COUNTRYSIDE PROPERTIES PLC
Unaudited results for the six months ended 31 March 2021

13 May 2021

Solid revenue growth; further investment in Partnerships

Countryside, a leading UK home builder and regeneration partner, today announces its unaudited results for the six months ended 31 March 2021.

Results highlights

	HY 2021	HY 2020	Change
Completions	**2,591**	2,271	+14%
Adjusted revenue[1]	**£755.0m**	£530.9m	+42%
Adjusted operating profit[2]	**£78.6m**	£55.3m	+42%
Adjusted operating margin[3]	**10.4%**	10.4%	+0bps
Adjusted basic earnings per share[4]	**11.1p**	9.1p	+22%
Return on capital employed[5]	**8.9%**	25.8%	-
Reported revenue	**£661.0m**	£481.2m	+37%
Reported operating profit	**£24.7m**	£41.0m	(40)%
Net cash/(debt)[6]	**£105.9m**	£(127.7)m	+£233.6m
Basic earnings per share	**6.1p**	8.1p	(25)%

Highlights

- Group completions up 14%, with adjusted revenue up 42%, driven by increased private for sale completions
- Adjusted operating profit up 42%
- Net cash of £106m: £109m net investment in Partnerships in the first half; further net investment of £100m expected in the second half, executing our medium term growth plans
- Provision of £25m for remedial work on historical high-rise developments
- New sustainability approach with our pathway to net zero carbon to be published in the second half of 2021
- 5 star HBF rating for the second year, with ongoing commitment to build quality
- Good progress on internal reorganisation to facilitate housebuilding separation

Outlook

The net reservation rate for the last six weeks has been strong at 0.82 and we are over 90% forward sold across all tenures for the year. At the end of March the total forward order book stood at £1,203m supporting delivery in the second half, despite delays in the planning system as a result of the pandemic. There is no change to the Board's expectations for the full year.

Iain McPherson, Group Chief Executive, said:

"We have seen a good recovery from 2020, with trading in line for the full year. We remain focused on executing our growth plans in Partnerships, with investment into three new operating regions and a strong bid pipeline, in line with our longer term plans. Our track record working with partners across Local Authorities, Housing Associations and private homeowners, together with our framework agreements and forward order book, position us well to deliver our medium-term growth targets."

Our half year results presentation will be webcast and available via conference call at 8.30am on Thursday 13 May followed by Q&A. Please register for the webcast at https://investors.countrysideproperties.com

The conference call dial in details are:

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Iain McPherson – Group Chief Executive
Mike Scott – Group Chief Financial Officer
Victoria Prior – Managing Director, Corporate Affairs

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Brunswick Group LLP Tel: +44 (0) 20 7404 5959
Nina Coad
Robin Wrench

Note to editors:
Countryside is the UK's leading mixed-tenure developer through its two divisions, Partnerships and Housebuilding.

Countryside's Partnerships division was established over 30 years ago, specialising in estate regeneration, with operations in London, the South East, the South West, the North West, the Midlands and Yorkshire. It works mainly on public sector owned and brownfield land, in partnership with local authorities and housing associations to develop private, affordable and PRS homes. It recently established an advanced modular panel manufacturing capability to improve quality, reduce build times and directly manage supply to sites. Its developments around London include large scale urban regeneration projects at Beam Park, Rainham, Acton Gardens, Ealing and Rochester Riverside, Medway, as well as typically smaller sites with a mix of settings in our regions outside of London.

Countryside's Housebuilding division benefits from an industry leading strategic land bank which is focused around outer London and the Home Counties. It builds family homes, with a focus on placemaking and selling to local owner occupiers. Its developments include a number of large-scale projects including Beaulieu Park, Essex and Springhead Park, Ebbsfleet.

For further information, please visit the Group's website: www.countrysideproperties.com

Cautionary statement regarding forward-looking statements
Some of the information in this document may contain projections or other forward-looking statements regarding future events or the future financial performance of Countryside Properties PLC and its subsidiaries (the Group). You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions. Countryside Properties PLC (the Company) wishes to caution you that these statements are only predictions and that actual events or results may differ materially. The Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group, including among others, general economic conditions, the competitive environment as well as many other risks specifically related to the Group and its operations. Past performance of the Group cannot be relied on as a guide to future performance.

"Countryside" or the "Group" refers to Countryside Properties PLC and its subsidiary companies.

[1] Adjusted revenue includes the Group's share of revenue from joint ventures and associate of £94.0m (HY 2020: £49.7m).
[2] Adjusted operating profit includes the Group's share of operating profit from joint ventures and associate of £21.7m (HY 2020: £9.0m) and excludes non-underlying items of £32.2m (HY 2020: £5.3m). Refer to Note 6.
[3] Adjusted operating margin is defined as adjusted operating profit divided by adjusted revenue.
[4] Adjusted basic earnings per share is defined as adjusted profit attributable to ordinary shareholders, net of attributable taxation, divided by the weighted average number of shares in issue for the period.
[5] Return on capital employed ("ROCE") is defined as adjusted operating profit for the last 12 months divided by the average of opening and closing tangible net operating asset value ("TNOAV") for the 12-month period. TNOAV is calculated as net assets excluding net cash or debt less intangible assets net of deferred tax.
[6] Net debt is defined as bank borrowings less unrestricted cash. Unamortised debt arrangement fees and lease obligations are not included in net debt.
[7] An active site is a site where construction has commenced. An open selling outlet is an active site on which the Group is selling homes.

The Directors believe that the use of adjusted measures is necessary to understand the underlying trading performance of the Group.

Group results for the six months ended 31 March 2021

Performance recovered well in the first half and we continue to make good progress on our key strategic initiatives to support delivery over the medium term. Demand for all tenures of homes was good, underpinned by continued government support for housing. In particular, the private for sale market strengthened since the start of the year. Some delays to the planning process impacted start on site and delivery of Affordable and PRS homes in the first half. Underlying demand for these tenures remains strong and these delays are not expected to impact delivery over the medium-term.

Completions

Total completions increased 14% to 2,591 homes (HY 2020: 2,271 homes), driven by a strong increase in private delivery as we completed on homes deferred as a result of Covid-19 from the prior year. Overall, private completions were 71% higher than last year at 1,289 (HY 2020: 753 homes). Affordable completions were broadly flat at 932 homes (HY 2020: 941 homes) with PRS completions 36% lower at 370 homes (HY 2020: 577 homes), reflecting delays to site starts as we recognise completions on an equivalent unit basis in line with construction activity.

Revenue

Total adjusted revenue increased 42% to £755.0m (HY 2020: £530.9m). On a reported basis, revenue increased 37% to £661.0m (HY 2020: £481.2m).

Private average selling price ("ASP") increased 6% to £389,000 (HY 2020: £368,000) reflecting a higher proportion of private sales from our Housebuilding sites at 41% (HY 2020: 39%), a greater weighting to the south in Partnerships and house price inflation ("HPI") of 1.6% (HY 2020: (2.3%)).

Help to Buy usage increased to 62% of private completions (HY 2020: 52%), or 31% of total completions (HY 2020: 17%).

Affordable ASP, at £153,000 was flat on the prior year (HY 2020: £155,000) with PRS ASP increasing 3% to £149,000 (HY 2020: £144,000) driven mainly by site mix with a greater proportional delivery coming from our Southern Partnerships business where ASPs are higher.

Our net private reservation rate per open sales outlet per week remained within our target range at 0.68 (HY 2020: 0.93), lower than the prior year as expected as a result of our strong forward sales position as we entered the year. Our open sales outlets decreased 7% to 64 (HY 2020: 69) with new sales launches expected during the summer months. Total active sites were down 19% to 112 (H1 2020: 139) reflecting a move away from smaller sites.

Overall, our total forward order book at £1,203m (HY 2020: £1,506m, FY: £1,432m) was 16% lower than the position at the start of the year reflecting the delivery of homes deferred from the prior year as a result of the Covid-19 lockdown and delays to starting on site. Total forward order book is 16% ahead of HY 2019.

Land and commercial sales

Gross profit from land and commercial sales contributed £10.6m (HY 2020: £0.8m). Further land sales are expected to complete in the second half along with a number of small commercial sales.

Operating profit and margin

Adjusted operating profit increased 42% to £78.6m (HY 2020: £55.3m) including the land sales in Housebuilding. Build cost inflation increased to around 3% (HY 2020: 1%) with inflation seen across several categories including timber and steel and these inflationary pressures are increasing. We continue our focus on operational efficiency to minimise the impact of cost increases through use of standard house types, use of Group buying deals and leveraging our off-site manufacturing capabilities. On a reported basis, operating profit decreased 40% to £24.7m (HY 2020: £41.0m). The difference between adjusted and reported results reflects the proportional consolidation of our joint ventures and associates (see Notes 11 and 12) and exclusion of non-underlying items (see below). Overall, adjusted operating margin remained unchanged at 10.4% (HY 2020: 10.4%) and reported operating margin decreased by 480bps to 3.7% (HY 2020: 8.5%).

Non-underlying costs
The quality and safety of the homes we deliver is of the utmost importance to the Group. Since December 2020, EWS1 surveys have identified 20 developments, constructed between 2008 and 2017, where the current building owner believes there are defects in the building which need to be remediated. We have made a provision of £25m (FY 2020: £nil) in respect of these costs.

Total non-underlying costs of £32.2m (HY 2020: £5.3m) also include the ongoing reorganisation of the Group to support the separation of Housebuilding of £3.3m and other costs of £3.9m (HY 2020: £5.3m) (see note 6 to the financial statements)

In March 2021, the CMA announced that it had commenced the consultation stage of its inquiry into the sale of leasehold properties with which we are fully cooperating.

Assets and liabilities
Inventories increased £25.0m to £1,084.1m (FY 2020: £1,059.1m) during the period. This was driven by our continued investment to support the growth of the Partnerships division with £73.1m spent on land purchases and construction. With the completion of deferred units in Housebuilding, there was a net reduction of £48.1m in inventory.

The right of use asset under IFRS 16 has increased to £67.8m (FY 2020: £26.3m) driven largely by the Bardon Modular Panel Factory with a corresponding increase seen in lease liabilities to £68.8m (FY 2020: £30.5m).

The Group's investment in joint ventures reduced to £33.8m (FY 2020: £40.9m) as a result of dividends received in the period exceeding the profit generated by the joint ventures.

