

**COUNTRYSIDE PARTNERSHIPS PLC**  
**Unaudited results for the six months ended 31 March 2022**

19 May 2022

**Exclusively focused on Partnerships with strong platform for growth**  
**No change to full year guidance**

Countryside, the market leader in Partnerships, providing high quality, mixed tenure communities, today announces its unaudited results for the six months ended 31 March 2022.

**Results overview**

	HY 2022	HY 2021
<b>Completions<sup>1</sup></b>	<b>1,958</b>	2,591
<b>Adjusted operating profit<sup>2</sup></b>	<b>£46.9m</b>	£78.6m
<b>Adjusted basic earnings per share<sup>3</sup></b>	<b>5.8p</b>	11.1p
<b>Reported revenue</b>	<b>£602.2m</b>	£661.0m
<b>Reported operating (loss)/profit</b>	<b>£(184.5)m</b>	£24.7m
<b>Reported basic (loss)/earnings per share</b>	<b>(30.5)p</b>	6.1p

**Key points**

- No change to current year adjusted operating profit expectations
- Good progress in the transition to an exclusively Partnerships business
  - Partnerships South and newly-established Home Counties divisions performing well
  - Encouraging progress in North and Midlands divisions following site-by-site review
  - Legacy asset realisation on track with £150m realised to date
- Partnerships performance in the second quarter of the year improved significantly on the first quarter
- H1 2022 completions, revenue and adjusted operating profit down on an unusually strong comparative period which had benefited from Covid related deferrals
- Reported operating loss includes £109m fire safety provision and £77m impairment of intangibles
- Net cash<sup>4</sup> of £9.8m at 31 March 2022, weekly average net debt of £104m in the first six months
- Total forward order book of £1,816m, up 19% since the start of the year
- Retained HBF 5-star builder status for a third year running
- Appointment of Mike Woolliscroft and Phil Chapman as co-interim CEOs as the search for the permanent CEO progresses

**Outlook**

As announced on 7 April 2022, the Board expects adjusted operating profit for the full year of approximately £150m (2021: £167.3m) including a significant profit growth in the second half. This figure is stated net of £10m of site-by-site related charges, £10m of Manufacturing losses and excludes the impact of £15m of planned annualised cost savings. This includes full year Partnerships adjusted operating profit of £110m (FY 2021: £108m). The private net reservation rate for the first seven weeks of the second half has been strong at 1.09, and we are 91% forward sold for private homes for the second half with a number of PRS and affordable transactions left to secure.

Countryside has a very strong pipeline of new sites, a large addressable market, and strong demand for mixed tenure developments, providing substantial long-term growth potential. The most significant macroeconomic headwind is from inflation which we are seeking to mitigate through commercial and pricing arrangements.

**John Martin, Chair, said:**

“We have taken significant steps to improve operational performance, augment controls and manage our cost base to enhance returns and cash generation. We are delighted with the quality and scale of new bids we have won and invested in during the first half, further strengthening our significant pipeline for profitable growth. We expect continued momentum as we move through the rest of this year and into next.

We are the market leader in the provision of mixed tenure homes, with business development 100% focused on our differentiated Partnerships business. There is considerable unfulfilled demand and we are well positioned to deliver strong, sustainable financial returns.”

## **COUNTRYSIDE PARTNERSHIPS PLC**

### **Unaudited results for the six months ended 31 March 2022**

**Our half year results presentation will be available in person and via webcast at 9.30am on Thursday 19 May followed by Q&A. To register for the webcast please visit <https://investors.countrysidepartnerships.com>.**

#### **Enquiries:**

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Nina Coad/Robin Wrench

#### **Note to editors:**

Countryside is the market leader in the delivery of high quality mixed tenure communities in partnership with housing associations, public bodies and institutional private rental operators, with a strong focus on placemaking and regeneration.

Countryside's differentiated Partnerships business model:

- Mixed tenure developments, including affordable homes, homes for institutional private rental and homes for private sale.
- Over 40 years track record of collaborative working with partners in public and private sectors.
- Over 60% of developments on regeneration or brownfield sites.
- Increasing use of Modern Methods of Construction ("MMC"), with a target of 50% of all homes to be built using MMC by 2025.
- Placemaking at the heart of everything we do – designing places people love, helping to build successful communities. Committed to high quality design, construction and management, creating a positive legacy for future generations.

For more information visit [www.countrysidepartnerships.com](http://www.countrysidepartnerships.com) or follow @CountrysidePPLC on Twitter

#### **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 Partnerships 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 Partnerships 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 Partnerships PLC and its subsidiary companies.

<sup>1</sup> Completions relate to legally completed private homes, in addition to affordable and PRS completions which are recognised on a pro-rata basis, based on contractual revenues. Completions include the Group's proportionate share of the joint ventures and associate.

<sup>2</sup> Adjusted operating profit includes the Group's share of operating profit from joint ventures and associate of £12.7m (HY 2021: £21.7m) and excludes adjusting items of £218.7m (HY 2021: £32.2m). Refer to Notes 3 and 5.

<sup>3</sup> 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.

<sup>4</sup> Net cash/(debt) is defined as bank borrowings less unrestricted cash. Unamortised debt arrangement fees and lease obligations are not included in net cash/(debt).

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

# COUNTRYSIDE PARTNERSHIPS PLC

## Unaudited results for the six months ended 31 March 2022

### Group results for the six months ended 31 March 2022

#### Strategy and market position

Countryside has a clear, differentiated strategy which is focused entirely on the delivery of mixed tenure housing. There is a structural undersupply of homes in the UK housing market, and demand for all tenures of homes remains strong. The business has undergone significant change over the past couple of years. We're making good progress on establishing the Partnerships model in the Home Counties and exiting the legacy Housebuilding assets. Countryside continues to be held in very high regard by local authorities, registered providers, PRS investors and other partners and customers. Our track record of delivery and focus on placemaking, putting both existing and new communities at the heart of everything we do positions us well for the future to deliver strong sustainable financial returns.

#### Growth

There is significant market demand for our homes and there is a strong pipeline of new opportunities, which underpins our confidence in the long-term growth of the business. The Group made great progress on new business across all divisions in the first half:

- In our South division, we have started on site for the first phase of the landmark 2,615 home Clapham Park Estate regeneration project and we were awarded preferred bidder for the regeneration of the former Hendon Metropolitan Police Training Centre, alongside our joint venture partner Optivo, to build over 870 homes.
- In our North division, we started on site at Rivers Edge (Warrington) and Eastbrook Village (Maghull) where we will deliver over 900 mixed tenure homes.
- In our Midlands division, we started on site at Drakelow in Derbyshire, to build over 1,700 homes and we have made a significant investment into our joint venture with Sovereign Housing Association to deliver over 2,000 homes at Lotmead in Swindon.
- The establishment of our Home Counties regions is on track and, to date, we have invested £13m in our site at Barton Park, which will see us deliver 475 homes.

We own 13,355 plots with planning permission for use in our Partnerships business, with a further 37,965 plots under our control. Including preferred bidder status, our total land bank stood at 70,933 plots, providing significant opportunity for profitable growth for many years.

#### Quality and social impact

In March we were awarded 5-star builder status by the HBF for the third year running. Our commitment to making a positive difference to the communities and the people we serve is well recognised in the industry. We were highly commended in the National Social Value 2022 awards in the Private Sector Leadership category, for championing social value creation and community wellbeing. We embedded a new social value platform in the first half, having measured and monitored our social impact for the past three years. Through the new system we will be better able to share our social impact and social value story with our partners, investors, and the communities we serve. In addition, as part of our commitment to social impact, we target completing two post-occupancy evaluations each year with the first of these carried out at our flagship site in Beaulieu. This feedback will help inform our approach to development in future ensuring we are building homes that meet the communities' needs.

We are also delighted to have won the Construction Award for Excellence in Health, Safety or Wellbeing Initiative 2022. This was as a result of our adoption of artificial intelligence collision and avoidance proximity camera technology across all construction and factory sites, reaffirming our commitment to maintaining a safe and healthy environment for all our stakeholders.

**COUNTRYSIDE PARTNERSHIPS PLC**  
**Unaudited results for the six months ended 31 March 2022**

**Commitment to Fire Safety Pledge**

The quality of the homes we build is fundamental to our strategy and is of paramount importance to us and our customers. We have been working with both the Government and other stakeholders to find a solution to cladding and fire safety issues in multi-occupancy tall buildings. As announced on 7 April 2022, the Board has signed the Government's proposed Fire Safety Pledge ("the Pledge"):

- (i) Countryside will meet the cost of remediating buildings currently proposed to be remediated via the Building Safety Fund ("BSF") or ACM funds; and
- (ii) Countryside will take responsibility for performing or funding self-remediation works relating to life-critical fire safety issues on all buildings of 11 metres or more which it has developed over the last 30 years.

As a result, we have recognised a further provision for fire safety of £109.0m in the period. This is in addition to the £41.0m provided for in 2021, taking our total provision for fire safety to £150.0m.

The revised provision reflects the estimated costs to remediate a total of 123 buildings constructed within the last 30 years, 11 of which are registered by the BSF at a cost of £29.5m.

Due to the extent of the remediation works, a new standalone division has been established to manage and deliver the programme. £19.0m is included in the provision in relation to the costs of this division. It is anticipated that work will be carried out over the next ten years.

The quantification of the cost of these remedial works is inherently complex and depends on a number of factors including the size of the building and the cost of investigation, replacement materials, associated labour, and the potential cost of managing the disruption to residents. We have calculated our provision based on past experience of remediation costs and the best information available to us.

**Group performance**

The results for the six months ended 31 March 2022 are measured against an unusually strong comparative period in HY 2021 which benefitted from the deferral of 1,119 completions from the second half of the prior year and generated a positive operating profit impact of around £30m in HY 2021.

Performance in the second quarter of the year showed improvement following a weaker performance in the first quarter which was impacted by delays to starting on a number of sites and operational challenges, including groundworker, timber-frame and roofing contractor issues.

Total adjusted revenue decreased 12.7% to £659.4m (HY 2021: £755.0m). On a reported basis, revenue decreased 8.9% to £602.2m (HY 2021: £661.0m).

Adjusted operating profit was £46.9m (HY 2021: £78.6m) which is stated net of around £10m of charges identified in the site-by-site review, such as aborted bid costs and costs resulting from changes in estimates to complete a small number of schemes.

The ramp-up in manufacturing capacity resulted in a net cost of £6.5m in the first half (HY 2021: £1.3m), including approximately £3m in relation to the new facility at Bardonia. The Board is considering all options to minimise future losses though we remain absolutely committed to timber-frame construction and MMC.

Gross profit from land and commercial sales contributed £16.0m (HY 2021: £10.6m) of which £13.3m related to Partnerships and £2.7m from Legacy Operations. Further land and commercial sales are expected to complete in the second half, in line with our Partnerships business model, on larger sites.

The Group has commenced a review of group overheads and office footprint which, along with previously announced regional consolidation, will generate around £15m of annualised cost savings.

On a reported basis, the Group recognised an operating loss of £184.5m (HY 2021: £24.7m operating profit). The difference between adjusted and reported results reflects the proportional consolidation of our joint ventures and associates (see Note 11) and exclusion of adjusting items (see below). Overall, adjusted operating margin was 7.1% (HY 2021: 10.4%).

**COUNTRYSIDE PARTNERSHIPS PLC**  
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**Partnerships**

	HY 2022	HY 2021	Change
<b>Completions (homes)</b>	<b>1,576</b>	2,045	(469)
<b>Adjusted revenue (£m)</b>	<b>448.6</b>	479.9	(31.3)
<b>Adjusted operating profit (£m)</b>	<b>31.6</b>	52.0	(20.4)

We made good progress in the period in establishing our Partnerships Home Counties division with all four regions profitable and performing in line with expectations. Our Partnerships South division also continued to perform well and saw strong momentum in the period with a number of significant wins.

