Brightbay
Real Estate Partners

Annual Report and Financial Statements

Period ended 31 December 2021

Registration number: 010534V
TISE share code: RDIREI

Brightbay Real Estate Partners Limited

(formerly RDI REIT P.L.C.)

Annual Report and Financial Statements

For the Period Ended 31 December 2021

Contents

Company information

Directors	N Chadwick D A Grant S J Oakenfull M Parrott T M Tolley
Company secretary	G Goudar
Registered number	010534V
Registered office	2nd Floor St Mary's Court 20 Hill Street Douglas Isle of Man IM11EU
Independent Auditors	KPMG LLP 15 Canada Square London E14 5GL

Strategic report
For the period ended 31 December 2021

Introduction
The Directors present their Strategic Report for Brightbay Real Estate Partners Limited (formerly RDI REIT P.L.C.) ("Brightbay", the "Group" or the "Company") for the period ended 31 December 2021.

Brightbay was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 1111908C) and was re-registered under the Isle of Man Companies Act 2006 on 3 December 2013 (Registered Number: 010534V). On 4 December 2013, the Company converted to a UK REIT and transferred its tax residence from the Isle of Man to the United Kingdom ("UK"). The Company held a primary listing on the LSE and a secondary listing on the JSE until 6 May 2021 and 7 May 2021 respectively. Following the conclusion of a take-private transaction (the "Transaction") on 4 May 2021, the Company applied for listing on The International Stock Exchange, Guernsey, which was approved and became effective on 5 May 2021.

The principal activity of Brightbay is investment in commercial property.

During the period ended December 2021, Brightbay changed its accounting reference date from 31 August to 31 December in order to align its financial calendar to the date used by the funds managed by Starwood Capital Group under which Brightbay ultimately sits. All references to 31 December therefore refer to the sixteen months ended 31 December 2021, or the date, as context requires. All references to 31 August refer to the twelve months ended 31 August 2020, or the date, as context requires.

The Transaction
On 26 February 2021, the Board announced it had reached agreement on the terms of a recommended cash offer from controlled affiliates of Starwood Capital Group to acquire the entire issued and to be issued share capital of the Company.

The offer at 121.35 pence per share reflected a 33.1 per cent premium to the closing price on 25 February 2021 and was a 15.0 per cent discount to the 28 February 2021 EPRA NAV of 142.7 pence per share.

The offer was approved by independent shareholders on 16 April 2021 and the transaction was implemented by way of a court sanctioned Scheme under the Isle of Man Companies Act and became effective on 4 May 2021.

Business review and future developments
This past 16 months has been one of significant change. Despite the continued challenge of operating during a global pandemic, we have managed to achieve a number of significant milestones for the Company.

The acquisition of the Company by controlled affiliates of Starwood Capital Group has supported greater strategic flexibility and the ability to rationalise the portfolio. The exit from our retail portfolios in Germany and the UK is now largely complete, leaving the majority of our capital invested in sectors and assets supported by structural demand (distribution and industrial) and operational assets (hotels and serviced offices) with a high weighting to Greater London, both of which are demonstrating a strong recovery as we navigate our way through the pandemic.

To mark this new chapter, the Company changed its name to Brightbay.

Financial results

Profit after tax for the period of £88.5 million (31 August 2020: loss after tax £116.0 million) was supported by a £82.9 million gain in the market value of the portfolio. Net operating income for the period of £21.8 million (31 August 2020: £42.2 million) was impacted by costs associated with the Transaction of £7.8 million, significant disposal activity and the ongoing impact of the pandemic on our operating assets (hotels and serviced offices). These aside, the residual portfolio performed well, with improving rent collection rates and a return to near normal levels of bad and doubtful debts. A considerable improvement on 2020.

Dividends for the period of £219.0 million (31 August 2020: £22.8 million) were supported by £278.0 million generated from disposals in the United Kingdom and £110.1 million generated from the wind down and disposal of the Group's legacy Germany portfolio. A net cash outflow of £133.6 million was applied primarily toward repayment of debt either following sale of secured property or refinancing.

The period ended with cash and cash equivalents of £45.6 million (31 August 2020: £70.2 million) including the Group's share of cash held within joint ventures. The Group's revolving credit facility was cancelled during the period.

During the period debt of £141.2 million was refinanced, extending the Group's weighted average debt maturity to 3.3 years (31 August 2020: 3.0 years). Group LTV stands at 43.8 per cent (31 August 2020: 46.7 per cent) with 86.4 per cent remaining subject to interest rate protection (31 August 2020: 87.5 per cent).

Net assets attributable to the Parent decreased to £426.1 million (31 August 2020: £557.2 million) reflecting a value of 111.7 pence per share (31 August 2020: 146.5 pence per share) on a basic IFRS NAV measure.

Capital allocation and balance sheet

The Company's balance sheet remains robust, supported by the successful disposal of several non-core assets and the refinancing of the hotel portfolio in two separate transactions.

Disposals comprised the majority of the residual German and UK retail assets together with smaller non-core UK assets. The strategic exit from the German retail portfolio is now largely complete following the disposal of Bahnhof, Altona, Bremen and City Arkaden, Ingolstadt. This, combined with the successful disposal of the St George's Shopping Centre, Harrow, leaves the Company with a nominal exposure to the retail sector.

Balance sheet leverage remains modest at 43.8 per cent LTV with net debt reducing by £168.4 million following disposals activity, refinancing within the hotel portfolio at lower leverage and the Group's investment portfolio values having recorded valuation gains of £82.9 million in the period.

Operating review

The period under review has been dominated by the impact of the pandemic, however the market has typically shown a high degree of resilience. Occupancy levels outside of the Company's operating assets remained high at 97.5 per cent (31 August 2020: 98.8 per cent) and rent collection remained high averaging 98 per cent across the period.

Hotel portfolio

Operationally, the most significant challenges arose in the Managed Hotel portfolio during periods impacted by the most restrictive lockdown measures, particularly in London which is more reliant on international and business travel. Government and Local Authority contracts at certain hotels provided some level of support and regional hotels benefitted from a strong domestic leisure market. Encouragingly, underlying occupancy levels demonstrated a strong recovery when travel and work from home restrictions were lifted with clear signs of pent-up demand.

The Travelodge portfolio remained subject to CVA terms throughout the period, however underlying trading performances from the hotels were encouraging and outperformed the midscale and economy segment. Rents have now returned to pre CVA levels from January 2022.

Distribution and Industrial portfolio
The Distribution and Industrial portfolio benefited from exceptional market conditions with both prime rents and yields at record levels. Take-up for big sheds reached 55.1 million sqft in 2021, 86 per cent above the long-term average leaving the UK wide vacancy rate at just 2.9 per cent (source: Savills).

As a result, the portfolio delivered like-for-like capital growth of 47.8 per cent. While prime yields have now fallen to 3.25 per cent (source: Savills), market fundamentals remain supportive with UK wide vacancy rates at historically low levels and broad-based demand from online retailers, third party logistics providers, automotive and manufacturing.

London Serviced Office portfolio
While the pandemic has created uncertainty around the extent to which flexible working patterns will impact office demand, it has also reinforced the trend toward greater flexibility, product quality and service provision. The Group's experience over the past 24 months supports this with the portfolio delivering a strong recovery in occupancy across the summer months to end the year at 79.8 per cent occupancy.

London Office portfolio
Activity across our three London office assets focused on longer term planning, redevelopment and asset management opportunities. The proximity of our assets to key transport networks and, in the case of Newington Causeway and Newington House on London's Southbank, areas of significant regeneration, provide strong fundamentals and medium-term opportunity.

Board
Following the Transaction becoming effective, Gavin Tipper, Sue Ford and Liz Peace resigned as Non-executive Directors. Thomas Tolley and Krysto Nikolic were appointed to the Board as Non-executive Directors and Starwood representatives. Following Krysto Nikolic's resignation in July 2021, Nicholas Chadwick joined the Board in his place.

Outlook
The portfolio is now well positioned with exposure to a high quality industrial and distribution portfolio and clear evidence of a recovery in underlying trading performances across both the Hotel and London Serviced Office portfolio.

Inflation appears to be more ingrained than previously anticipated. Further increases in the base rate of borrowing are now firmly anticipated with the potential for a materially higher interest rate environment now an increasing possibility. This will need to be carefully monitored in conjunction with a transition to tighter fiscal and monetary policy. A higher interest rate environment places an even greater focus on owning assets which are in strong demand and able to deliver above inflation rental growth.

The continued importance of ESG has become a clear and significant factor in capital allocation decisions. We recognise the critical role that real estate plays in global carbon emissions and our responsibility to ensure how we invest and manage is sustainable. We are actively targeting improvements across our portfolio based on data collection, external evaluation and accreditation.

At the time of writing, major pandemic related restrictions have been largely lifted and expectations are for increased levels of travel and office-based working which should support a continued recovery in our operating assets.

The Board would like to thank its Brightbay colleagues and advisers for their ongoing support through this period of transition. We look forward to 2022 with optimism and renewed confidence.

Principal risks and uncertainties
Brightbay acknowledges that it faces a number of risks which could impact the achievement of its strategy.

While it is not possible to identify or anticipate every risk due to the changing business environment, the Group has an established and robust risk management process to manage and mitigate risk. The Group's process for identifying and managing risk is set by the Board. Risks are identified by applying a dual approach, "bottom up" at the operational level having established responsible risk-owners throughout the business and layered with a "top down" or corporate overlay as determined by the Board. Identified risks are then assessed by rating each risk gross and net of mitigating controls. The Board considers emerging risks and uncertainties which may prevent the Group achieving its strategic objectives and the evolution of existing and emerging risks during the year. The Board reviews the risk management plan bi-annually with design, implementation and monitoring being the responsibility of management on a day-to-day basis. Risks, both principal and emerging, are considered in terms of their impact and likelihood from both a financial and reputational perspective.

Principal risks

Although not exhaustive, the principal risks facing the Group are categorised into four broad risk types: Strategic, Financial, Operational and Legal, Regulatory and Human Resources. The nature of the Group's risks has changed considerably, notably by the significant reduction in retail exposure and repositioning of the Group's portfolio through disposals, change in ownership from public to private heightened by ongoing concerns in respect of COVID-19 and related variants.

Emerging risks

New and emerging risks identified by management during the risk management process and discussed by the Board included:

- higher rates of inflation impacting finance, property and other direct costs relevant to the Group;
- rising service charge costs; and
- contract management;

Strategic risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Stephen Oakenfull (CEO)		
Significant business interruption due to terrorist event or cybercrime	• Inability to access or operate properties • Operational interruption and disruption • Significant reduction in footfall • Interruption to key business processes • Injury, sickness or loss of life of occupier, customer, employee or contractor • Loss of key supplier	• Appropriate insurance in place at both a corporate and property level • Maintenance of a comprehensive business continuity plan • Major incident planning and monitoring of NaCTSO security advice • Implementation and regular review of corporate cyber security systems • Disaster recovery planning including frequent replication of data and offsite storage • Robust security including CCTV and access controls
Significant business interruption due to pandemic	• Tenant failures, reduced rental income, covenant defaults and cash flow disruption • Increased refinancing risk and pressure on capital maintenance • Resource constraints and disruption to flow of management information • Injury, sickness or loss of life of occupier, customer, employee or contractor	• Active engagement with and financial assistance to tenants during disruption period • Government support packages and easing of restrictive measures • Temporary suspension or reduction of dividends • Disposal of assets • Deferral of all non-essential capital expenditure

Strategic risks		
Risk	**Impact potential**	**Mitigation factors**
		• Alternate use or exit strategy for assets and/or units where there are tenant failures or CVAs
Continuing uncertainty surrounding economic climate and volatility in the global markets.	• Ongoing and heightened economic uncertainty leading to general market dislocation, increased volatility with potential impact on property valuations and delayed strategic decision making of investors, lenders and occupiers	• Close relationships with shareholders and lenders

Strategic risks		
Risk	**Impact potential**	**Mitigation factors**
Lack of engagement with ESG matters renders Group portfolio unattractive to investors.	• Investors and occupiers increasingly value assets with environmental credibility. Failing to ensure the business aligns with these values could impact the Group's ability to meet financial targets	• Use of professional advisers • Quarterly ESG reporting
Failure to formulate and execute an appropriate sustainable investment strategy and income returns. This includes but is not limited to gearing levels, diversification, incorrect timing of investment and capital recycling decisions, inadequate consideration of social and environmental impact of investment strategy, resulting in erosion of shareholder value	• Declining net asset value and total property return (income and capital), • Declining total shareholder returns	• Regular review of investment strategy • Defined asset appraisal process • Monitoring of macro-economic and property market trends • Flexible and agile decision making • Ongoing dialogue and communication with lenders and brokers
Change in investment strategy of shareholder	• Perceived loss of confidence • Disruption to implementation of strategic objectives	• Close relationships and open dialogue maintained with shareholder

Financial risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Donald Grant (CFO)		
Reduction in investor and occupier demand for UK real estate, and accelerated structural changes in consumer and commercial workforce behaviour	• Reduced availability of financing as a result of past or future events • Inability to fund property investments • Increased cost of finance	• Mix of lenders and maturities of facilities • Non-recourse debt structure • Early refinancing of debt and focus on lower leverage capital structure

Financial risks		
Risk	**Impact potential**	**Mitigation factors**
		• Regular assessment of market conditions including annual external valuations and monitoring of covenants • Detailed capital planning and forecasting
Significant decline in market conditions and exceptional market disruption, increasing the need for liquidity during periods of extended disruption	• Declining valuations and earnings leading to covenant breaches, cash cure requirements and constrained liquidity • Pressure on meeting shareholder business plans	• Ensure sufficient liquidity to meet commitments and plausible stress scenarios • Reduce or temporarily suspend dividends or dispose of assets to ensure sufficient liquidity in the face of heightened market volatility • Negotiation of covenant waivers and payment holidays during disruption periods • Commitment to operational efficiencies and low-cost base
Adverse interest rate movements and inflationary pressures	• Increased cost of borrowing and hedging reducing financial and operational flexibility • Adverse impact on property valuations	• Interest rate hedging policy providing interest rate protection • Target staggered debt maturities • Early refinancing where economically viable to reduce refinancing risk
Adverse foreign currency movements	• Decreased sterling equivalent asset or disposal values	• Exchange rates continuously monitored • Amounts converted to Sterling at earliest opportunity • Disposal of European assets

Operational risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Adrian Horsburgh (Property Director)		
Failure to anticipate changes in the property cycle or poor trading performance from operational assets	• Reduced investment demand and declining property values • Potential pressure on banking covenants	• Annual external valuation of properties • Diversified portfolio • Active asset management • Regular monitoring of covenants, including scenario modelling • Flexible cost base of operational assets • Strategy to exit the hotel assets
Inability to support stakeholders during periods of severe market dislocation	• Occupier or supplier failures • Reputational damage	• Where a tenant can demonstrate a need, the provision of assistance to tenants in the form of rent deferrals, rent reductions and rent-free

Operational risks		
Risk	**Impact potential**	**Mitigation factors**
		periods and reduced service charge budgets
Reduced occupier demand for space and deferral of decisions, increased supply, or occupier defaults, impacting the ability to buy, develop, manage and sell assets	• Reduced rental income and cash flow • Loss of key tenants • Increased void costs • Declining property values	• Diverse tenant base • Long leases and strong tenant covenants • Open dialogue with tenants and property managers • Review consumer trends • Regular monitoring of tenants at risk • Proactive monitoring of lease expiries and/or breaks to minimise periods of vacancy. • Reputable property managers and efficient rent collection procedures
Inappropriate cladding or construction materials	• Increased devastation in case of fire	• Annual fire risk assessment • Comprehensive review of cladding and insulation in place across portfolio and close liaison with national Health & Safety Executive
Reliance on third-party service providers (asset and property managers, offshore administrators and accountants) due to complex Group structure	• Financial or reputational impact • Operational ineffectiveness • Failure to comply with regulatory requirements in offshore jurisdictions	• Robust service level agreements in place • Appropriate due diligence and tendering process for reputable service providers • Regular engagement and active management of all service providers • Periodic review and formal update of services provided in line with changes in the business. Renewal of service level agreements

Legal, regulatory and human resource risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: All three Executive Directors and Company Secretary		
Health, safety and environmental risk	• Loss or injury to employees, tenants or contractors • Impact on reputation, adverse publicity or financial impact	• Policies in place with audit and risk assessments undertaken • Environmental programme in place • All properties actively managed • Comprehensive tendering process for contractors • Engagement with regulators and health and safety authorities to ensure that ongoing compliance is being adhered to
Stakeholder welfare	• Sickness of employees, tenants or contractors during pandemic	• Adherence to government guidelines across portfolio and head office during disruption period

Legal, regulatory and human resource risks		
Risk	**Impact potential**	**Mitigation factors**
		• Significant planning and co-ordination to ensure the safe operation of assets for customers, clients and occupiers • Deferral of all non-essential capital projects • Comprehensive planning and external review of phased return-to-work programme for employees (aligned to government guidelines)
Changes in or breach of regulatory or legislative requirements	• Financial or reputational impact • Reduced financial returns as a result of increased taxes across the Group's non-REIT residual business • Adverse tenant behaviour	• Sound governance and internal policies • Appointment of appropriately qualified employees • Regular review of compliance e.g. REIT legislation • Proactive identification of changes in legal and regulatory environment with planned response to changes prior to implementation • Maintenance of a data protection policy to ensure compliance with EU GDPR Regulations • Early engagement with regulators
Failure to recruit, develop and retain employees with the right skills and experience.	• Ineffective decision-making and failure to deliver against business objectives and performance • Operational ineffectiveness	• Active succession planning to mitigate key person risk • Clear employee objectives and annual performance appraisal to ensure alignment to business objectives • Competitive and benchmarked remuneration to attract and retain talent • Periodic employee engagement surveys and employee health and well-being initiatives

Date of authorisation of Issue

The strategic report was authorised for issue by the Board on 28 February 2022.

Stephen Oakenfull
Chief Executive Officer
28 February 2022

Donald Grant
Chief Financial Officer

Directors' report
For the period ended 31 December 2021

The directors submit their report and the audited consolidated financial statements for the period ended 31 December 2021.

Directors
The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

N Chadwick (appointed 30 July 2021)
M J W Farrow (resigned 28 January 2021)
S E Ford (resigned 4 May 2021)
D A Grant
K Nikolic (appointed 4 May 2021, resigned 30 July 2021)
S J Oakenfull (appointed 5 November 2020)
E A Peace (resigned 4 May 2021)
M Parrott
G R Tipper (resigned 4 May 2021)
T M Tolley (appointed 4 May 2021)
M J Watters (resigned 18 December 2020)

Going concern
In light of the ongoing concerns in respect of the COVID-19 pandemic and macroeconomic uncertainty that currently prevails, the Board continues to place particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the period ended 31 December 2021.

At 31 December 2021, the Group's cash and undrawn committed facilities were £45.6 million, with modest capital commitments of £0.7 million. Given the significant improvement in timely collection of rental income, ongoing support from the Group's key relationship banks, no significant short term debt maturities and support from its ultimate controlling shareholders, funds controlled by Starwood Capital Group (one of the worlds largest real estate investors) the Directors have concluded that in a reasonably plausible adverse scenario, there remains adequate resources available to continue in operational existence for a period of not less than 12 months from the date of approval of these financial statements.

The Directors therefore have concluded it appropriate to adopt the going concern basis of accounting in preparing the Group's financial statements.

Attention is drawn to Note 2.2 for further details supporting the conclusion reached.

Dividends
The directors declared and paid the following interim dividends:
- 14 December 2020: £19 million
- 16 June 2021: £95 million
- 24 September 2021: £95 million
- 13 December 2021: £10 million

Political donations
During the financial period, Brightbay made no political donations (August 2020: nil).

Statement as to disclosure of information to auditors
The directors at the time when this Directors' Report is approved have confirmed that:
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

- that each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, KPMG LLP, will be proposed for reappointment for the year ended 31 December 2022.

Statement of directors' responsibilities
The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so; and
- prepare financial statements which give a true and fair view of the state of affairs of the Group and of the profit of the Group for that period

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

We confirm that to the best of our knowledge:

- the Group financial statements prepared in accordance with IFRS as issued by the IASB, give true and fair view of the assets, liabilities, financial position as at 31 December 2021, and profit of the Group for the period then ended, in addition to the undertakings included in the consolidation taken as a whole;
- the Directors' report and strategic report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the adoption of a going concern basis for the preparation of the financial statements continues to be appropriate based on the financial position of the Group at 31 December 2021 and having reviewed the forecast financial position of the Group

Stephen Oakenfull	**Donald Grant**
Chief Executive Officer	Chief Financial Officer

28 February 2022

Independent Auditor's Report to the Members of Brightbay Real Estate Partners Limited (formerly RDI REIT P.L.C)

We have audited the consolidated financial statements of Brightbay Real Estate Partners Limited (formerly RDI REIT P.L.C) (the "Company") which comprise the consolidated statement of financial position as at end of the reporting period, the consolidated statement of comprehensive income, changes in equity and cash flows for the period from 01 September 2020 to 31 December 2021, and notes, comprising significant accounting policies and other explanatory information.

