaudited)

	Investment £ million	Development and trading £ million	Total £ million
Segment revenue	7.5	46.5	54.0
Direct costs	(3.6)	(45.2)	(48.8)
Segment result	3.9	1.3	5.2
Operating costs	(1.2)	(9.8)	(11.0)
Gain on disposal of investment properties	(0.1)	–	(0.1)
Loss on revaluation of investment property portfolio	(6.2)	–	(6.2)
Operating loss	(3.6)	(8.5)	(12.1)
Other income	0.3	1.1	1.4
Share of post-tax (loss)/profit of joint ventures	(1.7)	7.1	5.4
Profit on sale of investment	–	4.4	4.4
(Loss)/profit before interest and income tax	(5.0)	4.1	(0.9)
Finance income	0.1	–	0.1
Finance costs	(1.1)	(2.3)	(3.4)
(Loss)/profit before income tax	(6.0)	1.8	(4.2)
Income tax			(0.3)
Loss after income tax			(4.5)
Assets and liabilities			
Segment assets	171.1	394.3	565.4
Unallocated assets			50.9
Total assets			616.3
Segment liabilities	(73.5)	(174.5)	(248.0)
Unallocated liabilities			(12.1)
Total liabilities			(260.1)
Revenue			
Rental income	6.1	0.9	7.0
Serviced office income	1.3	–	1.3
Project management fees	–	0.2	0.2
Trading property sales	–	4.7	4.7
Development proceeds	–	38.4	38.4
Other income	0.1	2.3	2.4
	7.5	46.5	54.0

13-month period to 31 March 2019 (audited)

	Investment £ million	Development and trading £ million	Total £ million
Segment revenue	16.3	134.0	150.3
Direct costs	(8.7)	(114.7)	(123.4)
Segment result	7.6	19.3	26.9
Operating costs	(1.3)	(11.0)	(12.3)
Unallocated operating costs			(9.6)
Loss on disposal of investment properties	(0.2)	–	(0.2)
Loss on revaluation of property portfolio	(11.2)	–	(11.2)
Operating loss			(6.4)
Other income	0.5	2.0	2.5
Share of post-tax (losses)/profits of joint ventures and associates	(5.0)	17.1	12.1
Profit on sale of investment	–	3.9	3.9
Profit before interest and income tax			12.1
Finance income	0.2	0.4	0.6
Finance costs	(3.7)	(2.7)	(6.4)
Profit before income tax			6.3
Income tax			(1.1)
Profit after income tax			5.2

Assets and liabilities	Investment £ million	Development and trading £ million	Total £ million
	13-month period to 31 March 2019 (audited)		
Segment assets	174.7	410.4	585.1
Unallocated assets			37.4
Total assets			622.5
Segment liabilities	(74.8)	(181.2)	(256.0)
Unallocated liabilities			(6.4)
Total liabilities			(262.4)
Revenue			
Rental income	13.7	2.5	16.2
Serviced office income	2.4	–	2.4
Project management fees	–	0.3	0.3
Trading property sales	–	7.4	7.4
Other property income	–	7.4	7.4
Development proceeds	–	116.4	116.4
Other income	0.2	–	0.2
	16.3	134.0	150.3

3. FINANCE INCOME AND COSTS

	Six months to 30 September 2019 unaudited £ million	Six months to 31 August 2018 unaudited £ million	13-month period to 31 March 2019 audited £ million
Finance income			
Interest receivable	**0.3**	0.1	0.4
Net foreign currency differences arising on retranslation of cash and cash equivalents	–	–	0.2
Total finance income	**0.3**	0.1	0.6
Finance costs			
Interest on bank loans and other borrowings	**(5.2)**	(4.1)	(9.1)
Interest on lease liabilities	**(1.4)**	–	–
Amortisation of transaction costs	**(0.2)**	(0.2)	(0.5)
Net foreign currency differences arising on retranslation of cash and cash equivalents	**(0.7)**	(0.6)	–
	(7.5)	(4.9)	(9.6)
Capitalised interest on development and trading properties	**1.3**	1.5	3.2
Total finance costs	**(6.2)**	(3.4)	(6.4)
Net finance costs	**(5.9)**	(3.3)	(5.8)
Net finance costs before foreign currency differences	**(5.2)**	(2.7)	(6.0)

4. INCOME TAX

Income tax charge is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2019 is 19.0% (the estimated tax rate for 31 March 2019 was 19.0%).