Performance in our Partnerships North and Midlands divisions was weaker than expected in the first half due to higher than anticipated costs to complete some legacy sites and operational disruptions caused by the failure of a number of contractors. The actions we have put in place position us well for recovery and growth in the medium term. To ensure overhead cost efficiency and improved focus, we have consolidated our former South Midlands and Chilterns regions into the West Midlands and Northern Home Counties regions respectively.

Total Partnerships completions were 1,576 homes (HY 2021: 2,045 homes). Excluding our estimate of covid-related deferrals in the prior period, Partnerships completions were up 16% compared to last year. The tenure mix was broadly consistent with the prior year.

Private ASP remained broadly flat at £345k (HY 2021: £339k) reflecting strong house price inflation of around 4%, partially offset by geographic site mix. Affordable ASP increased 17% to £178,000 (HY 2021: £152,000), whilst PRS ASP was up 44% to £208,000 (HY 2021: £144,000), both driven by an increase in the proportion of delivery of these tenures from the South.

Adjusted revenue decreased by 7% to £448.6m (HY 2021: £479.9m) mainly driven by the impact of covid related deferrals. Reported revenue of £399.1m was broadly in line with the prior year (HY 2021: £398.9m).

Adjusted operating profit fell by £20.5m to £31.6m (HY 2021: £52.0m) as a result of the following:

- The impact of covid-related deferrals in the comparative period of approximately £15m
- Charges identified in the site-by-site review of £6.5m
- Losses in our manufacturing business of £6.5m (HY 2021: £1.3m)

Adjusted gross margins were stable in the period at 16.3% compared with 16.2% in the prior year. Adjusted operating margin reduced 380bps to 7.0% (HY 2021: 10.8%) as a result of increased overheads and lower operational gearing.

On a reported basis, the operating loss for the period was £116.9m (HY 2021: £8.3m profit) and operating margin decreased to (29.3)% (HY 2021: 2.1%), as a result of the provision for remedial work on historical high-rise developments.

We had 45 open sales outlets at the end of the period (HY 2021: 40), with a net private reservation rate of 1.13 (HY 2021: 0.77), and new sales launches are planned during the summer months including at Pullman Green in Hexthorpe and Eastbrook Village in Maghull. Total active sites increased by 12% to 92 (HY 2021: 82).

Overall, our total Partnerships forward order book of £1,549m (HY 2021: £929m, FY 2021: £1,235m) was 25% higher than the position at the start of the year. We are 86% forward sold for second half across all tenures and anticipate a significant improvement in profitability in the second half to deliver approximately £110m operating profit from Partnerships for FY 2022.

## **COUNTRYSIDE PARTNERSHIPS PLC**

### **Unaudited results for the six months ended 31 March 2022**

#### **Legacy Operations**

The Group's focus is on our Partnerships business and we expect our operations to be 100% Partnerships in 2024. We have established a new Partnerships Home Counties division from the old Housebuilding division and, in addition, we announced in July 2021 that we planned to realise £450m of cash from the completion of Housebuilding sales. Since the commencement of the legacy wind-down in July 2021 we have realised approximately £150m of cash, which is slightly ahead of our expectations by this time. Two sites have been identified, representing £49m of capital employed, where realisation of the assets cannot be accelerated. These assets will be retained and realised over the planned development cycle.

Adjusted operating profit was £15.8m (HY 2021: £29.3m) including £3.5m of charges following the site-by-site review. FY 2022 adjusted operating profit is expected to be approximately £45m.

#### **Adjusting items**

Total adjusting items of £218.7m were recognised in the period (HY 2021: £32.2m). This includes the following elements:

- £72m non-cash impairment of goodwill in relation to Westleigh, and a further £4.9m impairment in respect of the acquired customer relationship intangible assets. A further provision has been recognised of £5m relating to costs required to fulfil our obligations to close out 80 former Westleigh sites.
- Following our agreement to sign the Fire Safety Pledge we have provided a further £109m in relation to remediating buildings developed by Countryside over the past 30 years.
- Impairment of £22m in relation to a large site in the North acquired in 2018.
- A non-cash write-down of inventory of £1.2m that is linked to the closure of the South Midlands region. We expect further restructuring costs of around £8m in the second half.
- We have also recognised a £4.6m amortisation charge of acquired intangible assets in line with previous years.

#### **Finance costs and taxation**

Net finance costs were £7.5m in the period (HY 2021: £6.0m) including a £0.8m IFRS16 charge relating to the new manufacturing facility at Bardon (HY 2021: £Nil).

The Residential Property Developer Tax ("RPDT") of 4% was introduced on 1 April 2022. The impact of this for the full year has been considered when calculating the effective tax rate to be applied for the six months ended 31 March 2022. The effective tax rate applied to adjusted profit for the period was 21.3% (HY 2021: 19.3%). On a reported basis, there was a tax credit of £25.4m in the period due to the tax deductions for adjusting items.

The effective tax rate for FY23 will increase due to the increase in Corporation tax from 1 April 2023 to 25%. As a result of this and the full year impact of the RPDT, we expect an effective tax rate of approximately 26% in FY23.

#### **(Loss)/earnings per share**

Adjusted basic earnings per share were 5.8 pence (HY 2021: 11.1 pence), reflecting the decrease in adjusted earnings in the period. On a reported basis, basic loss per share was 30.5 pence (HY 2021: 6.1 pence earnings per share).

#### **Assets and liabilities**

Inventories increased by £63.0m to £1,206.8m (FY 2021: £1,143.8m) during the period. This was driven by our continued investment to support the growth of the Partnerships division with £132m invested in land purchases and construction net of the £22m impairment referred to above. There was a reduction in Legacy Operations inventories as the Group progressed with the asset realisation programme.

**COUNTRYSIDE PARTNERSHIPS PLC**  
**Unaudited results for the six months ended 31 March 2022**

The Group's investment in joint ventures reduced to £31.7m (FY 2021: £38.3m) as a result of dividends received in the period exceeding the profit generated by the joint ventures.

**Cash and financing**

The Group's closing net cash at 31 March 2022 was £9.8m (FY 2021: net cash £41.0m), a reduction of £31.2m in the six month period, as summarised in the table below:

	<b>HY 2022</b>
	<b>£m</b>
Net cash generated from Legacy asset sales	108
Partnerships Adjusted Operating Profit	32
Partnerships work in progress investment	(132)
Other working capital movements	11
Tax and net interest	<u>(8)</u>
Cash generated before distributions	11
Share buyback	<u>(42)</u>
<b>Reduction in net cash in period</b>	<b>(31)</b>

Cash was generated in the period from the proceeds of the sale of legacy assets and the generation of Partnerships profits. The primary usage of cash in the six-month period was a significant investment in Partnerships work in progress assets, consisting of land purchases (£84m) and site development and construction (£48m).

The net cash inflow before share buy-backs was £11m. The Group returned £42m to shareholders through share repurchases during the period. To date the Group has bought back 24.7 million shares for £95.1m. We expect to continue with our previously announced share buyback programme in the second half.

Our capital allocation policy targets a net cash/ debt range of +/- 1 times the last twelve months adjusted operating profit. The priorities for the usage of cash are the settlement of legacy liabilities (including the fire safety remediation commitments) and reinvestment where we can generate attractive returns, with surplus cash to be returned to shareholders in the most appropriate way.

Average net debt between period ends is significantly higher than at the period-end due to the timing of working capital movements, in particular completions which tend to peak in the closing days of the period. The average weekly net debt in the period was £104.3m (HY 2021: £59.9m net cash).

The Group has in place a £300m revolving credit facility ("RCF"), provided by a syndicate of four banks, which expires in May 2023. The Group has commenced discussions with its lenders to extend the current facility beyond this date.

**Dividend**

The Board does not propose the payment of an interim dividend (HY 2021: £Nil).

**Board and leadership changes**

On 13 January 2022 the Board announced that the CEO of the Group was to step down and John Martin, Chair, would assume the CEO role on an interim basis and review all of the operational sites. That review was completed, and the results announced on 7 April 2022. John Martin will now return to focus entirely on the role of Chair of the Board. Mike Woolliscroft (CEO Partnerships South) and Phil Chapman (CEO Partnerships Home Counties) will jointly lead the business until a new CEO is able to join the Group. Mike and Phil are very experienced executives, leading the two largest divisions of the Group, and are highly trusted and well-respected by the Board, our partners and within the business.

**COUNTRYSIDE PARTNERSHIPS PLC**  
**Unaudited results for the six months ended 31 March 2022**

Peter Lee, a Partner at investment firm Browning West, joined the Board as a Non-Executive Director on 21 January 2022.

Amanda Clack who is Executive Director, Head of Strategic Advisory and Head of Public Sector at CBRE Ltd, joined the Board as a Non-Executive Director on 10 March 2022.

Tim Lawlor joined the Board as CFO on 28 March 2022. Tim is an experienced finance leader and a qualified chartered accountant who was previously CFO of Wincanton plc. Tim has completed a smooth and successful transition into his new role.

We are delighted to welcome such high-calibre and experienced talent to the Board of Countryside.



**COUNTRYSIDE PARTNERSHIPS PLC**  
**PRINCIPAL AND EMERGING RISKS**  
**For the six months ended 31 March 2022**

**PRINCIPAL AND EMERGING RISKS**

The Group's principal and emerging risks are monitored by the Risk Management Committee, the Audit Committee, and the Board. A summary of each risk is provided below as well as an indication of how the risk has changed during the period. Further detail on the risks and how the Group monitors and manages them is provided on pages 40 to 44 of the Annual Report and Accounts 2021.

<p><b>1. A major incident impacts the United Kingdom or countries where key suppliers are located and significantly impacts the business</b>  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.</p>	<p><b>Risk change</b>  No change</p>
<p><b>2. Adverse macroeconomic conditions</b>  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.</p>	<p><b>Risk change</b>  Increased</p>
<p><b>3. Adverse changes to Government policy and regulation</b>  Adverse changes to Government policy in areas such as climate change, 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. The discontinuation of Government backed purchase assistance programmes (such as Help to Buy) may adversely affect the Group's sales.</p>	<p><b>Risk change</b>  No change</p>
<p><b>4. Climate change</b>  Failure to adequately recognise and prepare for the impacts of climate change on our operations and value chain, the risks of which are severe resource constraints, significant delays to programme, rising build costs, an inability to meet new, more demanding regulations and loss of customer confidence.</p>	<p><b>Risk change</b>  No change</p>
<p><b>5. Constraints on construction resources</b>  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.</p>	<p><b>Risk change</b>  No change</p>
<p><b>6. Poor operational performance</b>  Inadequate controls or failures in compliance will impact the Group's operational and financial performance.</p>	<p><b>Risk change</b>  No change</p>
<p><b>7. Land availability</b>  Inability to source suitable land or obtain necessary planning. Failure to secure timely planning permission on economically viable terms may cause delays or the potential termination of projects.</p>	<p><b>Risk change</b>  No change</p>
<p><b>8. Inability to attract and retain talented employees</b>  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.</p>	<p><b>Risk change</b>  No change</p>
<p><b>9. Inadequate health, safety and environmental procedures</b>  A deterioration in the Group's health, safety or environmental standards could put the Group's employees, contractors or the general public at risk of injury or death and could lead to litigation, penalties or damage the Group's reputation.</p>	<p><b>Risk change</b>  No change</p>
<p><b>10. Cyber security</b>  A failure of the Group's IT systems, a security breach of the internal systems or website, loss of data or ransomware could significantly impact the Group's business.</p>	<p><b>Risk change</b>  No change</p>
<p><b>11. Failure to generate or access adequate capital</b>  The Group may fail to generate or access enough liquidity to manage short or long-term funding or investment requirements.</p>	<p><b>Risk change</b>  No change</p>
<p><b>12. Reputational damage</b>  The perception of Countryside and 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.</p>	<p><b>Risk change</b>  No change</p>

**COUNTRYSIDE PARTNERSHIPS PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For the six months ended 31 March 2022**

**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 United Kingdom 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 Partnerships PLC website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts 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 Partnerships PLC are listed in the Countryside Partnerships PLC Annual Report and Accounts for the year ended 30 September 2021. A list of current Directors is maintained on the Countryside Partnerships PLC website: <https://investors.countrysidepartnerships.com>.