Net cash/debt
We ended the half with net cash at 31 March 2021 of £105.9m (HY 2020: net debt £127.7m) with £109m investment in Partnerships in the first half and a further net investment of £100m expected in the second half as we continue to execute our growth plans. After the period end, deferred land payments of £58m were made by the Housebuilding division. We expect to end the current financial year with a modest amount of net debt.

Net finance costs were £6.0m (HY 2020: £6.2m), with interest on bank debt decreasing by 32% to £1.3m (HY 2020: £1.9m).

Taxation
The effective tax rate applied to adjusted profit for the period was 19.3% (HY 2020: 17.3%), broadly in line with the UK headline rate of 19.0%. On a reported basis, the effective tax rate was 17.7% (HY 2020: 16.7%).

Earnings per share
Adjusted basic earnings per share were 11.1 pence (HY 2020: 9.1 pence), reflecting the increase in adjusted earnings in the period, offset by the higher number of shares in issue following the placing in July 2020. On a reported basis, basic earnings per share were 6.1 pence (HY 2020: 8.1 pence).

Group structure and dividend
In December 2020, we announced that we were reviewing the separation of our Housebuilding division. Since that time, we have made excellent progress on the internal reorganisation of the Group. The Group is reviewing the appropriate capital structure and dividend policy for the business going forward and expects to complete this during the second half of the year. The Board has not proposed an interim dividend, pending the outcome of that review.

Group sustainability update

At Countryside we are proud to create places that people love. As well as building quality homes, we focus on critical social and digital infrastructure, transport and green spaces needed to nurture vibrant, connected and healthy communities. We have a responsibility to create a more sustainable world. The places where we live and work have a big impact on our climate and biodiversity.

We will shortly be launching a new sustainability approach that will help tackle some of the big challenges ahead including shortage of affordable homes, becoming a low carbon society and the significant loss of biodiversity in the UK. Our new approach is focused on three key areas:

- The homes we build and our operations;
- Creating sustainable communities leaving a lasting positive legacy; and
- Supporting our people to continue to deliver beautiful places that people love.

In the second half of 2021 we will also announce our Pathway to Net Zero Carbon supported by science-based reduction targets. We are working collaboratively with the industry to meet the Future Homes Standard and the delivery of Net Zero Carbon Ready Homes. We have joined the HBF Future Homes Task Force and become a partner of the Supply Chain Sustainability School as we look to work across the sector to bring government, housebuilders, utility providers, material suppliers and environmental groups together, while also supporting our supply chain.

We continue to support local communities through our £1m Communities Fund, created in 2020 and renewed for a second year, which is specifically aimed at helping the most vulnerable people in the areas where we work. The fund is supported by a team of volunteers within Countryside, who reach out to partners and the local community to identify areas that need support.

Board change

David Howell announced his intention to step down from the Board in 2021. On 13th April 2021 we announced the appointment of John Martin to the Board as Non-executive Chair designate and he succeeded David Howell as Chair on 1 May 2021.

Partnerships

	HY 2021	HY 2020	Change
Completions	**1,938**	1,791	+8%
Adjusted revenue	**£420.6m**	£343.8m	+22%
Adjusted operating profit	**£36.6m**	£36.3m	+1%
Adjusted margin	**8.7%**	10.6%	(190)bps
ROCE	**9.3%**	47.1%	-
Land bank (plots)	**40,805**	37,734	+8%
Reported revenue	**£395.8m**	£324.0m	+22%
Reported operating profit	**£7.2m**	£32.5m	(78)%
Reported margin	**1.8%**	10.0%	(820)bps

Investment in growth
We have a strong platform for our growth plans with three new operating regions – Chilterns, South West and South London – now established and operational. In addition, construction of our second modular panel factory is complete and in the process of internal fit out. In the first half we invested £109m into Partnerships with plans to invest further in the second half to support our growth plans.

Completions
Total completions increased to 1,938 (HY 2020: 1,791) in the first half, with strong private sales the main driver, with private completions 64% higher at 756 homes (HY 2020: 462 homes). This was supported by homes deferred from the last financial year. Affordable completions were up 8% at 827 homes (HY 2020: 763 homes) and PRS completions down 37% at 355 homes (HY 2020: 566 homes), with both non-private tenures being impacted by delays to site starts which meant that revenue and completions could not be recognised on construction activity as planned.

Revenue
Private ASP increased 4% to £310,000 (HY 2020: £297,000) reflecting slightly stronger house price inflation in the Midlands and North and a greater proportion of delivery from the South. Affordable ASP remained broadly flat at £151,000 (HY 2020: £152,000), whilst PRS ASP was up 1% to £143,000 (HY 2020: £141,000). Along with the overall increase in volume, this led to adjusted revenue up 22% at £420.6m (HY 2020: £343.8m). Reported revenue of £395.8m was also up 22% on the prior year (HY 2020: £324.0m).

Operating profit and margin
Adjusted operating margin reduced 190bps in the half to 8.7% (HY 2020: 10.6%), with all schemes having been impacted by increased costs as a result of extended build programmes and Covid-19 safety measures on sites. We have also seen a period of building the management structures and operating infrastructure for our new regions as we invest for future growth. Adjusted operating profit of £36.6m (HY 2020: £36.3m) was up 1%. On a reported basis, operating profit decreased 78% to £7.2m (HY 2020: £32.5m) and operating margin decreased to 1.8% (HY 2020: 10.0%), as a result of the provision for remedial work on historical high-rise developments.

ROCE
Our ROCE methodology uses twelve months rolling profit and the result was therefore impacted by the performance in the second half of 2020. This, combined with the increased investment into Partnerships in the first half led to ROCE for the half of 9.3% (HY 2020: 47.1%). Over the next three years, our operating margin will improve as the drag from Covid-19 costs reduces and our newer regions achieve operational scale. This, combined with the normalisation of the asset turn, underpins our target ROCE of 40% over the medium term.

Visibility of future work
During the period we secured 3,133 new plots including 400 homes at Lower Herne, Kent, our first scheme for our new South West region at Sulis Down, Bath, and four sites with Homes England across the Midlands and Yorkshire. We have an excellent pipeline of 40,805 plots under our control, including sites where we have been awarded preferred bidder status, and a future bid pipeline of over 103,000 plots.

Housebuilding

	HY 2021	HY 2020	Change
Completions	**653**	480	+36%
Adjusted revenue	**£334.4m**	£187.1m	+79%
Adjusted operating profit	**£44.7m**	£20.6m	+117%
Adjusted margin	**13.4%**	11.0%	+240bps
ROCE	**9.5%**	16.6%	-
Land bank (plots)	**25,583**	25,607	-
Reported revenue	**£265.2m**	£157.2m	+69%
Reported operating profit	**£27.4m**	£15.4m	+78%
Reported margin	**10.3%**	9.8%	+50bps

Completions

Total completions increased by 36% at 653 homes (HY 2020: 480 homes) reflecting a strong sales performance early in the half, with homes deferred from the last financial year. Total private completions were up 83% to 533 homes (HY 2020: 291). Affordable completions were down 41% in the period to 105 homes (HY 2020: 178 homes).

Revenue

Private ASP was up 4% at £501,000 (HY 2020: £481,000) as a result of mix of sites and positive HPI of 0.7% in the half on completions. Affordable ASP was 1% higher at £171,000 (HY 2020: £169,000) also reflecting site mix. Private sales made up a higher proportion of total completions in the half which, combined with the increase in private ASP, led to adjusted revenue up 79% to £334.4m (HY 2020: £187.1m).

Operating profit and margin

Adjusted operating profit was up 117% to £44.7m (HY 2020: £20.6m). Additionally, we were able to complete land and commercial sales, with profits in the half of £10.3m (HY 2020: £0.8m). Adjusted operating margin of 13.4% was up 240bps on the prior period's comparative (HY 2020: 11.0%) as a result of land sales, but also due to overhead efficiency set against a strong H1 delivery. On a reported basis, operating profit increased by 78% to £27.4m (HY 2020: £15.4m) and operating margin increased by 50bps to 10.3% (HY 2020: 9.8%).

ROCE

Our ROCE methodology uses twelve months rolling profit and the result was therefore impacted by the performance in the second half of 2020. ROCE was down 710bps at 9.5% (HY 2020: 16.6%) and compares to 4.9% for FY2020. Over the next three years, our operating margin will improve as the drag from Covid-19 costs reduces and this underpins our return to target ROCE of 25% over the medium term.

Visibility of future work

We secured 1,700 plots to broadly offset the utilisation, with the landbank standing at 25,583 plots (HY 2020: 25,607 plots). 26% of the landbank is owned and the remainder either controlled by option agreements or under conditional contracts.

Iain McPherson
Group Chief Executive
13 May 2021

Principal risks and uncertainties

The Group's principal risks are monitored by the Risk Management Committee, the Audit Committee and the Board. A summary of each risk and the mitigating actions is provided below, with further detail provided on pages 66 to 69 of the Annual Report 2020.

1. A major incident impacts the United Kingdom or countries where key suppliers are located and significantly impacts the business
The impact of a catastrophic event, such as flooding, failure of the National Grid, or the spread of an infectious disease on an epidemic or pandemic scale, can lead to the imposition of Government controls on the movement of people with the associated cessation of large parts of the economy for a significant period of time. The cessation of business can lead to zero or reduced revenues until business activity can be safely recommenced.
2. Adverse macroeconomic conditions
A decline in macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation can affect consumer confidence and reduce demand for new homes. Constraints on mortgage availability, or higher costs of mortgage funding, may make it more difficult to sell homes.
3. Adverse changes to Government policy and regulation
Adverse changes to Government policy in areas such as tax, housing, planning, the environment and building regulations may result in increased costs and/or delays. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.
4. Constraints on construction resources
Costs may increase beyond budget due to the reduced availability of skilled labour or shortages of sub-contractors or building materials at competitive prices to support the Group's growth ambitions. The Group's strategic geographic expansion may be at risk if new supply chains cannot be established.
5. Programme delay (rising project complexity)
Failure to secure timely planning permission on economically viable terms or poor project forecasting, unforeseen operational delays due to technical issues, disputes with third-party contractors or suppliers, bad weather or changes in purchaser requirements may cause delay or potentially termination of a project.
6. Inability to attract and retain talented employees
Inability to attract and retain highly skilled, competent people, with adequate diversity and inclusion, at all levels could adversely affect the Group's results, prospects and financial condition.
7. Inadequate health, safety and environmental procedures
A deterioration in the Group's health, safety and environmental standards could put the Group's employees, contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Group's reputation.
8. Cyber security
A failure of the Group's IT systems or a security breach of the internal systems, website or loss of data could significantly impact the Group's business.
9. Reputational damage
The perception of Countryside, its brand and values deteriorate in the eyes of investors, customers, suppliers, local authorities, housing associations, banks, analysts or auditors which could lead to increased operational and financial risks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 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 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 and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Countryside Properties 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 might have occurred to the interim financial statements since they were initially presented on the website.

