RDI REIT P.L.C.

("RDI" or the "Company" or the "Group")

(Registration number 010534V)

TISE share code : RDIREI

INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

Disclaimer

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CHIEF EXECUTIVE'S REPORT

In December I took on the role of CEO at an extraordinary time for the business. As a group we have had to navigate the extended impact of COVID-19 and a proposal from Starwood Capital Group, the Company's largest shareholder, to acquire the entire issued share capital of the Company. Despite the challenging operating environment, we have made made significant progress in repositioning the portfolio and simplifying the business model and, following the sale of the business to Starwood, we have the support of a well capitalised global real estate investor.

Starwood Offer

On 26 February 2021, the Board announced it had reached agreement on the terms of a recommended cash offer from a subsidiary of Starwood Funds 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 is a 15.0 per cent discount to the 28 February 2021 EPRA NAV of 142.7 pence per share.

The Board's recommendation was a finely balanced decision, particularly given the recent progress against strategic objectives. The Board took into consideration the material premium to the prevailing share price, the persistent discount of the share price relative to the Company's EPRA NAV and certain structural issues, including scale, liquidity and shareholder composition.

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

The Company has subsequently delisted from both the London Stock Exchange and the JSE and has been admitted to The International Stock Exchange in Guernsey.

Strategic Progress

Over the last six months we have continued to make material progress against our strategic objectives. Our strategy has focused on repositioning the portfolio, strengthening the balance sheet and applying strict capital discipline.

£316.6 million of disposals have either completed in or shortly after the period end, or are exchanged with completion pending. This has resulted in a further reduction in leverage to 30 per cent and retail exposure falling to 7.4 per cent of the portfolio on a pro forma basis.

There have been several key transactions in the period including the disposal of the UK Retail Parks portfolio for £156.9 million, a modest 3.0 per cent discount to the previously reported market value, and 127 Charing Cross Road for £59.3 million, a 1 per cent premium to the property's previously reported market value. We have also taken difficult decisions where necessary; the sale of West Orchards, Coventry for £4.9 million was at a significant 38.8 per cent discount to the previous valuation but is evidence of an unemotional and disciplined approach to capital allocation given the specific challenges facing the asset.

Our high quality portfolio of distribution and industrial assets is now approaching a third of the total portfolio and office exposure has been rationalised following the successful sale of 127 Charing Cross Road and smaller, non-core regional assets.

The Hotel portfolio has increased to 36.6 per cent of the Group portfolio as a result of disposal activity. While this has had a material impact on recent performance, the portfolio is well positioned to benefit from a broader economic recovery.

Earnings

The impact of ongoing COVID-19 related restrictions combined with £224.4 million of disposals had a material impact on earnings in the first half of the financial year. Underlying earnings decreased by 81.7 per cent to £3.8 million (29 February 2020: £20.8 million). Underlying earnings per share decreased to 1.0 pence per share (29 February 2020: 5.5 pence per share).

A number of assets were sold during the period as part of our strategy to reduce our retail exposure and strengthen the balance sheet. The near term impact on earnings has come with the benefit of significant liquidity and lower leverage. This balance sheet strength and higher quality portfolio provide a strong base from which to rebuild earnings on a sustainable basis.

Balance sheet and financing

EPRA NTA per share decreased by 5.8 per cent to 142.0 pence per share (31 August 2020: 150.8 pence per share). The movement was largely as a result of underlying earnings of 1.0 pence per share in the period being exceeded by the prior year dividend payment of 5.0 pence per share, disposals in the period resulting in a loss of 1.9 pence per share and a net valuation decline of 2.4 pence per share.

Valuation movements varied significantly between sectors, however the overall 1.3 per cent like-for-like decline was resilient, showing the benefits of the portfolio repositioning with an increased exposure to the distribution and industrial sectors and a significant reduction in retail exposure.

The Group's share of net debt reduced by £203.4 million to £341.2 million (31 August 2020: £544.6 million). Adjusting for transactions exchanged or pending completion, pro forma LTV reduced to 30.0 per cent (31 August 2020: 32.6 per cent) supported by further progress on our strategic disposals programme. Liquidity remains strong with £142.9 million of cash and £137.5 million of undrawn committed facilities.

COVID-19

COVID-19 related restrictions continued to have a material impact on our operational assets throughout the period. Although the anticipated recovery in the second half of the financial year has been deferred, the UK's successful vaccine rollout programme has provided greater clarity on a gradual withdrawal of restrictions which should support economic activity and improved performance, particularly in our Hotels and London Serviced Offices portfolios.

Rent collection, excluding Hotels and London Serviced Offices, averaged 93.5 per cent across all quarter days that have been impacted by COVID-19, after adjusting for tenants paying monthly and concessions agreed.

Weighted average occupancy across the RBH managed hotels portfolio over the last six months of 26.9 per cent has resulted in a negative underlying EBITDA of £1.4 million. Based on current forecasts, EBITDA for the full year is anticipated to be positive, reflecting improved trading across the summer months. This reduced cashflow has resulted in significantly lower rental income in the period. In addition, RDI has agreed rent payment deferrals of up to nine months.

Our response to COVID-19 has been wide ranging across our stakeholder groups and I thank you all again for your continued support.

Changes to the Board

Following the Scheme becoming effective, Gavin Tipper, Sue Ford and Liz Peace resigned as Non-executive Directors. I would like to thank Gavin, Sue and Liz for their significant contribution to the Company and in particular their guidance and support throughout the transaction with Starwood. Krysto Nikolic and Thomas Tolley were appointed to the Board on 4 May 2021 as Non-executive Directors and Starwood representatives.

Outlook and strategy

The focus over the last two years has been to enhance the quality of the portfolio through a strategic disposal programme of non-core assets. We have now developed a strong core portfolio of distribution, industrial and office assets comprising 55.9 per cent of our pro forma portfolio. Our Hotel portfolio and London Serviced Offices have been materially impacted by travel and social distancing restrictions, however the vaccine rollout programme and recent upgrades to UK GDP forecasts provide cause for optimism.

We are operating in an environment where consumer and organisational behaviour is changing rapidly with a potential lasting impact on the way real estate is utilised. There are a number of clear trends including a broader acceptance of the importance of ESG, continued growth of e-commerce and workplace flexibility. These structural changes are key to performance and our future capital allocation decisions.

As we emerge from a recessionary environment, we will turn our attention to rebuilding income returns from the portfolio with a number of key drivers at our disposal. These include managing a recovery from our operating assets, improved rent collection, a continued reduction in overhead costs and capital structure efficiencies.

Stephen Oakenfull

Chief Executive Officer

01 June 2021

OPERATING REVIEW

The first half the financial year has been another period of strategic progress, despite the many challenges of COVID-19.

Strategic disposals have further rationalised the portfolio to focus capital and management resources on fewer assets and growth sectors. Exposure to the distribution and industrial sectors has increased to 31.8 per cent on a pro forma basis, while retail has reduced to 7.4 per cent on a pro forma basis with a full exit from retail targeted. The opportunistic sale of 127 Charing Cross Road delivered a strong financial return and reduced exposure to the office sector at a time when both structural and cyclical factors are likely to create some degree of short to medium term pressure on office rents and incentives.

Our pro forma exposure to hotels (36.6 per cent) and serviced offices (16.4 per cent) resulted in another period of reduced occupancy and a material impact on cashflows from these portfolios. Despite the extended impact of the pandemic, we continue to believe that these assets are well placed to benefit from an economic recovery and are likely to prove resilient over the medium term.

Portfolio summary

Portfolio summary 28 February 2021	Market value £m	Annualised gross rental income[1] [2] £m	ERV £m	EPRA NIY %	EPRA topped up NIY %	Reversionary yield[3] %	WAULT[4] yrs	EPRA occupancy by ERV[4] %	Indexed %
UK Commercial	474.0	24.0	25.3	4.0	4.5	4.9	7.2	97.0	17.3
UK Hotels	308.8	8.4	15.4	1.3	1.6	4.3	15.4	100.0	30.1
UK Retail	35.4	3.9	3.9	8.4	8.4	10.4	5.5	93.4	19.5
Total UK	818.2	36.3	44.6	3.2	3.6	4.9	7.7	96.7	20.5
Europe	112.3	6.4	2.1	4.8	4.8	1.7	5.0	94.1	95.9
Total	930.5	42.7	46.7	3.4	3.7	4.5	7.2	96.5	31.8
Controlled assets	919.9	41.8	45.8	3.3	3.7	4.5	7.3	96.4	32.5
Held in JVs (Group share)	10.6	0.9	0.9	7.7	7.7	7.7	4.7	100.0	-

(1) Annualised gross rental income for the London Serviced Offices portfolio included as current year forecast EBITDA net of management fees.

(2) Annualised gross rental income for UK Hotels reflects rents collected on the RBH managed hotels in the prior year.

(3) Reversionary yields for London Serviced Offices and RBH managed hotels reflect management expectations of the underlying EBITDAs for the 2021 financial year.

(4) Excluding the RBH managed hotels and London Serviced Offices portfolios. Relevant operational metrics disclosed separately.

Rent collection

Rent collection trends across different sectors have remained fairly consistent. Since the onset of the pandemic to March 2021, the adjusted weighted average collection rate for the Group has been 92.0 per cent.

Distribution and industrial collection rates have continued to be robust and our strong tenant base in the Office portfolio has proved resilient. The closure of non-essential retail combined with the COVID-19 limitations on landlord's rent recovery remedies has resulted in ongoing low collection rates in the retail sector. By comparison, our average collection rates for retail assets in the UK and Germany of 76.1 per cent and 96.5 per cent respectively compare favourably with industry figures, particularly for shopping centres.

Net negative underlying cashflows from the RBH managed hotels portfolio are anticipated to continue through to April 2021. However, based on current forecasts, aggregate underlying EBITDA for the full year is still expected to be moderately positive As a result, RDI has agreed significantly lower rents for the period with payment deferrals of up to nine months agreed.

The rent from the Travelodge portfolio has been collected in accordance with the CVA terms. The aggregate annual rent increased to £1.5 million from £1.1 million in January 2021 and will revert to the full pre CVA rent of £2.5 million in January 2022.

Collection rates for the London Serviced Offices portfolio remain high, averaging 96.9 per cent in the period after adjusting for discounted rates.

As at 28 February rent arrears totalled £4.4 million against which provisions of approximately 31.8 per cent have been made.

Rent collection summary	Annualised gross rental income £m[1]	Rent collected – adjusted wtd average %	Rent collected – adjusted[2] 30 March 2021 %	Rent collected – adjusted[2] 30 December 2020 %	Rent collected – adjusted[2] 30 September 2020 %
Offices	5.1	93.9	91.2	91.4	94.3
Distribution and Industrial	14.7	98.9	97.2	98.5	100.0
Retail	3.9	76.1	52.3	66.7	82.7
UK total (excl. UK Hotels and LSO)	**23.7**	**92.7**	**93.2**	**92.4**	**95.8**
Europe[3]	6.4	96.5	91.8	93.6	98.5
Total (excl. UK Hotels and LSO)	**30.1**	**93.5**	**93.0**	**92.5**	**96.1**
RBH managed hotels[4]	5.9	70.4	100.0	21.3	100.0
Travelodge portfolio	2.5	98.6	95.4	100.0	100.0
London Serviced Offices[3]	4.2	96.9	84.9	93.5	100.0
Total	**42.7**	**92.0**	**92.0**	**92.6**	**96.8**

(1) Annualised gross rental income as at 28 February 2021. Rent collection percentages relate to the rent demanded and due.
(2) Rent collection, adjusted for certain tenants which have indicated they are paying monthly and have paid one third of quarterly rent demanded.
(3) Rent collection typically reflects payments made monthly in advance.
(4) Payment deferrals agreed for all hotels of up to nine months.

Leasing activity

Portfolio occupancy (excluding RBH managed hotels and London Serviced Offices) reduced to 96.5 per cent (31 August 2020: 98.8 per cent). This was largely attributable to the disposals activity in the period, with only five new vacancies totalling less than 65,700 sq ft including obtaining vacant possession of two Kwik Fit properties as part of the portfolio lease regear.

56 lease events were concluded in the period in respect of £3.6 million of annualised gross rental income reflecting an increase of 4.1 per cent on the previous annualised gross rental income and 7.0 per cent above ERV.

The £7.5 million decline in total annualised gross rental income has been driven almost entirely by the impact of COVID-19 on the Group's operating assets.