IN OUR OPINION, THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the Group's Profit for the period from 01 September 2020 to 31 December 2021;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The Directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the Director's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Director's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate; and
- we have not identified, and concur with the Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our general commercial and sector experience and through discussion with directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation (including conditions to maintain UK Real Estate Investment Trust ("REIT") status in accordance with the REIT regime) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group's ability to operate. We identified Isle of Man Companies Act 2006 and The International Stock Exchange rules as being the areas most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 10 of Statement of Directors' Responsibilities, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF THIS REPORT AND RESTRICTIONS ON ITS USE BY PERSONS OTHER THAN THE COMPANY'S MEMBERS, AS A BODY

This report is made solely to the Company's members, as a body, in accordance with section 80© of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Kelly (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 February 2022

Consolidated income statement
for the period ended 31 December 2021

Continuing operations	Note	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Revenue	3	**55.8**	69.0
Rental income		**53.3**	66.0
Rental expense		**(11.8)**	(14.8)
Net rental income	4	**41.5**	51.2
Other operating income		**2.5**	3.0
Other operating expense		**(0.7)**	(0.7)
Other operating income and expense	5	**1.8**	2.3
Administrative costs and other fees	6	**(21.5)**	(11.3)
Net operating income		**21.8**	42.2
Loss on disposal of subsidiaries	8	**(2.5)**	-
Gain/(loss) on revaluation of investment property	9	**82.9**	(113.0)
Gain/(loss) on disposal of investment property	9	**1.3**	(2.2)
Loss on revaluation of investment property held for sale	10	**-**	(0.6)
(Loss)/gain on disposal of investment property held for sale	10	**(0.9)**	0.9
Other expense		**-**	(0.6)
Foreign exchange (loss)/gain		**(0.8)**	0.2
Profit/(loss) from operations		**101.8**	(73.1)
Finance expense	11	**(23.6)**	(20.9)
Other finance income	12	**4.3**	-
Other finance expense	12	**(0.3)**	(1.9)
Change in fair value of derivative financial instruments		**8.9**	(1.8)
		91.1	(97.7)
(Impairment)/reversal of impairment of loan to continuing joint venture interest	13	**(0.3)**	0.7
Reversal of Impairment/(impairment) of associate	14	**0.7**	(1.8)
Share of post-tax profit/(loss) from associate	14	**0.9**	(0.4)
Profit/(loss) before tax		**92.4**	(99.2)
Taxation	15	**-**	-
Profit/(loss) for the period attributable to continuing operations		**92.4**	(99.2)
Loss from discontinued operation [1]	3	**(3.9)**	(16.8)
Profit/(loss) for the period		**88.5**	(116.0)

	Note	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Profit/(loss) attributable to:			
Equity holders of the Parent			
Continuing operations		**93.1**	(87.0)
Discontinued operation		**(3.6)**	(16.8)
		89.5	(103.8)
Non-controlling interests			
Continuing operations	16	**(0.7)**	(12.2)
Discontinued operation	16	**(0.3)**	-
		(1.0)	(12.2)
		88.5	(116.0)
Earnings per share			
Weighted average number of shares (millions)	17	**381.0**	380.3
Diluted weighted average number of shares (millions) [(2)]	17	**381.0**	380.3
Earnings per share from continuing operations			
Basic earnings per share (pence)		**24.4**	(22.9)
Diluted earnings per share (pence)	17	**24.4**	(22.9)
Total earnings per share			
Basic earnings per share (pence)	17	**23.5**	(27.3)
Diluted earnings per share (pence)	17	**23.5**	(27.3)

(1) Included in loss from discontinued operation is the Group's share of post-tax loss from joint ventures of £0.1 million (31 August 2020: post-tax profit £0.1 million). Refer to Note 13.

(2) For the year ended 31 August 2020, contingently issuable shares have an anti-dilutive effect on IFRS earnings per share due to the loss incurred by the Group in that year. Therefore, for IFRS purposes the weighted and dilutive average number of shares were 380.3 million.

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

for the period ended 31 December 2021

	Note	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Profit/(loss) for the period		**88.5**	(116.0)
Other comprehensive income/(expense)			
Items that may be transferred to the income statement			
Other comprehensive expense from discontinued operation		**(1.9)**	(2.4)
Total other comprehensive expense		**(1.9)**	(2.4)
Total comprehensive income/(expense) for the period		**86.6**	(118.4)
Total comprehensive income/(expense) attributable to:			
Equity holders of the Parent		**87.6**	(106.2)
Non-controlling interests	16	**(1.0)**	(12.2)
		86.6	(118.4)
Total comprehensive income/(expense) attributable to equity holders of the Parent arising from:			
Continuing operations		**93.1**	(87.0)
Discontinued operation		**(5.5)**	(19.2)
		87.6	(106.2)

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet
as at 31 December 2021

	Note	31 December 2021 £m	31 August 2020 £m
Non-current assets			
Investment property	9	**887.5**	1,069.2
Investment in joint ventures	13	**2.2**	2.5
Loans to joint ventures	13	**0.4**	0.7
Investment in associate	14	**6.8**	5.5
Other non-current assets	18	**0.4**	0.8
Derivative financial instruments	23	**0.9**	-
Other receivables	19	**6.6**	11.3
Total non-current assets		**904.8**	1,090.0
Current assets			
Trade and other receivables	19	**13.0**	17.3
Cash and cash equivalents	20	**45.6**	67.6
		58.6	84.9
Non-current assets and disposal group held for sale	10	**2.2**	125.0
Total current assets		**60.8**	209.9
Total assets		**965.6**	1,299.9
Non-current liabilities			
Borrowings	21	**(408.8)**	(535.7)
Lease liabilities	22	**(50.2)**	(49.9)
Derivative financial instruments	23	**(1.0)**	(12.3)
Deferred tax	24	**(0.1)**	(5.3)
Total non-current liabilities		**(460.1)**	(603.2)
Current liabilities			
Borrowings	21	**(0.6)**	(66.1)
Lease liabilities	22	**(0.2)**	(0.8)
Derivative financial instruments	23	**-**	(0.3)
Trade and other payables	25	**(30.6)**	(27.7)
Current tax		**(7.2)**	(2.1)
Total current liabilities		**(38.6)**	(97.0)
Total liabilities		**(498.7)**	(700.2)
Net assets		**466.9**	599.7
Equity			
Share capital	26	**152.6**	152.1
Share premium	26	**534.9**	534.8
Other components of equity		**(261.3)**	(129.7)
Total attributable to equity holders of the Parent		**426.2**	557.2
Non-controlling interests	16	**40.7**	42.5
Total equity		**466.9**	599.7

The accompanying notes on pages 20 to 67 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:

Stephen Oakenfull
Chief Executive Officer

Donald Grant
Chief Financial Officer

Consolidated statement of changes in equity
for the period ended 31 December 2021

	Note	Share capital £m	Share premium £m	Retained losses £m	Share based payment reserve £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2020		152.1	534.8	(147.0)	0.9	16.4	557.2	42.5	599.7
Profit for the period		-	-	89.5	-	-	89.5	(1.0)	88.5
Items that may be transferred to the income statement									
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(1.9)	(1.9)	-	(1.9)
Total comprehensive income for the period		**-**	**-**	**89.5**	**-**	**(1.9)**	**87.6**	**(1.0)**	**86.6**
Transactions with equity holders of the Parent									
Issue of shares	26	0.5	0.1	-	-	-	0.6	-	0.6
Dividends paid		-	-	(219.0)	-	-	(219.0)	-	(219.0)
Release of share-based payment reserve	27	-	-	1.1	(1.1)	-	-	-	-
Additional payment in relation to Restricted Stock Plan	27	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Fair value of share-based payments	31	-	-	-	0.2	-	0.2	-	0.2
		0.5	**0.1**	**(218.4)**	**(0.9)**	**-**	**(218.7)**	**-**	**(218.7)**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	16	-	-	-	-	-	-	(0.7)	(0.7)
Disposal of non-controlling interests	16	-	-	0.1	-	-	0.1	(0.1)	-
Balance at 31 December 2021		**152.6**	**534.9**	**(275.8)**	**-**	**14.5**	**426.2**	**40.7**	**466.9**

The accompanying notes form an integral part of these financial statements.

Dividends

The following dividends were recognised and paid during the period:

	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Dividend of 5 pence (31 August 2020: 6 pence) per qualifying ordinary share	**19.0**	22.8
Dividend of 25 pence (31 August 2020: nil) per qualifying ordinary share	**95.0**	-
Dividend of 25 pence (31 August 2020: nil) per qualifying ordinary share	**95.0**	-
Dividend of 3 pence (31 August 2020: nil) per qualifying ordinary share	**10.0**	-
Total dividends	**219.0**	22.8

Consolidated statement of changes in equity (continued)

for the year ended 31 August 2020

	Note	Share capital £m	Share premium £m	Retained losses £m	Share based payment reserve £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2019		152.0	534.6	(20.6)	0.8	18.8	685.6	57.4	743.0
Loss for the year		-	-	(103.8)	-	-	(103.8)	(12.2)	(116.0)
Items that may be transferred to the income statement									
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(2.4)	(2.4)	-	(2.4)
Total comprehensive expense for the year		-	-	(103.8)	-	(2.4)	(106.2)	(12.2)	(118.4)
Transactions with equity holders of the Parent									
Issue of shares	26	0.1	0.2	-	-	-	0.3	-	0.3
Dividends paid		-	-	(22.8)	-	-	(22.8)	-	(22.8)
Release of share-based payment reserve	27	-	-	0.3	(0.3)	-	-	-	-
Additional payment in relation to Restricted Stock Plan	27	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Fair value of share-based payments	31	-	-	-	0.4	-	0.4	-	0.4
		0.1	0.2	(22.6)	0.1	-	(22.2)	-	(22.2)
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	16	-	-	-	-	-	-	(1.4)	(1.4)
Disposal of non-controlling interests	16	-	-	-	-	-	-	(1.3)	(1.3)
		-	-	-	-	-	-	(2.7)	(2.7)
Balance at 31 August 2020		152.1	534.8	(147.0)	0.9	16.4	557.2	42.5	599.7

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
for the period ended 31 December 2021

Continuing operations	Note	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Cash generated from operations	28	**14.2**	39.4
Finance expense and head lease payments		**(20.4)**	(19.8)
Net cash inflow from continuing operating activities		**(6.2)**	19.6
Discontinued operation			
Net cash inflow from discontinued operating activities		**9.4**	4.3
Net cash inflow from discontinued operating activities		**9.4**	4.3
Net cash inflow from operating activities		**3.2**	23.9
Cash flows from investing activities			
Acquisition and disposal of subsidiaries		**212.5**	-
Sale of investment property		**65.5**	34.2
Purchase and development of investment property		**(2.7)**	(13.7)
Investment in associate	14	**-**	(0.6)
Distributions from associate	14	**0.3**	0.5
Net cash inflow from continuing investing activities		**275.6**	20.4
Discontinued operation			
Net cash inflow from discontinued investing activities		**110.1**	24.3
Net cash inflow from discontinued investing activities		**110.1**	24.3
Net cash inflow from investing activities		**385.7**	44.7
Cash flows from financing activities			
Issue of shares	26	**0.6**	0.3
Proceeds from borrowings	21	**106.1**	25.0
Repayment of borrowings	21	**(239.7)**	(20.9)
Other finance expense		**(2.2)**	-
Settlement of derivative financial instruments		**(1.4)**	0.1
Dividends paid to equity holders		**(219.0)**	(22.8)
Dividends paid to non-controlling interests		**(0.7)**	(1.4)
Movement in restricted cash and cash equivalents		**(5.1)**	(2.8)
Net cash outflow from continuing financing activities		**(361.4)**	(22.5)
Discontinued operation			
Net cash outflow from discontinued financing activities		**(55.4)**	(13.4)
Net cash outflow from discontinued financing activities		**(55.4)**	(13.4)
Net cash outflow from financing activities		**(416.8)**	(35.9)
Net (decrease)/increase in unrestricted cash and cash equivalents		**(27.9)**	32.7
Effect of exchange rate fluctuations on cash and cash equivalents		**0.8**	(0.9)
Unrestricted cash and cash equivalents at 1 September 2020		**64.1**	32.3
Unrestricted cash and cash equivalents at 31 December 2021	20	**37.0**	64.1
Restricted cash and cash equivalents at 31 December 2021	20	**8.6**	3.5
Cash and cash equivalents at 31 December 2021	20	**45.6**	67.6

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

for the period ended 31 December 2021

1. General information

Brightbay Real Estate Partners (formerly RDI REIT P.L.C.) was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 1111908C) and was re-registered under the Isle of Man Companies Act 2006 on 3 December 2013 (Registered Number: 010534V).

On 4 December 2013, the Company converted to a UK REIT and transferred its tax residence from the Isle of Man to the United Kingdom ("UK").

The Company held a primary listing on the LSE and a secondary listing on the JSE until 6 May 2021 and 7 May 2021 respectively, at which dates it was deregistered from those exchanges. As of 5 May 2021, the Company has been listed on The International Stock Exchange.

2. Significant accounting policies

2.1 Statement of compliance

The Group financial statements for the period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company financial statements have been prepared in accordance with IFRS as issued by the IASB and with those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS.

The relevant new standards, amendments and interpretations that have been adopted, as applicable to the Group and the Company, are as follows:

International Financial Reporting Standards	
IFRS 3 (amendment)	'Business Combinations' (amendment) ('IFRS 3')
IFRS 7 (amendment)	'Financial Instruments – disclosures' (amendment) ('IFRS 7')
IFRS 9 (amendment)	'Financial Instruments – recognition and measurement' (amendment) ("IFRS 9")
IFRS 16 (amendment)	'Leases' (amendment) ("IFRS 16")
IAS 1 (amendment)	'Presentation of financial statements' (amendment) ("IAS 1")
IAS 8 (amendment)	'Accounting policies, changes in accounting estimates and errors' (amendment) ('IAS 8')
Amendments to References to the Conceptual Framework in IFRS Standards	'Uncertainty over Income Tax Treatments'

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets constitute a business or not. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is in the first reporting period beginning on or after 1 January 2020. The amendments mainly include:

- clarification that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- removal of the assessment of whether market participants are capable of replacing any missing outputs or processes and continuing to produce outputs;
- adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs; and
- adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The Group did not acquire a business or an asset during the period. The adoption of the other amendments and interpretations has not had a material impact on the consolidated financial statements of the Group and has not resulted in changes to presentation and disclosure.

Accounting standards, amendments and interpretations not yet adopted

Disclosed in the table below are the relevant new standards, amendments and interpretations that have been issued by the IASB but are not yet effective or have not been early adopted. The Group is considering the impact of these amendments on the Group's financial statements and the impact of the IFRS 3 'Business combinations' amendment is set out below the table.

International Financial Reporting Standards	
	Effective annual periods beginning on or after:
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	1 January 2022
Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework	1 January 2022

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities

In January 2020, the IASB issued a narrow-scope amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment requires the following:

- Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least twelve months at the end of the reporting period. The amendment no longer refers to unconditional rights, since loans are rarely unconditional (for example, because the loan might contain covenants);
- The assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect classification;
- The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date; and
- 'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The amendment changes the guidance for the classification of liabilities as current or non-current. These amendments should be applied for annual periods beginning on or after 1 January 2022, retrospectively in accordance to IAS 8. This could affect the classification of liabilities, particularly on the Group's external borrowings.

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. IFRS 3 specifies how an entity should account for the assets and liabilities it acquires when it obtains control of a business. IFRS 3 requires an entity to refer to the Conceptual Framework for Financial Reporting (Conceptual Framework) to determine what constitutes an asset or a liability.

Originally, IFRS 3 required an entity to refer to the version of the Conceptual Framework that existed when IFRS 3 was developed. The purpose of this amendment was to update IFRS 3 to require an entity to refer instead to a later version issued in March 2018. The amendments updated the reference to the Conceptual Framework. The amendments also added an exceptional IFRS 3 requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. Earlier application is permitted. This could affect the recognition of assets and liabilities in future business acquisitions.

2.2 Basis of preparation

The financial statements are presented in Great British Pounds, which is the functional currency of the Company and the presentational currency of the Group, and rounded to the nearest hundred thousand pounds. They are prepared using the historical cost basis except for investment property, certain assets held for sale and derivative financial instruments, all of which are carried at fair value.

Going concern

In light of the ongoing concerns in respect of the COVID-19 pandemic and macro-economic uncertainty that currently prevails, the Board continues to place particular focus on the appropriateness of adopting the going concern basis in preparing the Group's consolidated financial statements for the period ended 31 December 2021.

At 31 December 2021, the Group's cash balances were £45.6 million and its capital commitments were modest at £0.7 million. The Group negotiated covenant waivers and amortisation holidays for the majority of the its facilities shortly following the outbreak of COVID-19. A number of these remain in place at the balance sheet date, in respect of its more operational investments (UK Hotels and London Serviced Offices), which have been impacted more heavily by restrictions and lockdowns and have taken longer to recover as restrictions are eased.

Refinancing activity during the period has removed the risk of any significant short-term debt maturities, with the Group's weighted average debt maturity in excess of three years.

The Directors have considered the Group's principal risks and severe but plausible downside scenarios in assessing the Group's going concern for a period of not less than 12 months from the date of approval of these consolidated financial statements. The Directors have considered, in particular with reference to COVID-19:

- material reduction in rental income during 2022;
- gradual recovery of the performance of the Group's RBH managed hotels and London Serviced Offices portfolios during the going concern period;
- increased rent deferrals and bad debts, notably in 2022;
- material declines in property values; and
- cash cures requirements as a result of property valuation and earnings declines once covenant waiver periods end.

In addition, the Directors have considered potential mitigants to the downside scenarios which include, but are not limited to, utilising existing liquidity reserves, further disposal of assets and support from the ultimate controlling shareholders, funds controlled by Starwood Capital Group.

Therefore, having made enquiries and considered all events which have and which may occur post the balance sheet date, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of approval of the consolidated financial statements. In addition, having reassessed the Group's principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group's financial statements.

2.3 Key judgements and estimates

The preparation of the financial statements in conformity with IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the year. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results may differ materially from those estimates.

The principal areas where such judgements and estimates have been made are detailed below:

Judgements

Classification of UK Hotels as investment property

The UK Hotels are held for capital appreciation and to earn rental income. Apart from five Travelodge branded hotels, the hotels have been let to wholly owned subsidiaries of RBH Hotel Group Limited (collectively "RBH"), on lease terms which are subject to annual review. At each review, the revised rent is set with reference to the forecast EBITDA of each hotel. RBH runs the hotels' operating business and is therefore exposed to fluctuations in the underlying trading performance of each hotel under management. RBH is responsible for the key decision making of the business operations and the day-to-day upkeep of the properties. The Group is not involved with the operation of the hotel management business and there are limited transactions between Brightbay and RBH. As a result, the hotels are classified as investment property in accordance with IAS 40.

The Group cumulatively holds a 27.4 per cent (31 August 2020: 27.4 per cent) shareholding in RBH. Having considered the guidance in IFRS 10 'Consolidated Financial Statements' ("IFRS 10"), the respective rights of each of the shareholders in RBH and the relative size of the Group's shareholding, the Directors have determined that the Group has the ability to exercise significant influence over, but does not control, RBH. The investment in RBH has therefore been classified as an associate.

Estimates

Investment property valuation

The Group uses valuations determined by independent valuers in accordance with IFRS 13 'Fair Value Measurement' ("IFRS 13") as the fair value of its investment property. The valuations are based upon assumptions including estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate market yields. The valuers make reference to market evidence of transaction prices for similar properties. Further details with respect to assumptions and estimation uncertainties are provided in Note 9.

Impairment of receivables

The Group's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments required, in particular, the Group's assessment of: expected insolvency filings or company voluntary arrangements; deferrals of payments due; and those tenants that may be offered a rent reduction or rent free period as a result of restrictive measures imposed to limit the spread of COVID-19. As a result, the value of the provisions for impairment of the Group's receivable balances, with particular reference to trade receivables and tenant lease incentives, are subject to a significant degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

2.4 Accounting policies

Basis of consolidation

Investment in subsidiaries

A subsidiary is an investee controlled by the Group. The Group controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated in the Group's financial statements from the date on which control commences until the date that control ceases. The Group reassesses whether it controls a subsidiary when facts and circumstances indicate that there are changes to one or more elements of control.

The Group may elect to apply the optional concentration test in IFRS 3 to assess whether an acquisition must be accounted for as a business combination. When substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. The consideration paid is allocated to the identifiable assets and liabilities acquired on the basis of their relative fair values at the acquisition date. Where an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Group applies the acquisition method of accounting, under which the consideration transferred is measured at fair value, and acquisition related costs are recognised in the consolidated income statement as incurred. Any excess in the purchase price of business combinations over the Group's share of the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill while any discount received is credited immediately to the consolidated income statement. If it is determined that an acquisition does not constitute a business combination, the transaction is accounted for as an asset acquisition and the relevant IFRSs are applied in the recognition of a group of assets and liabilities. No goodwill arises on initial recognition but any premium paid or discount received is allocated to the individual identifiable assets and liabilities based on their relative fair values.

The Group recognises non-controlling interests on the basis of their proportionate share in the subsidiary's identifiable net assets. Non-controlling interests are presented separately from the equity of the owners of the Parent on the balance sheet. Profit or loss and total comprehensive income or expense for the year attributable to non-controlling interests are presented separately in the income statement and the statement of comprehensive income.

If the Group loses control of a subsidiary, the Group:

- derecognises the assets (including any goodwill) and liabilities of the former subsidiary at their carrying amounts at the date control is lost;
- derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date control is lost (including amounts of other comprehensive income attributable to non-controlling interests);
- recognises the fair value of any consideration received;
- reclassifies to profit or loss, or transfers directly to retained earnings, amounts recognised in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Parent had directly disposed of the related assets or liabilities;
- recognises any investment retained in the former subsidiary at its fair value at the date when control is lost; and
- recognises any resulting difference of the above items as a gain or loss in the income statement.

The Group subsequently accounts for any investment retained in the former subsidiary in accordance with IFRS 9, or when appropriate, in accordance with IAS 28. For a change in the Group's interest in a subsidiary that does not result in a loss of control, the Group adjusts the carrying amounts of the controlling and non-controlling interest to reflect the changes in their relative interests. Any difference between the value of the non-controlling interest acquired or disposed of and the fair value of the consideration is recognised directly in equity and attributed to the equity holders of the Parent.

Transactions eliminated on consolidation
Intra-group balances, transactions, any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Group financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.
Investment in associates and joint ventures
Associates are entities over whose financial and operating policies the Group has the ability to exercise significant influence but not control and which are neither subsidiaries nor joint arrangements. The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's contractual rights to the assets and obligations with respect to the liabilities. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms and other facts and circumstances specific to each transaction.

Investments in associates and joint ventures are initially recorded at cost and subsequently increased or decreased each year by the Group's share of the post-acquisition net profit or loss and other movements recognised in other comprehensive income or directly in equity. The Group's share of the post-tax results of the associate or joint venture reflects the Group's proportionate interest in the relevant undertaking.

Goodwill arising on the acquisition of an associate or joint venture is included in the carrying amount of the investment. When the Group's share of losses in an associate or joint venture has reduced the carrying amount to zero, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations to make payments on behalf of the associate or joint venture.

As goodwill forms part of the carrying amount of the net investment, it is not recognised separately and it is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset where there is objective evidence that the investment may be impaired. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate or joint venture increases.

Capital contributions result from the non-reciprocal transfer of resources to an associate or joint venture without a corresponding increase in the Group's equity interest. Capital contributions are also accounted for as an increase in the Group's net investment and are subject to impairment.

Unrealised gains and losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in those entities.