	Six months to 30 September 2019 unaudited £ million	Six months to 31 August 2018 unaudited £ million	13-month period to 31 March 2019 Audited £ million
Current tax charge	**–**	0.1	1.0
Deferred tax (credit)/charge	**(1.1)**	0.2	0.1
Total income tax	**(1.1)**	0.3	1.1

5. DIVIDENDS

	Six months to 30 September 2019 unaudited	Six months to 31 August 2018 unaudited	13-month period to 31 March 2019 audited
Amounts recognised as distributions to equity holders in the period	**9.5**	19.4	22.4
Proposed dividend	**3.0**	3.0	4.4
Supplemental dividend declared	–	–	5.1
	Pence	Pence	Pence
Interim dividend per share	**2.40**	2.40	2.40
Final dividend per share	–	–	3.50
Supplemental dividend	–	–	4.10

The £5.1 million supplemental dividend, approved on 21 May 2019, was paid on 12 July 2019. The final dividend of £4.4 million for the 13-month period to 31 March 2019 was paid on 6 September 2019.

An interim dividend was declared by the Board on 19 November 2019 and has not been included as a liability or deducted from retained earnings as at 30 September 2019. The interim dividend is payable on 20 December 2019 to Ordinary shareholders on the register at the close of business on 29 November 2019. The interim dividend in respect of the six-month period to 30 September 2019 will be recorded in the financial statements for the year ending 31 March 2020.

6. (LOSS)/EARNINGS PER SHARE AND NET ASSETS PER SHARE

Management has chosen to disclose the European Public Real Estate Association (EPRA) adjusted net assets per share and earnings per share from continuing activities in order to provide an indication of the Group's underlying business performance and to assist comparison between European property companies.

The calculation of basic and diluted (loss)/earnings per share and EPRA adjusted (loss)/earnings per share is based on the following data:

	Six months to 30 September 2019 unaudited	Six months to 31 August 2018 unaudited	13-month period to 31 March 2019 audited
(Loss)/earnings			
(Loss)/earnings for the purposes of basic and diluted earnings per share (£ million)	**(22.8)**	(4.5)	5.2
Revaluation loss (including share of joint venture revaluation surplus)	**5.8**	3.8	8.8
Loss on disposal of investment properties	**0.3**	0.1	0.2
Net impairment of development and trading properties	**–**	3.9	9.1
Reversal of previous Impairments	**–**	–	(5.7)
Mark-to-market adjustment on interest rate swaps, caps and collars (including share of joint venture mark-to-market adjustment)	**0.5**	–	0.4
EPRA adjusted (loss)/earnings from continuing activities attributable to owners of the Company	**(16.2)**	3.3	18.0
Number of shares (million)			
Weighted average number of Ordinary shares for the purposes of basic earnings per share	**124.6**	125.4	124.7
Effect of dilutive potential Ordinary shares:			
– Share options	**–**	0.1	0.1
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**124.6**	125.5	124.8
Basic (loss)/earnings per share (pence)	**(18.3)p**	(3.5)p	4.2p
Diluted (loss)/earnings per share (pence)	**(18.3)p**	(3.5)p	4.2p
EPRA adjusted (loss)/earnings per share (pence)	**(13.1)p**	2.7p	14.4p
EPRA adjusted diluted (loss)/earnings per share (pence)	**(13.1)p**	2.7p	14.4p

The Directors consider the acquisition and disposal of trading assets to be part of the core business of the Group and therefore have not adjusted profit for the gain on disposal when calculating EPRA adjusted earnings per share.