Lease events six months to 28 February 2021	Number of lease events	Annualised gross rental income 31 August 2020 £m	Change in gross rental income £m	Annualised gross rental income 28 February 2021 £m	Gross rental income relative to ERV on lease events %
UK Commercial	32	20.1	0.4	20.5	25.0
UK Retail	2	4.5	-	4.5	(15.1)
Europe	22	6.9	(0.3)	6.6	(10.2)
Leasing activity (like-for-like)	56	31.5	0.1	31.6	7.0
RBH managed hotels and LSO		17.4	(7.3)	10.1	
Other activity (incl. CVA and vacancies)		1.3	(0.3)	1.0	
Total		50.2	(7.5)	42.7	

- Two leases were renewed on break or expiry and 41 new leases and lease regears were signed in the year, accounting for total gross rental income of £2.2 million (previous gross rental income £2.2 million), 1.2 per cent above ERV;
- The new leases include lettings of units that were previously vacant or in construction totalling 14,955 sq ft across five units, generating an additional £0.2 million in gross rental income;
- 13 rent reviews were completed including indexed or fixed uplifts on £1.2 million of gross rental income, 7.4 per cent above the previous passing rent and 20.1 per cent above ERV; and
- Five units were vacated in the period totalling 65,692 sq ft of which 54,219 sq ft relates to Evans Cycles and 8,647 sq ft relates to Kwik Fit sites where sales have been agreed but with vacant possession. Previous gross rental income on the units vacated was £0.6 million.

Valuation overview

The overall portfolio value declined 1.0 per cent across the period on a like-for-like and constant currency basis. A weaker Euro relative to Sterling resulted in a 1.3 per cent decline in Sterling terms.

Despite the modest change in the Group's overall portfolio value, movements across the portfolios varied significantly, reflecting the divergent impact of COVID-19 on different sectors.

Distribution and Industrial values delivered a strong result increasing in value by 7.9 per cent on a like-for-like basis. Valuation performance was driven by a 50 basis point improvement in reversionary yields offset by 3.9 per cent decline in topped up net rental income following the termination of the Evans Cycles lease at Camino park, Crawley. 41.0 per cent of this space has subsequently been let to Balfe's Bikes, 40.6 per cent ahead of the previous passing rent.

The London Serviced Offices portfolio declined 7.1 per cent, reflecting lower occupancies and revenues as work from home guidance continued throughout the period. The London and Regional Office portfolio declined 4.2 per cent, in part a reflection of the Exeter Street, Plymouth disposal which was a legacy asset that completed in April 2021.

Hotel values were relatively resilient, showing a marginal 0.6 per cent decline in capital values despite the challenges faced at an operational level. The overall valuation was supported by a higher alternative use value at Park Royal, North Acton where options are being assessed for alternative and higher density uses on the site which are supported by the planned High Speed 2 station at Old Oak Common.

St George's, Harrow, the last remaining UK retail asset, declined 21.9 per cent. The material valuation decline reflects the continued challenges within the retail sector and shopping centre market, which have been compounded by low levels of rent collection and the current moratorium on landlord's rights to take remedial action for non payment of rent.

The Europe portfolio comprised of German retail properties declined 2.8 per cent on a like-for-like basis in local currency terms.

Valuation overview 28 February 2021	Market value[(1)] £m	EPRA topped up NIY %	Reversionary yield %	Topped up net rental income change %	(Loss) /gain[(2)] £m	Local currency (loss)/gain %
Distribution and Industrial	267.7	5.0	5.1	(3.9)	19.5	7.9
London Serviced Offices	137.9	2.5	3.3	(53.4)	(10.5)	(7.1)
London & Regional Offices	68.4	6.4	7.3	(1.1)	(3.0)	(4.2)
UK Commercial	**474.0**	**4.5**	**4.9**	**(17.7)**	**6.0**	**1.3**
RBH managed hotels	263.5	1.0	4.2	(52.1)	(2.5)	(0.9)
Travelodge portfolio	45.3	5.2	5.0	(89.2)	0.6	1.3
UK Hotels	**308.8**	**1.6**	**4.3**	**(25.9)**	**(1.9)**	**(0.6)**
UK Retail	**35.4**	**8.4**	**10.4**	**(15.7)**	**(9.9)**	**(21.9)**
Total UK	**818.2**	**3.6**	**4.9**	**(19.0)**	**(5.8)**	**(0.7)**
Europe	112.3	4.8	1.7	(5.1)	(6.7)	(2.8)
Total (like-for-like)	**930.5**	**3.7**	**4.5**	**(17.1)**	**(12.5)**	**(1.0)**
Disposals	-				(0.6)	
Total property portfolio market value	**930.5**				**(13.1)**	

(1) Market value adjusted to reflect lease liabilities and lease incentives.

(2) Includes the effect of capital expenditure, amortisation of head leases, tenant lease incentives and foreign currency translation where applicable.

Capital expenditure

Capital expenditure during the period was £1.4 million and net committed capital expenditure is limited to £3.2 million. Commitments include the ongoing preparation for a full planning application at Newington House, Southwark for a 640,000 sq ft mixed-use redevelopment and the fit out and tenant incentives related to the new H&M store at St George's, Harrow.

Disposals

Disposals totalling £224.4 million were completed during the period and a further £92.2 million of disposals have been completed post period end or are exchanged with completion pending.

Disposals	Sales price £m	Market value prior to sale £m	Premium/ (discount) to market value %	Topped up net rental income £m	EPRA topped up NIY[(1)] %
UK Retail Parks portfolio	156.9	161.7	(3.0)	12.4	7.5
127 Charing Cross Road, London	59.3	58.5	1.4	2.0	3.1
West Orchards, Coventry	4.9	8.0	(38.8)	1.1	21.7
Molln	3.3	3.6	(8.3)	0.3	7.8
Disposals completed during the period	224.4	231.8	(3.2)	15.8	6.6
Bahnhof Altona, Hamburg (exchanged)	82.6	80.6	2.5	3.9	4.4
Bremen (exchanged)	6.6	6.5	1.5	0.4	5.2
Exeter Street, Plymouth (completed)	3.0	2.8	7.1	0.2	7.5
Disposals completed post period end or exchanged pending completion	92.2	89.9	2.6	4.5	4.6
Total	316.6	321.7	(1.6)	20.3	6.0

(1) Topped up EPRA NIY, based on the sales price.

UK Retail Parks Portfolio

As announced on 7 September 2020, the UK Retail Parks portfolio was exchanged for sale for gross consideration of £156.9 million, reflecting a topped up net initial yield of 7.5 per cent and a 3.0 per cent discount to book value. The disposal completed on 30 October 2020. As at 29 February 2020, and as last reported, the portfolio had gross annualised rental income of £12.5 million, a WAULT of 7.3 years and occupancy of 98.4 per cent.

127 Charing Cross Road, London

As announced on 2 February 2021, 127 Charing Cross Road, London was sold for gross consideration of £59.3 million, a 1.4 per cent premium to the 31 August 2020 valuation. The sales price reflected a strong net initial yield of 3.1 per cent, based on contractual income, and a capital value of £1,481 per sq ft on the existing area. The disposal price reflected a 39.1 per cent increase in value since acquisition in March 2016. The growth in value has been supported by a successful asset management strategy including securing full planning permission, which provides an opportunity to increase the overall area of the property by 41.1 per cent through the development of three additional floors.

West Orchards, Coventry

West Orchards was sold for £4.9 million, a 38.8 per cent discount to the 31 August 2020 valuation. The disposal price was impacted by a number of factors including the administration of Debenham's, the impact of COVID-19 on rental income and limitations on development options as a result of the leasehold title. Despite the disappointing loss on sale, strict discipline in capital allocation has been applied given the specific asset risks and wider structural challenges facing secondary shopping centres.

Exeter Street, Plymouth

The sale of Plymouth completed on 30 April 2021 for £3.0 million, a 7.1 per cent premium to the last reported market value.

German retail assets

Further progress was made in Germany with the sale of Molln for €3.8 million (31 August 2020: €4.2 million) and the exchange of contracts on Bremen for €7.6 million (28 February 2021: €7.5 million) with completion of Bremen subject to finalising an agreement for lease with ALDI.

Bahnhof Altona Center, Hamburg

As previously announced, contracts were exchanged in April 2020 with the City of Hamburg for the sale of the Bahnhof Center for €91.0 million, reflecting a 2.5 per cent premium to the 31 August 2019 market value. Completion of the sale remains subject to certain priority notices in connection with a previous, now terminated, sale agreement to Volksbank eG Braunschweig Wolfsburg being removed from the land register. The removal of these priority notices has been challenged by Volksbank eG Braunschweig Wolfsburg, however the Company has taken advice which confirms the validity of the sale agreement with the City of Hamburg as well as the effective termination of the sale agreement with Volksbank eG Braunschweig Wolfsburg. Completion of the disposal is therefore expected to take place once the priority notices have been deleted.

Sustainability

During the first two months of the financial year, we reviewed the Group's sustainability and social responsibility performance against our commitments for 2020 and set nine goals for 2021, including five new and four continuous objectives.

We continue to maintain our focus on independently verifying the performance of our assets through certification to environmental standards and international assessment schemes. In November 2020, Coburg House, Southwark and St George's Shopping Centre, Harrow achieved certification to the ISO 14001:2015 standard, which included implementing management improvements to identify and mitigate the environmental impacts. Discussions held with tenants and service providers have increased wider awareness of environmental considerations, ultimately aimed at improving the performance.

Following the certification achieved for 20 Little Britain in October 2020, two out of our four serviced offices now hold the "Very Good" BREEAM In-Use ratings. The BREEAM In-Use certificate for 20 St. Dunstan's has been renewed in the first quarter, maintaining the rating, and we have commenced the BREEAM In-Use assessment for the Boundary Row serviced office. Furthermore, the reassessment for the Holiday Inn Express in Southwark is underway to maintain the certification following the three year assessment cycle.

Robust environmental reporting processes and good quality data are key for driving improvements towards achieving a 25 per cent reduction in our portfolio energy intensity by 2030. In the first half of this year, we continued to work on further reducing the number of estimated data points and enhancing the format of the operational data reports. We aim to incorporate the energy, water and waste management data into the integrated asset sustainability plans during the coming months.

The energy use across our managed portfolio has seen a 57 per cent reduction in H1 2021 compared to the same period last year. This is however largely attributed to the impacts of the pandemic and property disposals. The proportion of renewable electricity purchases has increased by 49 per cent to 87 per cent, as we continue to monitor our progress against our target to procure 100 per cent of our electricity from renewable sources by 2022.

Earlier this year, we rolled out employee training on environmental, social and governance matters and our commitments and goals aimed at improving the resilience of our assets. Our teams across all divisions have once again set their annual sustainability objectives, which now forms part of the annual employee performance review.

With a significant number of staff continuing to work from home, employee engagement, health and wellbeing was a priority for the Company during the period. Feedback from staff questionnaires was used to develop a number of initiatives to improve communication, support staff wellbeing and promote a healthy lifestyle. In addition to the Company's intranet platform, a communication channel was launched using Microsoft Teams enabling both business and social communication in real time across the organisation. Regular departmental meetings continued to be held during the period, with company-wide meetings also being held during periods of significant activity, all using virtual meeting platforms. Staff received Christmas hampers in December 2020 and in January 2021, the Company launched a programme of employee care packages which were sent to staff every few weeks.

UK Distribution and Industrial

The UK logistics market recorded record levels of take-up across a number of markets reaching a record 43 million sq ft in 2020. Although there has been a clear supply response, availability has decreased by 15 per cent as demand for warehousing has increased. Take-up has been dominated by third party logistics, distribution and online retailing making up approximately 60 per cent of all take-up.

Investment volumes also reached record levels of £8 billion in 2020 with over 40 per cent of transactions focused on the South East. Prime investment yields for distribution outside of the M25 fell to 4.0 per cent (source: CBRE).

Our Distribution and Industrial portfolio remains focused on “standard warehousing” units of under 200,000 sq ft linked to key transport networks and strong demographics, in order to capture a broad base of occupier demand, including third party logistics, distribution and manufacturing. Our portfolio repositioning has increased our exposure to the sector to 31.8 per cent of the pro forma portfolio.

Key asset management initiatives and leasing activity in the period

- Occupancy within the portfolio remained high at 97.8 per cent (31 August 2020: 98.8 per cent). The slight increase in vacancy was attributable to 54,219 sq ft across two units previously occupied by Evans Cycles at an average rent of £9.72 psf. One unit of 22,241 sq ft has been let to Balfe’s Bikes on a ten year lease of £0.3 million gross annualised rental income and the second unit is currently being refurbished;
- Kingsthorne, Kettering - a lease regear and a new lease was completed with an existing tenant for an unexpired term of 15 years. The new rent of £0.2 million p.a. reflects an increase of 20.4 per cent above the previous passing rent and 1.7 per cent above ERV;
- Kwik Fit portfolio - 24 leases were regeared to new 20 year unexpired terms, with no rent free incentives and five yearly rent reviews to the higher of open market rent and 1 per cent compounded annually. All the leases were placed in the name of ETEL (European Tyre Enterprise Limited), the parent company, further strengthening the covenant. The leases on two units, with a total rent of £60,275 p.a., were surrendered as part of the transaction; and
- Southwood Business Park, Farnborough – two new leases and a rent review completed across 29,698 sq ft totalling £0.4 million, 1.8 per cent below ERV.