Where the Group obtains significant influence or joint control over an investment that was previously accounted for as a financial instrument under IFRS 9, the Group's previously held interest is remeasured to fair value through profit or loss. The deemed cost of the associate or joint venture is the fair value of the existing investment plus the fair value of any consideration given to achieve significant influence or joint control.

When the Group ceases to have significant influence or joint control, it is accounted for as a disposal of the entire interest under the equity method, with a resulting gain or loss being recognised in the income statement. Any retained interest in the investment at the date when significant influence or joint control is lost is recognised at fair value on initial recognition of a financial asset or, when appropriate, treated as the deemed cost on initial recognition of an investment in an associate.

Any gain or loss on the dilution of an interest in an equity accounted investee is calculated as the difference between the carrying amounts of the investment in the equity accounted investee, immediately before and after the transaction that resulted in the dilution and is recognised in the income statement.

Intangible assets
Intangible assets arising on business combinations are carried at cost less impairment. Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over their estimated useful life from the date that they are available for use. The Group assesses the continuing recoverability and useful life of the intangible asset at each reporting date.

Currency translation
Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date that the values are determined.

Foreign operations
Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. Cumulative exchange differences are subsequently released to the income statement upon disposal or partial disposal. On consolidation, the balance sheets of foreign subsidiaries are translated at the closing rate and the income statement and statement of comprehensive income are translated at the transaction date rates or at an average rate for the year where this is a reasonable approximation.

Revenue recognition
Rental income, including fixed stepped rent, is recognised in the income statement on a straight-line basis over the lease term. Tenant lease incentives, including rent-free periods granted and cash contributions paid, which are an integral part of securing leases, are amortised as a reduction of rental income over the lease term.
Surrender premiums that are paid by the Group to tenants to vacate a property are also treated as lease incentives if the surrender results in an enhanced future rental income stream. Licence fee income from customers of the London Serviced Offices portfolio is recognised on a basis consistent with rental income from other tenants of the Group, albeit shorter term in nature. Room-hire income of this portfolio is recognised at the fair value of the consideration receivable once the room has been availed of.

Contingent rents are recognised as they arise. Rent reviews are recognised as income or as a reduction thereof from the date it is probable that the revised terms will be agreed. Surrender premiums paid by the tenant to terminate a lease early are recognised immediately in the income statement.

Service charge income is recorded as income over time in the year in which the services are rendered. Service charge is recognised as revenue over time because the tenants benefit from the services as soon as they are rendered by the Group. The actual service provided during each reporting period is determined using cost incurred as the input method.

Other operating income includes service fees, management fees and other general property related income. Service fee income is recognised when the services have been rendered by the Group, the associated costs and recharge margin on those costs can be measured reliably and with reference to the stage of completion of the service. Management fees receivable from joint ventures are recognised in other operating income during the year in which the services are rendered and specific performance fees are recognised if the performance targets are satisfied over the investment period on disposal of property interests. All sources of other operating income are only recognised when it is probable that the economic benefits will flow to the Group.

Interest earned on cash invested is recognised on an accruals basis using the effective interest rate method.

Employee benefits and share-based payments
Employee benefits, such as salaries and other benefits, are accounted for on an accruals basis over the period during which employees have provided services. Bonuses are recognised to the extent that a legal or constructive obligation to employees can be measured reliably.

Share-based incentives were previously provided to certain employees and Executive Directors for services rendered. The share-based payments were all equity-settled. The fair value of each award granted is calculated at the grant date, using the Monte Carlo and Black-Scholes valuation methodologies. The fair value is not subsequently remeasured and is recognised in the share-based payment reserve in equity on a straight-line basis over the vesting period as adjusted for the estimate of the awards that will eventually vest at each reporting date. The corresponding compensation cost is recognised as an administrative expense over the vesting period.

At the end of the performance period, a reserves transfer occurs with no further charge reflected in the income statement.

Income taxes
Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income.

Current tax is based on taxable profit or loss for the period and is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income that are not taxable or expenses that are not tax deductible.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their relative tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement, using tax rates enacted or substantively enacted at the reporting date.

The following temporary differences are not provided for: those arising from goodwill not deductible for tax purposes; those arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and those relating to investments in subsidiaries and joint ventures where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are provided only to the extent that there are not sufficient tax losses to shield the charge.

Investment property
In accordance with IAS 40, paragraph 14, judgement may be required to determine whether a property qualifies as investment property. The Group has developed criteria so that it can exercise judgement consistently in recognising investment property, namely: property held for long term capital appreciation; property owned (or held under long term leases) and leased out under one or more operating leases; and property that is being developed for future use as investment property. The recognition and classification of property as investment property principally assumes that the Group:

- does not retain significant exposure to the variation in cash flows arising from the underlying operations of tenants; and
- will recover the carrying value through continuing rental income streams and longer term capital appreciation.

Investment properties are initially recognised at cost, including directly attributable transaction costs, and subsequently measured at fair value. The portfolios are valued on an annual basis by external, independent and professionally qualified valuers, having recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which the property could be exchanged on a highest and best use basis between a willing buyer and seller in an arm's length transaction.

The valuations are determined by considering comparable and timely market transactions for sales and lettings and having regard for the current leases in place. In the case of lettings, this includes consideration of the aggregate net annual market rents achievable for the property and associated costs. A yield which reflects the risks inherent in the future cash flows is applied to the net annual rents to arrive at the property valuation.

The valuations of investment property are based upon estimates and subjective judgements that may vary materially from the actual values and sales prices that may be realised by the Group upon ultimate disposal. The critical assumptions made in determining the valuations have been included in Note 9 to the financial statements.

In determining fair value, the market value of the property as determined by the independent valuers is reduced by the carrying amount of tenant lease incentives and increased by the carrying amount of head leases or ROU assets.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the year in which they arise.

Subsequent expenditure is capitalised to investment property when the expenditure incurred enhances the future economic benefits associated with the property, such as enhanced future rental income, capital appreciation or both. Contributions to tenant refurbishments under lease arrangements are treated as tenant lease incentives and amortised against rental income over the term of the lease.

As the fair value model is applied, property under construction or redevelopment for future use as investment property continues to be measured at fair value unless the fair value cannot be measured reliably and the property is measured at cost.

Acquisitions and disposals of investment property are recognised when control of the property has transferred to, or from, the Group. This will ordinarily occur on completion when performance obligations are satisfied or on unconditional exchange of contracts when completion is imminent at the reporting date. The profit or loss on disposal of investment property is recognised separately in the income statement and is the difference between the net sales proceeds and the opening fair value asset plus any capital expenditure during the period to disposal.

Property will be transferred to or from investment property when, and only when, there is a change in use and there is substantive evidence to support that change in use. A property ceases to be recognised as investment property and is transferred at its fair value to property held for sale when it meets the criteria of IFRS 5. Under IFRS 5 the asset must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets and its sale must be highly probably. The criteria for a sale being highly probably per IFRS 5 are as follows:
- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer has been initiated;
- the sale is highly probable (within 12 months of classification as held for sale unless circumstances are beyond the control of the Group);
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and

actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Leases

The Group assesses whether a contract is or contains a lease at inception. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group recognises a right-of-use ("ROU") asset and the lease liability at the commencement date of the lease.

Lease liabilities are measured at the present value of future lease payments, which include fixed payments and variable payments that depend on an index. Each lease payment is allocated between the liability and finance expense. The lease payments are discounted using the incremental rate of borrowing specific to each lease. The finance cost is charged to finance expense in the income statement over the lease term so as to produce a constant rate of interest on the outstanding liability over the lease term. Total lease payments are presented as cash flows from operating activities.

The ROU assets are initially measured at cost based on the amount of the initial measurement of the lease liability, as adjusted for any prepayments and lease incentives received.

After initial measurement, where ROU assets relate to land or property that meet the definition of investment property under IAS 40, the ROU assets are subsequently accounted for as investment property and carried at fair value (see investment property accounting policy). The ROU assets are presented within investment property (including investment property held for sale) and the related lease obligations are presented as separate line items, 'lease liabilities', on the balance sheet.

Other ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. These ROU assets are subject to impairment review, should indictors of impairment exist. Other ROU assets are presented within property, plant and equipment and the related lease obligations are presented as separate line items, 'lease liabilities' on the balance sheet as above.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to twelve months, or for low value leases.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Depreciation is calculated to write off the cost of items less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Property, plant and equipment are depreciated over a period of between two to five years.

Financial instruments

Recognition, classification and measurement

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument in accordance with IFRS 9. Financial assets are derecognised when the contractual rights to the cash flows from those assets expire or when the assets are transferred to another party without retaining control or substantially all of the risks and rewards of ownership. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised when the obligations specified in the contract expire.

Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value plus, for those instruments not designated at fair value through profit or loss, any directly attributable transaction costs. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group does not hold financial assets that meet the criteria of fair value through other comprehensive income and therefore, assets that do not meet the definition of amortised cost are measured at fair value through profit or loss. All non-derivative financial liabilities are measured at amortised cost as the Group has not opted to measure any liabilities at fair value through profit or loss. Non-derivative financial instruments comprise loans to joint ventures, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables which the Group holds with the objective to collect or settle the contractual cash flows. Loan receivables and payables are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments
Derivative financial instruments are held to manage interest rate risk exposure. Derivatives are recognised initially at fair value on the date of the contract; any attributable transaction costs are recognised in the statement of comprehensive income as incurred. Derivatives are subsequently re-measured to fair value at each reporting date, and changes therein are accounted for in the income statement, presented under change in fair value of derivative financial instruments. The Group does not apply hedge accounting in accordance with IFRS 9.

Impairment of financial assets (Group)
The Group assesses the expected credit losses associated with its financial assets carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Financial assets are specifically impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible. For general provisioning, the Group considers impairment of financial assets under the expected credit losses model as required under IFRS 9. For accounts receivable, the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates are considered with reference to the historic payment profiles of tenants and credit losses incurred over a corresponding period. The resulting loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors: namely economic, regulatory, technological and environmental factors; external market indicators; and the current tenant base. Separately, the Group applies a 25 per cent provision against all balances (excluding VAT) in excess of 120 days-past-due in line with the Group's stated bad debt policy. Where there is a material difference in the resulting provision requirement relative to total expected credit losses, the Group will adjust in line with the latter.

Impairment losses and reversals are recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and short term call deposits. Cash and cash equivalents are recognised at fair value and have maturities of less than three months. Restricted cash comprises cash deposits that are restricted until the fulfilment of certain conditions.

Non-current assets and disposal groups held for sale
A non-current asset or a disposal group (comprising assets and liabilities) is classified as held for sale if it is expected that the carrying value will be recovered by the Group principally through sale rather than through continuing use and the sale is highly probable. The asset or disposal group must be available for immediate sale, be actively marketed at a reasonable approximation to fair value and the sale must have the appropriate level of management commitment. The sale may complete beyond a period of one year from classification so long as there is sufficient evidence of a firm commitment from both parties and the circumstances of the delay are beyond the Group's control.

Where there is commitment to a sale plan involving the loss of control of a subsidiary, the loss of joint control of a joint venture or significant influence over a joint venture and the criteria set out above are met, the Group classifies all the assets and liabilities of that subsidiary or the equity accounted investment in the joint venture or associate as held for sale. This classification is appropriate regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Where significant influence over an associate will not be lost, only that portion of the investment for which there is a commitment to sell shall be reclassified as held for sale.

On initial classification as held for sale, non-current assets and disposal groups are ordinarily measured at the lower of the previous carrying amount and fair value less costs to sell, with any adjustments recognised in the income statement and subsequently re-measured at each reporting date. Certain assets such as financial assets within the scope of IFRS 9 and investment property in the scope of IAS 40 continue to be measured in accordance with those standards.

Gains and losses on remeasurement and impairment losses subsequent to classification as held for sale are presented within continuing operations in the income statement, unless they meet the definition of a discontinued operation. Non-current assets held for sale are presented separately under current assets on the balance sheet. Comparatives are not reclassified.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The post-tax results and other comprehensive income of discontinued operations are presented separately in the income statement and the statement of other comprehensive income respectively and detailed analysis of the revenue, expense and pre-tax profits of the discontinued operation is disclosed in the notes to the financial statements. Comparative income statements, statements of comprehensive income, statements of cash flows and related notes are re-presented for comparability and in line with the requirements of IFRS 5.

Borrowings
Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Any difference between the transaction price and the deemed fair value of the borrowing is treated as a gain or loss in the income statement when the determination of fair value is based on observable inputs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost. Any differences between cost and the redemption value as a result of transaction costs incurred or fair value adjustments are recognised in the income statement over the contractual term of the borrowings on an effective interest rate basis.

A financial liability is derecognised when it is extinguished. This may happen when:

- full repayment is made to the lender;
- the borrower is legally released from primary responsibility for the financial liability; or
- where there is an exchange of debt instruments with substantially different terms or a substantial modification to the existing terms of a debt instrument.

In the event of a substantial modification of terms, any difference between the carrying amount of the original liability and the consideration paid is recognised in the income statement. The consideration paid includes non-financial assets transferred and the assumption of liabilities, including the new modified financial liability.
The modified borrowing is recognised initially at fair value and subsequently carried at amortised cost under the effective interest rate method. Any costs or fees incurred are recognised as part of the gain or loss on extinguishment.

Where existing borrowings are exchanged for new or amended borrowings and the terms are not substantially different, the total contractual cash flows of the modified borrowings are discounted at the effective interest rate of the original loan in line with IFRS 9 and any material difference is recognised immediately as a gain or loss in the income statement. The adjustment to the carrying value of the modified loan is subsequently reversed though the income statement as a finance expense to maturity. Any costs or fees incurred as a result of the modification are adjusted against the carrying value and amortised over the remaining term.

Ongoing finance costs and debt servicing payments are recognised in the income statement on an accruals basis, using the effective interest rate method.

Provisions, capital commitments and contingent liabilities
A provision is recognised if, as a result of a past event, the Group or Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows to present value using an appropriate discount rate that reflects the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Capital commitments are disclosed when the Group or Company has a contractual future obligation to a third party which has not been provided for at the balance sheet date.

Share capital

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, net of tax, are shown as a deduction from any recognised share premium.

Where the Company's own equity instruments are purchased as the result of a share buy-back, the consideration paid by the Group, including any directly attributable incremental costs net of tax, is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

Where the Company performs a share consolidation, the number of shares is reduced for the current year and re-presented for the prior years.

Dividends

Dividends to shareholders are recognised when they become legally payable. In the case of interim dividends, this is when the dividends are declared by the Board.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Where the Company performs a share consolidation the weighted average number of shares is reduced without any consideration for time apportionment so that the effect of the share consolidation on EPS is constant for current and prior year comparatives, together with subsequent years.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and in respect of which it may incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker to inform decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available as disclosed in Note 3 below.

3. Segmental reporting

As required by IFRS 8, the information provided to the Board, which is the Chief Operating Decision Maker, has been classified into operating segments. The segments are as follows:

UK Commercial: The Group's portfolio of Greater London and regional offices, London serviced offices, roadside service stations (disposed during the period ended 31 December 2021) and logistics & distribution centres;

UK Retail: The Group's portfolio of shopping centres, retail parks (disposed during the period ended 31 December 2021) and one high street retail asset (disposed during the year ended 31 August 2020);

UK Hotels: The Group's hotel portfolio comprising 18 predominantly limited-service branded hotels:

- five Travelodge branded and externally managed hotels; and
- 13 RBH managed hotels, of which ten are branded Holiday Inn Express, two Hilton and one Crowne Plaza.

The Group's hotel interests also include a 27.4 per cent investment in RBH. RBH is an independent hotel management company engaged in developing and managing a diverse portfolio of hotels in partnership with reputable international hotel brands;

Europe: The Group's residual portfolio in Germany, comprised of shopping centres, discount supermarkets and retail parks. Since 1 March 2019, this segment met the criteria of IFRS 5 to

(Discontinued operation)	be classified as a Discontinued operation ("Dis Op") and is therefore presented as a single line item on the consolidated income statement. Detailed analysis of the post-tax results from the Dis Op is presented in the segmental income statements; and
Other:	The Group's holding and management companies that carry out the head office and centralised asset management activities of the Group.

Management information, as presented to the Chief Operating Decision Maker, is prepared on a proportionately consolidated basis. Segmental reporting is therefore reported in line with management information, with the Group's share of joint ventures presented line-by-line. Joint venture adjustments are disclosed to reconcile segmental performance and position to the consolidated financial statements.

Segmental income statement for the period ended 31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Other £m	Total £m	Joint venture elimination £m	Group total £m	Europe Dis Op adj £m	IFRS total £m
Continuing operations										
Revenue										
Rental income	38.9	3.8	7.6	6.3	-	**56.6**	(1.1)	**55.5**	(6.3)	**49.2**
Service charge income	1.4	0.1	2.6	2.0	-	**6.1**	-	**6.1**	(2.0)	**4.1**
Other operating income	2.2	-	0.1	-	0.2	**2.5**	-	**2.5**	-	**2.5**
Total revenue	**42.5**	**3.9**	**10.3**	**8.3**	**0.2**	**65.2**	**(1.1)**	**64.1**	**(8.3)**	**55.8**
Net rental income	33.0	3.6	6.0	5.2	-	**47.8**	(1.1)	**46.7**	(5.2)	**41.5**
Other operating income and expense	1.5	-	0.1	-	0.2	**1.8**	-	**1.8**	-	**1.8**
Administrative costs and other fees	(1.5)	(0.1)	-	(0.5)	(19.9)	**(22.0)**	0.1	**(21.9)**	0.4	**(21.5)**
Net operating income/(expense)	**33.0**	**3.5**	**6.1**	**4.7**	**(19.7)**	**27.6**	**(1.0)**	**26.6**	**(4.8)**	**21.8**
Gain/(loss) on revaluation of investment property	92.1	0.5	(11.4)	-	-	**81.2**	1.7	**82.9**	-	**82.9**
Loss on revaluation of investment property held for sale	-	-	-	(0.3)	-	**(0.3)**	-	**(0.3)**	0.3	**-**
Gain/(loss) on disposal of investment property	1.7	-	(0.4)	-	-	**1.3**	-	**1.3**	-	**1.3**
Loss on disposal of investment property held for sale	(0.9)	-	-	(6.4)	-	**(7.3)**	-	**(7.3)**	6.4	**(0.9)**
Loss on disposal of subsidiaries (Note 8)	(1.1)	-	(1.4)	(0.3)	-	**(2.8)**	-	**(2.8)**	0.3	**(2.5)**
Other expenses										
Foreign exchange gain/(loss)	-	-	-	0.2	(0.8)	**(0.6)**	-	**(0.6)**	(0.2)	**(0.8)**
Finance income on loans to joint ventures	-	-	-	-	-	**-**	-	**-**	-	**-**
Finance expense	(15.2)	(7.1)	(2.0)	(1.6)	-	**(25.9)**	0.7	**(25.2)**	1.6	**(23.6)**
Other finance income/(expense)	(0.2)	2.0	2.2	(0.1)	-	**3.9**	-	**3.9**	0.1	**4.0**
Change in fair value of derivative financial instruments	8.7	0.7	0.5	0.5	-	**10.4**	(1.0)	**9.4**	(0.5)	**8.9**
Reversal of Impairment of associate interest	-	0.7	-	-	-	**0.7**	-	**0.7**	-	**0.7**
Share of post-tax profit from associate	-	0.9	-	-	-	**0.9**	-	**0.9**	-	**0.9**
Profit/(loss) before tax per reportable segments	**118.1**	**1.2**	**(6.4)**	**(3.3)**	**(20.5)**	**89.1**	**0.4**	**89.5**	**3.2**	**92.7**
Taxation	-	(0.1)	-	(0.6)	0.1	**(0.6)**	-	**(0.6)**	0.6	**-**
Profit/(loss) after tax per reportable segments	**118.1**	**1.1**	**(6.4)**	**(3.9)**	**(20.4)**	**88.5**	**0.4**	**88.9**	**3.8**	**92.7**
Continuing operation										
Impairment reversal of loan to continuing joint venture interest						**-**	(0.3)	**(0.3)**	-	**(0.3)**
Discontinued operation										
Share of post-tax loss from joint ventures						**-**	(0.1)	**(0.1)**	0.1	**-**
Loss for the period from discontinued operation						**-**	-	**-**	(3.9)	**(3.9)**
IFRS profit for the period						**88.5**	**-**	**88.5**	**-**	**88.5**