Basic and diluted net assets per share and EPRA adjusted basic, diluted and triple net assets per share have been calculated as follows:

	Six months to 30 September 2019 unaudited	Six months to 31 August 2018 unaudited	13-month period to 31 March 2019 audited
Net assets (£ million):			
Basic net assets per share attributable to the owners	**327.0**	356.2	360.1
Cumulative mark-to-market adjustment on interest rate swaps	**(0.9)**	–	(0.4)
EPRA adjusted net assets	**326.1**	356.2	359.7
Cumulative mark-to-market adjustment on interest rate swaps	**0.9**	–	0.4
Fair value of debt	**(16.7)**	(10.6)	(12.6)
EPRA adjusted triple net assets	**310.3**	345.6	347.5
Effect of dilutive potential Ordinary shares	**0.4**	0.6	0.5
Diluted net assets	**327.4**	356.8	360.6
EPRA adjusted diluted net assets	**326.5**	356.8	360.2
EPRA adjusted diluted triple net assets	**310.7**	346.2	348.0
Number of shares (million):			
Number of shares in issue at the balance sheet date	**124.5**	125.4	124.7
Effect of dilutive potential Ordinary shares	**0.3**	0.3	0.3
Diluted number of shares in issue at the balance sheet date	**124.8**	125.7	125.0
Basic net assets per share (pence)	**263p**	284p	289p
Diluted net assets per share (pence)	**262p**	284p	289p
EPRA adjusted net assets per share (pence)	**262p**	284p	288p
EPRA adjusted diluted net assets per share (pence)	**262p**	284p	288p
EPRA adjusted triple net assets per share (pence)	**249p**	276p	280p
EPRA diluted triple net assets per share (pence)	**249p**	275p	280p

7. INVESTMENT PROPERTIES

	Freehold £ million	Long leasehold £ million	Total £ million
At valuation 1 March 2018	97.4	42.1	139.5
Additions:			
– acquisitions	11.3	–	11.3
– capital expenditure	0.7	0.4	1.1
Loss on revaluation	(4.5)	(1.7)	(6.2)
At valuation 31 August 2018	104.9	40.8	145.7
Additions:			
– acquisitions	12.8	5.1	17.9
– capital expenditure	–	0.7	0.7
Transfer from development and trading assets	–	2.7	2.7
Disposals	(0.5)	(7.5)	(8.0)
Loss on revaluation	(2.4)	(2.6)	(5.0)
At valuation 31 March 2019	114.8	39.2	154.0
Additions:			
– capital expenditure	2.3	0.4	2.7
Disposals	(4.0)	–	(4.0)
Loss on revaluation	(2.3)	(3.3)	(5.6)
At valuation 30 September 2019	**110.8**	**36.3**	**147.1**

The Group's investment properties have been valued at 30 September 2019 by independent valuers and by the Directors on the basis of market value in accordance with the Appraisal and Valuation Standards of the Royal Institute of Chartered Surveyors. Completed investment properties have been valued by CBRE Ltd at a value of £135.8 million (31 August 2018: £130.5 million, 31 March 2019: £138.7 million).

Included within investment properties are freehold land and buildings representing investment properties under development, amounting to £11.3 million (31 August 2018: £15.2 million, 31 March 2019: £15.3 million), which have been valued by the Directors. Of this, £4.4 million (31 August 2018: £8.1 million, 31 March 2019: £8.1 million) comprise buildings and landholdings adjacent to retail properties within the Group's portfolio, acquired for the purpose of extending existing shopping centres. The balance of £6.9 million relates to strategic land held for the future development of 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 and hence has been estimated by the Directors at cost as an approximation to fair value.

8. INTANGIBLE ASSETS – GOODWILL

	£ million
Goodwill	
At 1 March 2018, 31 August 2018, 31 March 2019 and 30 September 2019	**2.3**

Goodwill has been reviewed for impairment at the reporting date with no impairment deemed necessary.