The Directors of Countryside Properties PLC are listed in the Countryside Properties PLC annual report for 30 September 2020. A list of current Directors is maintained on the Countryside Properties PLC website: https://investors.countrysideproperties.com.

By order of the Board

Iain McPherson
Group Chief Executive Officer
13 May 2021

Mike Scott
Group Chief Financial Officer
13 May 2021

Independent review report to Countryside Properties Plc
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Countryside Properties Plc's condensed consolidated interim financial statements (the "interim financial statements") in the unaudited results of Countryside Properties Plc for the 6 month period ended 31 March 2021 (the "period").

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 statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated cashflow 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 unaudited results for the half year ended 31 March 2021 of Countryside Properties Plc 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 2 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 unaudited results for the half year ended 31 March 2021, including the interim financial statements, is the responsibility of, and have been approved by the Directors. The Directors are responsible for preparing the unaudited results for the half year ended 31 March 2021 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 unaudited results for the half year ended 31 March 2021 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 unaudited results for the half year ended 31 March 2021 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 May 2021

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 31 March 2021 Unaudited £m**	Six months ended 31 March 2020 Unaudited £m	Year ended 30 September 2020 Audited £m
Revenue	4, 5	**661.0**	481.2	892.0
Cost of sales		**(584.2)**	(401.6)	(783.9)
Gross profit		**76.8**	79.6	108.1
Administrative expenses		**(52.1)**	(38.6)	(113.5)
Operating profit/(loss)	4	**24.7**	41.0	(5.4)
Analysed as:				
Adjusted operating profit	4	**78.6**	55.3	54.2
Less: Share of joint ventures and associate operating profit	11, 12	**(21.7)**	(9.0)	(17.2)
Less: Non-underlying items	6	**(32.2)**	(5.3)	(42.4)
Operating profit/(loss)	4	**24.7**	41.0	(5.4)
Finance costs	7	**(6.3)**	(6.5)	(14.2)
Finance income	7	**0.3**	0.3	0.7
Share of post-tax profit from joint ventures and associate accounted for using the equity method	11, 12	**20.1**	8.9	17.0
Profit/(loss) before income tax		**38.8**	43.7	(1.9)
Income tax expense	8	**(6.9)**	(7.3)	(2.1)
Profit/(loss) and total comprehensive income/(loss) for the period		**31.9**	36.4	(4.0)
Profit/(loss) and total comprehensive income/(loss) is attributable to:				
Owners of the parent		**31.9**	36.4	(3.7)
Non-controlling interest		**-**	-	(0.3)
		31.9	36.4	(4.0)
Earnings/(loss) per share (expressed in pence per share):				
Basic	9	**6.1**	8.1	(0.8)
Diluted	9	**6.0**	8.1	(0.8)

There were no items of other comprehensive income during the period (HY20: £Nil, FY20: £Nil).

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 March 2021 Unaudited £m**	As at 31 March 2020 Unaudited £m	As at 30 September 2020 Audited £m
Assets				
Non-current assets				
Intangible assets		**140.3**	165.8	143.1
Property, plant and equipment		**15.2**	15.4	15.1
Right of use assets		**67.8**	29.8	26.3
Investment in joint ventures	11	**33.8**	38.3	40.9
Investment in associate	12	**0.8**	3.6	1.3
Deferred tax assets		**4.4**	4.5	4.1
Trade and other receivables	14	**31.9**	18.3	19.6
		294.2	275.7	250.4
Current assets				
Inventories	13	**1,084.1**	1,041.4	1,059.1
Trade and other receivables	14	**196.8**	234.2	199.2
Current income tax receivables		**6.9**	13.6	0.6
Cash and cash equivalents	15	**108.8**	172.2	100.5
		1,396.6	1,461.4	1,359.4
Total assets		**1,690.8**	1,737.1	1,609.8
Liabilities				
Current liabilities				
Borrowings	15	**(0.5)**	-	-
Trade and other payables	16	**(311.2)**	(367.4)	(344.6)
Lease liabilities		**(4.8)**	(4.8)	(5.9)
Provisions	17	**(37.5)**	(0.7)	(10.9)
		(354.0)	(372.9)	(361.4)
Non-current liabilities				
Borrowings	15	**(2.4)**	(298.2)	(2.3)
Trade and other payables	16	**(141.1)**	(138.8)	(124.5)
Lease liabilities		**(64.0)**	(26.7)	(24.6)
Deferred tax liabilities		**(9.3)**	(10.4)	(10.5)
Provisions	17	**(0.6)**	(0.7)	(0.5)
		(217.4)	(474.8)	(162.4)
Total liabilities		**(571.4)**	(847.7)	(523.8)
Net assets		**1,119.4**	889.4	1,086.0
Equity				
Share capital		**5.2**	4.5	5.2
Share premium		**5.3**	-	5.3
Retained earnings		**1,108.6**	882.6	1,075.2
Equity attributable to owners of the parent		**1,119.1**	887.1	1,085.7
Equity attributable to non-controlling interest		**0.3**	2.3	0.3
Total equity		**1,119.4**	889.4	1,086.0

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31 March 2021 (Unaudited)

	Share capital	Share premium	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m
At 1 October 2020	**5.2**	**5.3**	**1,075.2**	**1,085.7**	**0.3**	**1,086.0**
Comprehensive income						
Profit and total comprehensive income for the period	-	-	31.9	31.9	-	31.9
Transactions with owners						
Share based payments, net of deferred tax	-	-	1.5	1.5	-	1.5
At 31 March 2021	**5.2**	**5.3**	**1,108.6**	**1,119.1**	**0.3**	**1,119.4**

Six months ended 31 March 2020 (Unaudited)

	Share capital	Share premium	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m
At 1 October 2019	**4.5**	**-**	**892.3**	**896.8**	**2.3**	**899.1**
Comprehensive income						
Profit and total comprehensive income for the period	-	-	36.4	36.4	-	36.4
Transactions with owners						
Share based payments, net of deferred tax	-	-	0.1	0.1	-	0.1
Dividends paid	-	-	(46.2)	(46.2)	-	(46.2)
Total transactions with owners	-	-	(46.1)	(46.1)	-	(46.1)
At 31 March 2020	**4.5**	**-**	**882.6**	**887.1**	**2.3**	**889.4**

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2020 (Audited)

	Share capital	Share premium	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m
At 1 October 2019	**4.5**	**-**	**892.3**	**896.8**	**2.3**	**899.1**
Comprehensive income						
Loss and total comprehensive loss for the year	-	-	(3.7)	(3.7)	(0.3)	(4.0)
Transactions with owners						
Issue of shares, net of transaction costs	0.7	5.3	237.0	243.0	-	243.0
Share based payments, net of deferred tax	-	-	0.4	0.4	-	0.4
Purchase of shares by Employee Benefit Trust	-	-	(2.0)	(2.0)	-	(2.0)
Dividends paid to owners of the parent	-	-	(46.2)	(46.2)	-	(46.2)
Dividends paid to non-controlling interests	-	-	-	-	(4.3)	(4.3)
Reclassification	-	-	(2.6)	(2.6)	2.6	-
Total transactions with owners	0.7	5.3	186.6	192.6	(1.7)	190.9
At 30 September 2020	**5.2**	**5.3**	**1,075.2**	**1,085.7**	**0.3**	**1,086.0**

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED CASHFLOW STATEMENT

	Note	**Six months ended 31 March 2021**	Six months ended 31 March 2020	Year ended 30 September 2020
		Unaudited	Unaudited	Audited
		£m	£m	£m
Cash used in operations	18	**(13.1)**	(99.6)	(144.9)
Interest paid – lease liabilities		**(0.7)**	(0.6)	(1.1)
Interest paid – other		**(1.3)**	(1.3)	(5.4)
Interest received		**0.1**	-	0.2
Tax paid		**(14.2)**	(45.4)	(27.2)
Net cash outflow from operating activities		**(29.2)**	(146.9)	(178.4)
Cash flows from investing activities				
Purchase of intangible assets		**(2.2)**	(1.0)	(2.9)
Purchase of property, plant and equipment		**(1.2)**	(3.9)	(4.8)
Proceeds from disposal of financial assets at fair value through profit or loss		**-**	5.0	5.0
Decrease/(increase) in advances to joint ventures and associate	19	**17.8**	(37.4)	(19.8)
Repayment of members' interest from joint venture		**2.8**	-	4.4
Dividends received from joint ventures and associate		**24.1**	32.5	35.8
Net cash inflow/(outflow) from investing activities		**41.3**	(4.8)	17.7
Cash flows from financing activities				
Dividends paid to owners of the parent	10	**-**	(46.2)	(46.2)
Dividends paid to non-controlling interests		**-**	-	(4.3)
Repayment of lease liabilities		**(4.3)**	(3.1)	(4.9)
Purchase of shares by Employee Benefit Trust		**-**	-	(2.0)
Net proceeds from the issue of share capital		**-**	-	243.0
Borrowings under the revolving credit facility		**-**	297.6	297.6
Repayment of borrowings under the revolving credit facility		**-**	-	(297.6)
Proceeds from other borrowings	15	**0.5**	-	-
Net cash (outflow)/inflow from financing activities		**(3.8)**	248.3	185.6
Net increase in cash and cash equivalents		**8.3**	96.6	24.9
Cash and cash equivalents at beginning of the period		**100.5**	75.6	75.6
Cash and cash equivalents at the end of the period	15	**108.8**	172.2	100.5

1. GENERAL INFORMATION

Countryside is a leading UK mixed-tenure developer that operates through its two divisions, Partnerships and Housebuilding.