By order of the Board

John Martin  
Chair  
18 May 2022

Tim Lawlor  
Group Chief Financial Officer  
18 May 2022

**COUNTRYSIDE PARTNERSHIPS PLC**  
**INDEPENDENT REVIEW REPORT**  
**For the six months ended 31 March 2022**

**INDEPENDENT REVIEW REPORT TO COUNTRYSIDE PARTNERSHIPS PLC**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022, which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement, and related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of review**

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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Use of our report**

This report is made solely to the Company 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 Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
18 May 2022

**COUNTRYSIDE PARTNERSHIPS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Six months ended 31 March 2022 Unaudited £m	Six months ended 31 March 2021 Unaudited £m	Year ended 30 September 2021 Audited £m
<b>Revenue</b>	4	<b>602.2</b>	661.0	1,371.4
Cost of sales	5	<b>(649.7)</b>	(584.2)	(1,185.6)
<b>Gross (loss)/profit</b>		<b>(47.5)</b>	76.8	185.8
Administrative expenses	5	<b>(137.0)</b>	(52.1)	(128.4)
Other income		-	-	13.9
<b>Operating (loss)/profit</b>		<b>(184.5)</b>	24.7	71.3
Analysed as:				
Adjusted operating profit		<b>46.9</b>	78.6	167.3
Less: share of joint ventures and associate operating profit		<b>(12.7)</b>	(21.7)	(32.8)
Less: adjusting items	5	<b>(218.7)</b>	(32.2)	(63.2)
<b>Operating (loss)/profit</b>		<b>(184.5)</b>	24.7	71.3
Finance costs	6	<b>(8.4)</b>	(6.3)	(17.3)
Finance income	6	<b>0.9</b>	0.3	1.5
Share of post-tax profit from joint ventures and associate accounted for using the equity method	11	<b>10.5</b>	20.1	29.9
<b>(Loss)/profit before income tax</b>		<b>(181.5)</b>	38.8	85.4
Income tax credit/(expense)	7	<b>25.4</b>	(6.9)	(13.1)
<b>(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the parent</b>		<b>(156.1)</b>	31.9	72.3
<b>(Loss)/earnings per share (expressed in pence per share):</b>				
Basic	8	<b>(30.5)</b>	6.1	13.8
Diluted	8	<b>(30.5)</b>	6.0	13.7

Revenue and operating (losses)/profits arose from the Group's continuing operations.

There were no items of other comprehensive income during the period (HY21: £Nil, FY21: £Nil).

**COUNTRYSIDE PARTNERSHIPS PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 March 2022 Unaudited £m	As at 31 March 2021 Unaudited £m	As at 30 September 2021 Audited £m
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	10	46.3	140.3	127.9
Property, plant and equipment		27.5	15.2	26.6
Right of use assets		67.8	67.8	70.6
Investment in joint ventures	11	31.7	33.8	38.3
Investment in associate		0.8	0.8	0.8
Deferred tax assets		7.4	4.4	6.0
Trade and other receivables		20.0	31.9	25.1
		<b>201.5</b>	<b>294.2</b>	<b>295.3</b>
<b>Current assets</b>				
Inventories	12	1,206.8	1,084.1	1,143.8
Trade and other receivables		260.0	196.8	250.4
Current income tax receivable		33.0	6.9	6.4
Cash and cash equivalents	13	197.2	108.8	43.4
		<b>1,697.0</b>	<b>1,396.6</b>	<b>1,444.0</b>
<b>Total assets</b>		<b>1,898.5</b>	<b>1,690.8</b>	<b>1,739.3</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	13	(2.4)	(0.5)	-
Trade and other payables	14	(350.0)	(311.2)	(306.0)
Lease liabilities		(7.7)	(4.8)	(8.0)
Provisions	15	(41.2)	(37.5)	(56.0)
		<b>(401.3)</b>	<b>(354.0)</b>	<b>(370.0)</b>
<b>Non-current liabilities</b>				
Borrowings	13	(184.0)	(2.4)	(2.4)
Trade and other payables	14	(212.4)	(141.1)	(182.3)
Lease liabilities		(63.4)	(64.0)	(64.8)
Deferred tax liabilities		(9.3)	(9.3)	(11.3)
Provisions	15	(121.8)	(0.6)	(1.0)
		<b>(590.9)</b>	<b>(217.4)</b>	<b>(261.8)</b>
<b>Total liabilities</b>		<b>(992.2)</b>	<b>(571.4)</b>	<b>(631.8)</b>
<b>Net assets</b>		<b>906.3</b>	<b>1,119.4</b>	<b>1,107.5</b>
<b>Equity</b>				
Share capital		5.2	5.2	5.2
Share premium		5.3	5.3	5.3
Retained earnings		895.5	1,108.6	1,096.7
<b>Equity attributable to owners of the parent</b>		<b>906.0</b>	<b>1,119.1</b>	<b>1,107.2</b>
Equity attributable to non-controlling interest		0.3	0.3	0.3
<b>Total equity</b>		<b>906.3</b>	<b>1,119.4</b>	<b>1,107.5</b>

The notes on pages 16 to 31 form part of these financial statements.

These financial statements were approved for issue by the Board of Directors on 18 May 2022.

On behalf of the Board

**John Martin**                      **Tim Lawlor**  
**Director**                              **Director**

**COUNTRYSIDE PARTNERSHIPS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Six months ended 31 March 2022 (Unaudited)

	Note	Share capital £m	Share premium £m	Retained earnings £m	Equity attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
<b>At 1 October 2021</b>		5.2	5.3	1,096.7	<b>1,107.2</b>	0.3	<b>1,107.5</b>
<b>Comprehensive income</b>							
Loss and total comprehensive loss for the year		-	-	(156.1)	<b>(156.1)</b>	-	<b>(156.1)</b>
<b>Transactions with owners</b>							
Share-based payments, net of deferred tax	18	-	-	(0.3)	<b>(0.3)</b>	-	<b>(0.3)</b>
Purchase of own shares, including transaction costs		-	-	(44.8)	<b>(44.8)</b>	-	<b>(44.8)</b>
Total transactions with owners		-	-	(45.1)	<b>(45.1)</b>	-	<b>(45.1)</b>
<b>At 31 March 2022</b>		<b>5.2</b>	<b>5.3</b>	<b>895.5</b>	<b>906.0</b>	<b>0.3</b>	<b>906.3</b>

Six months ended 31 March 2021 (Unaudited)

	Note	Share capital £m	Share premium £m	Retained earnings £m	Equity attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
<b>At 1 October 2020</b>		5.2	5.3	1,075.2	<b>1,085.7</b>	0.3	<b>1,086.0</b>
<b>Comprehensive income</b>							
Profit and total comprehensive income for the period		-	-	31.9	<b>31.9</b>	-	<b>31.9</b>
<b>Transactions with owners</b>							
Share-based payments, net of deferred tax	18	-	-	1.5	<b>1.5</b>	-	<b>1.5</b>
<b>At 31 March 2021</b>		<b>5.2</b>	<b>5.3</b>	<b>1,108.6</b>	<b>1,119.1</b>	<b>0.3</b>	<b>1,119.4</b>

Year ended 30 September 2021 (Audited)

	Note	Share capital £m	Share premium £m	Retained earnings £m	Equity attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
<b>At 1 October 2020</b>		5.2	5.3	1,075.2	<b>1,085.7</b>	0.3	<b>1,086.0</b>
<b>Comprehensive income</b>							
Profit and total comprehensive income for the year		-	-	72.3	<b>72.3</b>	-	<b>72.3</b>
<b>Transactions with owners</b>							
Share-based payments, net of deferred tax	18	-	-	2.8	<b>2.8</b>	-	<b>2.8</b>
Purchase of shares by Employee Benefit Trust		-	-	(1.4)	<b>(1.4)</b>	-	<b>(1.4)</b>
Purchase of own shares, including transaction costs		-	-	(52.2)	<b>(52.2)</b>	-	<b>(52.2)</b>
Total transactions with owners		-	-	(50.8)	<b>(50.8)</b>	-	<b>(50.8)</b>
<b>At 30 September 2021</b>		<b>5.2</b>	<b>5.3</b>	<b>1,096.7</b>	<b>1,107.2</b>	<b>0.3</b>	<b>1,107.5</b>

**COUNTRYSIDE PARTNERSHIPS PLC**  
**CONSOLIDATED CASHFLOW STATEMENT**

	Note	Six months ended 31 March 2022 Unaudited £m	Six months ended 31 March 2021 Unaudited £m	Year ended 30 September 2021 Audited £m
<b>(Loss)/profit before income tax</b>		<b>(181.5)</b>	38.8	85.4
Adjustments for:				
Amortisation – intangible assets		5.2	5.0	10.4
Impairment and de-recognition – intangible assets	10	76.9	-	6.9
Depreciation – property, plant and equipment		1.6	1.1	2.3
Depreciation – right of use assets		3.9	2.7	6.2
Share of post-tax profit from joint ventures and associate	11	(10.5)	(20.1)	(29.9)
Share-based payments (pre-tax)	18	0.2	1.0	1.9
Finance costs	6	8.4	6.3	17.3
Finance income	6	(0.9)	(0.3)	(1.5)
Gain on disposal of interest in joint venture		-	-	(13.9)
Increase in inventories	12	(63.0)	(25.0)	(84.7)
Decrease/(increase) in trade and other receivables		26.8	(27.9)	(47.5)
Increase/(decrease) in trade and other payables		67.1	(22.2)	(8.5)
Increase in provisions	15	106.0	26.7	45.6
Other non-cash items		-	0.8	-
<b>Cash generated from/(used in) operations</b>		<b>40.2</b>	(13.1)	(10.0)
Interest paid – lease liabilities	6	(1.5)	(0.7)	(2.2)
Interest paid – bank loans	6	(2.2)	(1.3)	(3.2)
Interest received	6	0.7	0.1	0.8
Tax paid		(5.1)	(14.2)	(19.1)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>32.1</b>	(29.2)	(33.7)
<b>Cash flows from investing activities</b>				
Purchase of intangible assets		(0.4)	(2.2)	(2.1)
Purchase of property, plant and equipment		(2.5)	(1.2)	(13.8)
(Increase)/decrease in advances to joint ventures	17	(33.6)	17.8	6.8
Repayment of members' interest from joint ventures	11	-	2.8	5.8
Dividends received from joint ventures and associate	11	18.2	24.1	24.3
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(18.3)</b>	41.3	21.0
<b>Cash flows from financing activities</b>				
Repayment of lease liabilities		(2.8)	(4.3)	(8.2)
Purchase of shares by Employee Benefit Trust		-	-	(1.4)
Purchase of own shares, including transaction costs	16	(42.2)	-	(34.8)
Borrowings under the revolving credit facility*	13	185.0	-	-
Proceeds from other borrowings	13	-	0.5	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>140.0</b>	(3.8)	(44.4)
Net increase/(decrease) in cash and cash equivalents		153.8	8.3	(57.1)
Cash and cash equivalents at the beginning of the year		43.4	100.5	100.5
<b>Cash and cash equivalents at the end of the period</b>	13	<b>197.2</b>	108.8	43.4

\*The movements shown above as "Borrowings under the revolving credit facility" reflect the net advances by / (repayments to) the syndicate banks during the period. Within each period shown, the Group made a number of short-term drawings and repayments to satisfy the Group's cashflow requirements.

# **COUNTRYSIDE PARTNERSHIPS PLC**

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **For the six months ended 31 March 2022**

#### **1. GENERAL INFORMATION**

Countryside Partnerships PLC (the “Company”), formerly named Countryside Properties PLC, 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 Company, its subsidiaries, joint ventures and associate are together defined as the “Group”.

Countryside is the market leader in the delivery of high quality mixed tenure communities in partnership with housing associations, public bodies and institutional private rental operators, with a strong focus on placemaking and regeneration.

