We have set out below the principle risks we face as a business related to Covid-19 and how we are mitigating these.

<table>
<thead>
<tr>
<th>Business risk</th>
<th>Mitigating factor/response</th>
<th>Changes</th>
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</table>
| Planning delays: continued deferment of planning consultations and committees delaying project progress and monetisation | • Virtual planning consultations and committees will lead to decision-making by councils  
• New Planning Director and Community Engagement Manager to support planning success | Further contingency for planning delay incorporated in future internal timelines  
Removed future guidance for the short-term in response to uncertainty |
| Construction delays: closure of sites and related delays to project progress / monetisation | • All our sites remained open during Covid-19  
• Urgent need for homes and mixed-use schemes means construction is an essential service  
• Schemes where planning has been achieved will be prioritised | Earlier engagement internally and with third-parties to agree strategy and acceleration processes in the instance of site closures or social distance working to ensure minimal disruption |
| Reduced new business opportunities: challenges in strengthening development and trading pipeline | • Continued focus on opportunistic acquisitions, with strong potential for value creation  
• Structural demand for mixed-use schemes remains; we have a strong existing pipeline to deliver, with short and long-term gains visibility  
• Disruption presents opportunity – focused new business team and widened capital partner discussions to build scale | Widened team responsibility and accountability for new business oversight and generation to ensure access to new opportunities, whilst increasing focus on nurturing trusted relationships |
| **Retail exposure:** closure of assets within investment portfolio and related rental and capital declines | • Progress made to dispose of mature retail assets in line with diversification strategy  
• Could withstand a further decline in capital values of c.25% before requiring renegotiation of LTV covenants  
• Opportunity for alternate uses limits the impact of tenant failure | Formation of a working group to scenario plan for future events that could trigger closure of assets across the portfolio.  
Importance of maintaining focus on transition strategy for portfolio diversification |
| --- | --- | --- |
| **Occupier rent payments:** withdrawal or late payment of rent by cashflow constrained tenants | • Most outlets re-opened as lockdown measures eased in June, and slow return to normal trading expected as government rules ease further  
• Agreed alternative measures with tenants, as required on a case by case basis, including deferrals, re-gears and new payment plans | Earlier one on one discussions with tenants to agree rent payment programmes |
| **Inability to rent/sell new spaces:** low confidence affecting purchasing power of businesses and individuals | • We start discussions early to pre-sell or pre-lease some stock at our development sites  
• Continue to see demand across our portfolio, albeit decisions are slower  
• Demand will always be high for quality schemes suited to the local catchment  
• In three high-growth geographies where demand is particularly high | Greater focus on pre-letting or selling stock and closer collaboration with potential purchasers around individual financial circumstances |
| **Access to capital:** delays in securing third-party funding | • UK remains an attractive financial centre  
• Demand for long-term secure income streams is strengthening appetite for ‘diverse’ real estate assets.  
• Low interest rates ensure real estate remains attractive, with low stock increasing competition for core assets of the future | Discussions with wider pool of capital, to provide additional routes to funding |
|---|---|---|
| **Reduced cash due to project delays:** development management fee delays, slow third-party decision-making and late tenant rent payments reducing U+I’s cash position | • Acceleration of cost saving programme strengthens cash position  
• Over £60 million of free and restricted cash available  
• Ceased all discretionary spend and non-essential development capex to preserve cash | Create an even greater cash buffer to ensure sufficient reserves in more challenging market backdrops |