9. INVENTORY – DEVELOPMENT AND TRADING PROPERTIES

	Development properties £ million	Trading properties £ million	Total £ million
At 1 March 2018	202.6	13.8	216.4
Additions:			
– development expenditure	31.2	0.3	31.5
Disposals	(31.2)	(4.1)	(35.3)
Foreign currency differences	–	0.1	0.1
Write-down of trading properties to net realisable value	(5.9)	(0.5)	(6.4)
At 31 August 2018	196.7	9.6	206.3
Additions:			
– acquisitions	–	35.9	35.9
– development expenditure	34.9	0.1	35.0
– capitalised staff costs	1.4	–	1.4
Transfer to investment assets	(2.7)	–	(2.7)
Disposals	(66.8)	(2.4)	(69.2)
Foreign currency differences	–	(0.2)	(0.2)
Write-down of trading properties to net realisable value	(1.5)	(1.2)	(2.7)
At 31 March 2019	162.0	41.8	203.8
Additions:			
– development expenditure	20.1	0.8	20.9
– capitalised staff costs	0.8	–	0.8
Disposals	(31.9)	–	(31.9)
Foreign currency differences	–	0.4	0.4
Write-down of development asset to net realisable value	(6.5)	–	(6.5)
At 30 September 2019	**144.5**	**43.0**	**187.5**

Included in the above amounts are projects stated at net realisable value, being development and trading properties of £77.3 million (31 August 2018: £89.3 million, 31 March 2019: £88.3 million).

10. INVESTMENTS

	Investments in associates £ million	Investments in joint ventures £ million
At 1 March 2018	–	92.8
Additions	5.3	10.6
Share of profit of joint ventures	–	3.0
Share of revaluation surplus of joint venture	–	2.4
Share of results of joint ventures	–	5.4
Dividend distributions	–	(17.4)
Capital distribution – repayment of loans	–	(4.5)
At 31 August 2018	5.3	86.9
Additions	0.5	15.0
Share of profit of joint ventures	–	7.1
Share of mark-to-market adjustment on interest rate swaps	–	(0.4)
Share of results of joint ventures	–	6.7
Dividend distributions	–	(0.2)
Capital distribution – repayment of loans	–	(4.5)
At 31 March 2019	5.8	103.9
Additions	–	14.1
Share of loss of joint ventures	–	(4.3)
Share of revaluation deficit of joint venture	–	(0.2)
Share of results of joint ventures	–	(4.5)
Capital distribution – repayment of loans	–	(0.1)
At 30 September 2019	**5.8**	**113.4**

11. BORROWINGS

	30 September 2019 unaudited £ million	31 August 2018 unaudited £ million	31 March 2019 audited £ million
Non – current	**144.8**	108.1	142.3
Current	**25.6**	70.4	37.4
	170.4	178.5	179.7

Movements in loans and borrowings are analysed as follows:	£ million
At 1 March 2018	171.2
New borrowings drawn down	7.1
Repayment of borrowings	(0.6)
Foreign currency movement of Euro denominated loans	0.6
Movement in unamortised transaction costs	0.2
At 31 August 2018	**178.5**
New borrowings drawn down	41.2
Repayment of borrowings	(37.6)
Foreign currency movement of Euro denominated loans	(1.7)
Movement in unamortised transaction costs	(0.7)
At 31 March 2019	179.7
New borrowings drawn down	1.6
Repayment of borrowings	(12.8)
Foreign currency movement of Euro denominated loans	1.6
Movement in unamortised transaction costs	0.3
At 30 September 2019	**170.4**

Bank loans, loan notes and overdrafts comprise:

	Maturity	30 September 2019 unaudited £ million	31 August 2018 unaudited £ million	31 March 2019 audited £ million
Overdraft facility	On demand	**–**	–	–
£30.8 million fixed rate loan	25 Nov 2018	**–**	26.9	–
£12.0 million variable rate loan	5 Jan 2019	**–**	6.3	–
£10.4 million variable rate loan	31 Jan 2020	**10.5**	10.3	10.4
£26.7 million variable rate loan	31 Jan 2020	**14.8**	26.1	26.7
£2.8 million variable rate loan	22 May 2020	**–**	1.9	–
€47.0 million variable rate loan notes	24 Apr 2021	**41.7**	42.1	40.4
£16.8m million fixed rate loan	15 Jan 2022	**16.8**	–	15.8
£19.7 million variable rate loan	25 Mar 2022	**13.4**	–	13.4
€8.5 million fixed rate loan	13 Dec 2022	**7.6**	–	7.3
€2.2 million fixed rate loan	28 Mar 2023	**1.9**	–	1.9
£66.7 million fixed rate loan	5 Dec 2032	**65.4**	66.2	65.8
		172.1	179.8	181.7
Unamortised transaction costs		**(1.7)**	(1.3)	(2.0)
		170.4	178.5	179.7