Countryside’s differentiated Partnerships business model specialises in mixed tenure developments, including affordable homes, homes for institutional private rental and homes for private sale. Placemaking is at the heart of everything we do; designing places people love, helping to build successful communities, and working collaboratively with partners in the public and private sectors. We are committed to high quality design, construction and management, creating a positive legacy for future generations.

#### **2. BASIS OF PREPARATION**

The financial information in these condensed consolidated interim financial statements (the “Interim Financial Statements”) for the six months ended 31 March 2022 is that of the Company and its subsidiaries 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 United Kingdom.

The Interim Financial Statements for the six months ended 31 March 2022 and 31 March 2021 are unaudited but have 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 Interim Financial Statements do 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 2021 (the “Group Financial Statements”). The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and are filed at Companies House.

The Group Financial Statements have been reported on by the Company’s auditor at the time, PricewaterhouseCoopers LLP, and are available on the Company’s website <https://investors.countrysidepartnerships.com>. The report of the auditor 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.

The Interim Financial Statements were approved for issue by the Directors on 18 May 2022.

#### **Going concern**

The Group has the benefit of a £300m revolving credit facility (“RCF”) provided by its banking syndicate of four banks, which expires on 12 May 2023. At 31 March 2022 the Group held net cash of £9.8m, with net assets of £906.3m.

Internal forecasts are regularly updated, and the latest Board approved forecasts reflect the Group’s experience and expectations of the current macro-economic climate. The forecast cash flows have been sensitised to assess the Group’s resilience to the principal risks facing the Group, 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 there is a:

- sharp reduction in revenue of 20% from decreases in prices;
- a further 10% reduction in revenue from lower sales rates; and
- an 8% increase in costs driven by inflation.

The impact of the above assumptions could be mitigated as follows:

- suspending share buybacks; and
- not proceeding with uncommitted land purchases.

As noted above, the Group’s RCF expires on 12 May 2023. Negotiations for the renewal of the RCF are ongoing and the Directors expect to have concluded these prior to the current financial year end. However, as the RCF expires within 12 months from the date of approval of these financial statements, a second scenario was modelled to review the liquidity of the Group on a debt-free basis applying the base case forecast cash flows. In the event of this scenario, the mitigations noted above could be applied to ensure adequate liquidity would be available.



**COUNTRYSIDE PARTNERSHIPS PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six months ended 31 March 2022**

**2. BASIS OF PREPARATION (continued)**

The Directors have assessed the Group's going concern status over the next 12 months, based on forecasts which incorporate the severe but plausible downside scenario noted above and the scenario where the RCF is not renewed. The Directors note that the level of uncertainty which the macro-economic climate poses to the Group remains significant, however the assessment performed has shown that the Group can remain liquid and compliant with all RCF covenants for at least 12 months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

**Critical accounting judgements and estimates**

The preparation of the Interim Financial Statements 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. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the nature of the significant judgements and the key areas of estimation uncertainty were as follows:

- Site profitability;
- Remediation costs for multi-occupancy buildings; and
- Impairment of assets.

**(a) Site profitability**

In order to determine the profit or loss that the Group recognises on its developments and construction contracts in a specific period, the Group allocates the total cost of each development or construction contract between the proportion completing in the period and the proportion completing in future periods. The assessment of the total costs to be incurred requires a degree of estimation.

Actual costs may differ to forecasts for several reasons such as site delays, unforeseen costs, change orders and uncontracted cost inflation in addition to the Group's exposure to various market fluctuations. The long-term nature of the Group's activities adds further complexity as forecasts are required for the duration of developments or construction contracts.

Recent macro-economic events have increased this estimation uncertainty due to the potential impact on house prices, materials, labour costs and construction timelines. Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual development or contract basis.

The Directors note that a change in estimated margins on several sites (due, for example, to changes in estimates of cost inflation or a material reduction in house prices in the private market) could materially alter future profitability. As an illustration, if the Directors were to reduce the forecast margins of all developments by 5 percentage points, the gross profit recognised in the period would have reduced by £30.1m, or £33.0m on an adjusted basis, with a reduction in net assets of the same value. Likewise, an increase to margins by 5% would have increased gross profit and net assets by the same values.

**(b) Remediation costs for multi-occupancy buildings**

Remediation costs for multi-occupancy buildings is an area of increased estimation uncertainty as at 31 March 2022 compared to 30 September 2021. The Group has recognised a charge of £109.0m during the period (HY21: £25.0m, FY21: £41.0m), increasing the total provided for to date to £150.0m. The increase in the period is primarily due to the Board's agreement to the commitments of the Government's proposed voluntary Fire Safety Pledge ("the Pledge"). Further detail on the Pledge and the increase in the provision in the period is provided in Note 15.

The Directors have made estimates as to the number of buildings potentially requiring remediation, the extent of the remedial works required, the timeframe over which the remediation works will take place, and the associated costs. The Directors have used relevant information that is currently available to form these estimates, including third-party quotations where possible.

Detailed reviews are ongoing and therefore the scope of remedial works required, and the associated costs, are likely to change over time. This is particularly the case for the buildings now included under the Pledge commitments, as the Directors have less detail behind the estimated costs to remediate these buildings compared to those provided for at 30 September 2021.

As an illustration, a reasonably possible increase of £30.0m to the estimated costs of remediation of £150.0m would have increased cost of sales and reduced profit before tax for the period by £30.0m and reduced the Group's operating margin by 450 bps on both a reported and adjusted basis.

**COUNTRYSIDE PARTNERSHIPS PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six months ended 31 March 2022**

**2. BASIS OF PREPARATION (continued)**

**(c) Impairment of assets**

Determining whether assets, such as goodwill and acquisition-related intangible assets, are impaired requires an estimation of the value in use of the cash-generating units to which the assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to be generated by the cash-generating units, and a suitable discount rate and long-term growth rate to apply in order to calculate present value. During the period, these estimates resulted in an impairment charge of £76.9m (HY21: £Nil, FY21: £Nil) relating to goodwill and customer-related intangible assets recognised on the acquisition of Westleigh in 2018. Refer to Note 10.

A reasonably possible increase of 100 bps to the discount rate applied would have increased the impairment charge by £13.2m, whilst a reduction to the discount rate by the same amount would have resulted in a reduction to the impairment charge of £15.5m. Increasing the long-term growth rate by 100 bps would have reduced the impairment charge by £11.9m.

**Accounting policies**

The accounting policies and methods of computation adopted in the preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group Financial Statements, except for the following:

• **Adjusting items**

In reviewing the financial performance of the Group, the Directors review various Alternative Performance Measures (“APMs”), including “adjusted gross profit” and “adjusted operating profit”. To derive “adjusted” profit measures, the Directors include the Group’s share of profit from its joint ventures and associate, which are equity accounted in reported measures in line with IFRS, and exclude “adjusting items”.

In prior financial years, the Directors excluded “non-underlying items” as opposed to “adjusting items”. Non-underlying items were previously disclosed as items that, in the judgement of Directors, needed to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group’s underlying business performance.

The Directors have reviewed the Group’s policy on items excluded from adjusted profit measures and have redefined these as “adjusting items” in the period. As opposed to excluding items based solely on “nature, size or incidence”, adjusting items are those which are adjusted for when the Directors review the operational performance of the Group, as they are not seen to be representative of the ongoing business performance.

Examples of such items are:

- costs incurred directly in relation to business combinations or capital market transactions including advisory costs and one-off integration costs;
- adjustments to the statement of financial position that do not relate to trading activity such as the recognition of non-trade impairments (e.g. goodwill) or the recognition of material liabilities which are not considered to be in the ordinary course of business;
- the costs of significant Group restructuring exercises; and
- material and one-off trading related impairments that vary significantly year on year.

No adjustments were required to the prior year financial information as a result of this change.

• **Revenue recognition – Land sales**

In prior years, revenue for land sales was recognised on unconditional exchange of contracts. During the period, the Directors have re-assessed the point at which control transfers to the customer and has changed the Group’s policy to recognise revenue on legal completion. The impact of the change in policy if applied to the prior financial year would not be material and therefore no prior year information has been restated.

• **Income tax**

The income tax charge for the six months ended 31 March 2022 reflects the anticipated full year effective rate before adjusting items, as amended for the tax effect of adjusting items incurred in the first half of the financial year.

**New and revised standards and interpretations**

During the period the Group has adopted the following new and revised standards and interpretations which have had no impact on these condensed consolidated financial statements:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

**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 32 to 36 for a full list of the Group’s APMs.

**COUNTRYSIDE PARTNERSHIPS PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six months ended 31 March 2022**

**2. BASIS OF PREPARATION (continued)**

**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.

**Segmental reporting**

On 7 July 2021, the Group announced an update to its strategy which resulted in all of the Group's resources being focused on the Partnerships business. Any non-Partnerships activities are now regarded as Legacy Operations, which the Group is exiting as soon as practical.

As a result of the Group's strategy update, the following changes were applied in the Group Financial Statements, and have been applied in these Interim Financial Statements:

- A number of sites previously included within the Housebuilding segment, identified as fitting the mixed tenure Partnerships model, have been reclassified within Partnerships. This includes the Group's investment in two of its joint ventures, Greenwich Millennium Village Limited and Countryside Zest (Beaulieu Park) LLP.
- The remaining operations previously disclosed as Housebuilding are now disclosed as Legacy Operations as the Group's second reportable segment.

Segmental financial information for the six months ended 31 March 2021 has been restated to reflect these changes. Refer to Notes 3, 4 and 11, as well as pages 32 to 36.

**3. SEGMENTAL REPORTING**

Segmental reporting is presented in respect of the Group's reportable 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 reportable segments are Partnerships and Legacy Operations.

The Partnerships business specialises in mixed tenure developments, including affordable homes, homes for institutional private rental and homes for private sale, working collaboratively with partners in the public and private sectors. As detailed in Note 2, any non-Partnerships activities are regarded as Legacy Operations, which the Group is exiting as soon as practical.

The Partnerships business comprises four geographical operating segments across the United Kingdom, each managed by a Divisional Chief Executive. All Divisional Chief Executives are members of the Group's Executive Committee. The Group aggregates the Partnerships operating segments into one reportable segment on the basis that they share similar economic characteristics. Each of the divisions build and deliver homes on mixed tenure sites, sell to similar customers, operate in the same legal and regulatory environment, and have similar target financial returns.

Segmental financial information for the six months ended 31 March 2021 has been restated. Refer to Note 2.

**(a) Segmental financial performance**

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 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.

Adjusted revenue and adjusted operating profit are Alternative Performance Measures ("APMs") for the Group. Further detail on APMs is provided on pages 32 to 36.

The tables below present the financial performance of the segments on an adjusted and reported basis.