Segmental income statement for the year ended 31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Other £m	Total £m	Joint venture elimination £m	Group total £m	Europe Dis Op adj £m	IFRS total £m
Continuing operations										
Revenue										
Rental income	33.6	9.7	18.9	12.7	-	**74.9**	(1.2)	**73.7**	(12.3)	**61.4**
Service charge income	1.5	-	3.1	3.9	-	**8.5**	-	**8.5**	(3.9)	**4.6**
Other operating income	2.2	-	-	-	0.8	**3.0**	-	**3.0**	-	**3.0**
Total revenue	37.3	9.7	22.0	16.6	0.8	**86.4**	(1.2)	**85.2**	(16.2)	**69.0**
Net rental income	27.3	9.4	15.3	10.3	-	**62.3**	(1.1)	**61.2**	(10.0)	**51.2**
Other operating income and expense	1.5	-	-	-	0.8	**2.3**	-	**2.3**	-	**2.3**
Administrative costs and other fees	(1.4)	(0.1)	(0.1)	(0.6)	(9.8)	**(12.0)**	0.2	**(11.8)**	0.5	**(11.3)**
Net operating income/(expense)	**27.4**	**9.3**	**15.2**	**9.7**	**(9.0)**	52.6	**(0.9)**	51.7	**(9.5)**	42.2
Loss on revaluation of investment property	(16.3)	(50.7)	(45.6)	-	-	**(112.6)**	(0.4)	**(113.0)**	-	**(113.0)**
Loss on disposal of investment property	(2.2)	-	-	-	-	**(2.2)**	-	**(2.2)**	-	**(2.2)**
Loss on revaluation of investment property held for sale	(0.6)	-	-	(12.9)	-	**(13.5)**	0.5	**(13.0)**	12.4	**(0.6)**
Gain/(loss) on disposal of investment property held for sale	1.1	-	(0.2)	(0.3)	-	**0.6**	(0.7)	**(0.1)**	1.0	**0.9**
Disposal of subsidiaries (Note 8)	-	-	-	(12.7)	-	**(12.7)**	0.2	**(12.5)**	12.5	**-**
Other expenses	-	-	-	-	(0.6)	**(0.6)**	-	**(0.6)**	-	**(0.6)**
Foreign exchange gain	-	-	-	-	0.2	**0.2**	-	**0.2**	-	**0.2**
Finance income on loans to joint ventures	-	-	-	-	-	**-**	0.1	**0.1**	(0.1)	**-**
Finance expense	(10.2)	(6.2)	(4.9)	(3.1)	-	**(24.4)**	0.6	**(23.8)**	2.9	**(20.9)**
Other finance expense	-	(1.9)	-	(0.4)	-	**(2.3)**	0.3	**(2.0)**	0.1	**(1.9)**
Change in fair value of derivative financial instruments	(1.1)	0.1	(0.6)	1.6	-	**-**	(0.2)	**(0.2)**	(1.6)	**(1.8)**
Impairment of associate interest	-	(1.8)	-	-	-	**(1.8)**	-	**(1.8)**	-	**(1.8)**
Share of post-tax loss from associate	-	(0.4)	-	-	-	**(0.4)**	-	**(0.4)**	-	**(0.4)**
Loss before tax per reportable segments	**(1.9)**	**(51.6)**	**(36.1)**	**(18.1)**	**(9.4)**	**(117.1)**	**(0.5)**	**(117.6)**	**17.7**	**(99.9)**
Taxation	-	-	-	1.2	-	**1.2**	(0.2)	**1.0**	(1.0)	**-**
Loss after tax per reportable segments	**(1.9)**	**(51.6)**	**(36.1)**	**(16.9)**	**(9.4)**	**(115.9)**	**(0.7)**	**(116.6)**	**16.7**	**(99.9)**
Continuing operation										
Impairment reversal of loan to continuing joint venture interest						**-**	0.7	**0.7**	-	**0.7**
Movement in losses restricted						**(0.2)**	0.2	**-**	-	**-**
Discontinued operation										
Movement in joint venture non-controlling interest						**0.1**	(0.1)	**-**	-	**-**
Share of post-tax loss from joint ventures						**-**	(0.1)	**(0.1)**	0.1	**-**
Loss for the year from discontinued operation						**-**	-	**-**	(16.8)	**(16.8)**
IFRS loss for the year						(116.0)	-	(116.0)	-	(116.0)

Segmental balance sheet as at 31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	**Total £m**	Joint venture adj £m	**IFRS total £m**
Investment property	557.9	339.3	-	-	**897.2**	(9.7)	**887.5**
Investment in associate	-	6.8	-	-	**6.8**	-	**6.8**
Trade and other receivables	8.9	9.6	0.6	2.9	**22.0**	(2.9)	**19.1**
Cash and cash equivalents	11.5	8.5	1.6	6.1	**27.7**	(0.4)	**27.3**
Non-current assets held for sale	-	-	-	2.2	**2.2**	-	**2.2**
Borrowings, including lease liabilities	(299.6)	(167.9)	-	-	**(467.5)**	7.9	**(459.6)**
Trade and other payables	(9.5)	(13.1)	(1.9)	(4.7)	**(29.2)**	0.4	**(28.8)**
Segmental net assets	**269.2**	**183.2**	**0.3**	**6.5**	**459.2**	**(4.7)**	**454.5**
Unallocated assets and liabilities:							
Other non-current assets					**0.4**	-	**0.4**
Trade and other receivables					**0.5**	-	**0.5**
Cash and cash equivalents					**18.3**	-	**18.3**
Derivative financial instruments					**(1.9)**	1.8	**(0.1)**
Lease liabilities					**(0.2)**	-	**(0.2)**
Deferred tax					**(0.1)**	-	**(0.1)**
Trade and other payables					**(1.8)**	-	**(1.8)**
Current tax liabilities					**(7.2)**	-	**(7.2)**
					467.2	**(2.9)**	**464.3**
Joint venture adjustments:							
Joint Venture non-controlling interests					**(0.3)**	0.3	**-**
Investment in joint ventures					**-**	2.2	**2.2**
Recognised loan to joint ventures					**-**	0.4	**0.4**
IFRS net assets					**466.9**	**-**	**466.9**

Segmental balance sheet as at 31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	**Total £m**	Joint venture adj £m	**IFRS total £m**
Investment property	536.6	336.9	207.0	-	**1,080.5**	(11.3)	**1,069.2**
Investment in associate	-	5.5	-	-	**5.5**	-	**5.5**
Trade and other receivables	5.5	3.4	10.9	7.8	**27.6**	(0.8)	**26.8**
Cash and cash equivalents	31.4	1.3	16.6	4.2	**53.5**	(2.6)	**50.9**
Non-current assets held for sale	3.5	-	-	121.5	**125.0**	-	**125.0**
Borrowings, including lease liabilities	(276.7)	(187.9)	(137.8)	(57.5)	**(659.9)**	8.1	**(651.8)**
Trade and other payables	(10.9)	(3.1)	(7.9)	(1.5)	**(23.4)**	0.2	**(23.2)**
Segmental net assets	**289.4**	**156.1**	**88.8**	**74.5**	**608.8**	**(6.4)**	**602.4**
Unallocated assets and liabilities:							
Other non-current assets					**0.8**	-	**0.8**
Trade and other receivables					**1.8**	-	**1.8**
Cash and cash equivalents					**16.7**	-	**16.7**
Derivative financial instruments					**(15.4)**	2.8	**(12.6)**
Lease liabilities					**(0.7)**	-	**(0.7)**
Deferred tax					**(5.3)**	-	**(5.3)**
Trade and other payables					**(4.5)**	-	**(4.5)**
Current tax liabilities					**(2.2)**	0.1	**(2.1)**
					600.0	**(3.5)**	**596.5**
Joint venture adjustments:							
Joint Venture non-controlling interests					**(0.3)**	0.3	**-**
Investment in joint ventures					**-**	2.5	**2.5**
Recognised loan to joint ventures					**-**	0.7	**0.7**
IFRS net assets					**599.7**	**-**	**599.7**

Other segmental information 31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	IFRS total £m
Additions to investment property during the period per reportable segment:					
Capitalised expenditure	**0.8**	**0.9**	**1.0**	**-**	**2.7**
	0.8	**0.9**	**1.0**	**-**	**2.7**

Other segmental information 31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	IFRS total £m
Additions to investment property during the year per reportable segment:					
Acquisition of property	10.3	-	-	-	10.3
Capitalised expenditure	1.7	0.3	0.9	-	2.9
	12.0	0.3	0.9	-	13.2

4. NET RENTAL INCOME

Group – Continuing operations	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Rental income [(1)]		
Gross lease payments from third parties	**44.1**	50.9
Third party tenant lease incentives	**3.1**	2.7
	47.2	53.6
Gross lease payments from related party (Note 30)	**3.2**	11.1
Related party tenant lease incentives (Note 30)	**(1.2)**	(3.3)
	2.0	7.8
Service charge income	**4.1**	4.6
	53.3	66.0
Rental expense		
Service charge expenditure (recoverable and non-recoverable)	**(4.5)**	(5.4)
Direct property operating expenses	**(4.9)**	(4.0)
Reversal of expected credit losses/(Expected credit losses) against rent and service charge receivables	**0.3**	(1.4)
Reversal of expected credit losses/(Expected credit losses) against tenant lease incentives	**0.6**	(1.4)
Repairs and maintenance	**(0.6)**	(0.5)
Property services provided by related party (Note 30)	**(1.0)**	(0.5)
Letting costs	**(0.6)**	(0.4)
London Serviced Offices portfolio direct staff and sales costs	**(1.1)**	(1.2)
	(11.8)	(14.8)
Net rental income	**41.5**	51.2

(1) Further disaggregation of the Group's revenues, including revenue from contracts with customers, based on segment is contained in Note 3.

The future aggregate minimum rent receivable under non-cancellable operating leases at the balance sheet date, as presented under IFRS 16 disclosure requirements, is as follows:

Group – Continuing operations	31 December 2021 £m	31 August 2020 £m
Not later than one year	**36.5**	64.8
Later than one year not later than two years	**27.0**	37.9
Later than two year not later than three years	**24.7**	32.2
Later than three year not later than four years	**22.6**	28.1
Later than four year not later than five years	**21.4**	24.2
Later than five years	**102.7**	143.0
	234.9	330.3

5. Other operating income and expense

Continuing operations	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Other operating income [1]		
Service fee income [2]	2.2	2.2
Management fees from joint ventures (Note 30)	-	0.2
Insurance rebates	0.2	0.3
Salary recharges	-	0.3
Other property related income	0.1	-
	2.5	3.0
Other operating expense		
Service fee expense	(0.7)	(0.7)
	(0.7)	(0.7)
Other operating income and expense	1.8	2.3

(1) Further disaggregation of the Group's other operating income by segment is contained in Note 3.

(2) Service fees relate to recoverable costs incurred by the Group in the London Serviced Offices portfolio that are recharged to tenants at a margin.

6. Administrative costs and other fees

Continuing operations	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Staff costs	7.3	5.1
Non-executive Director fees and insurance	0.4	0.4
Professional fees	2.1	2.0
Corporate costs	0.4	0.6
Non-recurring transaction costs	8.7	0.7
Head office costs	1.2	0.8
Share-based payments (Note 31)	0.2	0.4
Investment management fees to related party (Note 30)	0.6	0.7
Depreciation	0.5	0.3
General administrative expenses	0.1	0.3
Administrative costs and other fees	21.5	11.3

The table below presents fees payable to the company's auditor, which are included in professional fees.

	31 December 2021 £m	31 August 2020 £m
Audit fees	0.4	0.4
Non-audit fees	0.1	0.2
Total fees	0.5	0.6

Non-audit fees includes fees paid to the external auditor for the review of the Group's interim results.

7. Staff costs

Staff costs, including directors' remuneration, were as follows:

	31 December 2021 £m	31 August 2020 £m
Wages and salaries	6.2	4.4
Social security costs	0.9	0.4
Pension costs	0.2	0.3
Staff costs	7.3	5.1

The average monthly number of employees, including the directors, during the year was as follows:

	31 December 2021	31 August 2020
	57	63

8. Disposal of subsidiaries

The impact of corporate disposals during the period ended 31 December 2021 and the related net cash inflow is presented below:

Continuing operations	**UK Retail Parks Portfolio £m**	**Charing Cross Road, London £m**	**31 December 2021 £m**
Carrying value of net assets disposed			
Investment property	(153.1)	(58.5)	**(211.6)**
Trade and other receivables	(5.8)	(0.3)	**(6.1)**
Cash and cash equivalents	(0.7)	(0.1)	**(0.8)**
Trade and other payables	2.2	0.5	**2.7**
Net assets disposed	**(157.4)**	**(58.4)**	**(215.8)**
Consideration received	157.0	58.1	**215.1**
Consideration adjustment	(0.8)	0.1	**(0.7)**
Transaction costs	(0.4)	(1.0)	**(1.4)**
Loss on disposal of subsidiaries	**(1.6)**	**(1.2)**	**(2.8)**

On 9 September 2020, the Group exchanged contracts for the sale of six UK Retail properties namely The Arches Watford, Banbury Cross Banbury, Priory Park Merton, Queens Drive Kilmarnock, St Davids Bangor and Milton Road Edinburgh ("Retail parks Portfolio"), for gross consideration of £156.9 million. The transaction was structured as a corporate disposal, such that, along with the disposal of working capital, preliminary proceeds of £157.0 million were received in relation to the subsidiary disposals. The transaction subsequently completed on 30 October 2020. The net assets of the subsidiaries disposed were £157.4 million on the date of sale and the Group recognised a loss on disposal of £1.6 million, inclusive of transaction costs and an estimated completion adjustment (£1.2 million in total).

On 1 February 2021, the Group disposed of a UK Commercial property at Charing Cross Road, London for gross consideration of £59.3 million. The transaction was structured as a corporate disposal, such that, along with the disposal of working capital, preliminary proceeds of £58.1 million were received on completion. The net assets of the subsidiary were £58.4 million on the date of sale and the Group recognised a loss on disposal of £1.2 million, inclusive of transaction costs and an estimated completion adjustment (£0.9 million in total).

The impact of corporate disposals during the year to 31 August 2020 and the related net cash inflow is presented below:

Discontinued operation	**Schloss-Strassen Center, Berlin £m**	**OBI Portfolio £m**	**31 August 2020 £m**
Carrying value of net assets disposed			
Investment property	(68.9)	(19.6)	(88.5)
Trade and other receivables	(1.4)	-	(1.4)
Cash and cash equivalents	(0.3)	(0.1)	(0.4)
Borrowings	55.5	12.1	67.6
Derivative financial instruments	0.3	-	0.3
Trade and other payables	0.2	0.2	0.4
Net assets disposed	(14.6)	(7.4)	(22.0)
Non-controlling interest disposed (Note 30)	-	1.3	1.3
Group share of net assets disposed	(14.6)	(6.1)	(20.7)
Consideration received	-	5.9	5.9
Consideration receivable	3.2	-	3.2
Non-controlling interest loan (Note 30)	0.4	-	0.4
Transaction costs	(0.8)	(0.5)	(1.3)
Loss on disposal of subsidiaries	(11.8)	(0.7)	(12.5)

Included in loss on disposal of subsidiaries for the period to 31 December 2021 is a positive final completion adjustment of £0.3 million related to the Schloss-Strassen Center, Berlin subsidiary disposal.

On 5 March 2020, the Group exchanged contracts for the sale of three properties at Hucklehoven, Schwandorf and Herzogenrath Germany ("OBI Portfolio"), for gross consideration of €34.2 million. Schwandorf and Herzogenrath were held in controlled subsidiaries (75.0 per cent) and Huckelhoven was held in a joint venture. Gross consideration attributable to Schwandorf and Herzogenrath was €21.9 million The transaction was structured as a corporate disposal, such that, along with the disposal of debt and working capital, net proceeds of €6.6 million (£5.9 million) were received in relation to the subsidiary disposals. The transaction subsequently completed on 17 March 2020. The Group share of the net assets of the target subsidiaries was €7.0 million (£6.1 million) on the date of sale and the Group recognised a loss on disposal of €0.8 million (£0.7 million), net of transaction costs.

On 31 August 2020, the Group disposed of the Schloss-Strassen Center, Berlin for gross consideration of €65.5 million. On the date of sale, the carrying value of investment property was €78.1 million, on which €62.0 million of bank debt was secured. As the transaction was structured as a corporate disposal, the bank facility was also transferred on completion. Net proceeds of €3.6 million (£3.2 million) were received on 2 September 2020 after the reporting date, in addition to settlement of a loan to the non-controlling interest relating to the transaction. Net assets of the subsidiary were €16.5 million (£14.6 million) on the date of sale and the Group recognised a loss on disposal of €12.1 million (£11.8 million), net of transaction costs. The transaction constituted a disposal at the reporting date as the Group had satisfied its reporting obligations and proceeds were imminent.

Income and cash generating corporate disposals during the period ended 31 December 2021 relate to the Group's portfolio in Germany, classified as a discontinued operation. The net loss on disposal of these discontinued subsidiaries is therefore included in loss from discontinued operation in the consolidated income statement and cash consideration received at the reporting date within cash inflow from discontinued investing activities in the consolidated statement of cash flows.

9. Investment property

31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2020	525.3	336.9	207.0	-	1,069.2	763.1	306.1
Head lease adjustment due to rent review	4.2	1.0	0.6	-	5.8	-	5.8
Capitalised expenditure	0.8	0.9	1.0	-	2.7	1.7	1.0
Disposals through sale of subsidiary	(58.5)	-	(153.1)	-	(211.6)	(169.6)	(42.0)
Disposals through sale of property	(16.9)	-	(44.1)	-	(61.0)	(50.5)	(10.5)
Transfer to assets held for sale (Note 10)	(0.5)	-	-	-	(0.5)	(0.5)	-
Gain/(loss) on revaluation of investment property	93.8	0.5	(11.4)	-	82.9	90.0	(7.1)
IFRS carrying value at 31 December 2021	548.2	339.3	-	-	887.5	634.2	253.3
Adjustments:							
Head lease assets (Note 22)	(22.0)	(28.3)	-	-	(50.3)	-	(50.3)
Tenant lease incentives (Note 19)	5.8	1.6	-	-	7.4	7.1	0.3
Market value of Group portfolio at 31 December 2021	532.1	312.6	-	-	844.6	642.2	203.3
Market value of assets held for sale (Note 10)	-	-	-	2.2	2.2	-	2.2
Market value of Group portfolio at 31 December 2021	532.1	312.6	-	2.2	846.8	641.3	205.5
Joint ventures							
Share of joint venture investment property	10.0	-	-	-	10.0	10.0	-
Market value of total portfolio at 31 December 2021 (on a proportionately consolidated basis)	542.1	312.6	-	2.2	856.8	651.3	205.5

31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2019	538.1	360.5	251.7	-	1,150.3	846.0	304.3
Recognition of head lease assets (IFRS 16)	16.1	26.6	-	-	42.7	-	42.7
Head lease adjustment due to rent review	-	0.2	-	-	0.2	-	0.2
Acquisition of property	10.3	-	-	-	10.3	10.3	-
Capitalised expenditure	1.7	0.3	0.9	-	2.9	1.9	1.0
Disposals through sale of property	(15.5)	-	-	-	(15.5)	(15.5)	-
Transfer to assets held for sale (Note 10)	(8.7)	-	-	-	(8.7)	(8.7)	-
Loss on revaluation of investment property	(16.7)	(50.7)	(45.6)	-	(113.0)	(70.9)	(42.1)
IFRS carrying value at 31 August 2020	525.3	336.9	207.0	-	1,069.2	763.1	306.1
Adjustments:							
Head lease assets (Note 22)	(18.0)	(27.2)	(3.4)	-	(48.6)	-	(48.6)
Tenant lease incentives (Note 19)	2.1	-	6.5	-	8.6	7.8	0.8
Market value of Group portfolio at 31 August 2020	509.4	309.7	210.1	-	1,029.2	770.9	258.3
Market value of assets held for sale (Note 10)	3.7	-	-	122.2	125.9	95.1	30.8
Market value of Group portfolio at 31 August 2020	513.1	309.7	210.1	122.2	1,155.1	866.0	289.1
Joint ventures							
Share of joint venture investment property	11.6	-	-	-	11.6	11.6	-
Market value of total portfolio at 31 August 2020 (on a proportionately consolidated basis)	524.7	309.7	210.1	122.2	1,166.7	877.6	289.1

The tables above present both segmental and market value investment property information prepared on a proportionately consolidated basis. Properties that have been classified as held for sale in the current year are also included so that the market value of the total portfolio can be determined. This format is not a requirement of IFRS and is for informational purposes as it is used in reports presented to the Group's Chief Operating Decision Maker.

Valuation

The carrying value of investment property is its market value as determined by appropriately qualified independent valuers (and adjusted for minimum payments under head leases and tenant lease incentives), with the exception of properties exchanged for sale by or just after the reporting date. These properties have been valued in line with the contractual sales price at year-end. Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, and in limited circumstances in aggregation with other assets, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change to determine an appropriate valuation. Fees paid to valuers are based on arms-length fixed price contracts.

The fair value of the Group's property for the period ended 31 December 2021 was assessed by independent and appropriately qualified valuers in accordance with the Royal Institute of Chartered Surveyors ("RICS") standards and IFRS 13. The valuations are performed by D2 Real Estate for the joint venture property and by Savills for the remainder of the Group's portfolio. The valuations are reviewed internally by senior management and presented to the Board. The presentation includes discussion around the assumptions used by the external valuers, as well as a review of the resulting valuations.

Valuation inputs

The fair value of the property portfolio (excluding RBH managed UK Hotels and London Serviced Offices) has been determined using either a discounted cash flow or a yield capitalisation technique, whereby contracted and market rental values are capitalised at a market rate, having regard for: tenant covenant strength; lease maturity; quality and location of the property; occupancy; non-recoverable costs and head rents. For RBH managed UK Hotels and London Serviced Offices, fair value is determined with reference to a capitalisation rate applied to the EBITDA of the underlying operational business. The resulting valuations are cross-checked against the net initial yield and the fair market values per square foot of comparable recent market transactions, as available.

The valuation techniques are consistent with IFRS 13 and use significant unobservable inputs. Valuation techniques can change at each valuation round depending on prevailing market conditions, market transactions and the property's highest and best use at the reporting date. Where there is a lack of market comparable transactions, the level of estimation and judgement increases on account of fewer observable inputs and the degree of variability could be expected to widen. Before the disruption period, this had been of particular relevance to the Group's UK Retail sector and primarily the UK Shopping centres sub-sector, where there had been continued weakening of investor sentiment, retail failures and ongoing structural change in consumer behaviour.

Fair value disclosures

The Group considers all its investment property to fall within 'Level 3', as defined by IFRS 13 (refer to Note 29). There has been no transfer of property within the fair value hierarchy during the year. The key unobservable valuation inputs of the Group's total portfolio, including assets held for sale, are set out in the tables below:

31 December 2021	Market value £m	Lettable area sqm	Average rent per sqm £	Weighted average lease length yrs(1)	Weighted average net initial yield %	Net initial yield % range	Average market rent per sqm £
UK Commercial	532.1	177,863	124.4	8.6	3.6	0.8 - 16.0	129.6
UK Hotels	312.6	77,391	152.1	14.6	5.0	3.5 - 6.0	145.6
Europe	2.3	1,088	185.1	1.2	5.9	5.9	174.0
Joint ventures							
UK Commercial	10.0	2,753	315.4	6.5	8.1	8.1	315.4
Total	**857.0**	**259,095**					

31 August 2020	Market value £m	Lettable area sqm	Average rent per sqm £	Weighted average lease length yrs(1)	Weighted average net initial yield %	Net initial yield % range	Average market rent per sqm £
UK Commercial	513.1	192,846	157.1	6.3	4.8	3.2 – 15.6	156.0
UK Hotels	309.7	77,391	132.2	21.0	2.2	3.3 – 8.3	154.6
UK Retail	210.1	102,166	186.3	6.6	6.8	3.4 – 12.8	171.4
Europe	122.2	37,847	196.8	4.7	4.4	3.9 – 6.7	178.2
Joint ventures							
UK Commercial	11.6	2,753	315.4	5.6	3.9	7.3	315.5
Total	**1,166.7**	**413,003**					

(1) Excluding the RBH managed hotels and London Serviced Offices portfolios given the operational nature of the underlying trading businesses.