UK Distribution and Industrial 28 February 2021	Market value £m	Annualised gross rental income £m	ERV £m	EPRA NIY %	EPRA topped up yield %	Reversionary yield %	WAULT yrs	EPRA occupancy by ERV %	Indexed %
Distribution and industrial	221.1	11.6	12.2	3.8	4.8	5.1	7.1	97.7	20.1
Automotive	46.6	3.1	2.3	6.1	6.1	4.7	12.8	98.1	54.4
Total	267.7	14.7	14.5	4.2	5.0	5.1	8.3	97.8	27.3

UK Offices

The London office market, which makes up over 90 per cent of our office exposure, experienced a material fall in take-up at 5.6 million sq ft, 54 per cent below the ten year average (source: CBRE). Availability has increased with vacancy rates across Central London rising to 8.1 per cent at the end of 2020, with much of that availability relating to second hand space and subletting by tenants. However investment demand, particularly for prime West End offices, remained robust with reports of significant levels of capital targeting London office assets. As a result, prime office yields have remained largely unchanged.

We expect the rapid increase in workplace flexibility coupled with a growing ESG agenda to accelerate obsolescence in older office stock which is no longer fit for purpose. Where these assets are located in areas supported by infrastructure and transport investment, we believe acquisition and redevelopment opportunities will emerge.

Our aggregate exposure to the office sector reduced following the successful sale of 127 Charing Cross Road, London. Our remaining exposure is focused on higher yielding assets in Greater London, located in areas benefiting from infrastructure investment and opportunities to add value through repositioning or planning gain. Short to medium term income returns combined with identifiable asset management opportunities and relatively low capital values per sq ft, aim to deliver non-cyclical, income led total returns. This, combined with our serviced office platform, provides the ability to meet the rapidly changing demands of office occupiers requiring flexible lease terms together with the provision of high quality services.

UK Offices 28 February 2021	Market value £m	Annualised gross rental income[(1)] £m	ERV £m	EPRA NIY %	EPRA topped up yield %	Reversionary yield[(2)] %	WAULT[(3)] Yrs	EPRA occupancy by ERV[(3)] %	Indexed %
Offices – Serviced	137.9	4.2	5.4	2.5	2.5	3.3	n/a	n/a	-
Offices – Greater London	50.7	3.4	3.6	6.0	6.0	6.6	2.4	99.2	-
Offices – Regions	17.7	1.7	1.8	7.4	7.4	9.3	7.7	85.9	8.7
Total	206.3	9.3	10.8	3.8	3.8	4.6	4.1	94.9	1.6

(1) Annualised gross rental income for the London Serviced Offices portfolio included as current year forecast EBITDA net of management fees.

(2) Reversionary yield for the London Serviced Offices portfolio reflects management expectations of the underlying EBITDAs for the 2021 financial year.

(3) Excluding London Serviced Offices portfolio. Relevant operational metrics disclosed separately.

London Serviced Offices ("LSO") portfolio

The LSO portfolio has been impacted by the extended COVID-19 related restrictions throughout the period. Clients were offered a 33 per cent licence fee discount from January to March to provide support while the Government's work from home guidance remained in place.

Occupancy at the end of February was 69 per cent, but has remained relatively resilient with occupancy for March 2021 at 60.6 per cent. Despite these exceptionally challenging trading conditions, operational cashflows have remained robust and rent collection has been strong, averaging 96.9 per cent since the onset of the pandemic in March 2020.

EBITDA for the six month period was £2.1 million, 57.1 per cent lower than the comparable period last year as a result of both lower occupancy and licence fee discounts. At the time of writing, the UK Government had not issued revised work from home guidance, however enquiries and leasing activity has started to improve with an expectation of stronger activity into the summer.

London Serviced Offices portfolio Operational metrics	28 February 2021	31 August 2020
Average desk occupancy (%)	69.0	86.8
Average monthly desk rate – licence fees only (£)[(1)]	483.0	611.3
Average total revenue per available desk (£)[(1)]	590.7	665.4
EBITDA per sq ft (£)	27.1	50.4
EBITDA conversion from total revenue (%)	45.4	58.6
Average weighted stay (months)	39.8	35.7

(1) Includes the impact of discounted licence fees.

Greater London and regional offices

Following the sale of 127 Charing Cross Road, London and the completion of Exeter Street, Plymouth post period end, the Group's office exposure is now largely focused on assets in Greater London delivering short to medium term income returns with clearly identifiable opportunities to enhance value through planning gain or asset repositioning.

Key asset management initiatives and leasing activity in the period

- Occupancy within the portfolio remained high at 94.9 per cent (31 August 2020: 96.7 per cent) with the majority of vacant space attributable to Plymouth which was exchanged for sale post period end;
- Westwey House, Weymouth – a rent review was completed at an agreed gross annualised rent of £0.2 million, 37.7 per cent above the previous passing rent and ERV;
- Newington House, Southwark, London – feasibility and planning work continues to be progressed with the potential to deliver a 640,000 sq ft mixed-use regeneration scheme in partnership with a consortium of three neighbouring landowners. A full planning application is expected to be submitted in late 2021 or early 2022.

UK Hotels

2020 is widely recognised as the most difficult year on record for the hotel industry. London's occupancy rate for 2020 was 29.7 per cent, a 65.8 percentage point decline on 2019. The trends throughout the pandemic and expectations for 2021 have largely revolved around weaker demand for London hotels due to the impact of COVID-19 on international and business travel and relatively stronger regional demand for leisure based hotels off the back of staycations.

A recovery in demand is unsurprisingly closely linked to a relaxation of travel and social distancing measures coupled with the success of the vaccine rollout programme. While we expect a full recovery may take a number of years, we have already experienced the speed at which occupancy and cashflows can improve when restrictions are eased. London is likely to have a protracted recovery, however the London limited service hotel market, in which we invest, has a track record of exceptional resilience. This has been highlighted by the weight of capital seeking new opportunities in this sector.

RBH managed hotels

Trading over the first six months of the year remained challenging and materially behind what was anticipated toward the end of 2020. Renewed restrictions resulted in limited occupancy, averaging 26.9 per cent during the period, with four hotels remaining closed due to limited local demand. Room rates, on average, were 41.1 per cent lower than the comparable period last year.

Demand during this period has largely focused on NHS and social welfare requirements as well as construction related contracts. London continued to experience lower levels of demand relative to regional hotels, largely a result of travel restrictions and a slower return to work given the relatively higher reliance on public transport. Regional hotels with stronger domestic leisure demand have experienced a sharp increase in summer bookings, however stronger demand in London remains closely linked to a relaxation in work from home guidance and travel restrictions.

Underlying EBITDA for the first six months was a loss of £1.4 million with negative underlying cashflows anticipated to continue through to April 2021 based on current trading forecasts. However, based on current forecasts, aggregate underlying EBITDA for the full year is still expected to be moderately positive As a result, RDI has agreed significantly lower rent for the period with payment deferrals of up to nine months.

At this stage there is not sufficient clarity to provide reliable income expectations for the second half of the year. However, we remain confident that the assets are well positioned to capture renewed demand when economic activity recovers. The limited service hotel sector is expected to have a quicker recovery relative to mid-market hotels as individuals and corporates seek more cost-effective options.

RBH managed hotels portfolio **Operational metrics**	**28 February 2021**	31 August 2020	29 February 2020
Weighted average room rate (£)	52.1	78.9	88.4
Weighted average occupancy (%)	26.9	54.6	80.7
Weighted average revenue per available room (“RevPAR”) (£)	14.0	43.1	71.4

Travelodge portfolio

Rental income based on the CVA terms with Travelodge continues to be paid inline with CVA terms. The aggregate annual rent increased to £1.5 million from £1.1 million in January and will revert to the full pre CVA rent of £2.5 million in January 2022.

UK Hotels **28 February 2021**	**Market value** **£m**	**Annualised gross rental income[(1)]** **£m**	**ERV** **£m**	**EPRA NIY** **%**	**EPRA topped up yield** **%**	**Rever-sionary yield[(2)]** **%**	**WAULT[(3)]** **yrs**	**EPRA occupancy by ERV[(3)]** **%**	**Indexed** **%**
Greater London	161.0	2.9	7.0	1.0	1.0	4.0	n/a	n/a	-
Regional	102.5	3.0	6.0	0.9	0.9	4.5	n/a	n/a	-
RBH managed hotels portfolio	263.5	5.9	13.0	1.0	1.0	4.2	n/a	n/a	-
Travelodge	45.3	2.5	2.4	3.1	5.2	5.0	15.4	100.0	100.0
Total	308.8	8.4	15.4	1.3	1.6	4.3	15.4	100.0	30.1

(1) Annualised gross rental income and related metrics for the RBH Managed portfolio reflects rents collected during the prior year.

(2) Reversionary yields for the RBH managed hotels portfolio reflects management expectations of underlying EBITDAs for the 2021 financial year.

(3) Excluding RBH managed hotels portfolio. Relevant operational metrics disclosed separately.

UK Retail

Closure of non-essential retail in January has maintained pressure on the sector and the recovery of overall retail sales volumes between July and December 2020 fell back again in the new year with the reinstatement of stricter social distancing measures. Online sales continue to grow as a percentage of total retail sales reaching 36.1 per cent in February (source: ONS).

The sale of the UK Retail Parks Portfolio and West Orchards, Coventry during the period leaves St George’s, Harrow as the last remaining UK Retail asset in the portfolio. Despite the challenges in the sector, and in particular the shopping centre market, a number of asset management initiatives were progressed during the period with the objective of positioning St George’s to benefit from a recovery in consumer spending.

Key asset management initiatives and leasing activity in the period

- Occupancy relatively resilient at 93.4 per cent (31 August 2020: 99.6 per cent);
- The new, approximately 9,500 sq ft, H&M adults store is expected to be handed over in May 2021 and will trade opposite the existing H&M Kids store, providing a stronger anchor to the schemes entrance.

UK Retail 28 February 2021	Market value £m	Annualised gross rental income £m	ERV £m	EPRA NIY %	EPRA topped up yield %	Rever-sionary yield %	WAULT yrs	EPRA occupancy by ERV %	Indexed %
St George's, Harrow	35.4	3.9	3.9	8.4	8.4	10.4	5.5	93.4	19.5

Europe

Further progress was made with the disposal programme, with four assets remaining including Bahnhof Altona, Hamburg and Bremen, both of which have exchanged contracts for sale. Further details in relation to Hamburg are provided earlier in this report under Disposals. The remaining two assets subject to disposal are valued at €31.1 million are subject to negotiations.

The ongoing COVID-19 restrictions have resulted in protracted disposal processes, but continued progress is being made in line with the wider strategy of a full exit from the retail sector.

Occupancy across the European portfolio reduced to 94.1 per cent (31 August 2020: 98.5 per cent) with like-for-like topped up net rental income up marginally in constant currency terms.

Europe 28 February 2021	Market value £m	Annualised gross rental income £m	ERV £m	EPRA NIY %	EPRA topped up yield %	Rever-sionary yield %	WAULT yrs	EPRA occupancy by ERV %	Indexed %
German shopping centres	103.5	5.8	1.5	4.7	4.7	1.3	5.1	93.3	95.5
German other	8.8	0.6	0.6	5.4	5.4	6.2	3.9	96.1	99.3
Total[1]	112.3	6.4	2.1	4.8	4.8	1.7	5.0	94.1	95.9

(1) Includes Bahnhof, Altona, Hamburg and Bremen which are under contract for sale.

FINANCIAL REVIEW

Overview

Despite the ongoing economic and operational challenges presented by the COVID-19 pandemic the Group has continued to deliver on its key strategic priorities. The business has reduced leverage, disposed of the majority of its UK retail assets and continued to progress an exit from its European operations. The Group recorded an IFRS loss of £7.7 million, largely driven by valuation decline and realised losses on targeted asset disposals (29 February 2020: IFRS loss £17.5 million).

The Group's key recurring earnings metric, underlying earnings, decreased by 81.7 per cent from £20.8 million for the six months to 29 February 2020 to £3.8 million. It is important to emphasise that the comparative period was largely unaffected by COVID-19, which was declared a global pandemic on 11 March 2020, just after the reporting date. The reduction of underlying earnings for the period has been largely driven by the impact of on our operational assets and continued disposal activity.

EPRA recently introduced three new measures of net asset value: EPRA Net Tangible Assets (NTA), EPRA Net Reinvestment Value (NRV) and EPRA Net Disposal Value (NDV). The Group has adopted EPRA NTA as the most relevant of these measures, although for this period we continue to disclose historic NAV measures to provide comparability.

Revaluation losses of £9.6 million and realised losses on corporate and asset disposals of £7.4 million contributed to an EPRA NTA decline of 5.8 per cent from 150.8 pence per share at 31 August 2020, to 142.0 pence per share at 28 February 2021.