	<b>Partnerships</b>	<b>Legacy</b>	<b>Group</b>	<b>Total</b>
<b>Six months ended 31 March 2022</b>	<b>£m</b>	<b>Operations</b>	<b>items</b>	<b>£m</b>
		<b>£m</b>	<b>£m</b>	
Adjusted revenue	448.6	210.8	-	659.4
Less: share of revenue from joint ventures and associate	(49.5)	(7.7)	-	(57.2)
<b>Revenue</b>	<b>399.1</b>	<b>203.1</b>	<b>-</b>	<b>602.2</b>
Adjusted operating profit/(loss)	31.6	15.8	(0.5)	46.9
Less: share of operating profit from joint ventures and associate	(11.3)	(1.4)	-	(12.7)
Less: adjusting items (Note 5)	(137.2)	-	(81.5)	(218.7)
<b>Operating (loss)/profit</b>	<b>(116.9)</b>	<b>14.4</b>	<b>(82.0)</b>	<b>(184.5)</b>
Net finance costs				(7.5)
Share of post-tax profit from joint ventures and associate				10.5
<b>Loss before income tax</b>				<b>(181.5)</b>

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**3. SEGMENTAL REPORTING (continued)**

	Partnerships £m	Legacy Operations £m	Group items £m	Total £m
<b>Six months ended 31 March 2021 (restated)</b>				
Adjusted revenue	479.9	275.1	-	755.0
Less: share of revenue from joint ventures and associate	(81.0)	(13.0)	-	(94.0)
<b>Revenue</b>	<b>398.9</b>	<b>262.1</b>	<b>-</b>	<b>661.0</b>
Adjusted operating profit/(loss)	52.0	29.3	(2.7)	78.6
Less: share of operating profit from joint ventures and associate	(18.7)	(3.0)	-	(21.7)
Less: adjusting items (Note 5)	(25.0)	-	(7.2)	(32.2)
<b>Operating profit/(loss)</b>	<b>8.3</b>	<b>26.3</b>	<b>(9.9)</b>	<b>24.7</b>
Net finance costs				(6.0)
Share of post-tax profit from joint ventures and associate				20.1
<b>Profit before income tax</b>				<b>38.8</b>

	Partnerships £m	Legacy Operations £m	Group items £m	Total £m
<b>Year ended 30 September 2021</b>				
Adjusted revenue	1,033.2	493.0	-	1,526.2
Less: share of revenue from joint ventures and associate	(130.9)	(23.9)	-	(154.8)
<b>Revenue</b>	<b>902.3</b>	<b>469.1</b>	<b>-</b>	<b>1,371.4</b>
Adjusted operating profit/(loss)	107.7	70.5	(10.9)	167.3
Less: share of operating profit from joint ventures and associate	(28.9)	(3.9)	-	(32.8)
Less: adjusting items (Note 5)	(44.4)	(1.1)	(17.7)	(63.2)
<b>Operating profit/(loss)</b>	<b>34.4</b>	<b>65.5</b>	<b>(28.6)</b>	<b>71.3</b>
Net finance costs				(15.8)
Share of post-tax profit from joint ventures and associate				29.9
<b>Profit before income tax</b>				<b>85.4</b>

Unallocated "Group items" within adjusted operating profit/(loss) consist of amortisation of £0.6m (HY21: £1.1m, FY21: £1.8m) and a share-based payments credit of £0.1m (HY21: charge of £1.6m, FY21: charge of £2.7m). The FY21 Group items also included a charge of £6.4m relating to the development and implementation of cloud-based IT systems.

**(b) Segmental financial position**

Segmental tangible net asset value ("TNAV") represents the net assets of each operating segment, excluding intangible assets and related deferred tax liabilities. It includes items directly attributable to each segment, as well as those that can be allocated on a reasonable basis. Segmental tangible net operating asset value ("TNOAV") is the Group's measure of capital employed, as used in the calculation of return on capital employed ("ROCE").

Group and segmental TNAV and TNOAV are Alternative Performance Measures ("APMs") for the Group. Further detail on APMs is provided on pages 32 to 36.

	Partnerships £m	Legacy Operations £m	Total £m
<b>As at 31 March 2022</b>			
Segment assets	1,248.2	407.8	1,656.0
Segment liabilities	(638.5)	(162.0)	(800.5)
<b>TNOAV</b>	<b>609.7</b>	<b>245.8</b>	<b>855.5</b>
Net cash			9.8
<b>TNAV</b>			<b>865.3</b>
Intangible assets			46.3
Deferred tax on intangible assets			(5.3)
<b>Net assets</b>			<b>906.3</b>

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**3. SEGMENTAL REPORTING (continued)**

	Partnerships £m	Legacy Operations £m	Total £m
<b>As at 31 March 2021 (restated)</b>			
Segment assets	938.9	502.8	1,441.7
Segment liabilities	(385.6)	(174.8)	(560.4)
<b>TNOAV</b>	<b>553.3</b>	<b>328.0</b>	<b>881.3</b>
Net cash			105.9
<b>TNAV</b>			<b>987.2</b>
Intangible assets			140.3
Deferred tax on intangible assets			(8.1)
<b>Net assets</b>			<b>1,119.4</b>

	Partnerships £m	Legacy Operations £m	Total £m
<b>As at 30 September 2021</b>			
Segment assets	1,092.9	475.1	1,568.0
Segment liabilities	(482.7)	(138.3)	(621.0)
<b>TNOAV</b>	<b>610.2</b>	<b>336.8</b>	<b>947.0</b>
Net cash			41.0
<b>TNAV</b>			<b>988.0</b>
Intangible assets			127.9
Deferred tax on intangible assets			(8.4)
<b>Net assets</b>			<b>1,107.5</b>

**4. REVENUE**

An analysis of Group reported revenue by type is set out below. Segmental financial information for the six months ended 31 March 2021 has been restated. Refer to Note 2.

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 (restated) £m	Year ended 30 September 2021 £m
<b>Partnerships:</b>			
– Private housing	166.0	220.6	449.2
– Affordable	113.5	118.5	274.9
– PRS	64.1	49.5	141.5
– Land	44.2	1.0	14.0
– Other	11.3	9.3	22.7
	<b>399.1</b>	<b>398.9</b>	<b>902.3</b>
<b>Legacy Operations:</b>			
– Private housing	135.7	203.0	344.3
– Affordable	16.8	13.4	41.5
– PRS	0.5	4.3	7.5
– Land	49.6	39.9	73.3
– Other	0.5	1.5	2.5
	<b>203.1</b>	<b>262.1</b>	<b>469.1</b>
<b>Total revenue (reported)</b>	<b>602.2</b>	<b>661.0</b>	<b>1,371.4</b>
<b>Share of revenue from joint ventures and associate:</b>			
– Partnerships	49.5	81.0	130.9
– Legacy Operations	7.7	13.0	23.9
<b>Total revenue (adjusted)</b>	<b>659.4</b>	<b>755.0</b>	<b>1,526.2</b>

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**5. ADJUSTING ITEMS**

When reviewing the operational performance of the Group, the Directors remove certain items from adjusted profit measures where they are not seen to be representative of the Group's ongoing business performance. As these adjusting items can vary significantly from year to year, they can create volatility in reported earnings.

The table below sets out the items that have been identified as adjusting items and have therefore been excluded from the Group's APMs.

	<b>Six months ended 31 March 2022 £m</b>	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
<b>Adjusting items included within cost of sales:</b>			
– Remediation costs for multi-occupancy buildings	109.0	25.0	41.0
– Write-down of inventories	22.0	-	-
– Westleigh close-out costs	5.0	-	-
– Closure and restructuring costs	1.2	-	-
– Ground Rent Assistance Scheme	-	-	0.7
<b>Total</b>	<b>137.2</b>	<b>25.0</b>	<b>41.7</b>
<b>Adjusting items included within administrative expenses:</b>			
– Impairment of acquisition-related intangible assets	76.9	-	-
– Amortisation/de-recognition of acquisition-related intangible assets	4.6	3.9	11.7
– Costs relating to the Housebuilding separation	-	3.3	6.0
– Ground Rent Assistance Scheme	-	-	3.8
<b>Total</b>	<b>81.5</b>	<b>7.2</b>	<b>21.5</b>
<b>Total adjusting items</b>	<b>218.7</b>	<b>32.2</b>	<b>63.2</b>

In the reporting of the Group's segmental financial performance in Note 3, £137.2m of the above has been allocated to Partnerships (HY21: £25.0m, FY21: £44.4m), £Nil has been allocated to Legacy Operations (HY21: £Nil, FY21: £1.1m), and £81.5m has been presented as Group items (HY21: £7.2m, FY21: £17.7m). Group items relate to acquisition-related intangible assets and the costs relating to the Housebuilding separation in the prior year.

The table below reconciles the adjusting items above to the total cost of sales and administrative expenses presented in the consolidated statement of comprehensive income.

	<b>Six months ended 31 March 2022 £m</b>	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
Total adjusting items included within cost of sales	137.2	25.0	41.7
Other cost of sales	512.5	559.2	1,143.9
<b>Total cost of sales</b>	<b>649.7</b>	<b>584.2</b>	<b>1,185.6</b>
Total adjusting items included within administrative expenses	81.5	7.2	21.5
Other administrative expenses	55.5	44.9	106.9
<b>Total administrative expenses</b>	<b>137.0</b>	<b>52.1</b>	<b>128.4</b>

**Remediation costs for multi-occupancy buildings**

During the period a charge of £109.0m (HY21: £25.0m, FY21: £41.0m) has been recognised in relation to remediation costs for multi-occupancy buildings. Refer to Notes 15 and 19 for further detail.

**Write-down of inventories**

On 25 March 2022, the Directors approved a change in strategy at one site in the North division, which will result in the land being sold to the local council as opposed to being further developed by the Group. This change in strategy was due to a significant increase in the upfront working capital requirements for the site, and the deterioration in the forecast margin and ROCE, identified since the acquisition was approved by the Board in 2018. An impairment charge of £22.0m has been recognised in the period to reduce the carrying amount of the land to its net realisable value.

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**5. ADJUSTING ITEMS (continued)**

**Westleigh close-out costs**

During the site-by-site reviews carried out in the period, over 80 former Westleigh sites were identified as not yet having handover obligations closed out, such as road adoptions. These sites are historical in nature and the majority pre-date the Group's acquisition of Westleigh in 2018. The Group expects to incur £5.0m of costs to close out these sites, resulting in a provision being recognised in the period.

**Closure and restructuring costs**

As detailed in Note 20, on 7 April 2022 the Group provided an update on its site-by-site review, which included the announcement of the closure of the South Midlands region. A charge of £1.2m relating to the write-down of inventories at one site in the South Midlands has been recognised in the period and has been presented within adjusting items as the decision not to proceed with the development of the site is directly associated with the closure of the region. Further costs of approximately £8.0m will be recognised in the second half of the year within adjusting items as a result of the announcement on 7 April 2022, primarily relating to employee severance costs. Refer to Note 20 for further detail.

**Impairment of acquisition-related intangible assets**

During the period the Group recognised an impairment charge of £76.9m (HY21: £Nil, FY21: £Nil) against the goodwill and customer related intangible assets previously recognised on the acquisition of Westleigh in 2018. Refer to Note 10 for further detail.

**Amortisation/de-recognition of acquisition-related intangible assets**

Amortisation/de-recognition of acquisition-related intangible assets is reported within adjusting items as the Directors review and report the Group's financial performance excluding these costs.

**Ground Rent Assistance Scheme**

Following the Competition and Markets Authority's ("CMA's") review into the sale of leasehold properties, on 15 September 2021 Countryside announced that it had agreed voluntary undertakings with the CMA to seek the removal of all 10-year and 15-year doubling clauses from leases where the ground rent is not for the ultimate benefit of a local authority or registered provider of social housing, at no cost to leaseholders. These undertakings resulted in an increase to the Ground Rent Assistance Scheme provision of £3.8m and a write-down of inventories of £0.7m during the previous financial year.

**Costs relating to the Housebuilding separation**

Total costs of £6.0m (HY21: £3.3m) were incurred during the year ended 30 September 2021 for legal, tax and accounting advisory services relating to the separation of the Housebuilding division from the rest of the Group.

**Taxation**

A total tax credit of £32.8m (HY21: £5.8m, FY21: £11.6m) in relation to adjusting items is included within taxation in the statement of comprehensive income.

**6. NET FINANCE COSTS**

	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
	<b>£m</b>	£m	£m
Bank loans and overdrafts	<b>(2.2)</b>	(1.3)	(3.2)
Amortisation of debt finance costs	<b>(0.4)</b>	(0.4)	(0.9)
Unwind of discount relating to:			
– Land purchases on deferred payment terms	<b>(4.3)</b>	(3.8)	(10.9)
– Lease liabilities	<b>(1.5)</b>	(0.7)	(2.2)
– Other loans	<b>-</b>	(0.1)	(0.1)
<b>Finance costs</b>	<b>(8.4)</b>	<b>(6.3)</b>	<b>(17.3)</b>
Interest receivable	<b>0.7</b>	0.1	0.8
Unwind of discount relating to:			
– Land sales on deferred settlement terms	<b>0.2</b>	0.2	0.7
<b>Finance income</b>	<b>0.9</b>	<b>0.3</b>	<b>1.5</b>
<b>Net finance costs</b>	<b>(7.5)</b>	<b>(6.0)</b>	<b>(15.8)</b>

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**7. TAXATION**

The effective tax rate applied for the period was 14.0% (HY21: 17.7%, FY21: 15.3%). This reflects the anticipated full year effective rate before adjusting items, as amended for the tax effect of adjusting items incurred in the first half of the financial year. This is lower than the statutory rate of 19.0% mainly due to the impairment of goodwill, for which no tax credit arises.