Countryside's Partnerships division specialises in developing mixed tenure communities and estate regeneration, with operations in London, the South East, the South West, the North West, the Midlands and Yorkshire. It works on a mixture of public sector owned and brownfield land, as well as land acquired from private and public landowners, in partnership with local authorities and housing associations to develop private, affordable and private rented sector ("PRS") homes. It also operates a modular panel manufacturing operation.

Countryside's Housebuilding division benefits from an industry leading strategic land bank which is focused around outer London and the Home Counties. It builds high quality homes, with a focus on placemaking and selling to local owner occupiers.

2. BASIS OF PREPARATION

Countryside's ultimate parent company, Countryside Properties PLC (the "Company") is a public limited company incorporated and domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. The Company's registered office is Countryside House, The Drive, Brentwood, Essex CM13 3AT.

The financial information in these condensed consolidated interim financial statements (the "Financial Information") for the six months to 31 March 2021 is that of the Company and its subsidiaries (together the "Group") and includes the Group's interest in its jointly controlled entities. It has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

The Financial Information for the six months ended 31 March 2021 and 31 March 2020 is unaudited but has been subject to a review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board.

The Financial Information does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006 and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 September 2020 (the "Group Financial Statements"). The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and are filed at Companies House.

The Group Financial Statements have been reported on by the Company's auditors and are available on the Company's website https://investors.countrysideproperties.com. 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 were approved for issue by the Directors on 12 May 2021.

Going concern
The Group has the benefit of a £300m revolving credit facility ("RCF") provided by its banking syndicate of four banks, which expires in May 2023. At 31 March 2021, the facility was undrawn, and the Group held net cash of £105.9m and a further £934.3m of net current assets.

The facility includes covenants in respect of gearing, interest cover, tangible net asset value and loan to book value. In response to the initial outbreak of Covid-19, the Group's gearing and interest cover covenants were relaxed until September 2022 to provide additional headroom under the RCF, and the Group operated within the prevailing covenants during the period.

Internal forecasts are regularly updated, and the latest Board-approved strategic plan reflects the Group's experience and expectations of the impact of Covid-19 on the Group. The forecast cash flows have been sensitised to assess the Group's resilience to the principal risks facing the Company, including those risks that would threaten Countryside's business model, future performance, solvency and liquidity.

The most severe but plausible downside scenario is a severe and prolonged economic downturn, where it is assumed, at its worst, that:

- Private sale rates reduce by 15% to reflect lower demand and consumer confidence;
- Average selling prices across all tenures are reduced by 10%; and
- Land sales are delayed and are achieved at a 10% discount.

The impact of the above assumptions is somewhat mitigated in the severe but plausible downside scenario as follows:

- Build spend is reduced to match reduced demand;
- Uncommitted land purchases are delayed; and
- Discretionary overhead spend is reduced.

The Directors have assessed the Group's going concern status over the next 12 months, which incorporates the severe but plausible downside scenario noted above. The assessment performed has shown that the Group has sufficient cash reserves to remain liquid, without breaching covenants, for at least 12 months from the date of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis. The principal risks facing Countryside and how the Group addresses such risks are described on page 8.

2. BASIS OF PREPARATION (continued)

Critical accounting judgements and estimates
The preparation of the Financial Information under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, expenses and related disclosures.

In the process of applying the Group's accounting policies, which are described in the Group Financial Statements, the Directors have made no individual judgements that have a significant impact on the Financial Information, apart from those involving estimates which are described below.

Key sources of estimation uncertainty

- **Estimation of site profitability:**
  A key source of estimation uncertainty for the Group involves the estimation of site profitability. As disclosed in the Group Financial Statements, the extent of estimation uncertainty has increased over the last 12 months as a result of the Covid-19 pandemic. Other external factors such as the impact of Brexit, changes to industry regulations and changes to government policy also increase the uncertainty for the Group. The Directors have performed a detailed review of the Group's developments, and an impairment charge of £3.2m was recorded for the six months ended 31 March 2021 (HY20: £4.8m, FY20: £4.8m).

- **Remediation costs for multi-occupancy buildings:**
  As a result of progress made in the Group's review of expected remediation costs for multi-occupancy buildings, a provision of £25.0m has been recognised. This amount is recognised without taking into account potential recoveries from insurance or other third parties. The estimation of the expected future outflows in relation to these properties, together with any potential recovery of costs, is complex, resulting in significant estimation uncertainty. Refer to Note 17 for further detail.

Accounting policies
The policies applied in the Financial Information are consistent with those applied in the Group Financial Statements, except in respect of the following:

- Income tax - the income tax charge for the six months to 31 March 2021 is based on the effective tax rate that would be applicable to expected annual earnings, adjusted for the tax effect of non-underlying items expected to be incurred in the second half of the financial year.

New standards, amendments and interpretations
The following amendments to standards and interpretations are effective for the first time for the financial year beginning 1 October 2020 and have been adopted during the period:

- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Amendment to IFRS 3, Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; and
- Amendment to IFRS 16 Leases Covid-19-Related rent concessions.

The adoption of these amendments in the period did not have a material impact on the financial statements.

The following amendments to standards and interpretations have also been issued, but are not yet effective and have not been early adopted for the financial year beginning 1 October 2020:

- Amendments to IFRS 4, Insurance contracts; and
- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform – Phase 2.

The adoption of these amendments is not expected to have a material impact on the Group.

Alternative Performance Measures
In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. Refer to pages 33 to 38 for a full list of the Group's APMs.

3. SEASONALITY

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, with peaks in sales completions typically observed in spring and autumn. This creates a degree of seasonality in the Group's trading results and working capital. In addition to this, the current and prior financial year results have been impacted by the Covid-19 pandemic and the related government-imposed lockdown measures, which have caused further fluctuations in the trading performance and working capital cycle.

4. SEGMENTAL REPORTING

Segmental reporting is presented in respect of the Group's business segments, reflecting the Group's management and internal reporting structure and is the basis on which strategic operating decisions are made by the Group's Chief Operating Decision Maker ("CODM"), which has been identified as the Group's Executive Committee. The Group's two business segments are Partnerships and Housebuilding.

The Partnerships segment specialises in developing mixed tenure communities and estate regeneration, with operations in London, the South East, the South West, the North West, the Midlands and Yorkshire. It works on a mixture of public sector owned and brownfield land, as well as land acquired from private and public landowners, in partnership with local authorities and housing associations to develop private, affordable and PRS homes. It also operates a modular panel manufacturing operation.

The Housebuilding segment benefits from an industry leading strategic land bank which is focused around outer London and the Home Counties. It builds high quality homes, with a focus on placemaking and selling to local owner occupiers.

Segmental adjusted operating profit and segmental operating profit include items directly attributable to a segment as well as those that can be allocated on a reasonable and consistent basis. Central head office costs that are directly attributable to a segment are allocated where possible, or otherwise allocated between segments based on an appropriate allocation methodology, such as headcount.

Segmental measures for Tangible Net Asset Value ("TNAV") and Tangible Net Operating Asset Value ("TNOAV") include assets and liabilities that are directly attributable to the segment as well as those that can be allocated on a reasonable basis.

The Group operates entirely within the United Kingdom and there is no trade between segments.

4. SEGMENTAL REPORTING (continued)

(a) Segmental financial performance

The Group's measures of segmental financial performance are presented on a reported and adjusted basis below. Adjusted revenue and adjusted profit are APMs for the Group. Further detail on the Group's APMs is provided on pages 33 to 38. Refer to Note 5 for an analysis of segmental reported revenue by type.

	Note	Partnerships £m	Housebuilding £m	Group items £m	Total £m
Six months ended 31 March 2021					
Adjusted revenue		**420.6**	**334.4**	**-**	**755.0**
Less: share of revenue from joint ventures and associate		**(24.8)**	**(69.2)**	**-**	**(94.0)**
Revenue	**5**	**395.8**	**265.2**	**-**	**661.0**
Adjusted operating profit/(loss)		**36.6**	**44.7**	**(2.7)**	**78.6**
Less: share of operating profit from joint ventures and associate		**(4.4)**	**(17.3)**	**-**	**(21.7)**
Less: non-underlying items	**6**	**(25.0)**	**-**	**(7.2)**	**(32.2)**
Operating profit/(loss)		**7.2**	**27.4**	**(9.9)**	**24.7**

	Note	Partnerships £m	Housebuilding £m	Group items £m	Total £m
Six months ended 31 March 2020					
Adjusted revenue		343.8	187.1	-	530.9
Less: share of revenue from joint ventures and associate		(19.8)	(29.9)	-	(49.7)
Revenue	5	324.0	157.2	-	481.2
Adjusted operating profit/(loss)		36.3	20.6	(1.6)	55.3
Less: share of operating profit from joint ventures and associate		(3.8)	(5.2)	-	(9.0)
Less: non-underlying items	6	-	-	(5.3)	(5.3)
Operating profit/(loss)		32.5	15.4	(6.9)	41.0

	Note	Partnerships £m	Housebuilding £m	Group items £m	Total £m
Year ended 30 September 2020					
Adjusted revenue		629.4	359.4	-	988.8
Less: share of revenue from joint ventures and associate		(44.1)	(52.7)	-	(96.8)
Revenue	5	585.3	306.7	-	892.0
Adjusted operating profit/(loss)		32.8	25.0	(3.6)	54.2
Less: share of operating profit from joint ventures and associate		(8.3)	(8.9)	-	(17.2)
Less: non-underlying items	6	(8.3)	(5.2)	(28.9)	(42.4)
Operating profit/(loss)		16.2	10.9	(32.5)	(5.4)

4. SEGMENTAL REPORTING (continued)

(b) Segmental financial position

Segmental TNAV represents the net assets of the Group's two operating divisions. Segmental TNAV includes divisional net assets less intangible assets (net of deferred tax) and excludes inter-segment cash funding. TNOAV is the Group's measure of capital employed, as used in the calculation of Return on Capital Employed ("ROCE"). Refer to pages 33 to 38 for detail of the Group's APMs, including calculations of ROCE for the Group's segments.