The Group's liquidity and debt metrics remain robust. Pro forma loan to value (which incorporates transactions exchanged or completed post period end) has decreased further to 30.0 per cent. Cash and undrawn committed facilities stand at £280.4 million (31 August 2020: £84.2 million).

Performance against strategic financial targets

	Medium term target	28 February 2021	31 August 2020	29 February 2020
Growth in underlying EPS (%)	3.0 - 5.0	(81.8)	(46.9)	(20.3)
Income growth (like-for-like) (%)	2.0 - 5.0	(44.6)	(23.5)	(1.3)
Rent collection	>95% within 7 days	80.0	78.1	76.5
LTV (%) (1)	30.0 - 40.0	30.0	32.6	41.8
Interest cover (times)	>3.0	2.0	2.7	3.6
Cost of debt (%)	< 3.2	3.4	3.0	2.9
EPRA cost ratio (excl. direct vacancy costs) (%)	<15.0	36.3 (2)	22.4 (2)	17.8
Dividend pay-out ratio (%)	90.0 - 95.0	-	72.5	-

(1) Pro forma LTV adjusted for transactions completed between the balance sheet date and the date of result announcement.

(2) The EPRA cost ratio excludes provision adjustments for tenant lease incentives as this was a prudent 'worst-case' impairment assumption in light of COVID-19 uncertainties.

Underlying earnings per share declined 81.8 per cent, the result of a significant reduction in income from our operational assets, higher than usual provision for bad debts both attributed to the impact of ongoing COVID-19 restrictions, in addition to the impact on earnings of disposal activity, most notably the sale of the UK Retail Parks portfolio in October 2020.

On a like-for-like basis, income fell by 44.6 per cent, the combined result of a reduction in the annual rent received from the Group's RBH managed hotels, a number of which remain closed, and others open only to support key workers or social welfare requirements. Reduced occupancy and ongoing concessions have led to reduced licence fee income within the London Serviced Offices Portfolio. Excluding these operational portfolios, like-for-like net rental income declined 9.5 per cent.

Rent collection rates within seven days remain lower than our target. However, over a longer term view, these have remained sound with the average collection rates of 92.0 per cent having been achieved for each quarter day since March 2020 (adjusted for concessions and deferrals agreed).

Despite the marginal overall decline in asset valuations, pro forma LTV improved to 30.0 per cent, the result of ongoing disposal activity targeted primarily at reducing the Group's retail exposure. Interest cover remains below target to 2.0 times (31 August 2020: 2.7 times). This is largely due to the impact of COVID-19 so we would expect this to be temporary with improvement likely given the planned easing of restrictions in the second half of the financial year. Cost of debt has increased to 3.4 per cent, slightly ahead of our medium term target of 3.2 per cent. This reflects the quantum of committed facilities currently undrawn, but available to the Group.

The EPRA cost ratio now stands at 36.3 per cent (31 August 2020: 22.4 per cent). Excluding non-recurring costs during the period of £1.6 million, the ratio would have declined to 28.5 per cent (31 August 2020: 21.1 per cent). Again, this is considered largely temporary, so as COVID-19 restrictions ease and rental income normalises we expect this ratio to return, in time, to a lower and more sustainable metric.

Disposals

UK Portfolio

In October 2020, the Group completed on the sale of six UK Retail properties at 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.

In February 2021, the Group disposed of its London office property at 127 Charing Cross Road, London for gross consideration of £59.3 million. The transaction was also structured as a corporate disposal with preliminary proceeds of £58.1 million being received on completion.

In February 2021, the Group disposed of its shopping centre at West Orchards, Coventry for gross consideration of £4.9 million. The proceeds were applied to outstanding debt secured against the property.

Subsequent to the reporting date, the Group has exchanged and completed on the disposal of a regional office at Exeter Street Plymouth for £3.0 million.

European portfolio

During the period to 28 February 2021, the Group continued to progress the disposal of the European portfolio, classified as a disposal group held for sale.

In September 2019, the Group exchanged on the disposal of the Altona Shopping Centre, Hamburg for total consideration of €91.0 million, €2.2 million above the market value at 31 August 2019. As previously reported, the City Council in Hamburg exercised its pre-emptive right over the property following exchange, which was challenged in court by the original purchaser and therefore impacted the timing of completion. As a consequence, the property has not been derecognised. The Group expects that completion will occur during the second half of the financial year.

In January 2021, the Group completed on the disposal of a retail property in Molln, for €3.8 million.

In February 2021, the Group exchanged on a retail asset located in Bremen for €7.6 million. Completion was subject to a lease regear. As such, control was not deemed to have transferred from the Group at the reporting date and the property had not been derecognised.

Presentation of financial information

The Board reviews information and reports presented on a proportionately consolidated basis, which includes the Group's share of interests in joint ventures. To align with how the Group is managed, this financial review has been presented on the same basis.

Discontinued operation

Effective 1 March 2019, the Group determined that the co-ordinated sale of the Europe portfolio met the criteria of a disposal group held for sale and constituted a discontinued operation. To comply with the presentation requirements of a discontinued operation under IFRS, the post-tax result of the Europe segment has been presented separately in the income statement, in addition to separating the cash flows of the segment under the relevant activities in the statement of cash flows.

Reassessment of the Group's contracts with customers

During the second half of the previous financial year the Group reassessed certain contractual arrangements across both the UK and German portfolios and concluded that it acts in the capacity of principal in respect of service charge and service fees recharged. As a result, service charges and service fee income are now grossed up from the recoverable service charge and service fee expenditure in the financial statements, with gross service charge income and service fee income presented as revenue. Comparative revenues (revenue, rental income and other operating income) and related expenses for the six months ended 29 February 2020 have therefore been restated to gross up service charge income and service fee income in the income statement in line with the current period and full prior year presentation. There has been no impact on IFRS profit or loss, net asset value or cashflows as a result of these restatements. In addition, there has been no impact on the key performance metrics of the Group nor the presentation of this financial review.

Alternative performance measures

The Board uses a number of financial measures to assess and monitor the Group's performance and position, most notable of which are underlying earnings, EPRA earnings and EPRA measures of net asset value. While several of these are industry standard metrics, they are not defined under IFRS and are therefore considered alternative performance measures. In October 2019, EPRA introduced three new measures of net asset value: EPRA Net Tangible Assets (NTA), EPRA Net Reinvestment Value (NRV) and EPRA Net Disposal Value (NDV). The Group has adopted the new Net Asset Value per share calculations in line the EPRA best practice guidelines and considers EPRA NTA to be most relevant for the business. Although the previous EPRA NAV metrics have now been superseded, for this period we continue to disclose historic NAV measures to provide comparability in this period of transition. This financial review discloses alternative performance measures alongside IFRS to align with the manner in which the business is managed and its performance is assessed. Detailed disclosures of alternative performance measures including, where applicable, full reconciliation to IFRS follows this financial review.

Income statement

	28 February 2021			29 February 2020		
	IFRS £m	Joint ventures £m	Group total £m	IFRS £m	Joint ventures £m	Group total £m
Net rental income	17.4	0.4	17.8	35.3	0.4	35.7
Other operating income and expense	0.6	-	0.6	1.2	-	1.2
Administrative expenses	(6.1)	-	(6.1)	(6.4)	-	(6.4)
Net operating income	**11.9**	**0.4**	**12.3**	**30.1**	**0.4**	**30.5**
Net finance costs	(9.5)	(0.3)	(9.8)	(10.2)	(0.3)	(10.5)
Tax and other	(0.6)	-	(0.6)	(0.2)	-	(0.2)
Restricted JV underlying earnings	0.1	(0.1)	-	-	(0.1)	(0.1)
Non-controlling interests	0.2	-	0.2	(2.4)	-	(2.4)
Continuing underlying earnings	**2.1**	**-**	**2.1**	**17.3**	**-**	**17.3**
Discontinued operation (incl. JVs and NCI)	1.7	-	1.7	3.5	-	3.5
Total Group underlying earnings	**3.8**	**-**	**3.8**	**20.8**	**-**	**20.8**
Company adjustments:						
Foreign exchange loss	-	-	-	(0.2)	-	(0.2)
Discontinued operation	0.1	-	0.1	(0.1)	-	0.1)
EPRA earnings	**3.9**	**-**	**3.9**	**20.5**	**-**	**20.5**
Fair value loss on property	(5.3)	(1.0)	(6.3)	(33.8)	-	(33.8)
Loss on disposal of property	(3.8)	-	(3.8)	(1.2)	-	(1.2)
Acquisition and disposal of subsidiaries	(2.8)	-	(2.8)	0.1	-	0.1
Fair value movement on derivatives	3.4	0.5	3.9	0.5	0.2	0.7
Impairment of investment in associate	-	-	-	(0.3)	-	(0.3)
Restricted JV non-underlying earnings	-	-	-	-	(0.2)	(0.2)
Impairment on loan to JV	(0.5)	0.5	-	-	-	-
Tax and other	(1.6)	-	(1.6)	(0.6)	-	(0.6)
Discontinued operation (incl. JVs and NCI)	(3.9)	-	(3.9)	(5.5)	-	(5.5)
Non-controlling interests	2.9	-	2.9	2.8	-	2.8
IFRS loss attributable to shareholders	**(7.7)**	**-**	**(7.7)**	**(17.5)**	**-**	**(17.5)**
Weighted average ordinary shares (millions)			**380.5**			**380.2**
Underlying earnings per share (pence)			**1.0**			**5.5**
EPRA earnings per share (pence)			**1.0**			**5.4**

Underlying earnings from discontinued operation (Europe segment)

	28 February 2021			29 February 2020		
	IFRS £m	Joint ventures £m	Group total £m	IFRS £m	Joint ventures £m	Group total £m
Net rental income	**2.5**	**-**	**2.5**	5.2	0.3	5.5
Administrative expenses	**(0.2)**	**-**	**(0.2)**	(0.2)	(0.1)	(0.3)
Net operating income	**2.3**	**-**	**2.3**	5.0	0.2	5.2
Net finance costs	**(0.7)**	**-**	**(0.7)**	(1.5)	-	(1.5)
Joint venture profits	**-**	**-**	**-**	0.2	(0.2)	-
Tax and other items	**0.1**	**-**	**0.1**	(0.1)	-	(0.1)
Non-controlling interests	**-**	**-**	**-**	(0.1)	-	(0.1)
Underlying earnings	**1.7**	**-**	**1.7**	3.5	-	3.5

The above income statement tables are not presented in line with the requirements of IFRS. The tables segment the IFRS income statement in order to illustrate underlying earnings and EPRA earnings, both key alternative performance measures. A full reconciliation from IFRS (loss)/profit attributable to equity holders of the parent is set out in Note 29 to these condensed consolidated interim financial statements.

Net rental income decreased by £17.9 million or 44.6 per cent on a like for like basis, primarily due to a material reduction in the annual rent received from the Group's RBH managed hotels, reduced licence fee income from the London Serviced Offices Portfolio, CVA arrangements impacting both the Group's Travelodge portfolio and UK shopping centres, rent concessions granted and prudent bad debt assumptions applied.

Administrative costs have reduced by a further £0.3 million, primarily due to lower ongoing staff costs and cost saving initiatives undertaken together with lower performance linked management fees payable to the operator of the London Serviced Offices portfolio (OSIT). Included in the current period administration costs are non-recurring transaction and redundancy costs of £1.6 million (29 February 2020: £0.8 million).

Net finance costs have reduced by £0.8 million on the comparative period. This is the combined effect of a reduction in overall debt and a reduction in variable interest rates on Group facilities either not hedged or subject to interest rate caps.

Tax and other items include the performance of the Group's associate interest in RBH Hotels Group Limited, which recorded a loss of £0.7 million (Group share) in the six months to 28 February 2021, relative to a loss of £0.2 million in the comparative period.

Non-controlling interests reflects the share of losses attributable to minority shareholders, most notably within the UK Hotels and London Serviced Offices portfolios.

The decrease of £1.8 million in underlying earnings from the discontinued European portfolio has arisen due to planned property disposals, most notably for this period the Schloss-Strassen Center, Berlin which was sold on 31 August 2020.

Like-for-like net rental income analysis

	Six months ended				
Net rental income	28 February 2021 £m	29 February 2020 £m	Change £m	Change %	Local currency change %
UK Commercial	11.4	13.8	(2.4)	(17.8)	(17.8)
UK Hotels	1.1	11.3	(10.2)	(90.0)	(90.0)
UK Retail	1.4	2.2	(0.8)	(37.4)	(0.6)
UK total	13.9	27.3	(13.4)	(49.1)	(49.1)
Europe (discontinued operation)	3.0	3.1	(0.1)	(4.8)	(8.6)
Like-for-like net rental income	**16.9**	**30.4**	**(13.5)**	**(44.6)**	**(45.0)**
Acquisitions	0.6	-			
Disposals	2.8	10.8			
Total net rental income	**20.3**	**41.2**			

Like-for-like income in the UK Commercial portfolio decreased 17.8 per cent or £2.4 million, due primarily to a material reduction in licence fee income from the London Serviced Offices Portfolio, the result of reduced occupancy with discounts offered to licensees, which declined 53.3 per cent. The reductions have been offset by a stronger rental performance from our London Office and Distribution and Industrial portfolios. Excluding the London Serviced Offices portfolio, like-for-like income in the UK Commercial portfolio increased 2.4 per cent.

