

Section 172 of the Companies Act 2006 Statement Principal risks and uncertainties

Risk	Impact	Mitigation
Economic conditions		
Decline in real estate valuations due to macro-economic conditions	Reduced return on investment and development property	Focus on prime assets
Relative attractiveness of other asset classes or locations	Higher finance costs	Regular assessment of investment market conditions including bi-annual external valuations
	Reduced profitability	Regular strategic reviews
Inability of the Group to adopt the appropriate strategy or to react to changing market conditions or changing consumer behaviour		Strategic focus on creating retail destinations and residential districts with unique attributes
Funding		
Lack of availability or increased cost of debt or equity funding	Reduced financial and operational flexibility	Maintain appropriate liquidity to cover commitments
	Increased cost of borrowing	Target longer and staggered debt maturities, and diversified sources of funding
	Delay to development works	Consideration of early refinancing
	Constrained growth, lost opportunities	Covenant headroom monitored and stress tested
		Derivative contracts to provide interest rate protection
		Development phasing to enable flexibility and reduce financial exposure
Political climate		
Uncertain political climate or changes to legislation and policies, including as a result of political change or the process of elections	Inability to deliver business plan	Monitoring proposals and emerging policy and legislation
	Reduced rental income and/or capital values as tenants could suffer staff shortages, increased import prices, longer lead times and lower availability of stock	Engagement with key stakeholders and politicians
A disorderly exit from the EU at the end of the transition period could cause an adverse impact on business and consumer confidence, increase material costs and reduce labour supply		Diversified occupiers with limited exposure to any one tenant
Catastrophic external event		
Such as a terrorist attack, health pandemic or cyber crime	Diminishing London's status	Terrorism insurance
	Heightened by concentration of investments	On-site security
	Reduced rental income and/or capital values	Health and safety policies and procedures
	Business disruption or damage to property	Close liaison with police, National Counter Terrorism Security Office ("NaCTS0") and local authorities
	Reputational damage	Regular training

Risk	Impact	Mitigation
People		
Inability to retain the right people and develop leadership skills within the business	Inability to execute strategy and business plan	Succession planning, performance evaluations, training and development
	Constrained growth, lost opportunities	Long-term and competitive incentive rewards
Health, safety and the environment		
Accidents causing loss of life or very serious injury to employees, contractors, occupiers and visitors to the Group's properties	Prosecution for non-compliance with legislation	Health and safety procedures across the Group
	Litigation or fines	Appointment of reputable contractors
Activities at the Group's properties causing detrimental impact on the environment	Reputational damage	External consultants undertake annual audits in all locations
	Distraction of management	Adequate insurance held to cover the risks inherent in construction projects
Compliance with law, regulations and contracts		
Breach of legislation, regulation or contract	Prosecution for non-compliance with legislation	Appointment of external advisers to monitor changes in law or regulation
Inability to monitor or anticipate legal or regulatory changes	Litigation or fines	Members of staff attend external briefings to remain cognisant of legislative and regulatory changes
	Reputational damage	
	Distraction of management	
Leasing		
Inability to achieve target rents or to attract target tenants due to market conditions	Decline in tenant demand for the Group's properties	Quality tenant mix
	Reduced income and increased vacancy	Strategic focus on creating retail destinations with unique attributes
Competition from other locations/formats	Reduced return on investment and development property	
Planning and development		
Unfavourable planning policy, legislation or action impacting on the ability to secure planning approvals or consents	Impact on land valuations and realisation	Engagement with local and national authorities
	Lower development returns due to lower sales proceeds, higher costs or delay	Pre-application and consultation with key stakeholders and landowners
Decline in returns from development due to market conditions or increased construction costs or delays		Engagement with local community bodies
		Focus on prime assets
		Regular assessment of market conditions and development strategy
		Business strategy based on long-term returns
		Professional teams in place to manage costs and deliver programme

Risk	Impact	Mitigation
COVID-19		
Extended outbreak of COVID-19 coronavirus	Business activities disruption	Regular monitor of the threat and implications of the coronavirus
	Economic slowdown	Extensive scenario modelling, estimating the impact of COVID-19 on the Group's financial and operational performance
	Reduced income and profitability	
	Potential non-compliance of loan covenant	Ensure IT systems and equipment are able to support employees to conduct their day to day business activities from home
	Reduced property value	