	Partnerships £m	Housebuilding £m	Group items £m	Total £m
TNAV at 1 October 2020	288.1	663.6	-	951.7
Operating profit/(loss)	7.2	27.4	(9.9)	24.7
Add back items with no impact on TNAV:				
- Share-based payments, net of deferred tax	-	-	1.5	1.5
- Amortisation of intangible assets	-	-	5.0	5.0
Other items affecting TNAV:				
- Results of joint ventures and associate	4.2	15.9	-	20.1
- Taxation	(1.4)	(5.5)	-	(6.9)
- Other	(2.6)	(9.7)	3.4	(8.9)
TNAV at 31 March 2021	**295.5**	**691.7**	**-**	**987.2**
Inter-segment cash funding: net (cash)/debt	114.6	(220.5)	-	(105.9)
Segmental capital employed (TNOAV)	**410.1**	**471.2**	**-**	**881.3**

	Partnerships £m	Housebuilding £m	Group items £m	Total £m
TNAV at 1 October 2019	114.2	623.6	-	737.8
Operating profit/(loss)	32.5	15.4	(6.9)	41.0
Add back items with no impact on TNAV:				
- Share-based payments, net of deferred tax	-	-	0.1	0.1
- Amortisation of intangible assets	-	-	6.1	6.1
Other items affecting TNAV:				
- Results of joint ventures and associate	3.8	5.1	-	8.9
- Dividends paid	(29.5)	(16.7)	-	(46.2)
- Taxation	(4.7)	(2.6)	-	(7.3)
- Other	(5.3)	(3.0)	0.7	(7.6)
TNAV at 31 March 2020	**111.0**	**621.8**	**-**	**732.8**
Inter-segment cash funding: net (cash)/debt	187.7	(60.0)	-	127.7
Segmental capital employed (TNOAV)	**298.7**	**561.8**	**-**	**860.5**

	Partnerships £m	Housebuilding £m	Group items £m	Total £m
TNAV at 1 October 2019	114.2	623.6	-	737.8
Operating profit/(loss)	16.2	10.9	(32.5)	(5.4)
Add back items with no impact on TNAV:				
- Share-based payments, net of deferred tax	-	-	0.4	0.4
- Impairment of goodwill	-	-	18.5	18.5
- Amortisation of intangible assets	-	-	12.2	12.2
Other items affecting TNAV:				
- Share issue, net of transaction costs	196.5	46.5	-	243.0
- Share of post-tax profit from joint ventures and associate	8.0	9.0	-	17.0
- Dividends paid to owners of the parent	(29.5)	(16.7)	-	(46.2)
- Dividends paid to non-controlling interests	(4.3)	-	-	(4.3)
- Taxation	(1.2)	(0.9)	-	(2.1)
- Purchase of shares by EBT	(1.2)	(0.8)	-	(2.0)
- Other	(10.6)	(8.0)	1.4	(17.2)
TNAV at 30 September 2020	**288.1**	**663.6**	**-**	**951.7**
Inter-segment cash funding: net (cash)/debt	39.4	(137.6)	-	(98.2)
Segmental capital employed (TNOAV)	**327.5**	**526.0**	**-**	**853.5**

4. SEGMENTAL REPORTING (continued)

(c) Segmental other items

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Six months ended 31 March 2021				
Investment in joint ventures	**8.0**	**25.8**	**-**	**33.8**
Investment in associate	**-**	**0.8**	**-**	**0.8**
Share of post-tax profit from joint ventures and associate	**4.2**	**15.9**	**-**	**20.1**
Capital expenditure – property, plant and equipment	**0.7**	**0.5**	**-**	**1.2**
Capital expenditure – intangible assets	**-**	**-**	**2.2**	**2.2**
Right of use asset additions	**36.8**	**7.4**	**-**	**44.2**
Depreciation – property, plant and equipment	**0.8**	**0.3**	**-**	**1.1**
Depreciation – right of use assets	**2.0**	**0.7**	**-**	**2.7**
Amortisation – intangible assets	**-**	**-**	**5.0**	**5.0**
Share-based payments	**-**	**-**	**1.0**	**1.0**

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Six months ended 31 March 2020				
Investment in joint ventures	7.9	30.4	-	38.3
Investment in associate	-	3.6	-	3.6
Share of post-tax profit from joint ventures and associate	3.8	5.1	-	8.9
Capital expenditure – property, plant and equipment	3.5	0.4	-	3.9
Capital expenditure – intangible assets	-	-	1.0	1.0
Right of use asset additions	1.2	1.2	-	2.4
Depreciation – property, plant and equipment	0.9	0.4	-	1.3
Depreciation – right of use assets	2.0	0.9	-	2.9
Amortisation – intangible assets	-	-	6.1	6.1
Share-based payments	-	-	0.2	0.2

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Year ended 30 September 2020				
Investment in joint ventures	12.1	28.8	-	40.9
Investment in associate	-	1.3	-	1.3
Share of post-tax profit from joint ventures and associate	8.0	9.0	-	17.0
Capital expenditure – property, plant and equipment	4.2	0.6	-	4.8
Capital expenditure – intangible assets	-	-	2.9	2.9
Right of use asset additions	3.1	1.3	-	4.4
Depreciation – property, plant and equipment	1.8	0.7	-	2.5
Depreciation – right of use assets	4.6	3.2	-	7.8
Amortisation – intangible assets	-	-	12.2	12.2
Impairment of goodwill	-	-	18.5	18.5
Share-based payments	-	-	1.0	1.0

5. REVENUE

An analysis of Group reported revenue by type is set out below:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Partnerships:			
Private	**220.6**	123.5	251.7
Affordable	**117.4**	112.9	196.6
Private Rented Sector	**49.5**	77.0	116.5
Other	**8.3**	10.6	20.5
	395.8	324.0	585.3
Housebuilding:			
Private	**203.0**	120.5	205.1
Affordable	**14.5**	25.0	46.2
Private Rented Sector	**4.3**	1.8	7.2
Land	**32.4**	0.2	30.8
Other	**11.0**	9.7	17.4
	265.2	157.2	306.7
Total revenue (reported)	**661.0**	481.2	892.0
Share of revenue from joint ventures and associate:			
Partnerships	**24.8**	19.8	44.1
Housebuilding	**69.2**	29.9	52.7
Total revenue (adjusted)	**755.0**	530.9	988.8

6. OPERATING PROFIT/(LOSS)

Non-underlying items
Certain items which do not relate to the Group's underlying performance are presented separately in the consolidated statement of comprehensive income as non-underlying items where, in the judgement of the Directors, they need to be disclosed separately by virtue of their size, nature or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance. Group operating profit includes the following non-underlying items:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Non-underlying items included within cost of sales:			
Remediation costs for multi-occupancy buildings	**(25.0)**	-	-
Non-underlying items included within administrative expenses:			
Amortisation of acquisition-related intangible assets	**(3.9)**	(5.1)	(10.2)
Costs associated with Housebuilding separation	**(3.3)**	-	-
Impairment of goodwill	**-**	-	(18.5)
Restructuring costs	**-**	-	(3.5)
Ground Rent Assistance Scheme	**-**	-	(10.0)
Deferred consideration relating to Westleigh	**-**	(0.2)	(0.2)
Total non-underlying items	**(32.2)**	(5.3)	(42.4)

6. OPERATING PROFIT/(LOSS) (continued)

Remediation costs for multi-occupancy buildings
As a result of progress made in the Group's review of expected remediation costs for multi-occupancy buildings, a provision of £25.0m has been recognised. Refer to Note 17 for further detail.

Amortisation of acquisition-related intangible assets
Amortisation of acquisition-related intangible assets is reported within non-underlying items as the Directors do not believe this cost should be included when considering the underlying trading performance of the Group.

Costs associated with Housebuilding separation
As announced on 3 December 2020, the Group appointed Rothschild & Co to examine the separation of its Housebuilding division. As part of this process, during the first half of the year a reorganisation of the Group's legal structure commenced to align it to the Group's operational structure. The costs incurred during the period in relation to this reorganisation include legal, tax and accounting advisory services and other expenses.

Impairment of goodwill
During September 2020, the Directors announced the Board's decision to close the Millgate business with the remaining Millgate sites being transferred to the Housebuilding West region. The goodwill previously recognised on the acquisition of Millgate was tested for impairment and, as a consequence of reduced cash flows from the business in future years, an impairment charge of £18.5m was recognised.

Restructuring costs
Restructuring costs of £3.5m were recognised in the year ended 30 September 2020 in relation to the closure of the Millgate business, restructuring in the Partnerships division, and the closure of the Group's London office.

Ground Rent Assistance Scheme
Following the Group's commitment to the Government's Leasehold Pledge, in April 2020 the Group established the Countryside Ground Rent Assistance Scheme and recognised a provision of £10.0m. Refer to Note 17.

Taxation
A total tax credit of £5.8m (HY20: £1.0m, FY20: £4.7m) in relation to the above non-recurring items is included within taxation in the consolidated statement of comprehensive income.

7. NET FINANCE COSTS

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Bank loans and overdrafts	**(1.3)**	(1.9)	(5.3)
Amortisation of debt finance costs	**(0.4)**	(0.3)	(0.7)
Unwind of discount relating to:			
Land purchases on deferred payment terms	**(3.8)**	(3.7)	(7.0)
Lease liabilities	**(0.7)**	(0.6)	(1.1)
Other loans	**(0.1)**	-	(0.1)
Finance costs	**(6.3)**	(6.5)	(14.2)
Interest receivable	**0.1**	0.1	0.2
Unwind of discount relating to:			
Land sales on deferred settlement terms	**0.2**	0.2	0.5
Finance income	**0.3**	0.3	0.7
Net finance costs	**(6.0)**	(6.2)	(13.5)

8. TAXATION

The effective tax rate applied for the period was 17.7% (HY20: 16.7%, FY20: (107.7)%). This reflects the anticipated full year effective rate excluding the tax effect of non-underlying items expected to be incurred in the second half of the financial year, and is lower than the statutory rate of 19.0% mainly due to the Group's joint ventures and associate being accounted for using the equity method.

The adjusted effective tax rate for the period was 19.3% (HY20: 17.3%, FY20: 17.2%) with the difference between the reported and adjusted rates reflecting non-underlying items and the treatment of the Group's joint ventures and associate.

On 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax would increase from 19% to 25% from April 2023. However, as this change in rate has yet to be substantively enacted, it is not reflected in this Financial Information and therefore the Group's deferred tax assets as at the reporting date have been calculated using the prevailing corporation tax rate of 19%. The impact had this rate change been enacted by the balance sheet date is not expected to be material.