The adjusted effective tax rate for the period was 21.3% (HY21: 19.3%, FY21: 17.6%) with the difference between the reported and adjusted rates reflecting adjusting items and the treatment of the Group's joint ventures and associate.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% and this rate had been enacted at the reporting date. Deferred tax has been measured using the enacted rates that are expected to apply to the period in which each asset or liability is expected to unwind, including any liability under the Residential Property Developer Tax ("RPDT") applying from 1 April 2022. Any liability to RPDT for the year ended 30 September 2022 has been considered when calculating the effective tax rate to be applied for the six months ended 31 March 2022.

**8. (LOSS)/EARNINGS PER SHARE**

Basic earnings or loss per share ("basic EPS") is calculated by dividing the profit from continuing operations attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the period.

The weighted average number of shares in issue is adjusted to exclude the weighted average number of treasury shares held by the Company and shares held by the Employee Benefit Trust ("EBT"). Refer to Note 16.

The weighted average number of shares held in treasury during the period was 12.1 million (HY21: Nil, FY21: 0.6 million) and the weighted average number of shares held in the EBT during the period was 0.3 million (HY21: 1.2 million, FY21: 1.0 million).

For diluted earnings or loss per share ("diluted EPS"), the weighted average number of ordinary shares also assumes the conversion of all potentially dilutive share awards.

**(a) Basic and diluted (loss)/earnings per share**

	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
(Loss)/profit from continuing operations attributable to owners of the parent (£m)	<b>(156.1)</b>	31.9	72.3
Basic weighted average number of shares (millions)	<b>511.6</b>	523.4	523.0
Basic (loss)/earnings per share (pence per share)	<b>(30.5)</b>	6.1	13.8
Diluted weighted average number of shares (millions)	<b>511.6</b>	528.3	526.7
Diluted (loss)/earnings per share (pence per share)	<b>(30.5)</b>	6.0	13.7

The weighted average number of shares in the table above is not adjusted for the impact of dilutive shares for the six months ended 31 March 2022 as a result of the Group being loss making in the period.

**(b) Adjusted basic and diluted earnings per share**

	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
Loss/(profit) from continuing operations attributable to owners of the parent (£m)	<b>(156.1)</b>	31.9	72.3
Add: adjusting items net of tax (£m)	<b>185.9</b>	26.4	51.6
Adjusted profit from continuing operations attributable to owners of the parent (£m)	<b>29.8</b>	58.3	123.9
Basic weighted average number of shares (millions)	<b>511.6</b>	523.4	523.0
Adjusted basic earnings per share (pence per share)	<b>5.8</b>	11.1	23.7
Diluted weighted average number of shares (millions)	<b>512.6</b>	528.3	526.7
Adjusted diluted earnings per share (pence per share)	<b>5.8</b>	11.0	23.5

Adjusting items net of tax include costs of £218.7m and a tax credit of £32.8m (HY21: costs of £32.2m and tax credit of £5.8m, FY21: costs of £63.2m and tax credit of £11.6m). Refer to Note 5.

**9. DIVIDENDS**

No dividends have been declared or distributions made in the period (HY21: £Nil, FY21: £Nil) and the Board of Directors does not recommend the payment of an interim dividend for the current financial year (HY21: £Nil, FY21: £Nil).



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**10. INTANGIBLE ASSETS**

Intangible assets of £46.3m (HY21: £140.3m, FY21: £127.9m) comprised the following:

	<b>As at 31 March 2022 £m</b>	As at 31 March 2021 £m	As at 30 September 2021 £m
Software	1.8	6.7	2.0
Customer related	15.3	23.6	21.9
Brand	9.9	18.7	12.7
Goodwill – Westleigh	-	72.0	72.0
Goodwill – Copthorn	19.3	19.3	19.3
<b>Total intangible assets</b>	<b>46.3</b>	<b>140.3</b>	<b>127.9</b>

**Impairment of acquisition-related intangible assets**

On 13 January 2022, the Group announced Q1 FY22 results that were significantly behind Board expectations. Following this announcement, a detailed site-by-site review was carried out resulting in a number of costs being recognised and a review of regional structures and forecasts.

On 7 April 2022, the Group announced the results of these reviews, which included the closure of two operating regions and a significant reduction to adjusted operating profit guidance for FY22. One of the regions identified for closure in the Midlands division was a cash generating unit (“CGU”) to which an element of the Westleigh goodwill had previously been allocated.

In addition to the above, the Group also saw a significant reduction in share price during the period from 505.5 pence on 30 September 2021 to 270.8 pence on 31 March 2022.

The Directors considered the events above to be indicators of potential impairment and therefore a full impairment assessment was carried out. The impairment reviews were performed by comparing the value in use with the carrying amount of the relevant CGU, or group of CGUs, including the allocated goodwill. The recoverable amount has been determined to be the value in use, in line with the prior year assessment.

The key estimates for the value in use calculations are the forecast cash flows and the discount rates. The Directors consider this to be an area of significant estimation uncertainty as detailed in Note 2.

Forecast cash flows were derived from the most recent Board-approved forecasts. Following the site-by-site review, the Directors prepared a revised forecast for FY22 and FY23 on a site-by-site basis, reflecting an updated expectation of future growth plans for the relevant CGUs. These forecasts have been used for the value in use calculation. The cash flows reflect the Directors’ assessment of current market conditions relating to house prices and the costs of materials and labour. The forecast also considers broader market trends and expected regulatory and tax changes.

Cash flows beyond FY23 have been extrapolated using a growth rate of 1% (FY21: 1%) per annum based on GDP growth forecasts by HM Treasury, the Bank of England and the British Chambers of Commerce.

To calculate the value in use, the forecast cash flows have been discounted using a pre-tax discount rate that reflects a current market assessment of the time value of money, and the estimated relative risk profile of each group of CGUs. The discount rate applied for each group of CGUs to which the Copthorn goodwill has been allocated was 12.1% (FY21: 10.1%), whilst 13.1% (FY21: 12.1%) was applied to the CGU, and group of CGUs, to which the Westleigh goodwill has been allocated.

The impairment testing for the CGU, and group of CGUs, to which the Westleigh goodwill has been allocated illustrated that the carrying amount exceeded the recoverable amount by £76.9m. As a result, an impairment charge has been recognised to impair the goodwill of £72.0m in full. The remaining £4.9m shortfall has been allocated to the customer relationships asset, reducing the carrying value to £15.3m at 31 March 2022. The total impairment charge of £76.9m has been included within adjusting items within administrative expenses (refer to Note 5).

The impairment testing for the groups of CGUs to which the Copthorn goodwill has been allocated illustrated that the recoverable amount exceeded the carrying amount, with no impairment required.

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**11. JOINT VENTURES**

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

	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
	<b>£m</b>	£m	£m
Opening balance	<b>38.3</b>	40.9	40.9
Share of post-tax profit	<b>10.5</b>	20.1	29.8
Dividends received	<b>(18.2)</b>	(23.6)	(23.7)
Repayment of members' interest	-	(2.8)	(5.8)
Disposal	-	-	(2.3)
Other movements	<b>1.1</b>	(0.8)	(0.6)
<b>Closing balance</b>	<b>31.7</b>	33.8	38.3

The tables below present the financial performance of the Group's joint ventures during the period. Segmental financial information for the six months ended 31 March 2021 has been restated. Refer to Note 2.

	<b>Partnerships</b>	<b>Legacy Operations</b>	<b>Group</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Six months ended 31 March 2022</b>			
Revenue	99.0	15.4	114.4
Expenses	(76.4)	(12.5)	(88.9)
<b>Operating profit</b>	<b>22.6</b>	<b>2.9</b>	<b>25.5</b>
Finance costs	(3.3)	-	(3.3)
Income tax expense	(1.2)	-	(1.2)
<b>Profit for the period</b>	<b>18.1</b>	<b>2.9</b>	<b>21.0</b>
Group's share in %	50.0%	50.0%	50.0%
Group's share of revenue	49.5	7.7	57.2
Group's share of operating profit	11.3	1.4	12.7

	<b>Partnerships</b>	<b>Legacy Operations</b>	<b>Group</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Six months ended 31 March 2021 (restated)</b>			
Revenue	161.9	26.1	188.0
Expenses	(124.5)	(20.1)	(144.6)
<b>Operating profit</b>	<b>37.4</b>	<b>6.0</b>	<b>43.4</b>
Finance costs	(0.6)	-	(0.6)
Income tax expense	(2.6)	-	(2.6)
<b>Profit for the period</b>	<b>34.2</b>	<b>6.0</b>	<b>40.2</b>
Group's share in %	50.0%	50.0%	50.0%
Group's share of revenue	81.0	13.0	94.0
Group's share of operating profit	18.7	3.0	21.7

	<b>Partnerships</b>	<b>Legacy Operations</b>	<b>Group</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Year ended 30 September 2021</b>			
Revenue	261.8	47.6	309.4
Expenses	(204.0)	(40.0)	(244.0)
<b>Operating profit</b>	<b>57.8</b>	<b>7.6</b>	<b>65.4</b>
Finance costs	(1.8)	(0.2)	(2.0)
Income tax expense	(3.8)	-	(3.8)
<b>Profit for the period</b>	<b>52.2</b>	<b>7.4</b>	<b>59.6</b>
Group's share in %	50.0%	50.0%	50.0%
Group's share of revenue	130.9	23.8	154.7
Group's share of operating profit	28.9	3.8	32.7

The amount due from joint ventures is £96.4m (HY21: £51.8m, FY21: £62.8m) and the amount due to joint ventures is £0.5m (HY21: £0.5m, FY21: £0.5m). Transactions between the Group and its joint ventures are disclosed in Note 17.

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**12. INVENTORIES**

	<b>As at 31 March 2022 £m</b>	As at 31 March 2021 £m	As at 30 September 2021 £m
Development land and land options	638.7	551.5	646.2
Work in progress	523.1	466.4	446.7
Completed properties	45.0	66.2	50.9
	<b>1,206.8</b>	1,084.1	1,143.8

During the period, charges for inventory write-offs have been recognised of £23.2m (HY21: charge of £3.2m, FY21: credit of £0.7m), including £23.2m (HY21: £Nil, FY21: £Nil) presented within adjusting items. Refer to Note 5.

**13. CASH AND BORROWINGS**

	<b>As at 31 March 2022 £m</b>	As at 31 March 2021 £m	As at 30 September 2021 £m
Bank loans	(185.0)	-	-
Bank loan arrangement fees	1.0	-	-
Other loans	(2.4)	(2.9)	(2.4)
<b>Total borrowings</b>	<b>(186.4)</b>	(2.9)	(2.4)
Add: Cash and cash equivalents	197.2	108.8	43.4
Less: Bank loan arrangement fees	(1.0)	-	-
<b>Net cash</b>	<b>9.8</b>	105.9	41.0

**Bank loans**

The Group has a £300m revolving credit facility ("RCF") with Lloyds Bank plc, Barclays Bank PLC, HSBC Bank plc and Santander UK plc, expiring in May 2023. The agreement has a floating interest rate based on SONIA, is subject to 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 from Barclays Bank PLC under the facility, with any notes issued reducing the available funds such that total borrowings under the facility does not exceed £300m. The Group are currently negotiating the renewal of the RCF and expect this to be complete by 30 September 2022.