The Group remains in compliance with its various banking covenants as at 30 September 2019.

a) Cash balances shown on the Balance sheet at 30 September 2019 include £8.5 million (31 August 2018: £15.7 million, 31 March 2019: £8.8 million) of cash held as security against borrowings.

b) At 30 September 2019, an external valuation, undertaken by J C Rathbone Associates Limited, appraised 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 rates 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 30 September 2019 and may be subject to daily fluctuations in line with money market movements.

The fair value compared to the carrying amounts of the Group's fixed rate financial liabilities as at 30 September 2019 is analysed below:

	30 September 2019		31 August 2018		31 March 2019	
	Book value £ million	Fair value £ million	Book value £ million	Fair value £ million	Book value £ million	Fair value £ million
Fixed rate term loan due 2032	**65.4**	**82.1**	66.2	76.8	65.8	78.5

The fair value difference of £16.7 million (31 August 2018: £10.6 million, 31 March 2019: £12.7 million) represents approximately 25.5% of gross, fixed rate borrowings (31 August 2018: 15.9%, 31 March 2019: 19.2%). The effect on net assets per share after tax of this adjustment would be a decrease of 11.0 pence after tax (31 August 2018: 6.8 pence, 31 March 2019: 8.2 pence).

A further £41.7 million of borrowings have appropriate swaps or caps in place providing certainty over future interest obligations. These instruments are marked to market at each balance sheet date with any gain or loss reflected in profit or loss.

Management consider a movement of 50 basis points to be a reasonable guide to interest rate sensitivity. The table below demonstrates the sensitivity in respect of variable rate debt obligations to a change in interest rates and the effect on profit before tax, with all other variables held constant.

	Increase/decrease in interest rate in basis points	Effect on profit before tax £ million
30 September 2019	**+50**	**(0.2)**
	-50	**0.2**
31 March 2019	+50	(0.3)
	-50	0.3
31 August 2018	+50	(0.2)
	-50	0.2

Foreign currency risk
Management review the movement of Sterling against the Euro and consider 10% to be a prudent measure of exchange rate sensitivity. The following table demonstrates the possible effect of changes in Sterling and Euro exchange rates on loan balances.

	Increase/decrease in exchange rate	Effect on loan balances £'000
30 September 2019	**+10%**	**4.7**
	-10%	**(5.7)**
31 March 2019	+10%	4.5
	-10%	(5.5)
31 August 2018	+10%	3.8
	-10%	(4.7)

12. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	£ million
At 1 March 2018	2.9
Credited to profit or loss in the period	(1.5)
At 31 August 2018	1.4
Credited to profit or loss in the period	(0.7)
At 31 March 2019	0.7
New provision charged to profit or loss in the period	0.2
At 30 September 2019	**0.9**

	30 September 2019 unaudited £ million	31 August 2018 unaudited £ million	31 March 2019 audited £ million
Analysis of provisions:			
Non-current	**0.7**	0.4	0.7
Current	**0.2**	1.0	–
	0.9	1.4	0.7

A provision of £0.7 million remains in place in respect of the Group's service office business to cover closure costs of the remaining centres.

Two further onerous lease provisions of £0.2 million relate to obligations entered into in 1974 and 2009.

13. SHARE CAPITAL

	30 September 2019 unaudited £ million	31 August 2018 unaudited £ million	31 March 2019 audited £ million
Issued, called up and fully paid:			
125,431,713 Ordinary shares of 50 pence (31 August 2018: 125,431,713 and 31 March 2019: 125,431,713 Ordinary shares of 50 pence)	**62.7**	62.7	62.7

During the period the Company acquired a further 187,315 Treasury shares at a cost of £0.3 million in order to satisfy obligations under the employee Long Term Incentive Plan. As at 30 September 2019, the Company held a total of 878,098 Treasury shares at a cost of £1.8 million. This amount has been deducted from shareholder equity.

14. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30 September 2019 unaudited £ million	Six months to 31 August 2018 unaudited £ million	Year ended 31 March 2019 audited £ million
(Loss)/profit before income tax	**(23.9)**	(4.2)	6.3
Adjustments for:			
Loss on disposal of investment properties	**0.3**	0.1	0.2
Net loss on revaluation of property portfolio	**5.6**	6.2	11.2
Other income	**–**	(1.4)	–
Share of post-tax losses/(profits) of joint ventures and associates	**4.5**	(5.4)	(12.1)
Profit on sale of investment	**–**	(4.4)	(3.9)
Finance income	**(0.3)**	(0.1)	(0.6)
Finance costs	**6.2**	3.4	6.4
Depreciation of leases, property, plant and equipment	**2.1**	0.4	0.9
Operating cash flows before movements in working capital	**(5.5)**	(5.4)	8.4
Decrease in development and trading properties	**17.5**	2.1	3.7
Decrease in receivables	**14.5**	52.8	45.6
Decrease in payables	**(7.4)**	(23.7)	(23.9)
Increase/(decrease) in provisions	**0.2**	–	(2.2)
Cash flow generated from operating activities	**19.3**	25.8	31.6

15. CONTINGENT LIABILITIES

Performance bonds given on behalf of Group companies are guaranteed by banks in favour of third parties for a total of £5.5 million (31 August 2018: £5.5 million, 31 March 2019: £5.6 million).

The Group has also guaranteed its share of interest up to a maximum of £0.6 million in respect of the £26.0 million loan in Notting Hill Gate KCS Limited.

16. RELATED PARTIES

During the period, the Group entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into and balances outstanding at 30 September 2019, 31 August 2018 and 31 March 2019 with related parties are set out below. Only Directors are considered to be key management personnel. There were no transactions with Directors other than remuneration. Details of remuneration for the year ended 31 March 2019 are set out in the Remuneration report on pages 131 to 148 of the 2019 Annual Report.

	Finance income from related parties £ million	Amounts owed by related parties £ million	Amounts owed to related parties £ million
Joint ventures			
30 September 2019	**0.8**	**81.7**	**(0.6)**
31 August 2018	1.4	71.1	(3.3)
31 March 2019	2.5	74.7	–
Associates			
30 September 2019	0.1	**23.7**	–
31 August 2018	–	17.2	–
31 March 2019	–	17.3	–

17. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16, Leases, on the Group's financial statements and discloses new accounting policies that have been applied from 1 April 2019.

The Group has adopted the modified approach, therefore adopting an incremental borrowing rate as at 1 April 2019 and recognising a right-of-use asset and lease liability at that date.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate the lessee would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use as at 1 April 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6.4%.

The Group leases and occupies various office buildings for fixed terms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes. In addition, the Group owns long leasehold investment property assets which have obligations to pay head rent to the freeholder. Until 31 March 2019, leases of property were classified as operating leases. Payments under operating leases, net of any lease incentives, were charged to profit or loss on a straight-line basis over the lease term. Under

IFRS 16, from 1 April 2019, each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant rate of interest on the remaining lease liability at each reporting date.

On initial recognition, the right-of-use asset equals the lease liability. As a result, there is no impact on opening retained reserves as at 1 April 2019.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of useful life of the asset or the end of the lease term. The Group considers the facts and circumstances in relation to the lease such as whether the lease is likely to be extended or terminated at the lease break. Management are also required to test right-of-use assets for impairment at each reporting date.

The Group holds the following types of operating leases:

- Head leases – a small number of investment and development and trading assets are owned by the Group through a long leasehold arrangement. The remaining lease terms range from 27 to 127 years.
- Office leases – these leases relate to premises occupied by Group companies.
- Short-term, low value assets – the costs associated with these leases are recognised on a straight-line basis through profit and loss. Low values assets comprise of computer or other office equipment.