Valuation sensitivities

The tables below set out the financial impact of positive and negative shifts in the primary unobservable inputs on the valuation of the Group's controlled property segments:

31 December 2021	Market value £m	+5% ERV/ EBITDA £m(1)	-5% ERV/ EBITDA £m(1)	-25bps Yield/ Capitalisation rate £m(1)	+25bps Yield/ Capitalisation rate £m(1)	+20% ERV/ EBITDA £m(1)	-20% ERV/ EBITDA £m(1)	-100bps Yield/ Capitalisation rate £m(1)	+100bps Yield/ Capitalisation rate £m(1)
UK Commercial	532.1	30.8	(19.1)	26.4	(44.0)	106.4	(90.4)	177.3	(122.3)
UK Hotels	312.6	13.2	(16.1)	13.3	(12.1)	58.7	(61.1)	61.1	(43.3)
Europe	2.2	0.1	(0.1)	-	-	0.4	(0.4)	0.2	(0.2)
Total	**846.9**	**44.1**	**(35.3)**	**39.7**	**(56.1)**	**165.5**	**(151.9)**	**238.6**	**(165.8)**

31 August 2020	Market value £m	+5% ERV/ EBITDA £m[1]	-5% ERV/ EBITDA £m[1]	-25bps Yield/ Capitalisation rate £m[1]	+25bps Yield/ Capitalisation rate £m[1]	+15% ERV/ EBITDA £m[1]	-15% ERV/ EBITDA £m[1]	-75bps Yield/ Capitalisation rate £m[1]	+75bps Yield/ Capitalisation rate £m[1]
UK Commercial	513.1	25.2	(21.0)	26.4	(23.9)	95.1	(89.3)	123.8	(84.3)
UK Hotels	309.7	16.3	(13.2)	14.7	(10.3)	61.1	(57.9)	61.4	(41.4)
UK Retail	210.1	4.8	(9.7)	7.5	(7.3)	27.1	(31.4)	34.4	(26.1)
Europe	122.2	5.2	(5.2)	2.3	(2.2)	16.4	(16.3)	7.3	(6.7)
Total	**1,155.1**	**51.5**	**(49.1)**	**50.9**	**(43.7)**	**199.7**	**(194.9)**	**226.9**	**(158.5)**

1. EBITDA and capitalisation rate inputs are applicable to the RBH managed hotels and the London Serviced Offices portfolio given the operational nature of the underlying businesses.

An increase in the current or future rental stream would increase capital value while a higher yield or discount rate would decrease capital value. There are interrelationships between these unobservable inputs however as they are partially determined by market conditions, the valuation movement in any one year depends on the balance between them.

Acquisitions

There have been no acquisitions during the period ended 31 December 2021. In the year ended 31 August 2020, the Group acquired the second of two distribution units constructed on the Bicester, Oxfordshire site to which it was committed, on practical completion for £10.3 million (excluding costs).

Disposals

The Group made 7 investment property disposal during the period ended 31 December 2021 by way of asset sales from the UK Retail and UK Commercial portfolios. Fair value adjustments on sale relate to the release of tenant incentives and associated head lease liabilities.

31 December 2021	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Fair value adjustments £m	Gain/(loss) on disposal £m
Continuing operations						
Commercial portfolio	**18.7**	**(0.1)**	**18.6**	**16.9**	**-**	**1.7**
Retail portfolio	**45.7**	**(2.0)**	**43.7**	**46.6**	**(2.5)**	**(0.4)**
Total disposals during the period	**64.4**	**(2.1)**	**62.3**	**63.5**	**(2.5)**	**1.3**

The Group made one investment property disposal during the year ended 31 August 2020 by way of asset sale from the UK Commercial portfolio, namely The Omnibus commercial office building in Reigate.

31 August 2020	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Fair value adjustments £m	Loss on disposal £m
Continuing operations						
The Omnibus, Reigate	14.9	(1.1)	13.8	(15.5)	(0.5)	(2.2)
Total disposals during the year	14.9	(1.1)	13.8	(15.5)	(0.5)	(2.2)

Committed expenditure

At 31 December 2021, the Group was contractually committed to expenditure of £0.7 million for the future development and enhancement of investment property (31 August 2020: £2.3 million) of which £0.4 million is related to JV expenditure (31 August 2020: £0.2 million).

Commercial property price risk

The Board draws attention to the risks associated with commercial property investments. Although over the long term property is considered a low risk asset, investors must be aware that significant short and medium term risk factors are inherent in the asset class. Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds and this restricts the Group's ability to realise value in cash in the short-term.

10. Non-current assets and disposal group held for sale

	UK Commercial £m	UK Retail £m	Europe Dis Op £m	Total £m	Freehold £m	Leasehold £m
Investment property						
Opening balance at 1 September 2019	8.8	2.2	231.3	**242.3**	**207.2**	**35.1**
Transfers from investment property (Note 9)	8.7	-	-	**8.7**	**8.7**	**-**
Capitalised expenditure	-	-	2.8	**2.8**	**-**	**2.8**
Loss on revaluation of investment property	(0.6)	-	(12.4)	**(13.0)**	**(6.6)**	**(6.4)**
Disposals through the sale of subsidiaries (Note 8)	-	-	(88.5)	**(88.5)**	**(88.5)**	**-**
Disposals through the sale of property	(13.4)	(2.2)	(7.7)	**(23.3)**	**(23.3)**	**-**
Foreign currency translation	-	-	(4.0)	**(4.0)**	**(3.2)**	**(0.8)**
Opening balance at 1 September 2020	**3.5**	**-**	**121.5**	**125.0**	**94.3**	**30.7**
Capitalised expenditure	-	-	0.6	**0.6**	**-**	**0.6**
Transfers from/to investment property (Note 9)	0.7	-	-	**0.7**	**0.7**	**-**
Head lease movements	-	-	0.1	**0.1**	**-**	**0.1**
Loss on revaluation of investment property	-	-	(0.1)	**(0.1)**	**-**	**(0.1)**
Disposals through the sale of property	(4.2)	-	(112.7)	**(116.9)**	**(89.5)**	**(27.4)**
Foreign currency translation	-	-	(7.2)	**(7.2)**	**(5.5)**	**(1.7)**
Market value of Group assets held for sale at 31 December 2021	**-**	**-**	**2.2**	**2.2**	**-**	**2.2**

Discontinued Europe portfolio

In March 2019, the Board approved a marketing exercise for the prospective sale of the Europe portfolio, a separately identifiable line of business containing the Group's investment properties located in Germany. All assets within the Europe portfolio (including the Group's share of joint venture investment property) have been classified as a disposal group held for sale since Board approval, having met the criteria of IFRS 5, in addition to the results and cash flows of the segment being treated as a discontinued operation. At 31 December 2021, all properties had been disposed except for one, a small retail unit in Frankfurt, Germany.

UK portfolio

There are several mature UK assets that the Group has targeted for sale. At 1 September 2020, North Street, Plymouth was classified as held for sale. During the period to 31 December 2021, two additional UK Commercial assets met the criteria of IFRS 5 as held for sale and were transferred from investment property. All properties were disposed of within the period.

Disposals

The Group disposed of four held for sale assets during the period ended 31 December 2021 from the discontinued Europe portfolio and three from the UK portfolio.

31 December 2021	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Foreign currency translation £m	Loss on disposal £m
Continuing operations						
UK portfolio	3.5	(0.2)	3.3	4.2	-	(0.9)
Discontinued operation						
Discontinued Europe portfolio	113.6	(6.0)	107.6	112.7	1.3	(6.4)
Total disposals during the period	**117.1**	**(6.2)**	**110.9**	**116.9**	**1.3**	**(7.3)**

The Group disposed of seven held for sale assets during the year ended 31 August 2020, two from the UK Commercial portfolio, one from the UK Retail portfolio and four from the Europe portfolio. Three of the Europe portfolio sales were structured as corporate disposals (refer to Note 8).

31 August 2020	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Fair value adjustments £m	Foreign currency translation £m	Gain/ (loss) on disposal £m
Continuing operations							
Park Place and St. Paul's, Leeds	9.0	(0.1)	8.9	(8.8)	-	-	0.1
Waterside, Leeds	6.5	(0.8)	5.7	(4.6)	(0.1)	-	1.0
Albion Street, Derby	2.5	(0.2)	2.3	(2.2)	(0.3)	-	(0.2)
	18.0	(1.1)	16.9	(15.6)	(0.4)	-	0.9
Discontinued operation							
Leipzig	6.9	(0.3)	6.6	(7.7)	-	0.1	(1.0)
	6.9	(0.3)	6.6	(7.7)	-	0.1	(1.0)
Total disposals during the year	24.9	(1.4)	23.5	(23.3)	(0.4)	0.1	(0.1)

Fair value disclosures

All non-current assets held for sale fall within 'Level 3', as defined by IFRS 13 (refer to Note 29). Accordingly, there has been no transfer within the fair value hierarchy during the year.

11. Finance expense

Continuing operations	**Period ended 31 December 2021 £m**	Year ended 31 August 2020 £m
Finance expense on secured bank loans	**(19.7)**	(17.8)
Amortisation of debt issue costs	**(1.7)**	(1.2)
Finance expense on lease liabilities (1)	**(2.2)**	(1.9)
Total finance expense	**(23.6)**	(20.9)

(1) Finance charges have been calculated with reference to the incremental rate of borrowing specific to each lease. The incremental rates of borrowing range between 2.6 to 6.4 per cent per cent. Additional turnover rent charge specific to one of the UK Hotel long-leasehold interests is also included in the finance cost above. There was no excess turnover rent incurred for the period ended 31 December 2021 (£0.1 million: 31 August 2020).

12. Other finance income and expense

Continuing operations	**Period ended 31 December 2021 £m**	Year ended 31 August 2020 £m
Reversal of expected credit losses on amounts receivable from related party (Note 30)	**1.9**	-
Other non-recurring finance income	**2.4**	-
Other finance income	**4.3**	-
Expected credit losses on amounts receivable from related party (Note 30)	**-**	(1.9)
Other non-recurring finance expense	**(0.3)**	-
Other finance expense	**(0.3)**	(1.9)

During the period ended 31 December 2021, and the prior year ended 31 August 2020, the Group cumulatively advanced loans of £4.5 million (31 August 2020: £3.9 million) to RBH to cover cash shortfalls of the underlying trading business during the disruption period. At the reporting date, the cash flow forecasts of RBH for the period ended 31 December 2021 assume full repayment of the loans advanced (31 August 2020: 50 per cent loss allowance based on uncertainties over the forecast cash flows of the RBH hotel trading business due to COVID-19). As this was a reversal of impairment of a financial instrument, the income statement charge has been recognised as a non-recurring finance income.

During the period ended 31 December 2021 a waiver was granted by the lender on £2.4 million residual debt related to property disposals. This has been recognised as non-recurring finance income.

13. Investment in and loans to joint ventures

	31 December 2021 £m	31 August 2020 £m
Investment in joint ventures		
Opening balance at 1 September	**2.5**	2.9
Share of post-tax loss	**(0.1)**	(0.1)
Distributions to joint venture non-controlling interest	**-**	(0.2)
Foreign currency translation	**(0.2)**	(0.1)
Investment in joint ventures	**2.2**	2.5

	31 December 2021 £m	31 August 2020 £m
Loans to joint ventures		
Opening balance at 1 September	**0.7**	5.1
Repayment of loans	**-**	(5.0)
Impairment/(reversal of impairment) of loans to continuing joint venture	**(0.3)**	0.7
Foreign currency translation	**-**	(0.1)
Loan to joint ventures	**0.4**	0.7
Carrying value of net interest in joint ventures	**2.6**	3.2

The Group's interests in joint venture entities are in the form of:
1) an interest in the share capital of the joint venture companies; and
2) loans advanced to the joint venture entities.

The Esplanade

At 31 December 2021, the Group's material investment in this continuing joint venture comprised:

(i) 50 per cent interest in TwentySix The Esplanade Limited, a joint venture with Rimstone Limited, which owns an office building in St. Helier, Jersey.

Under the equity method, the Esplanade was carried at £Nil in the Group's financial statements at 1 September 2019 as cumulative losses to date had exceeded or materially equalled the cost of the Group's net investment, primarily due to the negative mark-to-market on the joint venture's derivative. At 31 December 2021 and 31 August 2020, the share of these losses no longer exceeded the Group's cumulative cost of investment in, and loans to, the Esplanade as a result of cumulative property valuation uplifts and positive mark-to-market movement on the derivative. As such, the Group has since recognised its share of results by way of reversal of the previous impairment charges applied to the loan made to the joint venture. On a proportionate basis and for segmental reporting purposes, the Group's interest in the Esplanade is recognised on a line-by-line basis. Refer to Note 3.

Discontinued operations

At 31 December 2021, the Group's residual investments in discontinued European joint ventures included:

(i) 52 per cent interest in RI Menora German Holdings S.à.r.l., a joint venture with Menora Mivtachim, which ultimately owned properties in Waldkraiburg, Huckelhoven and Kaiserslautern, Germany. Notwithstanding the economic shareholding, the contractual terms provide for joint control and so the Company does not control the entity. The joint venture disposed of all properties during the year ended 31 August 2020 through both asset and corporate sales and the residual structure was formally liquidated on 31 January 2022; and

(ii) 49 per cent interest in Wichford VBG Holding S.à.r.l., a joint venture with Menora Mivtachim. The joint venture disposed of its property-owning subsidiaries on 1 January 2017 and the structure is in the process of being formally liquidated.

Fair value disclosures

The fair value of the Group's recognised loan to joint venture as at 31 December 2021 was £0.4 million (31 August 2020: £0.7 million) and the Group considers that this financial asset falls within 'Level 3' as defined by IFRS 13 (refer to Note 29).

Summarised financial information

The summarised financial information of the Group's joint ventures, in addition to reconciliations to the amounts presented in the financial statements, are set out separately below:

31 December 2021	The Esplanade £m	Discontinued operation £m	Total £m	Elimination of joint venture partners' interest £m	Proportionate total £m
Percentage ownership interest	50%	49%-52%			
Summarised income statement					
Net rental income	2.2	**-**	**2.2**	(1.1)	**1.1**
Net operating income	2.2	(0.3)	**1.9**	**(1.0)**	**0.9**
Loss on revaluation of investment property	(3.5)	-	**(3.5)**	1.8	**(1.7)**
Finance expense	(1.3)	-	**(1.3)**	0.7	**(0.6)**
Change in fair value of derivative financial instruments	2.0	-	**2.0**	(1.0)	**1.0**
Loss and total comprehensive expense for the period	**(0.6)**	**(0.3)**	**(0.9)**	**0.5**	**(0.4)**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	0.3	0.2	**0.5**	(0.5)	**-**
Group share of joint venture results	**(0.3)**	**(0.1)**	**(0.4)**	**-**	**(0.4)**
Presented as:					
Share of post-tax loss from joint ventures *(discontinued operation) (Note 3)*					**(0.1)**
Impairment of loan to continuing joint venture interest					**(0.3)**
Summarised balance sheet					
Investment property	19.5	-	19.5	(9.7)	9.8
Trade and other receivables	0.6	5.0	5.6	(2.7)	2.9
Cash and cash equivalents	0.8	-	0.8	(0.4)	0.4
Total assets	**20.9**	**5.0**	**25.9**	**(12.8)**	**13.1**
External borrowings	(15.8)	-	(15.8)	7.9	(7.9)
Loans from joint venture partners	(6.6)	-	(6.6)	3.3	(3.3)
Derivative financial instruments	(3.6)	-	(3.6)	1.8	(1.8)
Trade and other payables (inc. current tax liabilities)	(0.7)	(0.2)	(0.9)	0.4	(0.5)
Total liabilities	**(26.7)**	**(0.2)**	**(26.9)**	**13.4**	**(13.5)**
Net assets/(liabilities)	**(5.8)**	**4.8**	**(1.0)**	**0.6**	**(0.4)**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	2.9	(2.3)	0.6	(0.6)	-
Elimination of non-controlling interests		(0.3)	(0.3)		(0.3)
Recognised loan to joint venture (Note 30)[1]	0.4		0.4		0.4
Excess losses in joint venture not recognised	2.9		2.9		2.9
Carrying value of net interest in joint ventures	**0.4**	**2.2**	**2.6**	**-**	**2.6**

[1] Loans to joint ventures include the opening balance, any advances or repayments and foreign currency movements during the year.

31 August 2020	The Esplanade £m	Discontinued operation[1] £m	Total £m	Elimination of joint venture partners' interest £m	Proportionate total £m
Percentage ownership interest	50%	49%-52%			
Summarised income statement					
Net rental income	1.6	0.6	**2.2**	(1.1)	**1.1**
Administrative costs and other fees	-	(0.4)	**(0.4)**	0.2	**(0.2)**
Net operating income	1.6	0.2	**1.8**	(0.9)	**0.9**
Gain on revaluation of investment property	0.8	-	**0.8**	(0.4)	**0.4**
Loss on revaluation of investment property held for sale	-	(1.0)	**(1.0)**	0.5	**(0.5)**
Gain on disposal of investment property held for sale	-	1.4	**1.4**	(0.7)	**0.7**
Loss on disposal of subsidiaries	-	(0.3)	**(0.3)**	0.1	**(0.2)**
Finance expense on loans from joint venture partners	-	(0.2)	**(0.2)**	0.1	**(0.1)**
Finance expense on external borrowings	(1.0)	(0.2)	**(1.2)**	0.6	**(0.6)**
Other finance expense	-	(0.6)	**(0.6)**	0.3	**(0.3)**
Change in fair value of derivative financial instruments	0.4	-	**0.4**	(0.2)	**0.2**
Profit/(loss) before tax	1.8	(0.7)	**1.1**	(0.6)	**0.5**
Taxation	-	0.3	**0.3**	(0.1)	**0.2**
Profit/(loss) and total comprehensive income/(expense) for the year	**1.8**	**(0.4)**	**1.4**	**(0.7)**	**0.7**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	(0.9)	0.2	**(0.7)**	0.7	**-**
Elimination of non-controlling interests	-	0.1	**0.1**	-	**0.1**
Movement in losses restricted in joint ventures	(0.2)	-	**(0.2)**	-	**(0.2)**
Group share of joint venture results	**0.7**	**(0.1)**	**0.6**	-	**0.6**
Presented as:					
Share of post-tax loss from joint ventures *(discontinued operation) (Note 3)*					**(0.1)**
Impairment reversal of loan to continuing joint venture interest					**0.7**
Summarised balance sheet					
Investment property	22.6	-	**22.6**	(11.3)	**11.3**
Trade and other receivables	0.6	0.9	**1.5**	(0.7)	**0.8**
Cash and cash equivalents	0.3	4.7	**5.0**	(2.4)	**2.6**
Total assets	**23.5**	**5.6**	**29.1**	**(14.4)**	**14.7**
External borrowings	(16.2)	-	**(16.2)**	8.1	**(8.1)**
Loans from joint venture partners	(6.6)	-	**(6.6)**	3.3	**(3.3)**
Derivative financial instruments	(5.6)	-	**(5.6)**	2.8	**(2.8)**
Trade and other payables (inc.. current tax liabilities)	(0.3)	(0.2)	**(0.5)**	0.2	**(0.3)**
Total liabilities	**(28.7)**	**(0.2)**	**(28.9)**	**14.4**	**(14.5)**
Net assets/(liabilities)	**(5.2)**	**5.4**	**0.2**	**-**	**0.2**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	2.6	(2.6)	**-**	-	**-**
Elimination of non-controlling interests	-	(0.3)	**(0.3)**	-	**(0.3)**
Recognised loan to joint venture (Note 30)[2]	0.7	-	**0.7**	-	**0.7**
Excess losses in joint venture not recognised	2.6	-	**2.6**	-	**2.6**
Carrying value of net interest in joint ventures	**0.7**	**2.5**	**3.2**	**-**	**3.2**

(1) The Group's residual investments in discontinued European joint ventures have been represented to amalgamate its interest in RI Menora German Holdings S.à.r.l. and Wichford VBG Holding S.à.r.l..

(2) Loans to joint ventures include the opening balance, any advances or repayments and foreign currency movements during the year.

14. Investment in associate

	31 December 2021 £m	31 August 2020 £m
Investment in RBH		
Opening balance at 1 September	**5.5**	7.6
Share of post-tax profit/(loss)	**0.9**	(0.4)
Additions (Note 30)	**-**	0.6
Distributions (Note 30)	**(0.3)**	(0.5)
Reversal of impairment/(Impairment) of investment	**0.7**	(1.8)
Carrying value of investment in associate	**6.8**	5.5

RBH

The summarised financial information of RBH is set out below.

	31 December 2021 £m	31 August 2020 £m
Summarised income statement		
Revenue	**16.5**	39.7
Other income	**2.6**	7.0
Expenses	**(15.5)**	(48.5)
Profit/(loss) from operations	**3.6**	(1.8)
Taxation	**(0.1)**	0.3
Profit/(loss) for the period	**3.5**	(1.5)
Elimination of third party interest	**(2.6)**	1.1
Share of post-tax profit/(loss)	**0.9**	(0.4)
Summarised balance sheet		
Non-current assets	**1.4**	2.1
Trade and other receivables	**5.4**	3.1
Cash and cash equivalents	**10.3**	3.8
Total assets	**17.1**	9.0
Loans from Brightbay	**(4.5)**	(3.9)
Trade and other payables	**(10.6)**	(7.4)
Total liabilities	**(15.1)**	(11.3)
Net assets/(liabilities)	**2.0**	(2.3)
Share of net assets/(liabilities) attributable to the Group	**0.5**	(0.6)
Valuation adjustment	**6.3**	6.1
Carrying value of the Group's investment in associate	**6.8**	5.5

[1] The 31 August 2020 disclosure has been represented to better fulfil the requirements of IFRS 12.

The Group's interest in RBH at 31 December 2021 was 27.4 per cent (31 August 2020: 27.4 per cent).

Distributions received from RBH for the year ended 31 December 2021 were £0.3 million (31 August 2020: £0.5 million).

At 31 December 2021, following an internal impairment assessment and on receipt of an independent valuation of RBH, the Directors considered that the recoverable amount of the Group's net investment in RBH was £6.8 million. The independent valuation was determined on a capitalisation of earnings basis, cross-checked to market comparables. Using a discount rate range of 12.0 – 13.0 per cent, an enterprise value range of £22.8 - £27.1 million was attributed to the investment with a mid-point valuation of £25.0 million (Group share: £6.8 million). This resulted in reversal of impairment of £0.7 million to the income statement during the year ended 31 December 2021 (31 August 2020: impairment charge of £1.8 million).