9. EARNINGS PER SHARE

Basic earnings per share ("basic EPS") is calculated by dividing the profit from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, adjusted for the weighted average number of shares held by the Employee Benefit Trust ("EBT"). For diluted earnings per share ("diluted EPS"), the weighted average number of ordinary shares also assumes the conversion of all potentially dilutive share awards.

(a) Basic earnings per share

	Six months ended 31 March 2021	Six months ended 31 March 2020	Year ended 30 September 2020
Profit from continuing operations attributable to equity holders of the parent (£m)	**31.9**	36.4	(3.7)
Basic weighted average number of shares (millions)	**523.4**	447.9	462.1
Basic earnings per share (pence per share)	**6.1**	8.1	(0.8)
Diluted weighted average number of shares (millions)	**528.3**	450.9	464.5
Diluted earnings per share (pence per share)	**6.0**	8.1	(0.8)

The basic weighted average number of shares of 523.4 million for the six months ended 31 March 2021 (HY20: 447.9 million, FY20: 462.1 million) excludes the weighted average number of shares held in the EBT during the period of 1.2 million (HY20: 2.1 million, FY20: 1.2 million).

(b) Adjusted earnings per share

Adjusted basic and diluted EPS are APMs for the Group. Refer to pages 33 to 38 for details of the Group's APMs.

	Six months ended 31 March 2021	Six months ended 31 March 2020	Year ended 30 September 2020
Profit from continuing operations attributable to equity holders of the parent (£m)	**31.9**	36.4	(3.7)
Add: Non-underlying items, net of tax (£m)	**26.4**	4.3	37.7
Adjusted profit from continuing operations attributable to equity holders of the parent (£m)	**58.3**	40.7	34.0
Basic weighted average number of shares (millions)	**523.4**	447.9	462.1
Adjusted basic earnings per share (pence per share)	**11.1**	9.1	7.4
Diluted weighted average number of shares (millions)	**528.3**	450.9	465.3
Adjusted diluted earnings per share (pence per share)	**11.0**	9.0	7.3

Non-underlying items net of tax is composed of costs of £32.2m, net of tax of £5.8m (HY20: £5.3m, net of tax of £1.0m, FY20: £42.4m net of tax of £4.7m). Refer to Note 6.

10. DIVIDENDS

As a result of the impact that the Covid-19 pandemic had on the Group's financial performance, no dividends were declared during the year ended 30 September 2020.

The Board of Directors does not recommend the payment of an interim dividend for the current financial year (HY20: Nil).

Dividends of £46.2m, or 10.3 pence per share, were recognised as distributions and paid in the first half of the year ended 30 September 2020, reflecting the final dividend declared for the year ended 30 September 2019.

11. INVESTMENT IN JOINT VENTURES

The table below reconciles the movement in the Group's aggregate investment in joint ventures:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Opening balance	**40.9**	62.2	62.2
Share of post-tax profit	**20.1**	8.8	16.9
Dividends received	**(23.6)**	(32.5)	(33.5)
Repayment of members' interest	**(2.8)**	-	(4.4)
Other movements	**(0.8)**	(0.2)	(0.3)
Closing balance	**33.8**	38.3	40.9

The tables below present the financial performance of the Group's joint ventures during the period:

For the six months ended 31 March 2021	**Partnerships £m**	**Housebuilding £m**	**Total £m**
Revenue	49.6	138.4	188.0
Expenses	(40.8)	(103.8)	(144.6)
Operating profit	**8.8**	**34.6**	**43.4**
Finance costs	(0.4)	(0.2)	(0.6)
Income tax expense	-	(2.6)	(2.6)
Profit for the period	**8.4**	**31.8**	**40.2**
Group's share in %	50.0%	50.0%	50.0%
Group's share of revenue	24.8	69.2	94.0
Group's share of operating profit	4.4	17.3	21.7

11. INVESTMENT IN JOINT VENTURES (continued)

For the six months ended 31 March 2020	Partnerships £m	Housebuilding £m	Total £m
Revenue	39.6	59.7	99.3
Expenses	(32.1)	(49.3)	(81.4)
Operating profit	**7.5**	**10.4**	**17.9**
Finance income	-	0.1	0.1
Income tax expense	-	(0.4)	(0.4)
Profit for the period	**7.5**	**10.1**	**17.6**
Group’s share in %	50.0%	50.0%	50.0%
Group’s share of revenue	19.8	29.9	49.7
Group’s share of operating profit	3.8	5.2	9.0

For the year ended 30 September 2020	Partnerships £m	Housebuilding £m	Total £m
Revenue	88.2	105.4	193.6
Expenses	(71.7)	(87.6)	(159.3)
Operating profit	**16.5**	**17.8**	**34.3**
Finance income / (costs)	(0.6)	0.2	(0.4)
Income tax credit / (expense)	0.1	(0.2)	(0.1)
Profit for the year	**16.0**	**17.8**	**33.8**
Group’s share in %	50.0%	50.0%	50.0%
Group’s share of revenue	44.1	52.7	96.8
Group’s share of operating profit	8.3	8.9	17.2

The aggregate amount due from joint ventures is £51.8m (HY20: £87.1m, FY20: £69.5m). The amount due to joint ventures is £0.5m (HY20: £0.4m, FY20: £0.4m). Transactions between the Group and its joint ventures are disclosed in Note 19.

12. INVESTMENT IN ASSOCIATE

The Group holds 28.5% of the ordinary share capital with pro rata voting rights in Countryside Properties (Bicester) Limited, a company incorporated and domiciled in the UK, whose principal activity is the sale of serviced parcels of land, and for segmental purposes is disclosed within the Housebuilding division. It is accounted for using the equity method.

The table below reconciles the movement in the Group's investment in associate:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Opening balance	**1.3**	3.5	3.5
Share of post-tax profit	**-**	0.1	0.1
Dividends received	**(0.5)**	-	(2.3)
Closing balance	**0.8**	3.6	1.3

The table below presents the financial performance of the Group's associate during the period:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Revenue	**-**	-	-
Expenses	**-**	-	-
Operating profit	**-**	-	-
Finance income	**-**	0.3	0.5
Income tax expense	**-**	-	(0.1)
Profit for the period	**-**	0.3	0.4
Group's share in %	**28.5%**	28.5%	28.5%
Group's share of revenue	**-**	-	-
Group's share of operating profit	**-**	-	-

As at 31 March 2021, no amounts were due to or from the associate (HY20: £Nil, FY20: £Nil). Transactions between the Group and its associate are disclosed in Note 19.

13. INVENTORIES

	As at 31 March 2021 £m	As at 31 March 2020 £m	As at 30 September 2020 £m
Development land and work in progress	**1,017.9**	960.0	965.0
Completed properties unlet, unsold or awaiting sale	**66.2**	81.4	94.1
	1,084.1	1,041.4	1,059.1

Total provisions against inventory at 31 March 2021 were £4.8m (HY20: £3.4m, FY20: £4.8m).

During the period, an impairment charge of £3.2m was recognised against inventories (HY20: £4.8m, FY20: £4.8m).

14. TRADE AND OTHER RECEIVABLES

	As at 31 March 2021 £m	As at 31 March 2020 £m	As at 30 September 2020 £m
Amounts falling due within one year:			
Trade receivables	**52.8**	41.0	44.5
Amounts recoverable on construction contracts	**45.7**	65.4	40.4
Advances to joint ventures	**51.8**	87.1	69.5
Other taxation and social security	**7.1**	10.0	6.0
Other receivables	**2.1**	2.3	1.5
Prepayments and accrued income	**37.3**	28.4	37.3
	196.8	234.2	199.2
Amounts falling due in more than one year:			
Trade receivables	**12.6**	-	-
Amounts recoverable on construction contracts	**19.3**	18.3	19.6
	31.9	18.3	19.6
Total trade and other receivables	**228.7**	252.5	218.8

15. CASH AND BORROWINGS

	As at 31 March 2021 £m	As at 31 March 2020 £m	As at 30 September 2020 £m
Cash and cash equivalents	**108.8**	172.2	100.5
Bank loans	**-**	(297.6)	-
Bank loan arrangement fees	**-**	1.7	-
Other loans	**(2.9)**	(2.3)	(2.3)
Borrowings	**(2.9)**	(298.2)	(2.3)

Bank loans

The Group has a £300m revolving credit facility with Lloyds Bank plc, Barclays Bank PLC, HSBC Bank plc and Santander UK plc, expiring in June 2023. The agreement has a floating interest rate based on LIBOR. As at 31 March 2021, the Group had no drawings under the facility (HY20: £297.6m, FY20: £Nil).

Subject to obtaining credit approval from the syndicate banks, the Group has the option to extend the facility by a further £100m. This facility is subject to both financial and non-financial covenants and is secured by floating charges over all the Group's assets.

The Group also has the option to issue promissory notes under the facility, with any notes issued reducing the available funds such that total borrowings under the facility do not exceed £300m. As at 31 March 2021 the Group had no promissory notes in issue (HY20: £2.4m, FY20: £Nil).

Bank loan arrangement fees are amortised over the term of the facility. As at 31 March 2021, unamortised loan arrangement fees were £1.8m (HY20: £1.7m, FY20: £2.2m). Amortisation of £0.4m (HY20: £0.3m, FY20: £0.7m) is included in finance costs in the statement of comprehensive income (Note 7).

As the Group did not have any bank debt under this facility as at 31 March 2021 and 30 September 2020, the unamortised loan arrangement fees are presented as prepayments within "trade and other receivables" in the consolidated statement of financial position.

Covid Corporate Financing Facility ("CCFF")

On 28 April 2020, the Group received confirmation from the Bank of England of its eligibility to participate in the CCFF. The Group put in place a commercial paper programme which allowed up to £300m of commercial paper to be issued to provide standby liquidity if required. The Group did not issue any commercial paper under the Facility and the availability of the CCFF ended on 22 March 2021.

15. CASH AND BORROWINGS (continued)

Other loans

During the year ended 30 September 2018, the Group received an interest free loan of £2.5m for the purpose of funding remediation works in relation to one of its joint operations. The loan was initially recognised at fair value and subsequently carried at amortised cost. The loan is repayable on 22 November 2022 and the carrying amount of £2.4m (HY20: £2.3m, FY20: £2.3m) is presented within non-current liabilities in the consolidated statement of financial position.