The decrease of 90 per cent in UK Hotels is due to a reduction in the annual rent received from the Group's RBH managed hotels. The rent receivable on these properties is linked to forecast operational performance and with the first half of the prior financial year largely unaffected by COVID-19, the impact has been significant. In addition, the Travelodge CVA agreed in June 2020 has reduced net rental income by £0.7 million on the same period last year.

UK Retail like-for-like income decreased 37.4 per cent, as a result a number of rent concessions granted to tenants, CVA arrangements impacting certain tenants in the Group's residual shopping centre at St George's, Harrow and prudent bad debt assumptions, largely linked to collection rates experienced since March 2020.

In local currency terms, European like-for-like net rental income decreased 8.6 per cent, primarily due to a number of rent concessions agreed with tenants at the Group's shopping centres in Ingolstadt and Hamburg. In Sterling terms, income fell 4.8 per cent, reflecting the stronger average GBP/EUR exchange rate during the period.

Excluding the impact of the RBH managed hotels and London Serviced Offices portfolios, like for like income declined 9.5 per cent.

	28 February 2021			31 August 2020		
Balance sheet	IFRS £m	Joint ventures £m	Group total £m	IFRS £m	Joint ventures £m	Group total £m
Property portfolio - carrying value(1)	**963.0**	**10.4**	**973.4**	1,194.2	11.3	1,205.5
Investment in and loans to JVs	**2.7**	**(2.7)**	**-**	3.2	(3.2)	-
Net borrowings, incl. lease liabilities	**(523.9)**	**(8.0)**	**(531.9)**	(652.5)	(8.1)	(660.6)
Other assets and liabilities	**126.1**	**0.3**	**126.4**	54.8	-	54.8
Non-controlling interests	**(38.9)**	**-**	**(38.9)**	(42.5)	-	(42.5)
IFRS NAV	**529.0**	**-**	**529.0**	557.2	-	557.2
Excess of fair value of debt			**(0.7)**			(0.8)
EPRA NDV / EPRA NNNAV(2)			**528.3**			556.4
Excess of fair value of debt			**0.7**			0.8
Fair value of derivative financial instruments			**11.2**			15.3
Deferred tax (50 per cent)			**2.7**			2.7

Balance sheet	28 February 2021 IFRS £m	Joint ventures £m	Group total £m	31 August 2020 IFRS £m	Joint ventures £m	Group total £m
EPRA NTA			**542.9**			575.2
Deferred tax (50 per cent)			**2.6**			2.6
EPRA NRV / EPRA NAV[(2)]			**545.5**			577.8
Diluted number of shares (millions)			**382.3**			381.4
IFRS NAV per share (pence)			**138.4**			146.1
EPRA NRV / EPRA NAV[(2)] **per share (pence)**			**142.7**			151.5
EPRA NTA per share (pence)			**142.0**			150.8
EPRA NDV / EPRA NNNAV[(2)] **per share (pence)**			**138.2**			145.9

(1) Market value adjusted to reflect head lease assets and lease incentives. Includes both investment property and property held for sale.

(2) Historic EPRA measure of NAV, presented for comparability only.

EPRA NTA decreased 5.8 per cent to 142.0 pence per share. This was primarily as a result of valuation declines and losses on disposal of properties and subsidiaries.

Property portfolio

Market value of the property portfolio	28 February 2021 £m	31 August 2020 £m	Valuation[(1)] Gain/(loss) £m	Valuation[(1)] Gain/(loss) %	Local currency gain/(loss) %
UK Commercial	474.0	466.3	6.0	1.3	1.3
UK Hotels	308.8	309.7	(1.9)	(0.6)	(0.6)
UK Retail	35.4	45.2	(9.9)	(21.9)	(21.9)
UK total	818.2	821.2	(5.8)	(0.7)	(0.7)
Europe	112.3	118.5	(6.7)	(5.7)	(2.8)
Like-for-like property portfolio	**930.5**	**939.7**	**(12.5)**	**(1.3)**	**(1.0)**
Disposals	-	227.0			
Total property portfolio market value	**930.5**	**1,166.7**			

(1) Valuation includes the effect of capital expenditure, amortisation of head leases, tenant lease incentives and foreign currency translation where applicable.

UK Commercial valuations increased by 1.3 per cent during the period. The Distribution and Industrial portfolio valuations increased by 7.9 per cent but this was offset by a weaker performance from the London Serviced Offices portfolio, where valuations declined by 7.1 per cent.

The UK Hotels portfolio valuation decreased by 0.6 per cent. This arose from the Group's RBH managed hotels, specifically the Group's properties at Southwark, Edinburgh and Gatwick, offset by a higher alternative use value at Park Royal. Those hotels let to Travelodge are slightly ahead with a 1.3 per cent increase in valuations.

The downward valuation in UK Retail of £9.9 million was driven solely by valuation losses at our remaining UK Shopping Centre at Harrow. The material valuation decline reflects the structural change in retail trends being accelerated by COVID-19.

In local currency terms, the European portfolio valuations declined 2.8 per cent. The most notable decline arose on the Group's shopping centre in Ingolstadt. The Hamburg property continues to be held at the contracted sales price. In Sterling terms, a 5.7 per cent decrease in value was recorded due the relative weakness of the Euro at 28 February 2021, declining 3 per cent from 31 August 2020.

Debt and gearing

	28 February 2021 £m	31 August 2020 £m	29 February 2020 £m
Nominal value of drawn debt	**(484.1)**	(614.8)	(671.9)
Cash and short term deposits	**142.9**	70.2	49.1
Net debt	**(341.2)**	(544.6)	(622.8)
Market value of the property portfolio	**930.5**	1,166.7	1,336.5
LTV (%)	**36.7**	46.7	46.6
LTV (%, pro forma)[1]	**30.0**	32.6	41.8
Weighted average debt maturity (years)	**2.4**	3.0	3.3
Weighted average interest rate (%)	**3.4**	3.0	2.9
Interest cover (times)[2]	**2.0**	2.7	3.6
Debt with interest rate protection (%)	**90.0**	87.5	92.1
Undrawn committed facilities	**137.5**	14.0	25.0

(1) Pro forma LTV adjusted for transactions completed between the balance sheet date and date of result announcement.

(2) Pro forma calculated as net rental income over net finance expense, excluding IFRS 16 adjustments.

Net debt decreased by £203.4 million during the period, due principally to proceeds received from the UK Retail Parks portfolio and 127 Charing Cross Road, London disposals.

Adjusting for property sales completed since 28 February 2021 or which have exchanged, the Group's loan to value ratio has reduced to 30.0 per cent, the result of the strategic priority of deleveraging and strengthening the Group's balance sheet.

The Group's weighted average debt maturity reduced to 2.4 years due to no refinancing activity having been concluded during the period. The Group has £199.9 million of debt due to mature within the next twelve months and is in advanced refinancing negotiations with the lenders of these near term maturing facilities, with credit approval having been achieved.

The weighted average cost of debt has temporarily increased to 3.4 per cent (31 August 2020: 3.0 per cent) as the Group has taken the opportunity to apply disposal proceeds toward repayment of its revolving credit facility, while still attracting a commitment fee. Despite the higher cost of debt, finance costs overall have reduced.

Cash and undrawn committed facilities at 28 February 2021 were £280.4 million (31 August 2020: £84.2 million), with net capital commitments of £4.2 million, after adjusting for compensation payments receivable (31 August 2020: £2.3 million).

Covenants

Since the onset of COVID-19, the Group has negotiated covenant waivers for the majority of the Group's facilities, given the impact on earnings and resulting impact on interest cover covenants. At the last reported compliance date, covenant waivers remained in place on 57.5 per cent of debt subject to financial covenants and, subject to any further extensions agreed, expire between May 2021 and March 2022.

In the period to 28 February 2021, covenant waivers mitigated events of default on facilities totalling £271.4 million, secured over the Group's UK Hotels, London Serviced Offices and UK Shopping Centres.

Cash flow

	28 February 2021			29 February 2020		
	IFRS £m	Joint ventures £m	Group total £m	IFRS £m	Joint ventures £m	Group total £m
Continuing operating cash flows	(2.6)	0.1	**(2.5)**	20.4	0.1	20.5
Discontinued operating cash flows	2.4	(0.1)	**2.3**	2.9	(0.1)	2.8
Operating cash flows	**(0.2)**	**-**	**(0.2)**	23.3	-	23.3
Disposals	217.9	-	**217.9**	34.5	-	34.5
Acquisitions and development	(0.7)	-	**(0.7)**	(14.7)	-	(14.7)
Other	-	-	**-**	(0.1)	-	(0.1)
Discontinued investing cash flows	4.4	-	**4.4**	12.1	5.2	17.3
Investing cash flows	**221.6**	**-**	**221.6**	31.8	5.2	37.0
Net debt repaid	(128.9)	(0.1)	**(129.0)**	(6.3)	(0.1)	(6.4)
Dividends paid	(19.0)	-	**(19.0)**	(22.8)	-	(22.8)
Other	(0.7)	-	**(0.7)**	(2.3)	-	(2.3)
Discontinued financing cash flows	(0.1)	-	**(0.1)**	(9.7)	(4.0)	(13.7)
Financing cash flows	**(148.7)**	**(0.1)**	**(148.8)**	(41.1)	(4.1)	(45.2)
Impact of foreign exchange movement	**(0.2)**	**-**	**(0.2)**	(1.6)	-	(1.6)
Net cash flow	**72.5**	**(0.1)**	**72.4**	12.4	1.1	13.5

The overall net cash inflow reflects net disposals in excess of debt and dividend payments. There was a small operating cash outflow during the period. This was due to the impact of COVID-19 on collection rates and the increased working capital requirements of our operational assets.

Going concern

In light of the ongoing COVID-19 pandemic and macroeconomic uncertainty that currently exists, the Board continues to place particular focus on the appropriateness of adopting the going concern basis in preparing the Group's condensed consolidated financial statements for the period ended 28 February 2021.

At 28 February 2021, the Group's cash and undrawn committed facilities were £280.4 million, with net capital commitments of £4.2 million. Given the strength of the Group's balance sheet and liquidity position, the Directors have concluded that in reasonably possible adverse scenarios, there remains adequate resources and mitigants available to continue in operational existence for a period of not less than 12 months from the date of approval of these condensed consolidated financial statements.

Having reassessed the Group's principal risks and uncertainties, the Directors have concluded that there has been no significant change to those risks and uncertainties set out in the Annual Report and Accounts for the year ended 31 August 2020. Furthermore, the Directors consider 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.

Donald Grant

Chief Financial Officer

01 June 2021

EPRA disclosures

The following is a summary of the EPRA performance measures included in the Group's results, which are a set of standard disclosures for the property industry as defined by the EPRA Best Practice Recommendations. The Group continues to calculate and disclose the old EPRA NAV measures for comparability.

Measure	Definition of measure	Note/ reference	28 February 2021	31 August 2020	29 February 2020
Earnings	Earnings from operational activity	**Note 29**	**£3.9m**	£26.2m	£20.5m
Net asset value	NAV adjusted for investments held at fair value and excluding items not expected to be realised	**Note 30**	**£545.5m**	£577.8m	£656.5m
Triple net asset value	EPRA NAV adjusted to include fair value of financial instruments, debt and deferred taxes	**Note 30**	**£528.3m**	£556.4m	£635.7m
Net disposal value	NAV measure that assumes assets are sold and/or liabilities are not held until maturity. Deferred tax, financial instruments and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected on the balance sheet	**Note 30**	**£528.3m**	£556.4m	£635.7m
Net tangible assets	NAV measure that assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability which is included	**Note 30**	**£542.9m**	£575.2m	£653.6m
Net reinstatement value	NAV measure to highlight the value of net assets on a long term basis. Fair value movements on financial derivatives and deferred taxes are excluded	**Note 30**	**£545.5m**	£577.8m	£656.5m
Net initial yield	Annualised income based on passing rent less non-recoverable operating expenses expressed as a percentage of the market value of property	**Other information**	**3.4%**	4.4%	5.4%
Topped up initial yield	Net initial yield adjusted for the expiration of rent-free periods or other incentives	**Other information**	**3.7%**	4.9%	5.8%
Vacancy rate	Estimated rental value of vacant space divided by that of the portfolio as a whole[(1)]	**Other information**	**3.5%**	1.2%	3.5%
Cost ratio (incl. direct vacancy costs)	Administrative and operating costs expressed as a percentage of gross rental income	**Other information**	**43.5%**	27.4%	21.9%
Cost ratio (excl. direct vacancy costs)	Administrative and operating costs, adjusted for direct vacancy costs, expressed as a percentage of gross rental income	**Other information**	**36.3%**	22.4%	17.8%
Like-for-like net rental income	Net income generated by assets which were held by the Group throughout both the current and comparable periods for which there has been no significant development which materially impacts upon income. Is used to illustrate change in comparable income values	**Financial review**	**(44.6%)**	(23.5%)	(1.6%)
Like-for-like capital	Property which has been held at both the current and comparative balance sheet dates for which there has been no significant development. Is used to illustrate change in comparable capital values	**Financial review**	**(1.3%)**	(9.8%)	(4.1%)

(1) Presented as EPRA occupancy rate (the inverse of vacancy rate) in the operating review.