As at 31 March 2022, the Group had £185.0m drawings under the facility (HY21: £Nil, FY21: £Nil) and £3.0m of promissory notes were in issue (HY21: £Nil, FY21: £Nil).

Bank loan arrangement fees are amortised over the term of the facility. As at 31 March 2022, unamortised loan arrangement fees were £1.0m (HY21: £1.8m, FY21: £1.3m). Amortisation of £0.4m (HY21: £0.4m, FY21: £0.9m) is included in finance costs in the statement of comprehensive income (see Note 6). As the Group did not have any debt under this facility at 30 September 2021 or 31 March 2021, the unamortised loan arrangement fees are included within prepayments in the consolidated statement of financial position for those periods.

**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 is repayable on 22 November 2022. The loan was initially recognised at fair value and is subsequently carried at amortised cost. The carrying value as at 31 March 2022 was £2.4m (HY21: £2.4m, FY21: £2.4m).

During the year ended 30 September 2020, a local authority made available a forward funding loan arrangement of £2.5m that the Group could draw upon if required under the development agreement for the purposes of infrastructure development, with any funds drawn repayable by 31 March 2022. The Group had drawn £0.5m under the loan arrangement as at 31 March 2021, which was repaid by 30 September 2021.

**14. TRADE AND OTHER PAYABLES**

Trade and other payables of £562.4m (HY21: £452.3m, FY21: £488.3m) include deferred land payments of £234.2m (HY21: £216.3m, FY21: £226.5m) and overage payable of £24.7m (HY21: £24.9m, FY21: £24.1m). The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

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**15. PROVISIONS**

	Remediation costs for multi-occupancy buildings £m	Ground Rent Assistance Scheme £m	Other £m	Six months ended 31 March 2022 Total £m	Six months ended 31 March 2021 Total £m	Year ended 30 September 2021 Total £m
At the start of the period	39.7	13.4	3.9	57.0	11.4	11.4
Charged in the period	109.0	-	5.2	114.2	27.2	47.9
Released in the period	-	-	-	-	-	(0.2)
Utilised in the period	(1.8)	(4.7)	(1.7)	(8.2)	(0.5)	(2.1)
<b>At the end of the period</b>	<b>146.9</b>	<b>8.7</b>	<b>7.4</b>	<b>163.0</b>	<b>38.1</b>	<b>57.0</b>
Current	26.2	8.7	6.3	41.2	37.5	56.0
Non-current	120.7	-	1.1	121.8	0.6	1.0
<b>Total provisions</b>	<b>146.9</b>	<b>8.7</b>	<b>7.4</b>	<b>163.0</b>	<b>38.1</b>	<b>57.0</b>

**Remediation costs for multi-occupancy buildings**

As disclosed in the Group Financial Statements, the Group recognised a provision of £41.0m in FY21 reflecting the estimated cost to remediate 68 buildings across 17 sites, constructed between 2008 and 2017, where remedial works are required to enable an EWS1 certificate to be issued. Countryside has been engaging with the building owners and others throughout the period to progress the intrusive building surveys and review the proposed scope of works to assess the extent and cost of remedial works for these buildings.

On 10 January 2022 the Secretary of State at the Department for Levelling Up, Housing and Communities (“DLUHC”) wrote to residential property developers describing its approach to the safety of multi-occupancy residential buildings of 11 metres or more. Since that time, Countryside has engaged with DLUHC and on 6 April 2022 Countryside signed the Government’s proposed Fire Safety Pledge (“the Pledge”), entailing the following voluntary commitments, beyond its legal obligations, subject to shareholder approval if required:

- Countryside will meet the cost of remediating buildings currently proposed to be remediated via the Building Safety Fund (“BSF”) or the Aluminium Composite Material (“ACM”) Remediation Fund; and
- Countryside will take responsibility for performing or funding self-remediation works relating to life-critical fire safety issues on all buildings of 11 metres or more, built in the last 30 years, which Countryside developed.

The Directors have reviewed relevant information that is currently available on Countryside buildings built in the last 30 years and note that an additional provision of approximately £74.0m is expected to be required for potential remediation works as a result of these commitments, including £29.5m relating to 11 buildings which are registered by the BSF.

The estimation of the provision for remediation costs for multi-occupancy buildings is a key area of estimation uncertainty (Note 2). The quantification of the cost of these remedial works is inherently complex and depends on a number of factors including the number of buildings potentially requiring remediation; the extent of remedial works required; the size of the buildings; the timeframe over which the remediation works will take place; the associated costs of investigation, materials and labour; and the potential cost of managing disruption to residents.

Further to this, during the period the British Standards Institution has issued Publicly Available Specification (“PAS”) 9980:2022, which replaces previous guidance with the intention of encouraging a more proportionate response to dealing with critical fire safety issues. The Directors note that it is not yet possible to anticipate how this new guidance will work in practice and what impact it will have on the scope and cost of the remediation works, and therefore its effect on the provision recognised.

Due to the extent of the remediation works, which may continue for up to 10 years, the Directors have established a new building remediation division to manage and deliver the remediation works. This division will be led by its own Managing Director and operate as a standalone delivery team solely focused on the remediation works. This represents a purely incremental cost to the Group and is expected to total approximately £19.0m.

During the period, a total charge of £109.0m (HY21: £25.0m, FY21: £41.0m) has been recognised for remediation costs within adjusting items within cost of sales in the consolidated statement of comprehensive income. The cumulative charge of £150.0m relates to 123 buildings that may require remediation and reflects gross costs of £166.2m net of discount of £16.2m to reflect the present value of future cash outflows. Approximately £26.0m of these costs are expected to be incurred within one year and are therefore presented as current liabilities.

Refer to Note 19 “Contingent liabilities and contingent assets” for disclosures relating to further potential liabilities and recoveries relating to these remedial works.

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**15. PROVISIONS (continued)**

**Ground Rent Assistance Scheme**

Following the Competition and Markets Authority's ("CMA's") review into the sale of leasehold properties, on 15 September 2021 Countryside announced that it had agreed voluntary undertakings with the CMA to seek the removal of all 10-year and 15-year doubling clauses from leases where the ground rent is not for the ultimate benefit of a local authority or registered provider of social housing, at no cost to leaseholders. During the period, the Group reached agreements with the majority of freehold owners, with the freehold owners accepting the Group's offer of compensation. Total cash payments of £4.7m were made during the period, and a further £7.3m has been paid to freeholders in the period from 1 April 2022 to the date of approval of these interim financial statements.

**Other provisions**

Other provisions primarily relate to the £5.0m recognised for Westleigh close-out costs, as discussed in Note 5, as well as legal provisions and amounts provided for in respect of dilapidation costs for office buildings and factories that are leased by the Group.

**16. RESERVES**

**(a) Share Repurchases**

On 7 July 2021, the Company announced its intention to return surplus cash to shareholders via on-market purchases of ordinary shares. During the period, a total of 9,870,190 shares were purchased (HY21: Nil, FY21: 7,124,979) at an average share price of 387.4 pence (HY21: Nil, FY21: 532.4 pence).

In addition to the above, on 31 March 2022 the Company entered into a non-discretionary and irrevocable arrangement with Numis Securities Limited to conduct the next tranche of the share repurchase programme, capped at 10 million shares or £20.0m. As a result, the Group recognised a reduction to retained earnings of £20.0m during the period, reflecting the maximum commitment under the arrangement.

The cash outflows during the period associated with the share repurchases totalled £42.2m including transaction costs (HY21: £Nil, FY21: £34.8m). The number of shares held in treasury at 31 March 2022 was 16,995,169 (HY21: Nil, FY21: 7,124,979).

A further 7,679,710 shares were purchased for £18.9m from 1 April 2022 to 17 May 2022, increasing the number of shares held in treasury to 24,674,879.

**(b) Employee Benefit Trust**

The Employee Benefit Trust ("EBT") purchases shares of the Company in order to hold an appropriate level of shares towards the future settlement of outstanding share-related incentives on behalf of the Group. The EBT is funded directly by the Group. The EBT waives its dividend and voting rights in respect of the shares it holds. The EBT made no purchases of shares during the period (HY21: Nil, FY21: 500,000). The number of shares held in the EBT at 31 March 2022 was 178,395 (HY21: 620,592, FY21: 1,046,182).

**17. RELATED PARTY TRANSACTIONS**

**Transactions with joint ventures and associate**

	Joint Ventures			Associate		
	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
Sales during the period	12.1	7.9	22.0	-	0.1	0.2
Net advances:						
Amount due at start of period	62.3	69.1	69.1	-	-	-
Net advances/(repayments) during period	33.6	(17.8)	(6.8)	-	-	-
Amount due at end of period	95.9	51.3	62.3	-	-	-

Sales of goods and services to related parties related principally to the provision of services to the joint ventures 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.

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**17. RELATED PARTY TRANSACTIONS (continued)**

**Transactions with key management personnel**

As at the reporting date, three 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 three individuals is less than £80,000 (HY21: two individuals, less than £60,000; FY21: two individuals, less than £60,000).

**18. 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, the following options were granted over the Company's shares:

- LTIP: 2.1 million (HY21: 2.2 million, FY21: 2.2 million)
- DBP: 0.2 million (HY21: Nil, FY21: Nil)
- SAYE: 0.7 million (HY21: Nil, FY21: 0.7 million)

The Group recognised £0.2m (HY21: £1.0m, FY21: £1.9m) of employee costs related to share-based payment transactions during the period. A corresponding credit of £0.3m relating to national insurance contributions was recognised (HY21: charge of £0.6m, FY21: charge of £0.7m).

A deferred tax asset of £1.2m (HY21: £1.5m, FY21: £2.1m) is held in relation to share-based payments. Transactions during the period resulted in a deferred tax charge to the statement of comprehensive income of £0.4m (HY21: credit of £0.1m, FY21: credit of £0.3m) and a charge direct to equity of £0.5m (HY21: credit of £0.5m, FY21: credit of £0.9m).

**19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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.

As detailed in Note 15, a provision charge of £109.0m (HY21: £25.0m, FY21: £41.0m) has been recognised during the period in relation to remediation costs for multi-occupancy buildings. The provision is based on currently available information and reflects the Directors' best estimate of gross cash outflows for the Group. The quantification of the cost of these remedial works is inherently complex and depends on a number of factors including the size of the building and the cost of investigation, replacement materials, associated labour, and the potential cost of managing the disruption to residents, all of which may increase over time with inflation.

The Directors also note that as Government legislation, regulation and guidance further evolves in this area this may result in additional liabilities for the Group that cannot currently be reliably estimated. There may also be changes concerning the use of materials currently undergoing fire safety tests instructed by product manufacturers. If such materials are no longer considered safe, this could result in an increase in the number of buildings requiring remediation works as well as an increase in the estimated cost to remediate the buildings currently provided for. We may however expect further Government intervention if such circumstances arise.

Further to this, the updated Building Safety Bill, which obtained Royal Assent on 28 April 2022, has extended the limitation period to bring a claim under the Defective Premises Act from 6 years to 15 years prospectively and 30 years retrospectively. This extension may result in additional liabilities for the Group, in excess of the provision recognised to date, that cannot currently be reliably estimated.

In respect of the remediation costs noted above, 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 or other third parties. However, any such recoveries are not deemed to be virtually certain and therefore no contingent assets have been recognised.

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**20. POST-BALANCE SHEET EVENTS**

**Closures and restructuring**

On 7 April 2022, the Group provided an update on its site-by-site review and announced the closure of the South Midlands and Chilterns regions. The Group also announced expected cost savings resulting from regional and central restructuring. The plans for restructuring had not been finalised or announced prior to 31 March 2022, and therefore no costs for employee severance have been recognised in these interim financial statements. Costs of approximately £8.0m will be recognised in the second half of the financial year.

**Building Safety Bill**

The updated Building Safety Bill obtained Royal Assent on 28 April 2022. This has extended the limitation period to bring a claim under the Defective Premises Act from 6 years to 15 years prospectively and 30 years retrospectively. Refer to Note 19.

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**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.