During the year ended 30 September 2020, a local authority made available a forward funding loan arrangement of £2.5m that the Group can draw upon if required under the development agreement for the purposes of infrastructure development. At 31 March 2021, £0.5m (HY20: £Nil, FY20: £Nil) had been drawn down by the Group under this arrangement, and is presented within current liabilities in the consolidated statement of financial position.

Interbank Offered Rates ("IBOR") reform

On 5 March 2021, the Financial Conduct Authority announced that LIBOR settings for certain currencies, including Sterling and Euro, would cease from 31 December 2021. The Directors do not anticipate that these changes and the adoption of alternative interest rate benchmarks will have a material impact on the Group's finance costs and are working with the Group's lenders to consider the impact of transition to an alternative benchmark rate.

16. TRADE AND OTHER PAYABLES

	As at 31 March 2021 £m	As at 31 March 2020 £m	As at 30 September 2020 £m
Amounts falling due within one year:			
Trade payables	**50.0**	84.3	71.9
Deferred land payments	**115.6**	113.2	109.5
Overage payable	**7.4**	14.6	11.5
Accruals and deferred income	**128.4**	122.6	141.7
Other taxation and social security	**3.3**	6.7	4.9
Other payables	**6.0**	25.6	4.7
Advances from joint ventures	**0.5**	0.4	0.4
	311.2	367.4	344.6
Amounts falling due in more than one year:			
Trade payables	**22.9**	17.6	21.4
Deferred land payments	**100.7**	104.9	83.3
Overage payable	**17.5**	16.3	19.8
	141.1	138.8	124.5
Total trade and other payables	**452.3**	506.2	469.1

17. PROVISIONS

	Remediation costs for multi-occupancy buildings £m	**Ground Rent Assistance Scheme £m**	**Other £m**	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Opening balance	**-**	**10.0**	**1.4**	**11.4**	2.4	2.4
Charged in the period	**25.0**	**-**	**2.2**	**27.2**	-	10.7
Released in the period	**-**	**-**	**-**	**-**	(1.0)	(1.0)
Utilised in the period	**(0.4)**	**-**	**(0.1)**	**(0.5)**	-	(0.7)
Closing balance	**24.6**	**10.0**	**3.5**	**38.1**	1.4	11.4
Current	**24.6**	**10.0**	**2.9**	**37.5**	0.7	10.9
Non-current	**-**	**-**	**0.6**	**0.6**	0.7	0.5
Total provisions	**24.6**	**10.0**	**3.5**	**38.1**	1.4	11.4

Remediation costs for multi-occupancy buildings
In October 2019, the Directors appointed an independent third party to review all multi-occupancy buildings delivered by the Group during the previous 15 years. This review found that none of those buildings were assessed to have a high fire risk.

In December 2019, the External Wall Fire Review (EWS1) process was introduced by the Royal Institute of Chartered Surveyors ("RICS") and others to support mortgage valuation processes for buildings over 18 metres tall, or where specific fire safety concerns exist. In January 2020, the Ministry of Housing, Communities & Local Government's ("MHCLG") mandated that a formal fire safety assessment must be conducted by a suitably qualified and competent professional for all multi-occupancy buildings.

As disclosed in the 2020 Annual Report, the review of buildings delivered by Countryside using the EWS1 assessment did not at that time identify any buildings with issues that would have resulted in a potential liability for remediation costs for Countryside. As a result, at 30 September 2020, no provision was recognised and this matter was disclosed as a contingent liability.

Since December 2020, as the extent of a number of EWS1 surveys at various sites has progressed, the Directors have become aware of buildings on 20 development schemes, constructed between 2008 and 2017, where the current building owner believes that there are defects in the building which need to be remediated. Countryside are currently engaging with the building owners and others to conduct intrusive building surveys to assess the extent of remedial works required to ensure that these buildings will be capable of being issued an EWS1 certificate.

As a result of significant progress made since 31 March 2021 to reliably estimate the potential liability to the Group, a provision of £25.0m has been recognised in respect of these costs (HY20: £Nil, FY20: £Nil). This has been treated as an adjusting event after the reporting period.

The quantification of the cost of these remediation works is inherently complex and depends on a number of factors, including the size of the building, the cost of investigation and replacement materials and associated labour and the potential cost of managing the disruption to residents. As an illustration, if changes to assumptions resulted in an increase to forecast cash outflows of 10%, profit before tax would have reduced by £2.5m.

In addition, whilst the Directors believe that Countryside may be able to recover some of these costs via insurance or, in the case of defective workmanship, from subcontractors, no recoveries have been assumed in arriving at the amount provided.

As the timing of utilisation is uncertain, the provision has been included within current liabilities.

The Countryside Ground Rent Assistance Scheme
The Countryside Ground Rent Assistance Scheme (the "Scheme") was established in April 2020 following the Group's earlier commitment to the Government's Leasehold Pledge and applies to leases where the ground rent payable was not for the ultimate benefit of either a local authority or a registered provider of social housing.

The Group is seeking agreement from all freehold owners to vary the leaseholds of Countryside customers who still own homes with a leasehold ground rent that doubles more frequently than every 20 years. Working with the joint venture partners where required, the Group aims to achieve agreement from the freehold owners to vary the leasehold ground rent to increase every 15 years in line with RPI. In parallel, where any customer has received an offer from their freehold owner to vary their lease terms in compliance with the Pledge, Countryside will reimburse the price payable by the customer plus any reasonable legal fees incurred. The Scheme is expected to be in place until April 2022 and the associated cost has been estimated at £10.0m.

As the timing of utilisation is uncertain, the provision has been included within current liabilities.

Other provisions
The remaining provisions and movements during the year primarily relate to legal provisions and amounts in respect of expected dilapidations on office buildings that are leased by the Group.

18. NOTES TO THE CASH FLOW STATEMENT

The table below provides a reconciliation of profit/(loss) before income tax to cash used in operations.

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Profit/(loss) before income tax	**38.8**	43.7	(1.9)
Adjustments for:			
- Amortisation – intangible assets	**5.0**	6.1	12.2
- Depreciation – property, plant and equipment	**1.1**	1.3	2.5
- Depreciation – right of use assets	**2.7**	2.9	7.8
- Impairment of goodwill	**-**	-	18.5
- Share of post-tax profit from joint ventures and associate	**(20.1)**	(8.9)	(17.0)
- Share based payments (pre-tax)	**1.0**	0.2	1.0
- Finance costs	**6.3**	6.5	14.2
- Finance income	**(0.3)**	(0.3)	(0.7)
- Other non-cash items	**0.8**	-	-
Changes in working capital:			
- Increase in inventories	**(25.0)**	(232.8)	(250.5)
- (Increase)/decrease in trade and other receivables	**(27.9)**	30.5	48.2
- (Decrease)/increase in trade and other payables	**(22.2)**	52.2	11.8
- Increase/(decrease) in provisions	**26.7**	(1.0)	9.0
Cash used in operations	**(13.1)**	(99.6)	(144.9)

19. RELATED PARTY TRANSACTIONS

Transactions with joint ventures and associate

	Joint Ventures			Associate		
	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Sales during the period	**7.9**	11.7	14.8	**-**	0.1	0.2
Net advances:						
Amount due at start of period	**69.1**	49.3	49.3	-	-	-
Net (repayments)/advances during the period	**(17.8)**	37.4	19.8	-	-	-
Amount due at end of period	**51.3**	86.7	69.1	-	-	-

Sales of goods and services to related parties related principally to the provision of services to the joint ventures and associate at contractually agreed prices. No purchases were made by the Group from its joint ventures or associate. The amounts outstanding ordinarily bear no interest and will be settled in cash.

Transactions with key management personnel
As at the reporting date, two of the Group's employees have a close family member on the Executive Committee. These individuals were recruited through the normal interview process and are employed at salaries commensurate with their experience and roles. The combined annual salary and benefits of these two individuals is less than £60,000 (HY20: three individuals, less than £160,000; FY20: three individuals, less than £190,000).

20. SHARE PLANS

The Group operates three employee incentive schemes: An all-employee Save as you Earn ("SAYE") plan and two discretionary plans - the Long-Term Incentive Plan ("LTIP") and the Deferred Bonus Plan ("DBP").

During the period, 2.3 million (HY20: 1.9 million, FY20, 1.9 million) options were granted over the Company's shares relating to the LTIP scheme. No options were granted under the DBP (HY20: 0.4 million, FY20: 0.4 million) or SAYE schemes during the period (HY20: Nil, FY20: 2.2 million).

The Group recognised £1.0m (HY20: £0.2m, FY20: £1.0m) of employee costs related to share-based payment transactions during the period, excluding the cost of related national insurance contributions.

A deferred tax asset of £1.5m (HY20: £1.6m, FY20: £0.9m) is held in relation to share-based payments. Transactions during the period resulted in a deferred tax credit to the statement of comprehensive income of £0.1m (HY20: charge of £0.2m, FY20: charge of £0.8m) and a credit direct to equity of £0.5m (HY20: credit of £0.1m, FY20: charge of £0.6m).

21. LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

The Group is subject to various claims, audits and investigations that have arisen in the ordinary course of business. These matters include but are not limited to employment and commercial matters. The outcome of all these matters is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Group and after consultation with external lawyers, the Directors believe that the ultimate resolution of these matters, individually and in aggregate, will not have a material adverse impact on the Group's financial condition. Where necessary, applicable costs are included within the cost to complete estimates for individual developments or are otherwise accrued in the statement of financial position.

During the prior financial year, the Competition & Markets Authority ("CMA") commenced a sector-wide inquiry into the sale of leasehold properties. On 28 February 2020, the CMA announced that it had found evidence of "potential mis-selling and unfair contract terms in the leasehold housing sector" and on 4 September 2020, the CMA announced it was launching enforcement action against four housing developers that it believes may have broken consumer protection law in relation to leasehold homes, one of which was Countryside. On 19 March 2021 the CMA notified Countryside that it would require the Group to remove certain terms from its existing leasehold contracts. The Group is in the process of responding to the CMA's concerns and will continue to engage constructively with the CMA to resolve this complex issue. Alongside these discussions, its resolution will require the engagement of a number of other parties, including certain freehold owners, for a satisfactory solution to be found. Given the stage of the matter and the uncertainty regarding outcomes, the Directors are unable to make a reliable estimate of any potential liability and accordingly have not recorded a provision in relation to this matter as at 31 March 2021.

