



# Our strategic focus

## Mixed-use urban neighbourhoods

### Our view of the market

There remains a structural need to remodel many parts of today's built environment to make sure they suit changing consumer expectations for how we live, work and spend our leisure time, and also suit increasing sustainability demands. Situated in attractive locations with strong transport links in some of the fastest-growing urban areas in the UK, our pipeline remains well placed to cater for these demands. At the same time, our sustainability and development expertise, combined with the now fully integrated U+I team's placemaking skills, means we are well positioned to meet this structural need.

Done well, these mixed-use urban communities can generate strong returns, as the appeal of the location and its amenity increases the value through phases of placemaking. There is political support for such projects, but very few developers with the scale and skills to take them on.

### Our plan for our mixed-use urban neighbourhoods portfolio

We have continued to make good progress in preparing our pipeline, through planning and other pre-development activities. This means we now have the option to start the first phase at Mayfield in Manchester this year. Subject to further planning and land assembly workstreams being satisfactorily progressed, we could also start on site with enabling works at Finchley Road in London later this year.

However, the changes in capital market conditions have a clear impact on our underwriting assumptions. Any decision to start a scheme will have to reflect an appropriate level of return, with target IRRs in the low-to-mid teens. Our mixed-use development assets include our three shopping centres in London and Glasgow which are held for future development, but where the existing income is managed on a short-term basis to maximise our flexibility to obtain access for development.

## 10m sq ft

pipeline of mixed-use urban schemes in London, Manchester and Glasgow

## First

phase of Mayfield totals 320,000 sq ft with an expected yield on cost of c. 8%

## Potential

to start on site at Mayfield, and commence enabling works at Finchley Road, later this year

The portfolio

Strategy in focus

### Preparing the pipeline

Our mixed-use schemes are regeneration projects in the heart of communities. Strong relationships with local authorities and organisations is therefore essential to ensure our schemes work both for us and their local communities.

During the year, we made progress on the planning phases of a number of our schemes. At Mayfield in central Manchester, we agreed terms with our JV partners for a draw-down of land for the first phases of development, once we intend to start on site. In Glasgow, we have concluded the first rounds of public consultation and intend to submit a planning application. And at Finchley Road in London, we have secured a resolution to grant planning consent for our residential-led scheme.