To derive “adjusted” profit measures, the Directors exclude “adjusting items” and include the Group’s share of profit from its joint ventures and associate, which are equity accounted in reported measures in line with IFRS.

In prior financial years, the Directors excluded “non-underlying items” as opposed to “adjusting items”. Non-underlying items were previously disclosed as items that, in the judgement of Directors, needed to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group’s underlying business performance.

The Directors have reviewed the Group’s policy on items excluded from adjusted profit measures and have redefined these as “adjusting items” in the period. As opposed to excluding items based solely on “nature, size or incidence”, adjusting items are those which are adjusted for when the Directors review the operational performance of the Group, as they are not seen to be representative of the ongoing business performance. Examples of such items are detailed in Note 2. No adjustments were required to the prior period financial information as a result of this change.

Segmental financial information for the six months ended 31 March 2021 has been restated. Refer to Note 2.

**(a) Financial performance**

**Adjusted revenue**

Adjusted revenue includes the Group’s share of revenue from the joint ventures and associate. Refer to “Adjusted gross margin” below for a reconciliation of adjusted to reported revenue, and to Note 3 for a segmental analysis of adjusted and reported revenue.

**Adjusted gross margin**

Adjusted gross margin is calculated as adjusted gross profit/(loss) divided by adjusted revenue. Adjusted gross profit/(loss) includes the Group’s share of gross profit from the joint ventures and associate and excludes adjusting items. The tables below present the calculation of gross margin on a reported and adjusted basis.

	Note	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
		£m	£m	£m
<b>Gross (loss)/profit</b>		<b>(47.5)</b>	76.8	185.8
Add: adjusting items	5	<b>137.2</b>	25.0	41.7
Add: share of gross profit from joint ventures and associate		<b>13.2</b>	22.3	34.1
<b>Adjusted gross profit</b>		<b>102.9</b>	124.1	261.6
<b>Revenue</b>		<b>602.2</b>	661.0	1,371.4
Add: share of revenue from joint ventures and associate		<b>57.2</b>	94.0	154.8
<b>Adjusted revenue</b>		<b>659.4</b>	755.0	1,526.2
<b>Gross margin (%)</b>		<b>(7.9)%</b>	11.6%	13.5%
<b>Adjusted gross margin (%)</b>		<b>15.6%</b>	16.4%	17.1%

**Adjusted operating profit**

Adjusted operating profit includes the Group’s share of operating profit from the joint ventures and associate and excludes adjusting items. Refer to Note 3 for a reconciliation of adjusted to reported operating profit, and a segmental analysis of adjusted and reported operating profit.



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**Adjusted operating margin**

Adjusted operating margin is calculated as adjusted operating profit divided by adjusted revenue. The table below presents the calculation of operating margin on a reported and adjusted basis for the Group.

	Note	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
Adjusted operating profit	3	46.9	78.6	167.3
Adjusted revenue	3	659.4	755.0	1,526.2
<b>Group adjusted operating margin (%)</b>		<b>7.1%</b>	10.4%	11.0%
Operating (loss)/profit	3	(184.5)	24.7	71.3
Revenue	3	602.2	661.0	1,371.4
<b>Group operating margin (%)</b>		<b>(30.6)%</b>	3.7%	5.2%

The table below presents the calculation of operating margin on a reported and adjusted basis for the Partnerships segment.

	Note	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
Adjusted operating profit	3	31.6	52.0	107.7
Adjusted revenue	3	448.6	479.9	1,033.2
<b>Partnerships adjusted operating margin (%)</b>		<b>7.0%</b>	10.8%	10.4%
Operating (loss)/profit	3	(116.9)	8.3	34.4
Revenue	3	399.1	398.9	902.3
<b>Partnerships operating margin (%)</b>		<b>(29.3)%</b>	2.1%	3.8%

The table below presents the calculation of operating margin on a reported and adjusted basis for the Legacy Operations segment.

	Note	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
Adjusted operating profit	3	15.8	29.3	70.5
Adjusted revenue	3	210.8	275.1	493.0
<b>Legacy Operations adjusted operating margin (%)</b>		<b>7.5%</b>	10.7%	14.3%
Operating profit	3	14.4	26.3	65.5
Revenue	3	203.1	262.1	469.1
<b>Legacy Operations operating margin (%)</b>		<b>7.1%</b>	10.0%	14.0%

**Adjusted basic and diluted earnings per share**

Adjusted basic and diluted earnings per share exclude the impact of adjusting items on profit from continuing operations attributable to owners of the parent. Refer to Note 8 for a reconciliation of adjusted to reported basic and diluted earnings per share.

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**Return on capital employed (“ROCE”)**

ROCE is calculated as adjusted operating profit for the last 12 months from the period end, divided by the average of the opening and closing tangible net operating asset value (“TNOAV”) of those 12 months.

The table below presents the calculation of ROCE for the Group. There is no equivalent statutory measure to reconcile to.

	Note	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m	Year ended 30 September 2021 £m
Closing TNOAV	3	855.5	881.3	947.0
Opening TNOAV (12 months prior to reporting date)		881.3	860.5	853.5
<b>Average TNOAV</b>		<b>868.4</b>	<b>870.9</b>	<b>900.3</b>
Adjusted operating profit (12-month rolling)		135.6	77.5	167.3
<b>Group ROCE (%)</b>		<b>15.6%</b>	<b>8.9%</b>	<b>18.6%</b>

The table below presents the calculation of ROCE for the Partnerships segment. There is no equivalent statutory measure to reconcile to.

	Note	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 (restated) £m	Year ended 30 September 2021 £m
Closing TNOAV	3	609.7	553.3	610.2
Opening TNOAV (12 months prior to reporting date)		553.3	411.3	466.6
<b>Average TNOAV</b>		<b>581.5</b>	<b>482.3</b>	<b>538.4</b>
Adjusted operating profit (12-month rolling)		87.3	51.5	107.7
<b>Partnerships ROCE (%)</b>		<b>15.0%</b>	<b>10.7%</b>	<b>20.0%</b>

The table below presents the calculation of ROCE for the Legacy Operations segment. There is no equivalent statutory measure to reconcile to.

	Note	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 (restated) £m	Year ended 30 September 2021 £m
Closing TNOAV	3	245.8	328.0	336.8
Opening TNOAV (12 months prior to reporting date)		328.0	449.3	386.9
<b>Average TNOAV</b>		<b>286.9</b>	<b>388.7</b>	<b>361.9</b>
Adjusted operating profit (12-month rolling)		57.0	30.7	70.5
<b>Legacy Operations ROCE (%)</b>		<b>19.9%</b>	<b>7.9%</b>	<b>19.5%</b>

12-month rolling adjusted operating profit used in the calculation of ROCE above is calculated as follows for the six months ended 31 March 2022. Group adjusted operating profit includes other Group items that are not allocated to the two segments. Refer to Note 3.

	Partnerships £m	Legacy Operations £m	Group £m
Adjusted operating profit for the six months ended 31/03/22	31.6	15.8	46.9
Add: Adjusted operating profit for the prior financial year	107.7	70.5	167.3
Less: Adjusted operating profit for the six months ended 31/03/21	(52.0)	(29.3)	(78.6)
<b>Adjusted operating profit (12-month rolling)</b>	<b>87.3</b>	<b>57.0</b>	<b>135.6</b>

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. Group adjusted operating profit includes other Group items that are not allocated to the two segments. Refer to Note 3.

	Partnerships £m	Legacy Operations £m	Group £m
Adjusted operating profit for the six months ended 31/03/21	52.0	29.3	78.6
Add: Adjusted operating profit for the prior financial year	37.5	20.3	54.2
Less: Adjusted operating profit for the six months ended 31/03/20	(38.0)	(18.9)	(55.3)
<b>Adjusted operating profit (12-month rolling)</b>	<b>51.5</b>	<b>30.7</b>	<b>77.5</b>

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**For the six months ended 31 March 2022**

**Asset turn**

Asset turn is calculated as adjusted revenue for the last 12 months from the period end, divided by the average of the opening and closing tangible net operating asset value ("TNOAV") of those 12 months.

The table below presents the calculation of asset turn for the Group. There is no equivalent statutory measure to reconcile to.

	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
	<b>£m</b>	£m	£m
Adjusted revenue (12-month rolling)	<b>1,430.6</b>	1,212.9	1,526.2
Average TNOAV	<b>868.4</b>	870.9	900.3
<b>Group asset turn</b>	<b>1.6</b>	1.4	1.7

The table below presents the calculation of asset turn for the Partnerships segment. There is no equivalent statutory measure to reconcile to.

	<b>Six months ended 31 March 2021</b>	Six months ended 31 March 2021 (restated)	Year ended 30 September 2021
	<b>£m</b>	£m	£m
Adjusted revenue (12-month rolling)	<b>1,001.9</b>	784.0	1,033.2
Average TNOAV	<b>581.5</b>	482.3	538.4
<b>Partnerships asset turn</b>	<b>1.7</b>	1.6	1.9

The table below presents the calculation of asset turn for the Legacy Operations segment. There is no equivalent statutory measure to reconcile to.

	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021 (restated)	Year ended 30 September 2021
	<b>£m</b>	£m	£m
Adjusted revenue (12-month rolling)	<b>428.7</b>	428.9	493.0
Average TNOAV	<b>286.9</b>	388.7	361.9
<b>Legacy Operations asset turn</b>	<b>1.5</b>	1.1	1.4

12-month rolling adjusted revenue used in the calculation of asset turn above is calculated as follows for the six months ended 31 March 2022:

	Note	<b>Partnerships £m</b>	<b>Legacy Operations £m</b>	<b>Total £m</b>
Adjusted revenue for the six months ended 31/03/22	3	448.6	210.8	<b>659.4</b>
Add: Adjusted revenue for the prior financial year	3	1,033.2	493.0	<b>1,526.2</b>
Less: Adjusted revenue for the six months ended 31/03/21	3	(479.9)	(275.1)	<b>(755.0)</b>
<b>Adjusted revenue (12-month rolling)</b>		<b>1,001.9</b>	<b>428.7</b>	<b>1,430.6</b>

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	<b>Partnerships £m</b>	<b>Legacy Operations £m</b>	<b>Total £m</b>
Adjusted revenue for the six months ended 31/03/21	3	479.9	275.1	<b>755.0</b>
Add: Adjusted revenue for the prior financial year		669.2	319.6	<b>988.8</b>
Less: Adjusted revenue for the six months ended 31/03/20		(365.1)	(165.8)	<b>(530.9)</b>
<b>Adjusted revenue (12-month rolling)</b>		<b>784.0</b>	<b>428.9</b>	<b>1,212.9</b>

**COUNTRYSIDE PARTNERSHIPS PLC**  
**ALTERNATIVE PERFORMANCE MEASURES**  
**For the six months ended 31 March 2022**

**(b) Financial position**

**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. Refer to Note 13.

**Tangible net asset value ("TNAV")**

TNAV is calculated as net assets excluding intangible assets net of deferred tax. Refer to Note 3.

**Tangible net operating asset value ("TNOAV")**

TNOAV is calculated as TNAV excluding net cash/debt. Refer to Note 3.

**Gearing**

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

	Note	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
		<b>£m</b>	£m	£m
Net cash	13	<b>9.8</b>	105.9	41.0
Net assets		<b>906.3</b>	1,119.4	1,107.5
<b>Gearing</b>		<b>(1.1)%</b>	(9.5)%	(3.7)%

**Adjusted gearing**

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

	Note	<b>Six months ended 31 March 2022</b>	Six months ended 31 March 2021	Year ended 30 September 2021
		<b>£m</b>	£m	£m
Net cash	13	<b>9.8</b>	105.9	41.0
Less: deferred land payments (excluding overage)	14	<b>(234.2)</b>	(216.3)	(226.5)
<b>Adjusted net debt</b>		<b>(224.4)</b>	(110.4)	(185.5)
Net assets		<b>906.3</b>	1,119.4	1,107.5
<b>Adjusted gearing</b>		<b>24.8%</b>	9.9%	16.7%