22. EVENTS AFTER THE REPORTING PERIOD

The Group made significant progress after 31 March 2021 to reliably estimate the expected liability for remediation costs on multi-occupancy buildings. The progress made after the reporting period resulted in the Directors approving the recognition of a provision of £25.0m in April 2021 in respect of these costs. This has been treated as an adjusting event after the reporting period. Refer to Note 17 for further detail.

ALTERNATIVE PERFORMANCE MEASURES (unaudited)

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The Directors believe that the inclusion of the Group's share of joint ventures and associate and the removal of non-underlying items from financial information presents a clear and consistent presentation of the underlying performance of the ongoing business for shareholders.

(a) Financial performance

Adjusted revenue
Adjusted revenue includes the Group's share of revenue from joint ventures and associate. Refer to Note 4a for a reconciliation to reported revenue.

Adjusted gross margin
Adjusted gross margin is calculated as adjusted gross profit divided by adjusted revenue. The table below reconciles adjusted gross profit to reported gross profit and presents the calculation of adjusted gross margin.

Adjusted gross profit includes the Group's share of gross profit from joint ventures and associate and excludes non-underlying items.

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Gross profit		**76.8**	79.6	108.1
Add: non-underlying items	6	**25.0**	-	-
Add: share of gross profit from joint ventures and associate		**22.3**	9.4	18.2
Adjusted gross profit		**124.1**	89.0	126.3
Adjusted revenue	4a	**755.0**	530.9	988.8
Adjusted gross margin		**16.4%**	16.8%	12.8%

Adjusted operating profit
Adjusted operating profit includes the Group's share of operating profit from joint ventures and associate and excludes non-underlying items. Refer to Note 4 for a reconciliation to reported operating profit.

Adjusted operating margin
Adjusted operating margin is calculated as adjusted operating profit divided by adjusted revenue. The table below presents the calculation of adjusted operating margin.

The table below presents the calculation of adjusted operating margin for the Group:

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Adjusted operating profit	4a	**78.6**	55.3	54.2
Adjusted revenue	4a	**755.0**	530.9	988.8
Adjusted operating profit margin		**10.4%**	10.4%	5.5%

ALTERNATIVE PERFORMANCE MEASURES (continued)

The table below presents the calculation of adjusted operating margin for the Partnerships segment:

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Adjusted operating profit	4a	**36.6**	36.3	32.8
Adjusted revenue	4a	**420.6**	343.8	629.4
Adjusted operating profit margin		**8.7%**	10.6%	5.2%

The table below presents the calculation of adjusted operating margin for the Housebuilding segment:

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Adjusted operating profit	4a	**44.7**	20.6	25.0
Adjusted revenue	4a	**334.4**	187.1	359.4
Adjusted operating profit margin		**13.4%**	11.0%	7.0%

Adjusted basic and diluted earnings per share
Adjusted basic and diluted earnings per share exclude the impact of non-underlying items on profit from continuing operations attributable to equity holders of the parent. Refer to Note 9 for a reconciliation to reported basic and diluted earnings per share.

Return on capital employed (“ROCE”)
ROCE is calculated as adjusted operating profit divided by average tangible net operating asset value (“TNOAV”) on a 12-month rolling basis. Group ROCE for the six months ended 31 March 2021, and the year ended 30 September 2020, was materially reduced as a result of operating losses in the second half of the prior year arising from the Covid-19 pandemic.

The table below presents the calculation of ROCE for the Group:

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Closing TNOAV	4b	**881.3**	860.5	853.5
Opening TNOAV (12 months prior to reporting date)		**860.5**	690.1	664.4
Average TNOAV (12-month rolling)		**870.9**	775.3	759.0
Adjusted operating profit (12-month rolling)		**77.5**	200.3	54.2
Group ROCE (%)		**8.9%**	25.8%	7.1%

The table below presents the calculation of ROCE for the Partnerships segment:

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Closing TNOAV	4b	**410.1**	298.7	327.5
Opening TNOAV (12 months prior to reporting date)		**298.7**	203.6	176.8
Average TNOAV (12-month rolling)		**354.4**	251.2	252.2
Adjusted operating profit (12-month rolling)		**33.1**	118.4	32.8
Partnerships ROCE (%)		**9.3%**	47.1%	13.0%

ALTERNATIVE PERFORMANCE MEASURES (continued)

The table below presents the calculation of ROCE for the Housebuilding segment:

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Closing TNOAV	4b	**471.2**	561.8	526.0
Opening TNOAV (12 months prior to reporting date)		**561.8**	486.5	487.6
Average TNOAV (12-month rolling)		**516.5**	524.2	506.8
Adjusted operating profit (12-month rolling)		**49.1**	87.3	25.0
Housebuilding ROCE (%)		**9.5%**	16.6%	4.9%

12-month rolling adjusted operating profit used in the calculation of ROCE above is calculated as follows for the six months ended 31 March 2021:

	Note	Partnerships £m	Housebuilding £m	Group[1] £m
Adjusted operating profit for the six months ended 31/03/21	4a	36.6	44.7	78.6
Add: Adjusted operating profit for the prior financial year	4a	32.8	25.0	54.2
Less: Adjusted operating profit for the six months ended 31/03/20	4a	(36.3)	(20.6)	(55.3)
Adjusted operating profit (12-month rolling)		**33.1**	**49.1**	**77.5**

[1]Group adjusted operating profit includes other Group items that are not allocated to the two segments. Refer to Note 4.

12-month rolling adjusted operating profit used in the calculation of ROCE above is calculated as follows for the six months ended 31 March 2020:

	Note	Partnerships £m	Housebuilding £m	Group[1] £m
Adjusted operating profit for the six months ended 31/03/20	4a	36.3	20.6	55.3
Add: Adjusted operating profit for the prior financial year		127.8	114.8	234.4
Less: Adjusted operating profit for the six months ended 31/03/19		(45.7)	(48.1)	(89.4)
Adjusted operating profit (12-month rolling)		**118.4**	**87.3**	**200.3**

[1]Group adjusted operating profit includes other Group items that are not allocated to the two segments. Refer to Note 4.

Asset Turn
Asset turn is calculated as adjusted revenue divided by average TNOAV on a 12-month rolling basis.

The table below presents the calculation of asset turn for the Group:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Adjusted revenue (12-month rolling)	**1,212.9**	1,390.0	988.8
Average TNOAV (12-month rolling)	**870.9**	775.3	759.0
Group asset turn	**1.4**	1.8	1.3

ALTERNATIVE PERFORMANCE MEASURES (continued)

The table below presents the calculation of asset turn for the Partnerships segment:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Adjusted revenue (12-month rolling)	**706.2**	838.5	629.4
Average TNOAV (12-month rolling)	**354.4**	251.2	252.2
Partnerships asset turn	**2.0**	3.3	2.5

The table below presents the calculation of asset turn for the Housebuilding segment:

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Adjusted revenue (12-month rolling)	**506.7**	551.5	359.4
Average TNOAV (12-month rolling)	**516.5**	524.2	506.8
Housebuilding asset turn	**1.0**	1.1	0.7

12-month rolling adjusted revenue used in the calculation of asset turn above is calculated as follows for the six months ended 31 March 2021:

	Note	Partnerships £m	Housebuilding £m	Group £m
Adjusted revenue for the six months ended 31/03/21	4a	420.6	334.4	755.0
Add: Adjusted revenue for the prior financial year	4a	629.4	359.4	988.8
Less: Adjusted revenue for the six months ended 31/03/20	4a	(343.8)	(187.1)	(530.9)
Adjusted revenue (12-month rolling)		**706.2**	**506.7**	**1,212.9**

12-month rolling adjusted revenue used in the calculation of asset turn above is calculated as follows for the six months ended 31 March 2020:

	Note	Partnerships £m	Housebuilding £m	Group £m
Adjusted revenue for the six months ended 31/03/20	4a	343.8	187.1	530.9
Add: Adjusted revenue for the prior financial year		837.1	585.7	1,422.8
Less: Adjusted revenue for the six months ended 31/03/19		(342.4)	(221.3)	(563.7)
Adjusted revenue (12-month rolling)		**838.5**	**551.5**	**1,390.0**

ALTERNATIVE PERFORMANCE MEASURES (continued)

(b) Financial position

Tangible net asset value ("TNAV")
TNAV is calculated as net assets excluding intangible assets net of deferred tax. The table below reconciles TNAV to reported net assets.

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Net assets		**1,119.4**	889.4	1,086.0
Less: intangible assets		**(140.3)**	(165.8)	(143.1)
Add: deferred tax on intangible assets		**8.1**	9.2	8.8
TNAV	4b	**987.2**	732.8	951.7

Net cash/(debt)
Net cash/(debt) includes borrowings and net cash and cash equivalents and excludes lease liabilities and debt arrangement fees included in borrowings.

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Borrowings	15	**(2.9)**	(298.2)	(2.3)
Less: bank loan arrangement fees	15	**-**	(1.7)	-
Add: net cash and cash equivalents	15	**108.8**	172.2	100.5
Net cash/(debt)		**105.9**	(127.7)	98.2

Tangible net operating asset value ("TNOAV")
TNOAV is calculated as TNAV excluding net cash/(debt). The table below presents the calculation of TNOAV.

	Note	**Six months ended 31 March 2021 £m**	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
TNAV	4b	**987.2**	732.8	951.7
Add: net debt / Less: (net cash)		**(105.9)**	127.7	(98.2)
TNOAV	4b	**881.3**	860.5	853.5

Gearing
Gearing is calculated as net debt/(cash) divided by net assets. The table below presents the calculation of gearing.

	Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Net debt/(cash)	**(105.9)**	127.7	(98.2)
Net assets	**1,119.4**	889.4	1,086.0
Gearing	**(9.5)%**	14.4%	(9.0)%

ALTERNATIVE PERFORMANCE MEASURES (continued)

Adjusted gearing
Adjusted gearing is calculated as net debt/(cash), including deferred land payments (excluding overage), divided by net assets. The table below presents the calculation of adjusted gearing.

		Six months ended 31 March 2021 £m	Six months ended 31 March 2020 £m	Year ended 30 September 2020 £m
Net debt/(cash)		**(105.9)**	127.7	(98.2)
Add: deferred land payments (excluding overage)	16	**216.3**	218.1	192.8
Adjusted net debt		**110.4**	345.8	94.6
Net assets		**1,119.4**	889.4	1,086.0
Adjusted gearing		**9.9%**	38.9%	8.7%