15. Taxation

Tax recognised in the income statement

Continuing operations	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Current income tax		
Income tax in respect of current period	**0.1**	-
Adjustments in respect of prior years	**(0.1)**	-
Tax charge for the period recognised in the income statement	**-**	-

Discontinued operation		
Current income tax	**5.6**	1.0
Deferred income tax	**(5.0)**	(2.0)
Tax charge/(credit) for the period included in post-tax loss from discontinued operation	**0.6**	(1.0)
Total tax charge/(credit) for the period	**0.6**	(1.0)

There was £nil tax recognised in equity or other comprehensive income during the year (31 August 2020: £nil).

Reconciliation

The tax rate for the year is lower than the average standard rate of corporation tax in the UK of 19.0 per cent (31 August 2020: 19 per cent). The differences are explained below:

Continuing operations	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Profit/(loss) before tax	**92.4**	(99.2)
Profit/(loss) before tax multiplied by standard rate of corporation tax	**17.5**	(18.9)
Effect of:		
- Loss on disposal of subsidiary	**0.5**	-
- (Gain)/Loss on revaluation of investment property (including held for sale)	**(15.7)**	21.6
- Net (profit)/loss on disposal of investment property (including held for sale)	**(0.1)**	0.2
- Change in fair value of derivative financial instruments	**(1.7)**	0.3
- (Income)/expense not subject to UK income tax	**-**	0.3
- REIT exempt property rental profits	**(1.9)**	(5.7)
- Unutilised losses carried forward	**0.4**	0.7
- Items not (assessable)/deductible for tax	**1.1**	1.5
- Adjustments in respect of prior periods	**(0.1)**	-
Tax charge for the year recognised in the income statement	**-**	**-**

As shown in the reconciliations above, the effective tax rate of the Group is not meaningful given the loss position for both the current and comparative years.

The measures announced at Budget 2021 which are contained within Finance Act 2021, states that the main rate of corporation tax is to remain at 19 per cent for 2021 and 2022, increasing to 25 per cent effective 1 April 2023.

On 4 December 2013, the Group converted to a UK-REIT. As a result, the Group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided certain conditions are met. Non-qualifying profits and gains of the Group continue to be subject to corporation tax such as the profits and gains outside of the UK. The Directors intend the Group to continue as a REIT for the foreseeable future. As a result, deferred tax is no longer recognised on temporary differences relating to the UK property rental business which is within the REIT structure.

16. Non-controlling interests

Group	31 December 2021 £m	31 August 2020 £m
Opening balance at 1 September	**42.5**	57.4
Comprehensive income for the year:		
Share of loss for the year – continuing operations	**(0.7)**	(12.2)

Share of loss for the year – discontinued operation	**(0.3)**	-
Changes in ownership interests in subsidiaries:		
Dividends paid	**(0.7)**	(1.4)
Disposal of non-controlling interests	**(0.1)**	(1.3)
Total non-controlling interests	**40.7**	42.5

On 5 March 2020, the Group exchanged contracts for the sale of two subsidiaries in which there was a 25 per cent non-controlling interest. The transaction subsequently completed on 17 March 2020 and the non-controlling interest was derecognised. Refer to Note 8 and Note 30.

On 31 January 2021 and 19 November 2021, subsidiaries in the Europe discontinued operations segment were formally liquidated in which there were 12 per cent and 24 per cent non-controlling interests respectively. These non-controlling interests were therefore derecognised. As part of this liquidation a final dividend was paid of which £0.2 million was paid to non-controlling interests.

The following table summarises the current and comparative financial information relating to the Group's material non-controlling interests in LSO, IHL and RHHL, before any intra-group eliminations.

	31 December 2021					31 August 2020				
	LSO £m	**IHL £m**	**RHHL £m**	**Europe Dis Op £m**	**Total non-controlling interests £m**	LSO £m	IHL £m	RHHL £m	Europe Dis Op £m	Total non controlling interests £m
Principal place of business	**United Kingdom**	**United Kingdom**	**United Kingdom**			United Kingdom	United Kingdom	United Kingdom		
Country of incorporation	**Isle of Man**	**BVI**	**BVI**			Isle of Man	BVI	BVI		
NCI %	20.0%	25.9%	17.5%	Individually immaterial		20.0%	25.9%	17.5%	Individually immaterial	
Summarised balance sheet										
Investment property	**162.5**	**123.8**	**199.1**			164.4	123.2	197.3		
Other non-current assets	**0.1**	**-**	**-**			0.1	-	-		
Receivables	**0.7**	**2.5**	**5.4**			0.6	1.8	1.5		
Cash and cash equivalents	**5.3**	**3.1**	**5.3**			7.0	0.9	0.3		
Derivative financial instruments	**-**	**-**	**0.9**			-	(0.3)	-		
Borrowings, including lease liabilities	**(92.4)**	**(69.2)**	**(98.7)**			(89.7)	(77.2)	(113.6)		
Trade and other payables	**(4.1)**	**(15.3)**	**(28.5)**			(6.1)	(2.1)	(1.3)		
Net assets	**72.1**	**44.9**	**83.5**			76.3	46.3	84.2		
Elimination of Brightbay interests	**(57.7)**	**(33.3)**	**(68.9)**			(61.0)	(34.3)	(69.4)		
NCI share of net assets	**14.4**	**11.6**	**14.6**	**0.1**	**40.7**	15.3	12.0	14.8	0.4	42.5
Summarised statement of comprehensive income										
Revenue	**12.4**	**1.9**	**0.9**			12.8	4.1	4.7		
Loss for the year	**(1.8)**	**(1.2)**	**(0.6)**			(9.5)	(19.9)	(29.7)		
Loss attributable to NCI	**(0.4)**	**(0.3)**	**(0.1)**	**(0.2)**	**(1.0)**	(1.9)	(5.1)	(5.2)	-	(12.2)
Dividends paid to NCI	**0.5**	**-**	**-**	**0.2**	**0.7**	0.9	-	0.5	-	1.4
Summarised cash flow statement										
Cash inflow/(outflow) from operating activities	**1.7**	**8.2**	**19.2**			6.6	1.1	(0.5)		
Cash outflow from investing activities	**(0.1)**	**(0.2)**	**(0.3)**			-	(0.2)	(0.4)		
Cash outflow from financing activities	**(3.2)**	**(5.7)**	**(13.9)**			(4.9)	(2.7)	(0.4)		
Net increase/(decrease) in cash and cash equivalents	**(1.6)**	**2.3**	**5.0**			1.7	(1.8)	(1.3)		

17. Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue and the profit attributable to shareholders.

	31 December 2021 £m	31 August 2020 £m
IFRS profit/(loss) attributable to equity holders of the Parent:		
Continuing operations	**93.1**	(87.0)
Discontinued operation	**(3.6)**	(16.8)
	89.5	(103.8)
Number of ordinary shares (millions)		
IFRS weighted average	**381.0**	**380.3**
IFRS diluted weighted average[(1)]	**381.0**	**380.3**
IFRS earnings per share (pence)		
Continuing operations		
- Basic	**24.4**	**(22.9)**
- Diluted	**24.4**	**(22.9)**
Total Group		
- Basic	**23.5**	**(27.3)**
- Diluted	**23.5**	**(27.3)**

(1) At 31 August 2020, contingently issuable shares had an anti-dilutive effect on IFRS earnings per share due to the loss of the Group. Therefore, for IFRS purposes the weighted and dilutive weighted average number of shares are 380.3 million.

18. Other non-current assets

	31 December 2021 £m	31 August 2020 £m
Property, plant and equipment		
Opening balance at 1 September	**0.8**	0.3
Additions	**0.1**	0.8
Depreciation	**(0.5)**	(0.3)
Closing balance	**0.4**	0.8
Intangible assets		
Opening balance at 1 September	**-**	0.6
Amortisation	**-**	(0.1)
Derecognition	**-**	(0.5)
Closing balance	**-**	-
Total other non-current assets	**0.4**	0.8

Intangible assets were recognised on the corporate acquisition of Redefine International Management Holdings Limited group ("RIMH") and represented the fair value of the advisory agreements with external parties acquired by the Group. The value attributed to the contracts between RIMH and third parties, including joint ventures of the Group and non-controlling interests, was £1.9 million. The intangible asset was being amortised on a straight-line basis over the remaining term of the contracts which had an average life of eight years. The Directors considered it appropriate to derecognise the intangible asset during the year ended 31 August 2020, as the Group's remaining joint venture had sold all three assets to which RIMH had provided asset management services.

19. Receivables

	31 December 2021 £m	31 August 2020 £m
Non-current		
Tenant lease incentives (gross) [(1)]	**7.4**	11.0
Expected credit losses [(1)]	**(1.9)**	(1.4)
	5.5	9.6
Letting costs	**1.1**	1.7
Total non-current other receivables	**6.6**	11.3
Current		
Gross rent and other accounts receivable	**2.1**	6.0
Expected credit losses	**(0.5)**	(1.3)
	1.6	4.7
Gross service charge receivable	**0.3**	1.3
Expected credit losses	**(0.1)**	(0.3)
	0.2	1.0
Recoverable service charge expenditure	**0.1**	0.4
Tenant lease incentives [(1)]	**0.4**	1.3
Other amounts receivable from related parties (gross) (Note 30)	**8.7**	4.5
Expected credit losses on other amounts receivable from related parties	**-**	(1.9)
	8.7	2.6
Accrued income in relation to corporate and property disposals	**0.1**	3.2
Prepayments and accrued income	**0.7**	1.2
Other receivables	**1.2**	2.9
Total current trade and other receivables	**13.0**	17.3
Total receivables	**19.6**	28.6

(1) Total tenant lease incentives of £7.4 million (31 August 2020: £10.9 million) have been deducted from investment property, including property assets held for sale, in determining fair value at the balance sheet date. Refer to lease in Note 9 (£7.4 million) and Note 10 (£ nil) respectively (31 August 2020: £8.6m and £2.3m respectively).

20. Cash and cash equivalents

	31 December 2021 £m	31 August 2020 £m
Unrestricted cash and cash equivalents	**37.0**	64.1
Restricted cash and cash equivalents	**8.6**	3.5
Cash and cash equivalents	**45.6**	67.6

At 31 December 2021, the Group's share of total cash and cash equivalents, including its share of joint venture cash, was £46.0 million (31 August 2020: £70.2 million), with no undrawn committed facilities remaining available (31 August 2020: £14.0 million).

21. Borrowings

Group	31 December 2021 £m	31 August 2020 £m
Non-current		
Bank loans	**412.8**	540.3
Less: unamortised debt issue costs	**(4.0)**	(3.9)
Less: fair value adjustments	**-**	(0.7)
Total non-current borrowings	**408.8**	535.7
Current		
Bank loans	**0.8**	66.4
Less: unamortised debt issue costs	**(0.2)**	(0.3)
Total current borrowings	**0.6**	66.1
Total borrowings	**409.4**	601.8

Analysis of movement in net borrowings,

The following table presents the movements in net borrowings for the periods ended 31 December 2021 and 31 August 2020, split between cash and non-cash movements as required by IAS 7.

	Non-current £m	Current £m	Cash and cash equivalents £m	Net borrowings £m
Opening balance at 1 September 2019	650.6	28.7	(33.0)	646.3
Financing activities (cash)				
Continuing operations				
Borrowings drawn	25.0	-	(25.0)	-
Borrowings repaid	(19.2)	(1.7)	20.9	-
Discontinued operation				
Borrowings repaid	(12.7)	(0.6)	13.3	-
	(6.9)	**(2.3)**	**9.2**	**-**
Financing activities (non-cash)				
Debt issue costs movements	1.3	-	-	1.3
Accretion of debt fair value adjustments	0.2	-	-	0.2
Reclassification between current and non-current	(39.7)	39.7	-	-
	(38.2)	**39.7**	-	**1.5**
Disposal of subsidiaries (discontinued operation)	(67.6)	-	(4.9)	(72.5)
Other net cash movements	-	-	(39.8)	(39.8)
Foreign currency translation	(2.2)	-	0.9	(1.3)
Opening balance at 1 September 2020	**535.7**	**66.1**	**(67.6)**	**534.2**
Financing activities (cash)				
Continuing operations				
Borrowings drawn	106.1	-	(106.1)	-
Borrowings repaid	(237.9)	(1.9)	239.8	-
Discontinued operation				
Borrowings repaid	(53.4)	(0.4)	53.8	-
	(185.2)	(2.3)	187.5	
Financing activities (non-cash)				
Debt issue costs movements	-	-	-	-
Accretion of debt fair value adjustments	0.7	-	-	0.7
Waiver of debt	(2.4)	-	-	(2.4)
Reclassification between current and non-current	63.2	(63.2)	-	-
	61.6	(63.2)	-	(1.7)
Other net cash movements	-	-	(164.4)	(164.4)
Foreign currency translation	(3.2)	-	(1.1)	(4.3)
Closing balance at 31 December 2021	**408.8**	**0.6**	**(45.6)**	**363.8**

Bank loans

	31 December 2021			31 August 2020		
	Carrying value £m	Nominal value £m	Fair value £m	Carrying value £m	Nominal value £m	Fair value £m
Non-current liabilities						
Bank loans	412.8	412.8	412.8	540.3	540.3	540.3
Less: unamortised debt issue costs	(4.0)	-	-	(3.9)	-	-
Less: fair value adjustments	-	-	(1.0)	(0.7)	-	0.1
Total non-current bank loans	408.8	412.8	411.8	535.7	540.3	540.4
Current liabilities						
Bank loans	0.8	0.8	0.8	66.4	66.4	66.4
Less: unamortised debt issue costs	(0.2)	-	-	(0.3)	-	-
Total current bank loans	0.6	0.8	0.8	66.1	66.4	66.4
Total IFRS bank loans	409.4	413.6	412.6	601.8	606.7	606.8
Joint ventures						
Share of joint ventures bank loans	7.9	7.9	7.9	8.1	8.1	8.1
Total bank loans (on a proportionately consolidated basis)	417.3	421.5	420.5	609.9	614.8	614.9
Cash and cash equivalents	(45.6)	(45.6)	(45.6)	(67.6)	(67.6)	(67.6)

Share of joint ventures cash and cash equivalents	**(0.4)**	**(0.4)**	**(0.4)**	(2.6)	(2.6)	(2.6)
Net debt (on a proportionately consolidated basis)	**371.3**	**375.5**	**374.5**	539.7	544.6	544.7

The table above presents bank loans, cash and cash equivalents and net debt information prepared on a proportionately consolidated basis. This format is not a requirement of IFRS and is presented for informational purposes only as it is used in reports presented to the Group's Chief Operating Decision Maker.

At 31 December 2021, the Group's bank loans were secured over investment property of £864.7 million (31 August 2020: £1,103.9 million) and were carried at amortised cost.

The Group's principal value of drawn debt (on a proportionately consolidated basis) has decreased during the period by £70.6 million (31 August 2020: £85.7 million) as a result of foreign currency movements, scheduled amortisation and disposal and refinancing transactions the Group has completed during the period. This is in line with the Group's strategy to reduce leverage and refinancing risk and to improve the debt maturity profile in the near term.

During the period ended 31 December 2021, the Group negotiated covenant waivers and amortisation holidays for the Group's facilities as a result of COVID-19. At the latest compliance, covenant waivers remain in place on 40.9 per cent (31 August 2020: 89.0 per cent) of debt subject to financial covenants.

Fair value disclosures

The nominal value of floating rate borrowings is considered to be a reasonable approximation of fair value. The fair value of fixed rate borrowings at the reporting date has been calculated by discounting cash flows under the relevant agreements at indicative interest rates for similar debt instruments, with indicative quotes provided by each lender, which are considered unobservable. Given current market volatility, the potential spreads on the rates provided by the lenders at the reporting date had widened considerably. The Group considers floating rate borrowings, at a total carrying value of £339.0 million, fall within 'Level 2' while fixed rate borrowings, at a total carrying value of £82.5 million, fall within 'Level 3' as defined by IFRS 13 (refer to Note 29). The fair value equivalent of all bank loans at the reporting date was £81.6 million as presented in the bank loans table. An increase in the discount rate by 10 per cent would result in a decrease of the fair value of the bank loans by £1.3 million (31 August 2020: £1.4 million). A decrease in the discount rate by 10 per cent would result in an increase of the fair value of the bank loans by £1.3 million (31 August 2020: £1.4 million).

Maturity

The maturity of Group bank loans, gross of unamortised debt issue costs and fair value adjustments is as follows:

	31 December 2021 £m	31 August 2020 £m
Less than one year	**7.9**	66.4
Between one year and five years	**404.9**	460.4
More than five years	**8.7**	79.9
	421.5	606.7

Certain borrowing agreements contain financial and other covenants that, if contravened, could alter the repayment profile.

22. Lease liabilities

Obligations under the Group's lease arrangements at the reporting date were as follows:

	31 December 2021 £m	31 August 2020 £m
Minimum lease payments under lease obligations:		
Not later than one year	**1.8**	2.1
Later than one year not later than five years	**6.6**	7.6
Later than five years	**529.9**	535.8
	538.3	545.5
Less: finance charges allocated to future periods	**(487.9)**	(494.8)
Present value of minimum lease payments	**50.4**	50.7

	31 December 2021 £m	31 August 2020 £m
Present value of minimum lease obligations:		
Not later than one year	1.5	2.1
Later than one year not later than five years	5.3	7.5
Later than five years	43.6	41.1
Present value of minimum lease payments	50.4	50.7
Less current portion of head lease obligations	(0.2)	(0.8)
Amounts due after more than one year	50.2	49.9
Reconciled to the following categories of right-of-use assets:		
Investment property (Note 9)	50.3	48.6
Property, plant and equipment (Note 18)	0.2	0.5
Investment property held for sale (Note 10)	-	1.4
Straight-lining differences on depreciation of property, plant and equipment	(0.1)	0.2
	50.4	50.7

Lease obligations relate to the Group's leasehold interests in investment property and the lease on the Group's head office. These leases are effectively secured obligations, as the rights to the leased asset revert to the lessor in an event of default. The discount rates used in calculating the present value of the minimum lease payments range from 2.6% to 6.3% per cent. The fair value of the Group's lease obligations at 31 December 2021 was £52.5 million (31 August 2020: £54.4 million) and the Group considers that these liabilities fall within 'Level 3' as defined by IFRS 13 (refer to Note 29).

23. Derivative financial instruments

The Group enters into interest rate swap and interest rate cap agreements to manage the risks arising from the Group's operations and its sources of finance.

Interest rate swaps and caps are employed by the Group to manage the interest rate profile of financial liabilities. In accordance with the terms of the majority of bank debt arrangements, the Group has entered into interest rate swaps to convert the rates from floating to fixed which has limited exposure to interest rate fluctuations. Likewise, interest rate caps are used to limit the downside exposure to significant changes to the low interest rates currently prevailing in the market.

It is the Group's policy that no economic trading in derivatives is undertaken.

Group	31 December 2021 £m	31 August 2020 £m
Non-current derivative assets		
Interest rate cap	0.9	-
	0.9	-
Non-current derivative liabilities		
Interest rate swaps	(1.0)	(12.3)
	(1.0)	(12.3)
Current derivative liabilities		
Interest rate swaps	-	(0.3)
	-	(0.3)
Net derivative financial instruments	(0.1)	(12.6)

The Group holds an interest rate cap at a strike rate of 1.5 per cent, maturing in November 2026. The Group also holds interest rate swaps with maturities from January 2022 to September 2025 and rates ranging between 1.3 - 5.5 per cent.

24. Deferred tax

The table below presents a reconciliation of the recognised deferred tax balances:

	On investment property £m	On derivative financial instruments £m	On losses carried forward £m	Total £m
Opening balance 1 September 2019	10.3	(0.7)	(2.1)	7.5
Credit for the year recognised in the income statement (within loss from discontinued operation)	(4.5)	0.4	2.1	(2.0)
Foreign currency translation	(0.1)	(0.1)	-	(0.2)
Opening balance 1 September 2020	**5.7**	**(0.4)**	**-**	**5.3**
Credit for the year recognised in the income statement (within loss from discontinued operation)	**(5.3)**	**0.4**	-	**(4.9)**
Foreign currency translation	**(0.3)**	**-**	-	**(0.3)**
Closing balance at 31 December 2021	**0.1**	**-**	**-**	**0.1**

At 31 December 2021, there were unrecognised deferred tax assets of £7.1 million (31 August 2020: £3.9 million) due to carried forward losses in the residual business.

Deferred tax has been recognised on the Europe segment's investment property and derivative financial instruments as local tax would arise on disposal of property and settlement of the derivatives, irrespective of the UK REIT status of the Group. Tax losses carried forward from the Europe segment are recognised by the Group as deferred tax assets only to the extent that the losses can be offset against any future tax charge that would arise on disposal of investment property.

25. Trade and other payables

	31 December 2021 £m	31 August 2020 £m
Amounts payable to related parties (Note 30)	**12.4**	1.5
Rent received in advance	**6.4**	3.8
Trade payables	**0.3**	1.5
Finance expense accruals	**2.4**	2.2
VAT payable	**1.3**	5.3
Accruals	**4.5**	5.9
Deferred service charge income	**0.9**	3.4
Tenant deposits [(1)]	**2.2**	2.3
Other sundry payables	**0.2**	1.8
Total current trade and other payables	**30.6**	27.7

[(1)] At 31 December 2021, £2.2 million of tenant deposits were held with respect to the London Serviced Offices Portfolio (31 August 2020: £2.3 million).

At 31 December 2021, the Group had £0.1 million deferred payments outstanding VAT liabilities as allowed under the UK government grant as a result of COVID-19 (31 August 2020: £3.1 million).

26. Share capital and share premium

Authorised	Number of shares	Authorised share capital £m
At 31 August 2020 and 31 December 2021 (ordinary shares of 40.0 pence each)	**600,000,000**	**240.0**

Issued, called up and fully paid	Number of shares	Share capital £m	Share premium £m
At 1 September 2019	380,089,923	152.0	534.6
Share issuance – 2 December 2019	225,700	0.1	0.2
At 31 August 2020	**380,315,623**	**152.1**	**534.8**
Share issuance – 1 December 2020	274,438	0.1	0.1
Share issuance – 4 May 2021	880,980	0.4	-
At 31 December 2021	**381,471,041**	**152.6**	**534.9**

Share transactions

Deferred bonus share awards

On 29 November 2019, deferred bonus awards made to Executive Directors under the Company's short-term incentive plan, as approved by shareholders at the Annual General Meeting held on 23 January 2017, vested in full. The vesting price per ordinary share was 127.4 pence. On 2 December 2019, 225,700 ordinary shares were issued to participants (after a number of shares were settled by the Company in cash to meet tax and national insurance liabilities).