Other Alternative Performance Measures

An alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of an entity which is not a financial measure defined or specified in IFRS. APMs are presented to provide a balanced view and useful information to the readers of the Group's results and are consistent with industry standards. The Group has considered the European Securities and Markets Authority (ESMA) 'Guidelines on Alternative Performance Measures' in disclosing additional information on its APMs.

All APMs are prepared on a proportionate basis to align with how the Group is managed. Further discussion of these measures can be found in the financial review. The table below summarises the additional non-EPRA APMs included in these results.

Measure	Definition of measure	Note/ reference	28 February 2021	31 August 2020	29 February 2020
Underlying earnings	EPRA earnings adjusted for the impact of non-cash debt accretion charges, non-cash IFRS 16 adjustments and FX gains and losses reflected in the income statement	**Note 29**	**£3.8m**	£26.2m	£20.8m
Headline earnings	Additional earnings per share measure as required by the JSE which exclude separately identifiable remeasurements in accordance with Circular 01/2021	**Note 29**	**£6.8m**	£22.0m	£20.4m
Net debt	Total nominal value of the Group's proportionate bank borrowings, less cash and cash equivalents	**Note 18**	**£341.2m**	£544.6m	£622.8m
Loan to value	The ratio of net debt divided by the market value of investment property[1]	**Financial review**	**36.7%**	46.7%	46.6%
Interest cover	The Group's net rental income divided by net finance expenses[2]	**Other information**	**2.0**	2.7	3.6
Dividend pay-out ratio	Total dividend per share paid out to shareholders relative to the underlying earnings per share for the year	**Other information**	**-**	72.5%	-
Dividend cover	Inverse of dividend pay-out ratio	**Other information**	**-**	1.4	-
Rent collection rate	Collection of quarterly rent as a percentage of total rent within seven days of billing	**Financial review**	**80.0%**	78.1%	76.5%

(1) Pro forma adjusted to 30.0 per cent to reflect transactions between the balance sheet date and date of result announcement. (31 August 2020: 32.6 per cent).

(2) Pro forma calculated as net rental income over net underlying finance expense and excluding IFRS 16 transitional adjustments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the condensed consolidated interim financial statements, in accordance with applicable laws and regulations.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- the interim management report includes a fair review of information required including:
  a) an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; a description of any material changes in the principal risks and uncertainties from those published in the report and accounts for the year ended 31 August 2020; and an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and
  b) The operating and financial review refers to important events which have taken place during the period.

Related party transactions are set out in Note 28 to the condensed consolidated interim financial statements.

By order of the Board

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

01 June 2021

INDEPENDENT REVIEW REPORT TO RDI REIT P.L.C.

Conclusion

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28th February 2021 which comprises condensed consolidated statement of financial position, related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, changes in equity, cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28th February 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IFRSs as issued by the IASB").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as issued by the IASB. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as issued by the IASB.

Our responsibility

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

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Group in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this 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 Group for our review work, for this report, or for the conclusions we have reached.

Richard Kelly
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
01 June 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 28 February 2021

Continuing operations	Note	**Unaudited Six months ended 28 February 2021 £m**	Restated[1] Unaudited Six months Ended 29 February 2020 £m	Audited Year ended 31 August 2020 £m
Revenue	3	**24.6**	43.8	69.0
Rental income		**23.8**	42.1	66.0
Rental expense		**(6.4)**	(6.8)	(14.8)
Net rental income	4	**17.4**	35.3	51.2
Other operating income		**0.8**	1.7	3.0
Other operating expense		**(0.2)**	(0.5)	(0.7)
Other operating income and expense	5	**0.6**	1.2	2.3
Administrative costs and other fees	6	**(6.1)**	(6.4)	(11.3)
Net operating income		**11.9**	30.1	42.2
Loss on disposal of subsidiaries	7	**(2.8)**	-	-
Loss on revaluation of investment property		**(4.3)**	(33.8)	(113.0)
Loss on disposal of investment property		**(3.8)**	(2.0)	(2.2)
Loss on revaluation of investment property held for sale	17	**(1.0)**	-	(0.6)
Gain on disposal of investment property held for sale		**-**	0.8	0.9
Other expenses		**-**	(0.5)	(0.6)
Foreign exchange (loss)/gain		**-**	(0.2)	0.2
Loss from operations		**-**	(5.6)	(73.1)
Finance expense	8	**(9.5)**	(10.2)	(20.9)
Other finance expense	9	**(1.6)**	-	(1.9)
Change in fair value of derivative financial instruments		**3.4**	0.5	(1.8)
		(7.7)	(15.3)	(97.7)
(Impairment)/reversal of impairment of loan to continuing joint venture interest	12	**(0.4)**	-	0.7
Impairment of associate		**-**	(0.3)	(1.8)
Share of post-tax loss from associate		**(0.7)**	(0.2)	(0.4)
Loss before tax		**(8.8)**	(15.8)	(99.2)
Taxation	10	**0.1**	-	-
Loss for the period attributable to continuing operations		**(8.7)**	(15.8)	(99.2)
Loss from discontinued operation [2]	3	**(2.1)**	(1.8)	(16.8)
Loss for the period		**(10.8)**	(17.6)	(116.0)
(Loss)/profit attributable to:				
Equity holders of the Parent				
Continuing operations		**(5.6)**	(15.4)	(87.0)
Discontinued operation		**(2.1)**	(2.1)	(16.8)
		(7.7)	(17.5)	(103.8)
Non-controlling interests				
Continuing operations		**(3.1)**	(0.4)	(12.2)
Discontinued operation		**-**	0.3	-
		(3.1)	(0.1)	(12.2)
		(10.8)	(17.6)	(116.0)
Earnings per share				
Weighted average number of shares (millions)	29	**380.5**	380.2	380.3
Diluted weighted average number of shares (millions) [3]	29	**380.5**	380.2	380.3
Earnings per share from continuing operations				
Basic earnings per share (pence)	29	**(1.5)**	(4.1)	(22.9)
Diluted earnings per share (pence)	29	**(1.5)**	(4.1)	(22.9)
Total earnings per share				
Basic earnings per share (pence)	29	**(2.0)**	(4.6)	(27.3)
Diluted earnings per share (pence)	29	**(2.0)**	(4.6)	(27.3)

(1) Revenues (revenue, rental income and other operating income) and related expenses have been restated to gross up service charge income and service fee income where the Group acts as principal in providing the service. Refer to 2.2 Basis of Preparation.

(2) For the period ended 28 February 2021 there was no post-tax profit or loss from joint ventures included in loss from discontinued operations (29 February 2020: post-tax profit of £0.1 million, 31 August 2020: post-tax loss of £0.1 million). Refer to Note 12.

(3) For all periods presented, contingently issuable shares have an anti-dilutive effect on IFRS earnings per share due to the loss incurred by the Group in those periods. Therefore, for IFRS purposes the weighted and diluted weighted average number of shares are 380.5 million (29 February 2020: 380.2 million, 31 August 2020: 380.3 million).

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 28 February 2021

Continuing operations	**Unaudited Six months ended 28 February 2021 £m**	Unaudited Six months ended 29 February 2020 £m	Audited Year ended 31 August 2020 £m
Loss for the period	**(10.8)**	(17.6)	(116.0)
Other comprehensive expense			
Items that may be transferred to the income statement			
Other comprehensive expense from discontinued operation	**(2.0)**	(6.1)	(2.4)
Total other comprehensive expense	**(2.0)**	(6.1)	(2.4)
Total comprehensive expense for the period	**(12.8)**	(23.7)	(118.4)
Total comprehensive expense attributable to:			
Equity holders of the Parent	**(9.7)**	(23.5)	(106.2)
Non-controlling interests	**(3.1)**	(0.2)	(12.2)
	(12.8)	(23.7)	(118.4)
Total comprehensive expense attributable to equity holders of the Parent arising from:			
Continuing operations	**(5.6)**	(15.4)	(87.0)
Discontinued operation	**(4.1)**	(8.1)	(19.2)
	(9.7)	(23.5)	(106.2)

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

CONDENSED CONSOLIDATED BALANCE SHEET

as at 28 February 2021

	Note	**Unaudited 28 February 2021 £m**	Audited 31 August 2020 £m
Non-current assets			
Investment property	11	**848.3**	1,069.2
Investment in joint ventures	12	**2.4**	2.5
Loans to joint ventures	12	**0.3**	0.7
Investment in associate	13	**4.8**	5.5
Other non-current assets	14	**0.6**	0.8
Other receivables	15	**8.4**	11.3
Total non-current assets		**864.8**	1,090.0
Current assets			
Trade and other receivables	15	**9.8**	17.3
Cash and cash equivalents	16	**140.4**	67.6
		150.2	84.9
Non-current assets and disposal group held for sale	17	**114.7**	125.0
Total current assets		**264.9**	209.9
Total assets		**1,129.7**	1,299.9
Non-current liabilities			
Borrowings	18	**(271.4)**	(535.7)
Lease liabilities	19	**(51.5)**	(49.9)
Derivative financial instruments	20	**(8.6)**	(12.3)
Deferred tax	21	**(5.3)**	(5.3)
Total non-current liabilities		**(336.8)**	(603.2)
Current liabilities			
Borrowings	18	**(200.5)**	(66.1)
Lease liabilities	19	**(0.5)**	(0.8)
Derivative financial instruments	20	**(0.2)**	(0.3)
Trade and other payables	22	**(23.1)**	(27.7)
Tax liabilities		**(0.7)**	(2.1)
Total current liabilities		**(225.0)**	(97.0)
Total liabilities		**(561.8)**	(700.2)
Net assets		**567.9**	599.7
Equity			
Share capital	23	**152.2**	152.1
Share premium	23	**534.9**	534.8
Other components of equity		**(158.1)**	(129.7)
Total attributable to equity holders of the Parent		**529.0**	557.2
Non-controlling interests	25	**38.9**	42.5
Total equity		**567.9**	599.7

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

The consolidated financial statements were approved by the Board of Directors on 01 June 2021 and were signed on its behalf by:

Stephen Oakenfull
Chief Executive Officer

Donald Grant
Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 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**
Loss for the period		-	-	(7.7)	-	-	(7.7)	(3.1)	(10.8)
Items that may be transferred to the income statement									
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(2.0)	(2.0)	-	(2.0)
Total comprehensive expense for the period		**-**	**-**	**(7.7)**	**-**	**(2.0)**	**(9.7)**	**(3.1)**	**(12.8)**
Transactions with equity holders of the Parent									
Issue of shares	23	0.1	0.1	-	-	-	0.2	-	0.2
Dividends paid		-	-	(19.0)	-	-	(19.0)	-	(19.0)
Release of share-based payment reserve	24	-	-	0.3	(0.3)	-	-	-	-
Additional payment in relation to restricted stock plan	24	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Fair value of share-based payments	24	-	-	-	0.2	-	0.2	-	0.2
		0.1	**0.1**	**(18.8)**	**(0.1)**	**-**	**(18.7)**	**-**	**(18.7)**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	25	-	-	-	-	-	-	(0.4)	(0.4)
Disposal of non-controlling interests	25	-	-	0.2	-	-	0.2	(0.1)	0.1
		-	**-**	**0.2**	**-**	**-**	**0.2**	**(0.5)**	**(0.3)**
Balance at 28 February 2021		**152.2**	**534.9**	**(173.3)**	**0.8**	**14.4**	**529.0**	**38.9**	**567.9**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 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 2019		**152.0**	**534.6**	**(20.6)**	**0.8**	**18.8**	**685.6**	**57.4**	**743.0**
Loss for the period		-	-	(17.5)	-	-	(17.5)	(0.1)	(17.6)
Items that may be transferred to the income statement									
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(6.0)	(6.0)	(0.1)	(6.1)
Total comprehensive expense for the period		**-**	**-**	**(17.5)**	**-**	**(6.0)**	**(23.5)**	**(0.2)**	**(23.7)**
Transactions with equity holders of the Parent									
Issue of shares	23	0.1	0.2	-	-	-	0.3	-	0.3
Dividends paid		-	-	(22.8)	-	-	(22.8)	-	(22.8)
Release of share-based payments reserve	24	-	-	0.3	(0.3)	-	-	-	-
Additional payment in relation to restricted stock plan	24	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Fair value of share-based payments	24	-	-	-	0.2	-	0.2	-	0.2
		0.1	**0.2**	**(22.6)**	**(0.1)**	**-**	**(22.4)**	**-**	**(22.4)**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	25	-	-	-	-	-	-	(1.0)	(1.0)
		-	**-**	**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Balance at 29 February 2020		**152.1**	**534.8**	**(60.7)**	**0.7**	**12.8**	**639.7**	**56.2**	**695.9**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 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 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	23	0.1	0.2	-	-	-	0.3	-	0.3
Dividends paid		-	-	(22.8)	-	-	(22.8)	-	(22.8)
Release of share-based payment reserve	24	-	-	0.3	(0.3)	-	-	-	-
Additional payment in relation to restricted stock plan	24	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Fair value of share-based payments	24	-	-	-	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	25	-	-	-	-	-	-	(1.4)	(1.4)
Disposal of non-controlling interests	25	-	-	-	-	-	-	(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 condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 28 February 2021