In applying IFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard:

- The Group has used a single discount rate for a portfolio of leases with similar characteristics. Discount rates used range from 4.0% to 8.0%.
- Reliance has been placed on previous assessments on whether leases are onerous.
- Assets with a value below £5,000 have qualified for the low value exemption and have therefore have not been recognised.
- Leases with a remaining lease term of 12 months or less have not been recognised in line with IFRS 16.

The remeasurements of the Group's operating leases are recognised as right-of-use assets immediately after the date of initial application with an associated lease liability.

	1 April 2019 £ million
Operating lease commitments disclosed as at 31 March 2019 under IAS17	16.2
Leases discounted using the lessee's incremental borrowing rate at 1 April 2019	45.0
Less contracts to which the short-term lease exemption had been applied	(0.1)
	44.9

The Balance Sheet shows the following amounts relating to leases:

	30 September 2019 £ million	1 April 2019 £ million
Right-of-use assets		
Buildings	39.3	40.9
Lease income receivable	3.6	4.0
Total assets	42.9	44.9
Lease liabilities		
Current	(5.3)	(4.7)
Non-current	(39.2)	(40.2)
	(44.5)	(44.9)

Amounts recognised in the statement of profit or loss:

	30 September 2019	31 August 2018
Depreciation charge of right-of-use assets		
Buildings	1.6	–
Interest expense – included in finance costs	1.4	–
Expense relating to short-term and low-value assets – included in overhead costs	0.1	–

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Details of the interim dividend proposed are given in note 5.

19. GLOSSARY

Operating profit: stated after (loss)/gain on disposal of investment properties and the revaluation of the Investment property portfolio 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 property 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, 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.

Development and trading gains: gains from directly owned inventory, development proceeds, the Group's share of profits from joint ventures, profits on sale of investments and other income which fall within the development and trading segment. This is a non-GAAP measure.

Net debt: total debt less cash and short-term deposits, including cash held in restricted accounts.

Gearing: expressed as a percentage, is 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 in partnership.

Basic earnings/(loss) per share: calculated by dividing the profit/(loss) for the period attributable to equity shareholders of the Parent by the weighted average number of Ordinary shares outstanding during the period.

Diluted earnings/(loss) per share: calculated by dividing the profit/(loss) attributable to equity shareholders 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: calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date.

Diluted net assets per share: 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.

EPRA: European Public Real Estate Association.

EPRA adjusted earnings: profit after taxation excluding investment property revaluations (including revaluations of joint venture investment properties), (losses)/gains on disposals of investment properties, impairment of development and trading properties and mark-to-market movements of derivative financial instruments (including those of joint ventures) and intangible asset movements and their related taxation.

EPRA adjusted net assets (EPRA NAV): Balance Sheet net assets excluding the mark-to-market adjustment on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations, and diluting for the effect of those shares potentially issuable under employee share schemes.

EPRA NAV per share: EPRA NAV divided by the number of Ordinary shares at the balance sheet date.

EPRA adjusted triple net assets: EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.

Dividends per share: expressed as an amount in pence per share, is defined as the total dividend declared by the Directors divided by the number of equity shares qualifying for such dividend.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed consolidated set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months any material changes in the related-party transactions described in the last Annual Report;

The Directors of U and I Group PLC are listed in the U and I Group PLC Annual Report of 31 March 2019. A list of the current Directors is maintained on the U and I Group PLC website: www.uandiplc.com.

The maintenance and integrity of the U and I Group PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

M S Weiner
Chief Executive
19 November 2019

INDEPENDENT REVIEW REPORT TO U AND I GROUP PLC

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed U and I Group PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results for the six months ended 30 September 2019 of U and I Group PLC for the 6 month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated balance sheet as at 30 September 2019;
- the Consolidated statement of comprehensive income for the period then ended;
- the Consolidated cash flow statement for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results for the six months ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The Interim Results for the six months ended 30 September 2019, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results for the six months ended 30 September 2019 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results for the six months ended 30 September 2019 based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results for the six months ended 30 September 2019 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
19 November 2019