On 1 December 2020, deferred bonus awards made to Executive Directors under the Company's short term incentive plan, as approved by shareholders at the Annual General Meeting held on 23 January 2017, vested in full. The vesting price per ordinary share was 92.8 pence. On 2 December 2020, 274,438 ordinary shares were issued to participants (after a number of shares were settled by the Company in cash to meet tax and national insurance liabilities).

On 28 April 2021, following a Court sanctioning of the Company's Scheme of Arrangement between RDI REIT P.L.C. and SOF-12 Cambridge BidCo Limited, certain awards made to Executive Directors and Employees of the Group under the Company's short-term incentive plan, long-term incentive plan and restricted stock plan, as approved by shareholders at the Annual General Meeting held on 23 January 2020, vested under change of control provisions. On 29 April 2021, 880,980 ordinary shares were issued to participants (after a number of shares were settled by the Company in cash to meet tax and national insurance liabilities).

27. Reserves

Share-based payment reserve

The share-based payment reserve at 31 December 2021 of Nil (31 August 2020: £0.9 million) arose from conditional awards of shares in the Company granted to the Executive Directors and certain employees. The awards vested on the third anniversary of the grant date, subject to certain performance conditions being achieved over the vesting period. The Group released £1.1 million from the reserve to retained earnings of the cumulative IFRS 2 charge relating to lapsed and vested awards (31 August 2020: £0.3 million). The Group incurred a further £0.5 million in relation to awards that vested with certain employees under the Restricted Stock Plan and has recognised the charge directly in retained earnings (31 August 2020: £0.1 million), such that the net credit to retained earnings for the period in relation to share-based payments was £0.6 million (31 August 2020: £0.2 million). The IFRS 2 share-based payment charge for the period was £0.2 million (31 August 2020: £0.4 million).

Foreign currency translation reserve

The foreign currency translation reserve at 31 December 2021 of £14.5 million (31 August 2020: £16.4 million) represents exchange differences arising from the translation of the Group's net investment in foreign operations, including both subsidiary and joint venture interests.

28. Cash generated from operations

Continuing operations	Note	**Period ended 31 December 2021 £m**	Year ended 31 August 2020 £m
Cash flows from operating activities			
Profit/(loss) before tax		**92.4**	(99.2)
Adjustments for:			
Straight lining of rental income		**(0.4)**	1.9
Depreciation	18	**0.5**	0.3
Share-based payments	31	**0.2**	0.4
Share award costs recognised directly in equity	31	**(0.6)**	(0.1)
(Gain)/loss on revaluation of investment property	9	**(82.9)**	113.0
(Gain)/loss on disposal of investment property	9	**(1.3)**	2.2
Loss on revaluation of investment property held for sale	10	**-**	0.6
Loss/(gain) on disposal of investment property held for sale	10	**0.9**	(0.9)
Loss on disposal of subsidiaries	8	**2.5**	-
Other expenses	18	**-**	0.6
Foreign exchange gain		**0.8**	(0.2)
Finance income		**(4.3)**	-

Finance expense	11	**23.6**	20.9
Other finance expense	12	**0.3**	1.9
Change in fair value of derivative financial instruments		**(8.9)**	1.8
Impairment reversal of loan to continuing joint venture interest	13	**(0.3)**	(0.7)
Impairment of associate	14	**-**	1.8
Share of post-tax (profit)/loss from associate	14	**(0.9)**	0.4
		21.6	44.7
Changes in working capital		**(7.4)**	(5.3)
Cash generated from operations		**14.2**	39.4

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Basis for determining fair values

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of financial instruments that are traded in active markets is based on quoted market prices or dealer price quotations. For all other financial instruments, the Group uses valuation techniques to arrive at a fair value that reflects a price that would have been determined by willing market participants acting at arm's length at the reporting date. For common and simple financial instruments, such as over-the-counter interest rate swaps and caps, the Group uses widely recognised valuation models for determining the fair value. The models use only observable market data and require little management judgement which reduces the uncertainty associated with the determination of fair values. For other financial instruments, the Group determines fair value using net present value or discounted cash flow models and comparisons to similar instruments for which market observable prices exist. Varying degrees of judgement are required in the determination of an appropriate market benchmark. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, foreign currency exchange rates and expected price volatilities and correlations. Availability of observable market prices and inputs vary depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets and notably impacted by COVID-19 during the current period and prior year.

The tables below present information about the Group's financial instruments carried at fair value as of 31 December 2021 and 31 August 2020.

31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets				
Derivative financial assets (Note 23)	-	**0.9**	-	**0.9**
	-	**0.9**	-	**0.9**
Financial liabilities				
Derivative financial liabilities (Note 23)	-	**(1.0)**	-	**(1.0)**
	-	**(1.0)**	-	**(1.0)**
31 August 2020				
Financial liabilities				
Derivative financial liabilities (Note 23)	-	(12.6)	-	(12.6)
	-	(12.6)	-	(12.6)

Derivative financial instruments have been categorised as 'Level 2', as although they are priced using directly observable inputs, the instruments are not traded in an active market.

As stated in Note 9 and Note 10, the Group considers investment property, including held for sale assets, to be categorised as 'Level 3'. The fair value of loans to joint ventures is presented in Note 13 and this financial asset is classified as 'Level 3'. As stated in Note 13, the Group considers floating rate borrowings to be categorised as 'Level 2' and fixed rate borrowings as Level 3', the fair value adjustment on fixed rate borrowings is disclosed therein. Lease obligations are classified as 'Level 3", the fair value of which is presented in Note 22.

The carrying values of trade and other receivables, cash and cash equivalents and trade and other payables are considered to be a reasonable approximation of fair value.

30. Related party transactions

Related parties of the Group include: associate undertakings; joint ventures; Directors and key management personnel; connected parties; the major shareholder; as well as entities connected through common directorships.

	Period ended 31 December 2021 £m	Year ended 31 August 2020 £m
Revenue transactions		
Rental income (Note 4)		
Gross lease payments from RBH	**3.2**	11.1
Lease incentive contributions to RBH	**(1.2)**	(3.3)
	2.0	7.8
Rental expense (Note 4)		
OSIT rental expense charges	**(0.3)**	-
Office Space Cleaning Company Limited cleaning fees	**(0.7)**	(0.5)
	(1.0)	(0.5)
Other operating income (Note 5)		
Joint venture investment management income		
RI Menora German Holdings S.à.r.l.	**-**	0.2
Administration costs and other fees (Note 6)		
OSIT investment management fees	**(0.6)**	(0.7)
Finance income - discontinued operation (Note 3)		
Joint venture loan interest income		
RI Menora German Holdings S.à.r.l.	**-**	0.1
Other finance expense (Note 12)		
Expected credit losses on amounts receivable from RBH	**1.9**	(1.9)
Total revenue transactions	**2.3**	5.0

Capital transactions		
Investment in associate (Note 14)		
Additional investment in RBH	**-**	0.6
Dividends received from RBH	**(0.3)**	(0.5)
	(0.3)	0.1
Non-controlling interests (Note 8, Note 16)		
Disposal of Bizline Limited equity interest in Europe portfolio	-	(1.3)
Dividends payable to Secure German Investments Limited	**(0.2)**	-
	(0.2)	(1.3)
Total capital transactions	**(0.5)**	(1.2)
Related party transactions with equity holders of the Parent		
Redefine Properties Limited – cash dividends	-	6.7
Funds controlled by Starwood Capital Group – cash dividends	**205.6**	-
Total related party transactions with equity holders of the Parent	**205.6**	6.7
Related party balances		
Recognised loans to joint ventures (Note 13)		
26 The Esplanade (reversal of impairment)	**0.4**	0.7
	0.4	0.7
Trade and other receivables (Note 19)		
RBH – tenant lease incentives	**1.5**	-
RBH – gross rent and other accounts receivable	**2.4**	-
RBH – gross amounts advanced to associate	**2.8**	3.9
Tsogo Sun Hotels Limited – Outstanding loan and interest	**1.8**	-
Osiris Berlin Limited – loan in relation to corporate sale (Note 8)	**-**	0.4
RI Menora German Holdings S.à.r.l – accrued performance fee income	**0.2**	0.2
	8.7	4.5
RBH – expected credit losses against amounts advanced	**-**	(1.9)
	8.7	2.6

	31 December 2021 £m	31 August 2020 £m
Trade and other payables (Note 25)		
Enderle International Limited – trading loan	**(4.4)**	-
Tsogo Sun Hotels Limited – trading loan and interest	**(3.4)**	(1.1)
RI Menora German Holdings S.à.r.l – trading balances	**(4.0)**	(0.4)
Wichford VBG Holdings S.à.r.l – trading balance	**(0.6)**	-
	(12.4)	(1.5)
Total related party balances	**(3.3)**	1.8

OSIT

OSIT indirectly holds the 20 per cent non-controlling interest in the LSO portfolio and is contracted as the asset manager of each property. On initial investment, Brightbay entered into management contracts for OSIT to continue as manager for a minimum term of ten years. Management fees are payable on a ratcheted basis with reference to the forecast EBITDA of each property. Management fees of £0.6 million were charged by OSIT for the period ended 31 December 2021 (31 August 2020: £0.7 million).

Office Space Cleaning Limited is also considered a related party as it is a controlled subsidiary of OSIT. Fees charged for cleaning services to the LSO portfolio during the period ended 31 December 2021 amounted to £0.7 million (31 August 2020: £0.5 million). In addition, there are number of operating expenses that OSIT incurs and recharges to the Group at cost. These amounted to £0.3 million for the period ended 31 December 2021 (31 August 2020: less than £0.1 million) and are included in net rental income.

During the period to 31 December 2021 LSO have declared and paid dividends of £0.5 million to OSIT as non-controlling interests of the Group (31 August 2020: £0.4 million).

RBH
Enderle International and Tsogo Sun have provided operational funding to RBH via loans advanced directly to Redefine Hotel Holdings Limited (RHHL) and IHL Holdco Limited respectively. At 31 December 2021 the Enderle International loan to RHHL was £4.4 million (31 August 2020: £Nil) and the Tsogo Sun loan to IHL was £3.4 million (31 August 2020: £1.1 million).

Directors' remuneration
The 11 directors that served during the year, (2020: 12) were remunerated by the Company and the amounts included below are those relating to their services as directors for the Company.

Remuneration paid to directors of the Company was:

	31 December 2021 £m	31 August 2020 £m
Emoluments	3.3	1.8
Contribution to defined contribution pension scheme	0.1	0.1
	3.4	1.9

Compensation for the loss of office in the period ended 31 December 2021 was £0.5 million (31 August 2020: Nil).

Number of directors (including the highest paid director) who:	31 December 2021 No.	31 August 2020 No.
Exercised share options	3	4
By whom shares are receivable or have been received under long term incentive scheme	3	4
Were members of a defined contribution pension scheme	3	4

Remuneration disclosed includes amounts paid to the highest paid director as follows:

	31 December 2021 £m	31 August 2020 £m
Emoluments	1.5	0.6
Contribution to defined contribution pension scheme	0.1	0.1

The remuneration paid to Non-executive Directors for the period ended 31 December 2021 was £0.2 million (31 August 2020: £0.3 million), which represents Directors fees only.

31. SHARE-BASED PAYMENTS

Share-based payment reserve	31 December 2021 £m	31 August 2020 £m
Opening balance at 1 September	0.9	0.8
Expense for the year	0.2	0.4
Release of reserve on lapsed and vested awards	(1.1)	(0.3)
Closing balance at 31 December	-	0.9

The Company's share-based payments were all equity-settled and comprised the Long Term Performance Share Plan ("PSP") for Executive Directors and the Long Term Restricted Stock Plan ("RSP") for employees. In accordance with IFRS 2, the fair value of equity-settled share-based payments to the Executive Directors and employees is determined at the grant date. The expense is recognised on a straight-line basis over the vesting period based on estimates of the number of shares that are expected to vest at each reporting date, with a corresponding credit to the share-based payments reserve. For prior periods, the Company engaged an external adviser to determine the fair value of each award at the grant. All share-based payment plans ceased in April 2021 following the Court sanctioned Scheme of Arrangement between RDI REIT P.L.C. and SOF-12 Cambridge BidCo Limited. A determination was then made in line with the plans change of control provisions, with all award shares then either vested or lapsed.

Conditional share awards (000’s)	Long Term Performance Share Plan 31 December 2021	Long Term Performance Share Plan 31 August 2020	Long Term Restricted Stock Plan 31 December 2021	Long Term Restricted Stock Plan 31 August 2020
Awards brought forward	**4,365**	3,569	**839**	565
Awarded during the year	**2,200**	1,779	**502**	427
Lapsed during the year	**(6,179)**	(983)	**(901)**	(37)
Vested during the year	**(386)**	-	**(355)**	(84)
Forfeited during the year	-	-	**(85)**	(32)
Awards carried forward	-	4,365	-	839

Shares outstanding under each scheme were issued for nominal consideration provided performance conditions were met at the end of the three-year performance period. For the year ending 31 August 2020, contingent shares outstanding were not considered to be dilutive as result of the loss incurred by the Group that year.

Long Term Performance Share Plan

Subsequent to shareholder approval on 23 January 2020, PSP performance conditions for awards issued were revised so as to better align the awards with the Company’s medium-term strategic objectives and shareholder interests. The awards were subject to a three-year vesting period from the date of grant and to the following performance conditions:

- 50 per cent of the award vested dependent on underlying distributable earnings per share. 25 per cent of the award vested upon attaining earnings per share comparable with the immediately preceding financial year, with 100 per cent vesting achieved for average annual outperformance of 1 per cent relative to CPI during the performance period;
- 25 per cent of the award vested dependent on the relative total property return of the Company’s UK assets in comparison to UK All Property Index. 25 per cent of the award vested once performance reached that of the benchmark, with 100 per cent vesting achieved for 2 per cent outperformance; and
- 25 per cent of the award vested dependent on the Company’s Total Shareholder Return (“TSR”) equalling, or exceeding, the TSR relative to that of each of the members of the FTSE EPRA / REIT Developed Europe Index (the “Index”). 25 per cent of the award vested for median performance, with 100 per cent vesting achieved for upper quartile performance.

The Remuneration Committee were authorised to make grants of PSP shares with a face value of up to 200 per cent of the salary of Executive Directors.

On 31 October 2018, 1.4 million shares were granted for the performance period 1 September 2018 to 31 August 2021. The share price on 1 September 2018 was 168.5 pence and the fair value at the grant date was £1.6 million, assuming maximum vesting over the performance period. £1.4 million of the total charge is attributable to the non-market based performance conditions and £0.2 million is attributable to market based performance conditions.

On 2 December 2019, 1.8 million shares were granted for the performance period 1 September 2019 to 31 August 2022. The share price on 1 September 2019 was 126.6 pence and the fair value at the grant date was £2.1 million, assuming maximum vesting over the performance period. £1.7 million of the total charge is attributable to the non-market based performance conditions and £0.4 million is attributable to market based performance conditions.

On 1 December 2020, 2.2 million shares were granted for the performance period 1 September 2020 to 31 August 2023. The share price on 1 September 2020 was 86.0 pence and the fair value at the grant date was £1.9 million, assuming maximum vesting over the performance period. £1.4 million of the total charge is attributable to the non-market based performance conditions and £0.5 million is attributable to market based performance conditions.

Long Term Restricted Stock Plan
Awards of RSPs to certain employees were subject to a three-year vesting period from the date of grant and to performance measures evenly balanced between corporate performance objectives and personal performance objectives:

- 50 per cent of the award will vest dependent on corporate targets, being the same as those conditions set out above for the PSP awards, with the same relative weighting; and
- 50 per cent of the award will vest dependent on personal objectives, linked to average performance grades achieved by the employee over the three-year vesting period.

On 31 October 2018, 0.3 million shares were granted for the performance period 1 September 2018 to 31 August 2021. The share price on 1 September 2018 was 168.5 pence and the fair value at the grant date was £0.3 million, assuming maximum vesting over the performance period. All of the charge is attributable to the non-market based performance conditions.

On 2 December 2019, 0.4 million shares were granted for the performance period 1 September 2019 to 31 August 2022. The share price on 1 September 2019 was 126.6 pence and the fair value at the grant date was £0.5 million, assuming maximum vesting over the performance period. All of the charge is attributable to the non-market based performance conditions.

On 1 December 2020, 0.5 million shares were granted for the performance period 1 September 2020 to 31 August 2023. The share price on 1 September 2020 was 86.0 pence and the fair value at the grant date was £0.4 million, assuming maximum vesting over the performance period. All of the charge is attributable to the non-market based performance conditions.

32. Financial risk management

The Group's principal risk disclosures, including financial risks, are set out on pages 5 to 8. The Group is exposed to the following financial risks through its operations:

- credit risk;
- liquidity risk; and
- market risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The following quantitative and qualitative disclosures describe the Group's objectives, policies and processes for measuring and managing these risks, in addition to the Group's management of capital.

The Group's risk management policies require the identification and analysis of the risks faced by the Group, the setting of appropriate risk limits and controls and the monitoring of risks and adherence to limits. Risk management policies and systems are reviewed regularly and adjusted to reflect changes in market conditions and the Group's activities.

The Group's Board of Directors has responsibility for the establishment and oversight of the Group's risk management framework. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility and ability to maximise returns. The Group Audit and Risk Committee oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework relative to the risks faced by the Group.

There are no significant concentrations of risk and there has been no significant change during the period to the types of financial risks faced by the Group or the Group's approach to the management of such risks. The general environment in which the Company operates became riskier in the year ended 31 December 2021, particularly in the second six months. This was largely due to uncertainty associated with the impact of the COVID-19 pandemic, in terms of both severity and duration, the accelerated deterioration in the UK retail market, and the continuing political and economic uncertainty relating to the UK's future trading relationship with the EU.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets, together with off balance sheet undrawn commitments, represent the Group's maximum credit risk exposure. The maximum exposure to credit risk at the current and comparative reporting dates is set out in the following table.

	31 December 2021 £m	31 August 2020 £m
Loans to joint ventures	**0.4**	0.7
Trade and other receivables (gross)	**21.2**	32.6
Expected credit losses	**(2.5)**	(4.9)
	18.7	27.7
Cash and cash equivalents	**45.6**	67.6
Credit risk on balance sheet	**64.7**	96.0
Undrawn commitments	**-**	14.0
Total credit risk	**64.7**	110.0

The above table excludes prepayments of £0.6 million at 31 December 2021 which were not exposed to credit risk (31 August 2020: £0.9 million). The comparative has been represented to split out expected credit losses against gross trade and other receivables in line with current year presentation.

Cash and cash equivalents and undrawn commitments

Credit risk arises on the Group's undrawn commitments, its holding of assets such as cash and cash equivalents and deposits with banks or financial institutions. The Group limits such exposure by investing in liquid deposits with material counterparties that have a credit rating of A, A2 or above from Standard & Poor's or Moody's, except where specific exemptions are granted by the Board.

Counterparties	2021 Credit rating	2020 Credit rating	Total 31 December 2021 £m	Total 31 August 2020 £m
Cash and cash equivalents:				
HSBC	**A1**	Aa3	**24.4**	53.2
NatWest	**A2**	A2	**1.7**	3.4
Barclays	**A1**	A1	**5.4**	7.0
Bayern LB	**Aa3**	Aa3	**2.6**	1.3
Santander	**A1**	A2	**3.0**	1.0
HSH Nordbank	**Baa1**	Baa2	**3.2**	0.2
Other			**5.3**	1.5
			45.6	67.6
Undrawn commitments:				
HSBC	**A1**	Aa3	**-**	5.7
NatWest	**A2**	A2	**-**	5.7
Barclays	**A1**	A1	**-**	2.6
			-	14.0
Total cash and undrawn commitments			**45.6**	81.6

The Group actively monitors its credit exposure to each counterparty and in dealing with high quality, reputable and long-established institutions, management do not expect any counterparty will fail to meet its obligations.

Trade and other receivables

The Group is exposed to credit risk from lease contracts in relation to its property portfolio. This risk is actively managed by the asset and property managers who continuously monitor and work with tenants, anticipating and wherever possible, identifying and addressing risks prior to default. The credit risk associated with rent receivables and tenant lease incentives has historically been considered low (owing to the long term nature and diversity of the Group's tenancy agreements, credit checks performed prior to inception of a material lease, advanced payments made by tenants (or licencees) and deposits or guarantees received) but remains increased as a result of the ongoing COVID-19 pandemic.

The Group has set a target to collect 95 per cent of debt within seven days, a target which was regularly achieved before the pandemic. The Group's rent collection rate at the most recent quarter day was 86.3 per cent (31 August 2020: 78.1 per cent). Trade receivables exposed to credit risk were 0.9 per cent of net assets at 31 December 2021 (31 August 2020: 1.0 per cent).