Continuing operations	Note	**Unaudited Six months ended 28 February 2021 £m**	Unaudited Six months ended 29 February 2020 £m	Audited Year ended 31 August 2020 £m
Cash generated from operations	**26**	**7.0**	30.2	39.4
Finance expense and head lease payments		**(9.6)**	(9.8)	(19.8)
Net cash (outflow)/inflow from continuing operating activities		**(2.6)**	20.4	19.6
Discontinued operation				
Net cash inflow from discontinued operating activities		**2.4**	2.9	4.3
Net cash inflow from discontinued operating activities		**2.4**	2.9	4.3
Net cash (outflow)/inflow from operating activities		**(0.2)**	23.3	23.9
Cash flows from investing activities				
Disposal of subsidiaries		**214.3**	-	-
Cash lost on disposal of subsidiaries		**(0.8)**	-	-
Sale of investment property including property held for sale		**4.4**	34.5	34.2
Purchase and development of investment property		**(0.7)**	(14.7)	(13.7)
Investment in associate		**-**	(0.6)	(0.6)
Distributions from associate		**-**	0.5	0.5
Net cash inflow from continuing investing activities		**217.2**	19.7	20.4
Discontinued operation				
Net cash inflow from discontinued investing activities		**4.4**	12.1	24.3
Net cash inflow from discontinued investing activities		**4.4**	12.1	24.3
Net cash inflow from investing activities		**221.6**	31.8	44.7
Cash flows from financing activities				
Issue of shares		**-**	0.3	0.3
Proceeds from borrowings		**-**	-	25.0
Repayment of borrowings		**(128.9)**	(6.3)	(20.9)
Settlement of derivative financial instruments		**(0.1)**	0.1	0.1
Dividends paid to equity holders		**(19.0)**	(22.8)	(22.8)
Dividends paid to non-controlling interests		**(0.3)**	(1.0)	(1.4)
Movement in restricted cash and cash equivalents		**(0.3)**	(1.7)	(2.8)
Net cash outflow from continuing financing activities		**(148.6)**	(31.4)	(22.5)
Discontinued operation				
Net cash outflow from discontinued financing activities		**(0.1)**	(9.7)	(13.4)
Net cash outflow from discontinued financing activities		**(0.1)**	(9.7)	(13.4)
Net cash outflow from financing activities		**(148.7)**	(41.1)	(35.9)
Net increase in unrestricted cash and cash equivalents		**72.7**	14.0	32.7
Effect of exchange rate fluctuations on cash and cash equivalents		**(0.2)**	(1.6)	(0.9)
Unrestricted cash and cash equivalents at 1 September		**64.1**	32.3	32.3
Unrestricted cash and cash equivalents at end of the period		**136.6**	44.7	64.1
Restricted cash and cash equivalents		**3.8**	2.4	3.5
Cash and cash equivalents at end of the period		**140.4**	47.1	67.6

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2021

1. GENERAL INFORMATION

RDI REIT P.L.C. was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 111198C) 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. Following the take over by Starwood Capital Group, as of 5 May 2021 the Company has been listed on The International Stock Exchange.

The financial information presented in these interim financial statements does not amount to statutory financial statements. The comparative figures for the financial year ended 31 August 2020 are not in the same format as the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified and (ii) included a reference to material uncertainty clauses adopted by valuers over the valuation of certain investment properties as at 31 August 2020 due to some real estate markets experiencing significantly lower levels of transactional activity and liquidity as a result of COVID-19, to which the auditor drew attention by way of emphasis without qualifying their report. The interim financial statements should therefore be read in conjunction with the consolidated financial statements as at and for the year ended 31 August 2020 which are available upon request from the Company's registered office at St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements ("interim financial statements") for the six months ended 28 February 2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied by the Group are the same as those applied in the audited consolidated financial statements as at and for the year ended 31 August 2020, as set out on pages 146-153 of the 2020 Annual Report, with the exception of the application of the amendments set out below. Changes made are set out in 2.4 'Changes to Significant Accounting Policies'.

Accounting amendments adopted during the period

The relevant new standards, amendments and interpretations that have been adopted during the period are as follows:

International Financial Reporting Standards
IFRS 3 'Business Combinations' – amendment
IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments – recognition and measurement' and IFRS 7 'Financial Instruments – disclosures' – amendment (interest rate benchmark reform)
IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' – amendment (definition of materiality)
Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 16 – amendment (COVID-19 related rent concessions)

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 resulted in changes to presentation and disclosure only.

Accounting standards, amendments and interpretations not yet adopted

Disclosed in the table below are the relevant new standards and amendments 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, the details of which are set out below.

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 consolidated 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, including investment property held for sale and derivative financial instruments, all of which are carried at fair value.

REASSESSMENT OF THE GROUP'S CONTRACTS WITH CUSTOMERS (NON-LEASE)

In the second half of the year ended 31 August 2020, after a reassessment of the Group's service charge arrangements across both the UK and German portfolios, it was concluded that the Group does act as principal, the accounting policy was updated accordingly. For the period ended 29 February 2020, rental income and rental expense have therefore been grossed up by £2.9 million in the consolidated income statement. The segmental note (Note 3) and net rental income note (Note 4) have also been restated as a result. There has been no change to net rental income as a result of these restatements.

The same principal was also applied to service fee income generated from the Group's London Serviced Offices portfolio, where ancillary service costs are recharged to tenants at a margin as these fees were previously recognised on a net basis in other operating income. For the period ended 29 February 2020, other operating income and other operating expense (new line item) have been grossed up by £0.5 million in the consolidated income statement. The segmental note (Note 3) other operating income and expense note (Note 5) for this period have also been restated as a result. There has been no change to net operating income as a result of these restatements.

As a result of both of the above adjustments, revenue has been restated by £3.4 million in the consolidated income statement and in the segmental note (Note 3) for the period ended 29 February 2020.

The impact of this revised assessment of service charge and service fee arrangements, in addition to the revised comparative income statement presentation is set out in the table following.

Continuing operations	Period ended 29 February 2020 £m	Adjustment £m	Restated period ended 29 February 2020 £m
Revenue	40.4	3.4	**43.8**
Rental income	39.2	2.9	**42.1**
Rental expense	(3.9)	(2.9)	**(6.8)**
Net rental income	35.3	-	**35.3**
Other operating income	1.2	0.5	**1.7**
Other operating expense	-	(0.5)	**(0.5)**
Other operating income and expense	1.2	-	**1.2**

There has been no change in the net asset value as at 29 February 2020 or the loss for the period then ended and accordingly no impact on net asset value per share or earnings per share. There has also been no impact to net cash flows.

GOING CONCERN

In light of the current COVID-19 pandemic and the ongoing uncertainty around the United Kingdom's future trading relationship with the European Union, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's condensed consolidated financial statements for the period ended 28 February 2021.

At 28 February 2021, the Group's cash and undrawn facilities were £280.4 million, subject to covenants and its net capital commitments were £4.2 million.

The Group has negotiated covenant waivers and amortisation holidays for the majority of the Group's facilities since the outbreak of COVID-19 in response to the negative impact on the financial performance of the Group's secured assets. At the last reported dates, covenant waivers remained in place on 57.5 per cent of debt subject to financial covenants.

In addition, The Group has £199.9 million of debt due to mature within the next twelve months and is in advanced refinancing negotiations with the lenders of these near term maturing facilities, with credit approval having been achieved.

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 twelve 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 second half of 2021 and 2022;
- gradual recovery of the performance of the Group's RBH managed hotels and London Serviced Offices portfolio's during the going concern period;
- significant increases in rent deferrals and bad debts, notably in 2021, continuing throughout the going concern period;
- mature asset disposals programme stalls;
- an inability to refinance maturing facilities at comparable levels of gearing;
- 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, pledging as additional security ungeared properties currently valued at £38.4 million, suspending all non-committed capital expenditure over the going concern period and setting the dividend at the minimum required to meet the Group's UK REIT requirements. Given the significant liquidity reserves the Group continues to hold, in the severe but plausible downside scenario these mitigants are not anticipated to be required for the Group to remain a going concern.

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 twelve 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 consolidated 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

GOING CONCERN

In light of the current COVID-19 pandemic and the ongoing uncertainty around the United Kingdom's future trading relationship with the European Union, significant judgement has been applied in considering certain key assumptions which underpin the appropriateness of adopting the going concern basis in preparing the Group's consolidated financial statements for the period ended 28 February 2021.

Key assumptions included, amongst others, the timelines for recovery from the COVID-19 pandemic including its potential impact on the mature asset disposal programme; and the continued willingness of lenders to refinance maturing debt facilities.

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 RDI 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 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. Where there is a lack of comparable transactional evidence then the degree of potential variability in valuations may widen. As a result of the continuing impact of COVID-19, material uncertainty clauses were adopted by the Group's valuers in their period-end valuation reports of the UK Hotels portfolio and certain automotive properties. Further details with respect to assumptions and estimation uncertainties are provided in Note 11.

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 temporary closures and 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, tenant lease incentives and amounts advanced to related parties, are subject to a significant degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly with respect to the period ended 28 February 2021 following the unprecedented uncertainty created by COVID-19.

2.4 CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

The following accounting policy has been added to the Group's existing accounting policies as a result of adopting amendments to IFRS 3 – definition of a business:

INVESTMENT IN SUBSIDIARIES

For a transaction to be considered a business acquisition, an integrated 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 output. A business can exist without including all of the inputs and processes needed to create outputs.

3. SEGMENTAL REPORTING

As required by IFRS 8 'Operating Segments' ("IFRS 8"), the information provided to the Board, which is the Chief Operating Decision Maker, has been classified into the following segments:

UK Commercial:	The Group's portfolio of Greater London and regional offices, London serviced offices, roadside service stations and logistics & distribution centres;
UK Retail:	The Group's portfolio of shopping centres, retail parks (disposed during the period ended 28 February 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: (Discontinued operation)	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 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 28 February 2021	**UK Commercial £m**	**UK Hotels £m**	**UK Retail £m**	**Europe Dis Op £m**	**Other £m**	**Total £m**	**Joint venture adj £m**	**Group total £m**	**Europe Dis Op adj £m**	**IFRS total £m**
Revenue										
Rental income	15.4	1.7	4.7	3.2	-	**25.0**	(0.4)	**24.6**	(3.2)	**21.4**
Service charge income	0.7	-	1.7	1.1	-	**3.5**	-	**3.5**	(1.1)	**2.4**
Other operating income	0.7	-	-	-	0.1	**0.8**	-	**0.8**	-	**0.8**
Total revenue	**16.8**	**1.7**	**6.4**	**4.3**	**0.1**	**29.3**	**(0.4)**	**28.9**	**(4.3)**	**24.6**
Net rental income	13.4	1.1	3.3	2.5	-	**20.3**	(0.4)	**19.9**	(2.5)	**17.4**
Other operating income and expense	0.5	-	-	-	0.1	**0.6**	-	**0.6**	-	**0.6**
Administrative costs and other fees	(0.4)	-	(0.1)	(0.2)	(5.6)	**(6.3)**	-	**(6.3)**	0.2	**(6.1)**
Net operating income/(expense)	**13.5**	**1.1**	**3.2**	**2.3**	**(5.5)**	**14.6**	**(0.4)**	**14.2**	**(2.3)**	**11.9**
Loss on disposal of subsidiaries (Note 7)	(1.2)	-	(1.6)	(0.3)	-	**(3.1)**	-	**(3.1)**	0.3	**(2.8)**
Gain/(loss) on revaluation of investment property	7.1	(2.0)	(10.4)	-	-	**(5.3)**	1.0	**(4.3)**	-	**(4.3)**
Loss on disposal of investment property	-	-	(3.8)	-	-	**(3.8)**	-	**(3.8)**	-	**(3.8)**
Loss on revaluation of investment property held for sale	(1.0)	-	-	(3.3)	-	**(4.3)**	-	**(4.3)**	3.3	**(1.0)**
Loss on disposal of investment property held for sale	-	-	-	(0.5)	-	**(0.5)**	-	**(0.5)**	0.5	**-**
Foreign exchange gain	-	-	-	0.2	-	**0.2**	-	**0.2**	(0.2)	**-**
Finance expense	(5.9)	(2.7)	(1.2)	(0.8)	-	**(10.6)**	0.3	**(10.3)**	0.8	**(9.5)**
Other finance expense	-	(1.6)	-	-	-	**(1.6)**	-	**(1.6)**	-	**(1.6)**
Change in fair value of derivative financial instruments	3.2	0.2	0.5	0.3	-	**4.2**	(0.5)	**3.7**	(0.3)	**3.4**
Share of post-tax loss from associate	-	(0.7)	-	-	-	**(0.7)**	-	**(0.7)**	-	**(0.7)**
Profit/(loss) before tax per reportable segments	**15.7**	**(5.7)**	**(13.3)**	**(2.1)**	**(5.5)**	**(10.9)**	**0.4**	**(10.5)**	**2.1**	**(8.4)**
Taxation	-	-	-	-	0.1	**0.1**	-	**0.1**	-	**0.1**
Profit/(loss) after tax per reportable segments	**15.7**	**(5.7)**	**(13.3)**	**(2.1)**	**(5.4)**	**(10.8)**	**0.4**	**(10.4)**	**2.1**	**(8.3)**
Continuing operation										
Impairment of loan to continuing joint venture interest						**-**	(0.4)	**(0.4)**	-	**(0.4)**
Discontinued operation										
Loss for the period from discontinued operation						**-**	-	**-**	(2.1)	**(2.1)**
IFRS loss for the period						**(10.8)**	**-**	**(10.8)**	**-**	**(10.8)**