The assessment of expected credit losses (in line with IFRS 9) associated with the Group's accounts receivable by segment at 31 December 2021 and at 31 August 2020, are set out in the tables below:

31 December 2021	Current £m	1-2 months £m	2-3 months £m	3-4 months £m	4-5 months £m	5+ months £m	**Total accounts receivable £m**
Accounts receivable subject to credit loss assessment							
Loss rate (%)		40%	40%	40%	40%	50%	
UK Retail – Gross accounts receivable	0.1	-	-	-	-	0.5	**0.6**
UK *Retail – Net accounts receivable (excl. VAT)*	0.1	-	-	-	-	0.4	
UK Retail – Loss allowance	-	-	-	-	-	(0.2)	**(0.2)**
Loss rate (%)		30%	30%	30%	30%	50%	
UK Commercial – Gross accounts receivable	0.5	-	-	0.1	-	0.2	**0.8**
UK Commercial – Net accounts receivable (excl. VAT)	0.4	-	-	0.1	-	0.2	
UK Commercial – Loss allowance	-	-	-	-	-	(0.1)	**(0.1)**
Loss rate (%)		20%	20%	20%	20%	50%	
Europe – Gross accounts receivable	-	-	-	-	-	0.3	**0.3**
Europe – Net accounts receivable (excl. VAT)	-	-	-	-	-	0.2	
Europe – Loss allowance	-	-	-	-	-	(0.1)	**(0.1)**
Other accounts receivable by portfolio							
London Serviced Offices							**0.3**
UK Hotels							**2.7**
Other							**-**
Total accounts receivable							**4.3**

31 August 2020	Current £m	1-2 months £m	2-3 months £m	3-4 months £m	4-5 months £m	5+ months £m	**Total accounts receivable £m**
Accounts receivable subject to credit loss assessment							
Loss rate (%)		40%	40%	40%	40%	50%	
UK Retail – Gross accounts receivable	0.6	0.1	1.5	0.3	0.1	1.9	**4.5**
UK *Retail – Net accounts receivable (excl. VAT)*	0.5	0.1	1.2	0.2	0.1	1.5	
UK Retail – Loss allowance	-	-	(0.5)	-	-	(0.7)	**(1.2)**
Loss rate (%)		30%	30%	30%	30%	50%	
UK Commercial – Gross accounts receivable	0.3	-	0.5	0.1	-	0.4	**1.3**
UK Commercial – Net accounts receivable (excl. VAT)	-	-	0.4	0.1	-	0.3	
UK Commercial – Loss allowance	-	-	(0.1)	-	-	(0.2)	**(0.3)**
Loss rate (%)		20%	20%	20%	20%	50%	
Europe – Gross accounts receivable	-	0.1	-	-	0.1	0.1	**0.3**
Europe – Net accounts receivable (excl. VAT)	-	0.1	-	-	0.1	0.1	
Europe – Loss allowance	-	-	-	-	-	(0.1)	**(0.1)**
Other accounts receivable by portfolio							
London Serviced Offices							**0.4**
UK Hotels							**0.1**
Other							**0.7**
Total accounts receivable							**5.7**

The Group's bad debt policy is as follows:
If there is objective evidence that the Group may not be able to collect all amounts due according to the original terms of the lease, a specific impairment is made. The Group also makes a general loss allowance of 25 per cent against all receivables 120 days or more past due that have not been specifically impaired. Provisions are made on the net outstanding receivable balance, excluding VAT. At 31 December 2021, specific provision requirements against doubtful debts were subject to thorough review by both the asset and property managers, with regard for the aging of the debt, the sector of the tenant, rent concessions to the reporting date and impact of COVID-19 on operational cashflow of those tenants.

To comply with the provisions of IFRS 9, the Group assesses on a forward-looking basis the lifetime expected credit losses associated with its trade receivables. To measure the expected credit losses, trade receivables are grouped based on credit risk characteristics, being the sector of the tenant and the days past due. Insofar as the resulting provision requirements are materially in line with the provisions calculated under the Group's established bad debt policy, no loss allowance adjustments are made.

As at 31 December 2021, the expected loss rate considered appropriate for the UK Retail, UK Commercial and Europe sectors was 50 per cent of net accounts receivable over 5 months past due given the uncertainties in the current climate and the UK government restrictions currently in force regarding debt collection.

The loss rate applied to UK Retail for amounts outstanding between one and five months was 40 per cent, which is considered appropriate given the acceleration in structural change in consumer habits, in addition to a number of Group tenant failures and CVAs over the past two years.

The expected loss rate considered appropriate for the UK Commercial sector was 30 per cent of accounts receivable between one and five months past due. While this sector has shown resilience in uncertain market conditions, the loss rate that has been applied to UK Commercial factors a number of specific tenant failures, rent concessions that were still under negotiation at the reporting date and the reduced likelihood of recovery of the aged receivable based on historic payment profiles, in particular with reference to collection stats during the disruption period.

Expected credit losses have not be assessed for the London Serviced Offices portfolio and the Company segments: London Serviced Offices due to the operational nature of the business, tenant licence payments monthly in advance and the deposits to cover any defaults.

As at 31 December 2021, there was no material difference between the cumulative bad debt provision balance based on the Group's bad debt policy (£0.6 million) and total expected credit losses as required under IFRS 9 of £0.4 million, as presented in the above table.

Other receivable balances
During the year ended 31 December 2021, the Group advanced loans of £4.5 million to RBH to cover cash shortfalls of the underlying trading business' during the disruption period. At the reporting date, the cash flow forecasts of RBH for the year ended 31 December 2021 assume full repayment of the loans advanced (31 August 2020: 50 per cent loss allowance based on uncertainties over the forecast cash flows of the RBH hotel trading business due to COVID-19). As this was a reversal of impairment of a financial instrument, the income statement charge has been recognised as non-recurring finance income.– refer to Note 12.

Loans to joint ventures
The credit risk associated with loans to joint ventures is the risk that the loans advanced may not be recoverable.

As at 31 December 2021, the recognised loan to joint ventures related to the loan advanced to the Esplanade joint venture. Under the equity method, the Esplanade was carried at £Nil in the Group's financial statements at 1 September 2019. During the year ended 31 August 2020, the share of these losses no longer exceeded the Group's cumulative cost of investment in and loans to the Esplanade. As such, the Group has recognised its share of profits by way of reversal of previous impairment charges taken against the loan made to the joint venture. The credit risk associated with this loan is directly related to fluctuations as a result of property valuation and derivative mark-to-market movements.

Reconciliation of loss allowances

A reconciliation of the movements in loss allowances against each financial asset subject to impairment from prior year-end to the reporting date is set out in the following table:

	Tenant lease incentives £m	Rent and other accounts receivable £m	Service charge receivable £m	Other amounts receivable from related parties £m	Total £m
31 August 2020	**1.4**	**1.3**	**0.3**	**1.9**	**4.9**
Charge for the year	1.1	0.9	0.1	-	2.1
Utilised/released	(0.6)	(1.7)	(0.3)	(1.9)	(4.5)
31 December 2021	**1.9**	**0.5**	**0.1**	**-**	**2.5**

Liquidity risk

Liquidity risk arises from the Group's working capital and debt servicing obligations. The below disclosure gives consideration to the risk that the Group will encounter difficulties in meeting its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The outbreak of COVID-19 has put increased pressure on the Group to manage its liquidity as a priority.

Liquidity risk is actively managed by the Group's finance department. Twice a month, management receive and review rolling six-month cash flow projections to ensure that there is sufficient headroom in the near term to meet ongoing operational requirements and upcoming capital commitments. In addition, during the year the Board has been presented with and reviewed a three-year liquidity plan to 31 December 2024 for budget approval and viability assessment, which included modelling downside and COVID-19 specific scenarios. Refer to Going Concern on page 21 for more details.

The monitoring of liquidity is also assisted by the quarterly review of covenants imposed by financial institutions, such as loan to value and interest cover ratios. Loans are renegotiated in advance of any potential covenant breaches insofar as the factors are within the control of the Group. The Board will ensure during periods of increased market uncertainty, as evidenced in the current disruption period, that sufficient cash resources are available for potential loan repayments or cash deposits as may be required by financial institutions. The Group's loan facilities and other borrowings are also spread across a range of banks and financial institutions so as to minimise any potential concentration of risk.

Given the unprecedented circumstances caused by the onset of COVID-19, the Group negotiated covenant waivers and amortisation holidays for the majority of the Group's facilities during the previous year given the likely impact on covenants, in particular, interest cover. At the latest compliance, covenant waivers were in place on 40.9 per cent of debt subject to financial covenants (31 August 2020: 89.0 per cent). During the period to 31 December 2021, covenant waivers mitigated events of default on facilities totalling £172.5 million, secured against the Group's UK Hotels and UK Shopping centres portfolios (31 August 2020: £204.9 million).

The tables below set out the contractual maturities of financial liabilities based on the undiscounted obligations to make interest payments and to repay the principal:

31 December 2021	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
Financial liabilities							
Bank and other loans	409.4	(424.3)	(0.5)	(8.4)	(0.5)	(406.2)	(8.7)
Lease liabilities (IFRS 16)	50.4	(527.0)	(0.9)	(0.7)	(1.5)	(4.5)	(519.4)
Trade and other payables	30.6	(30.6)	(30.6)	-	-	-	-
Tax liabilities	7.2	(7.2)	(7.2)	-	-	-	-
Derivative financial liabilities							
Interest rate swaps	1.0	(4.9)	(1.2)	(1.2)	(2.4)	(0.1)	-
	498.6	(994.0)	(40.4)	(10.3)	(4.4)	(410.8)	(528.1)

Group 31 August 2020	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
Financial liabilities							
Bank and other loans	601.8	(606.7)	(0.8)	(65.6)	(140.3)	(320.6)	(79.4)
Lease liabilities (IFRS 16)	50.7	(545.9)	(1.1)	(1.1)	(2.1)	(5.5)	(536.1)
Trade and other payables	27.7	(27.7)	(27.7)	-	-	-	-
Tax liabilities	2.1	(2.1)	(2.1)	-	-	-	-
Derivative financial liabilities							
Interest rate swaps	12.6	(15.3)	(2.6)	(2.4)	(4.3)	(6.0)	-
	694.9	(1,197.7)	(34.3)	(69.1)	(146.7)	(332.1)	(615.5)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its investments in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Since the outbreak of COVID-19 as a global pandemic in March 2020 there has been a significant change in the scale and likelihood of volatility in all aspects of market risk, with softening yields, volatility in currency and equity markets and increased inflationary expectations. Refer to the Group's principal risks and viability disclosures on pages 5 to 8 for further information.

The Group enters into derivative financial instruments in the ordinary course of business and incurs financial liabilities in order to manage market risks. The Board of Directors receives reports on a quarterly basis with regards to currency exposure, as well as interest rate spreads and takes the necessary steps to hedge and limit the risk the Group is exposed to. The Group does not apply hedge accounting.

Currency risk

The Group operates internationally and is exposed to currency risk, primarily with respect to the Euro ("EUR"). Foreign exchange risk arises from the Group's exposure to monetary assets and liabilities and net investments in foreign operations recognised in EUR. The Group's income from income-producing rental properties is denominated in the same currencies as the loans that are financing those properties. The Group's investments in foreign subsidiaries and joint ventures are not hedged as the currency positions are considered to be long term in nature.

As can be seen from the table below, the carrying net assets denominated in Euro, and the related foreign currency exposure, declined during the year as a result of the targeted Europe portfolio disposal programme. At 31

December 2021, there were GBP equivalent net assets of £0.5 million denominated in Euro, decreasing from £64.7 million at 31 August 2020. Foreign currency movement exposures on realised investments are managed by converting to Sterling at the earliest opportunity or entering foreign currency forward contracts prior to significant transactions.

The carrying amount of the Group's foreign denominated assets and liabilities were as follows:

	31 December 2021 £m	31 August 2020 £m
Assets		
EUR	10.6	129.8
ZAR	0.2	1.0
Liabilities		
EUR	(10.1)	(65.1)

The following exchange rates were applied during the year:

	Average rate		Year end rate	
	2021	2020	2021	2020
EUR	1.152	1.143	1.189	1.120
ZAR	20.616	20.729	21.582	22.648

Sensitivity analysis

A five per cent strengthening in the GBP exchange rate against the EUR at year end would have decreased equity by nil (31 August 2020: £3.1 million) and decreased losses by £0.2 million (31 August 2020: decreased losses by £0.8 million). A five per cent weakening in the GBP exchange rate against the EUR at year end would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group uses interest rate derivatives to mitigate its exposure to interest rate fluctuations. At the year end, as a result of the use of interest rate swaps and caps, the majority of the Group's borrowings were at fixed interest rates.

Group (proportionately consolidated)	Fixed/capped 31 December 2021 £m	Floating 31 December 2021 £m	Fixed/capped 31 August 2020 £m	Floating 31 August 2020 £m
Nominal value of Group bank loans	181.2	232.4	258.8	347.9
Nominal value of joint venture bank loans	-	7.9	-	8.1
	181.2	240.3	258.8	356.0
Derivative impact	183.0	(183.0)	279.2	(279.2)
	364.2	57.3	538.0	76.8
Interest rate protection (%)	86.4		87.5	

Capital structure and management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between its net debt and capital. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages the capital structure and takes reasonable steps in light of changes in the economic conditions and the risk characteristics of its underlying business and assets. Over the last eighteen months, the Board and management have focused on the following strategic priorities to improve the capital structure: reduction in retail exposure; lower leverage capital structure; and focused capital allocation to assets backed by occupational demand.

The key ratios used to monitor the capital structure of the Group, as presented in the following table, are the loan to value and the interest cover ratios:

Group (proportionately consolidated)	Note	31 December 2021 £m	31 August 2020 £m
Loan to value			
Net debt	21	**(375.5)**	(544.6)
Market value of total property portfolio	11	**856.9**	1,166.7
Loan to value (%)		**43.8**	46.7
Interest cover			
Net rental income	3	**47.8**	62.3
Operating lease charges		**(1.9)**	(1.6)
		45.9	60.7
Net finance expense	3	**25.9**	24.4
Debt fair value adjustments (discontinued operation)		**(0.2)**	(0.2)
Operating lease charges	11	**(1.9)**	(1.6)
		23.8	22.6
Interest cover (times)		**1.9**	2.7

The tables above are presented on a proportionately consolidated basis. The ratios are not a requirement of IFRS and are presented for informational purposes only as they are used in reports presented to the Group's Chief Operating Decision Maker for monitoring the Group's capital structure.

33. Net asset value per share

	31 December 2021 £m	31 August 2020 £m
Net assets attributable to equity holders of the Parent	**426.1**	557.2
Number of ordinary shares (millions)		
In issue	**381.5**	380.3
Dilutive effect of:		
Contingently issuable share awards under the Long Term Performance Share Plan	-	0.7
Contingently issuable share awards under the Long Term Restricted Stock Plan	-	0.4
Diluted	**381.5**	381.4
Net asset value per share (pence):		
- Basic	**111.7**	146.5
- Diluted	**111.7**	146.1

34. Contingencies, guarantees and commitments

A former subsidiary of the Group, Redefine Australian Investments Limited, has undergone a review by the Australian Tax Office in respect of its calculation of Capital Gains Tax arising on the disposal of securities formerly held in Cromwell Property Group during 2013, 2014 and 2015. Due to the subjective nature of the claim, it is not possible to reasonably estimate the exposure which could arise. The Directors continue to remain of the view, having sought advice from reputable tax agents and advisers, that the respective filing positions were correct and therefore following the orderly wind down of activities, the Directors placed the company in liquidation in January 2018. Due to the technical nature of the claim, the liquidators report is taking longer than anticipated to finalise.

The Group disposed of its property, City Arkaden Ingolstadt, Germany on 30 December 2021. Within the Asset Purchase contract agreed with the purchaser, a subsidiary of the Group provided a rental guarantee up to a maximum amount of €2.0 million. The guarantee extends for a period of twelve months from completion. The Group is only required to make payments under the guarantee if an occupier fails to pay their rent by its due date, the purchaser hasn't intervened to amend the terms of the lease and the operation of the occupier's business is prohibited by virtue of a statutory or regulatory order linked to the COVID-19 pandemic. No such order is currently in place in Germany and no payments have been made, however it remains a possibility during the unexpired term of the guarantee.

At 31 December 2021, the Group was contractually committed to expenditure of £0.7 million for the future development and enhancement of investment property (31 August 2020: £2.3 million) of which £0.4 million is related to JV expenditure (31 August 2020: £0.2 million).

35. Ultimate parent undertaking and controlling party

The most immediate entity with control is SOF-12 Cambridge Bidco Limited, a company registered in Guernsey at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL. The ultimate controlling party is Starwood Capital Group.

36. Subsequent events

On 23 February 2022, the Board declared an interim dividend of £11.0 million to be paid on shareholders on 28 February 2022.

37. Related undertakings of the Company

As at 31 December 2021, the Company had an interest (as shown), direct or indirect, in the ordinary share capital of the following subsidiaries, joint ventures and associates. Those undertakings that were in liquidation at the reporting date have not been included.

Subsidiaries

Name of subsidiary/undertaking	Domicile	Principal activity	Segment	Effective ownership %
Redefine International Holdings Limited	Jersey	Holding	Multiple	100
Redefine Wigan Limited	British Virgin Islands	Holding	UK Retail	100
Ciref Coventry Limited	British Virgin Islands	Holding	UK Retail	100
West Orchards Coventry Limited	United Kingdom	Investment property	UK Retail	100
Seaham Wax Limited	British Virgin Islands	Holding	UK Retail	100
St George's Harrow Limited	British Virgin Islands	Investment property	UK Retail	100
Trito Kwik Fit Limited	British Virgin Islands	Holding	UK Commercial	100
Trito Gibson Limited	British Virgin Islands	Holding	UK Commercial	100
Gibson Property Holdings Limited	British Virgin Islands	Investment property	UK Commercial	100
Ciref Kwik-Fit Stafford Limited	United Kingdom	Investment property	UK Commercial	99.9
Ciref Kwik-Fit Stockport Limited	United Kingdom	Investment property	UK Commercial	100
Ciref Jersey Limited	British Virgin Islands	Holding	UK Commercial	100
Ciref Europe Limited	Isle of Man	Holding	Europe	99
R.I. Waldkraiburg Limited	Cyprus	Holding	Europe	99
Ciref Berlin Cyprus Limited	Ireland	Holding	Europe	99
Ciref Premium Limited	Ireland	General Partner	Europe	99
Ciref Premium Holdings Limited	Cyprus	Holding	Europe	93.9
Ciref Europe Management Limited	Ireland	Holding	Europe	93.9
Premium Portfolio 2 Ltd & Co. KG	Germany	Investment property	Europe	93.9
Kalihora Holdings Limited	Cyprus	Holding	Europe	100
Redefine International Management Holdings Limited	British Virgin Islands	Holding	Other	100
Brightbay Management Services Limited	United Kingdom	Services Company	Other	100
RDI German Services GmbH	Germany	Services Company	Other	100
Redefine International Fund Managers Europe Limited	British Virgin Islands	Services Company	Other	100
RDI Serviced Offices Limited	Isle of Man	Holding	UK Commercial	100
St Dunstan's Holdco Limited	Isle of Man	Holding	UK Commercial	80
LSO Services Limited	Isle of Man	Holding	UK Commercial	80
New Broad Street Limited	Isle of Man	Investment property	UK Commercial	80
NBS OpCo Limited	United Kingdom	Trading	UK Commercial	80
Boundary Row Limited	Isle of Man	Investment property	UK Commercial	80

Boundary Row OpCo Limited	United Kingdom	Trading	UK Commercial	80
Little Britain Limited	Isle of Man	Investment property	UK Commercial	80
Little Britain OpCo Limited	United Kingdom	Trading	UK Commercial	80
St Dunstan's Limited	Isle of Man	Investment property	UK Commercial	80
St Dunstan's Opco Limited	United Kingdom	Trading	UK Commercial	80
Redefine AUK Limited	British Virgin Islands	Holding	Multiple	100
Redefine AUK Holdings Limited	British Virgin Islands	Holding	Multiple	100
Princes Street Investments Limited	Scotland	Investment property	UK Commercial	100
Redefine Camino Park Crawley Limited	British Virgin Islands	Investment property	UK Commercial	100
Redefine Express Park Bridgwater Limited	British Virgin Islands	Investment property	UK Commercial	100
Redefine Kingsthorne Kettering Limited	British Virgin Islands	Investment property	UK Commercial	100
Redefine North Street Limited	British Virgin Islands	Investment property	UK Commercial	100
Newington House Limited	British Virgin Islands	Investment property	UK Commercial	100
Wichford Zeta Limited	Isle of Man	Holding	Multiple	100
RDI Bicester Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Atherton Wigan Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Dalkeith Limited	Isle of Man	Investment property	UK Commercial	100
Wichford DSA Dundee Limited	Isle of Man	Investment property	UK Commercial	100
Wichford DSA Uxbridge Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Gillingham Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Newington Causeway Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Weymouth Limited	Isle of Man	Investment property	UK Commercial	100
RDI Farnborough Limited	Isle of Man	Investment property	UK Commercial	100
Redefine Share Investments Limited	Isle of Man	Holding	Multiple	100
IHL Holdco Limited	British Virgin Islands	Holding	UK Hotels	74.1
International Hotel Properties Limited	British Virgin Islands	Holding	UK Hotels	74.1
Redefine Dunstable Limited	British Virgin Islands	Holding	UK Hotels	74.1
Dunstable PropCo Limited	United Kingdom	Investment property	UK Hotels	74.1
Forest Bidco Limited	British Virgin Islands	Holding	UK Hotels	74.1
Edinburgh PropCo Ltd	British Virgin Islands	Investment property	UK Hotels	74.1
Splendour BidCo Limited	British Virgin Islands	Holding	UK Hotels	74.1
Southampton Propco Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redditch PropCo Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Gatwick Propco Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Belvedere Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Leatherhead Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Perth Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Slough Limited	British Virgin Islands	Investment property	UK Hotels	74.1
RDI Kingston Limited	Isle of Man	Investment property	UK Commercial	100
RDI Hotel Group Limited	Isle of Man	Holding	UK Hotels	100
Redefine Hotel Holdings Limited	British Virgin Islands	Holding	UK Hotels	82.5
Redefine Hotels Portfolio 1 Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio 2 Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio III Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio IV Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio V Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Reading Limited	British Virgin Islands	Investment property	UK Hotels	82.5

BNRI Earls Court Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Edinburgh Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Enfield Limited	British Virgin Islands	Investment property	UK Hotels	100
Everton Shopping Centre S.à.r.l	Luxembourg	Holding	Europe	100
CMC Shopping Center Altona GmbH	Germany	Investment property	Europe	94.9
SMK Erste Investitionsgesellschaft GmbH	Germany	Investment property	Europe	94.9
Brightbay Real Estate Partners Limited	United Kingdom	Holding	Other	100
Redefine Cyprus Limited	Cyprus	Holding	Other	100

Joint ventures

Name of Joint Venture	Domicile	Principal Activity	Segment	Effective ownership %
Wichford VBG Holding S.à.r.l	Luxembourg	Holding	Europe	49.0
TwentySix The Esplanade Limited	British Virgin Islands	Holding	UK Commercial	50.0
26 Esplanade No1 Limited	Jersey	Investment property	UK Commercial	50.0

Associate

Name of associate	Domicile	Principal Activity	Segment	Effective ownership %
RBH Hotel Group Limited	British Virgin Islands	Holding	UK Hotels	27.4
RBH Hotels UK Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
RBH Hospitality Management Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Hotel Lease (Number 2) Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Hotel Employees Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
RBH Hotel Management Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
RBH Earls Court Management Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
IHL Tenant Holdco Limited	United Kingdom	Holding	UK Hotels	27.4
The Gateway Hotel Dunstable Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Sankara Hotels Gatwick Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Southampton OpCo Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Redditch OpCo Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Edinburgh OpCo Limited	United Kingdom	Hotel Operator	UK Hotels	27.4