Segmental income statement for the period ended 29 February 2020	**UK Commercial £m**	**UK Hotels £m**	**UK Retail £m**	**Europe Dis Op £m**	**Other £m**	**Total £m**	**Joint venture adj £m**	**Group total £m**	**Europe Dis Op adj £m**	**IFRS total £m**
Revenue										
Rental income	18.3	11.3	10.0	6.9	-	**46.5**	(0.8)	**45.7**	(6.5)	**39.2**
Service charge income	0.9	-	2.0	2.0	-	**4.9**	-	**4.9**	(2.0)	**2.9**
Other operating income	1.4	-	-	-	0.3	**1.7**	-	**1.7**	-	**1.7**
Total revenue (restated) (1)	**20.6**	**11.3**	**12.0**	**8.9**	**0.3**	**53.1**	**(0.8)**	**52.3**	**(8.5)**	**43.8**
Net rental income	15.3	11.3	9.0	5.6	-	**41.2**	(0.7)	**40.5**	(5.2)	**35.3**
Other operating income and expense	0.9	-	-	-	0.3	**1.2**	-	**1.2**	-	**1.2**
Administrative costs and other fees	(0.8)	(0.1)	-	(0.3)	(5.5)	**(6.7)**	0.1	**(6.6)**	0.2	**(6.4)**
Net operating income/(expense)	**15.4**	**11.2**	**9.0**	**5.3**	**(5.2)**	**35.7**	**(0.6)**	**35.1**	**(5.0)**	**30.1**
Loss on revaluation of investment property	(6.9)	(8.0)	(18.9)	-	-	**(33.8)**	-	**(33.8)**	-	**(33.8)**
Loss on revaluation of investment property held for sale	-	-	-	(6.9)	-	**(6.9)**	0.5	**(6.4)**	6.4	**-**
Loss on disposal of investment property	(2.0)	-	-	-	-	**(2.0)**	-	**(2.0)**	-	**(2.0)**
Gain/(loss) on disposal of investment property held for sale	1.0	-	(0.2)	(0.3)	-	**0.5**	(0.7)	**(0.2)**	1.0	**0.8**
Acquisition and disposal of subsidiaries	0.1	-	-	(0.1)	-	**-**	-	**-**	0.1	**0.1**
Other expenses	-	-	-	-	(0.6)	**(0.6)**	-	**(0.6)**	-	**(0.6)**
Foreign exchange loss	-	-	-	-	(0.2)	**(0.2)**	-	**(0.2)**	-	**(0.2)**
Finance income on loans to joint ventures	-	-	-	-	-	**-**	0.1	**0.1**	(0.1)	**-**
Finance expense	(4.8)	(3.2)	(2.5)	(1.6)	-	**(12.1)**	0.3	**(11.8)**	1.6	**(10.2)**
Other finance expense	-	-	-	(0.3)	-	**(0.3)**	0.3	**-**	-	**-**
Change in fair value of derivative financial instruments	0.4	0.1	0.2	0.9	-	**1.6**	(0.2)	**1.4**	(0.9)	**0.5**
Impairment of associate	-	(0.3)	-	-	-	**(0.3)**	-	**(0.3)**	-	**(0.3)**
Share of post-tax loss from associate	-	(0.2)	-	-	-	**(0.2)**	-	**(0.2)**	-	**(0.2)**
Profit/(loss) before tax per reportable segments	**3.2**	**(0.4)**	**(12.4)**	**(3.0)**	**(6.0)**	**(18.6)**	**(0.3)**	**(18.9)**	**3.1**	**(15.8)**
Taxation	-	-	-	1.4	-	**1.4**	(0.2)	**1.2**	(1.2)	**-**
Profit/(loss) after tax per reportable segments	**3.2**	**(0.4)**	**(12.4)**	**(1.6)**	**(6.0)**	**(17.2)**	**(0.5)**	**(17.7)**	**1.9**	**(15.8)**
Continuing operation										
Movement of losses restricted in joint ventures						**(0.4)**	0.4	**-**	-	**-**
Discontinued operation										
Share of post-tax profit from joint ventures						**-**	0.1	0.1	(0.1)	**-**
Loss for the period from discontinued operation						**-**	-	**-**	(1.8)	**(1.8)**
IFRS loss for the period						**(17.6)**	**-**	**(17.6)**	**-**	**(17.6)**

(1) Refer to Note 2.2 for further information on the restatement of service charge income and recoverable service charge expenditure.

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 adj £m	Group total £m	Europe Dis Op adj £m	IFRS total £m
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 7)	-	-	-	(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	-	(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 28 February 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	488.9	336.3	33.5	-	**858.7**	(10.4)	**848.3**
Investment in associate	-	4.8	-	-	**4.8**	-	**4.8**
Trade and other receivables	6.9	3.8	3.3	4.2	**18.2**	(0.8)	**17.4**
Cash and cash equivalents	72.5	1.8	3.2	4.9	**82.4**	(2.5)	**79.9**
Investment property held for sale	3.0	-	-	111.7	**114.7**	-	**114.7**
Borrowings, including lease liabilities	(247.7)	(188.4)	(39.3)	(56.0)	**(531.4)**	8.0	**(523.4)**
Trade and other payables	(8.8)	(4.3)	(4.3)	(2.0)	**(19.4)**	0.3	**(19.1)**
Segmental net assets	**314.8**	**154.0**	**(3.6)**	**62.8**	**528.0**	(5.4)	**522.6**
Unallocated assets and liabilities:							
Other non-current assets					**0.6**	-	**0.6**
Trade and other receivables					**0.8**	-	**0.8**
Cash and cash equivalents					**60.5**	-	**60.5**
Derivative financial instruments					**(11.2)**	2.4	**(8.8)**
Lease liabilities					**(0.5)**	-	**(0.5)**
Deferred tax					**(5.3)**	-	**(5.3)**
Trade and other payables					**(4.0)**	-	**(4.0)**
Current tax liabilities					**(0.7)**	-	**(0.7)**
					568.2	(3.0)	**565.2**
Joint venture adjustments:							
Joint venture non-controlling interests					**(0.3)**	0.3	**-**
Investment in joint ventures					**-**	2.4	**2.4**
Recognised loan to joint ventures					**-**	0.3	**0.3**
IFRS net assets					**567.9**	-	**567.9**

Segmental balance sheet as at 29 February 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	545.3	379.4	233.7	-	**1,158.4**	(11.0)	**1,147.4**
Investment in associate	-	7.2	-	-	**7.2**	-	**7.2**
Trade and other receivables	4.8	3.7	8.3	11.5	**28.3**	(0.5)	**27.8**
Cash and cash equivalents	24.7	9.0	6.0	3.5	**43.2**	(2.0)	**41.2**
Investment property held for sale	4.2	-	-	210.5	**214.7**	(5.5)	**209.2**
Borrowings, including lease liabilities	(267.3)	(187.7)	(136.4)	(125.5)	**(716.9)**	11.0	**(705.9)**
Trade and other payables	(8.3)	(3.9)	(6.6)	(1.7)	**(20.5)**	0.6	**(19.9)**
Segmental net assets	**303.4**	**207.7**	**105.0**	**98.3**	**714.4**	(7.4)	**707.0**
Unallocated assets and liabilities:							
Other non-current assets					**1.0**	-	**1.0**
Trade and other receivables					**1.4**	-	**1.4**
Cash and cash equivalents					**5.9**	-	**5.9**
Net derivative financial instruments					**(13.9)**	2.8	**(11.1)**
Lease liabilities					**(0.8)**	-	**(0.8)**
Deferred tax					**(5.8)**	-	**(5.8)**
Trade and other payables					**(4.5)**	-	**(4.5)**
Current tax liabilities					**(1.4)**	0.2	**(1.2)**
					696.3	(4.4)	**691.9**
Joint venture adjustments:							
Cumulative restricted loss in joint venture					**(0.2)**	0.2	**-**
Joint Venture non-controlling interests					**(0.2)**	0.2	**-**
Investment in joint ventures					**-**	2.6	**2.6**
Recognised loan to joint ventures					**-**	1.4	**1.4**
IFRS net assets					**695.9**	-	**695.9**

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**
Investment property 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**

4. NET RENTAL INCOME

Continuing operations	**Unaudited 28 February 2021 £m**	Restated[(1)] Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Rental income[(2)]			
Gross lease payments from third parties	**19.3**	28.0	50.9
Third party tenant lease incentives	**1.1**	1.2	2.7
	20.4	29.2	53.6
Gross lease payments from related party (Note 28)	**1.2**	11.0	11.1
Related party tenant lease incentives (Note 28)	**(0.2)**	(1.0)	(3.3)
	1.0	10.0	7.8
Service charge income	**2.4**	2.9	4.6
	23.8	42.1	66.0
Rental expense			
Service charge expenditure (recoverable and non-recoverable)	**(3.0)**	(3.3)	(5.4)
Direct property operating expenses	**(2.0)**	(2.0)	(4.0)
Expected credit losses against rent and service charge receivables	**(0.2)**	-	(1.4)
Expected credit losses against rent receivables from related parties (Note 28)	**(0.5)**	-	-
Expected credit losses against tenant lease incentives	**0.7**	-	(1.4)
Repairs and maintenance	**(0.2)**	(0.3)	(0.5)
Property services provided by related party (Note 28)	**(0.3)**	(0.3)	(0.5)
Letting costs	**(0.3)**	(0.2)	(0.4)
London Serviced Offices portfolio direct staff and sales costs	**(0.6)**	(0.7)	(1.2)
	(6.4)	(6.8)	(14.8)
Net rental income	**17.4**	35.3	51.2

(1) Refer to Note 2.2 for further information on the restatement of service charge income and recoverable service charge expenditure.

(2) 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:

Continuing operations	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Not later than one year	**36.9**	62.8	64.8
Later than one year not later than two years	**24.1**	39.9	37.9
Later than two years not later than three years	**18.1**	33.6	32.2
Later than three years not later than four years	**15.6**	27.1	28.1
Later than four years not later than five years	**13.2**	23.8	24.2
Later than five years	**109.9**	132.4	143.0
	217.8	319.6	330.2

5. OTHER OPERATING INCOME AND EXPENSE

Continuing operations	**Unaudited 28 February 2021 £m**	Restated[(1)] Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Other operating income[(2)]			
Service fee income[(3)]	**0.7**	1.4	2.2
Insurance rebates	**0.1**	0.2	0.3
Management fees from joint ventures (Note 28)	**-**	-	0.2
Salary recharges	**-**	0.1	0.3
	0.8	1.7	3.0
Other operating expense			
Service fee expense[(3)]	**(0.2)**	(0.5)	(0.7)
	(0.2)	(0.5)	(0.7)
Other operating income and expense	**0.6**	1.2	2.3

(1) Refer to Note 2.2 for further information on the restatement of service fee income and service fee expense.

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

(3) 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	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Staff costs, incl. Executive Directors	**2.3**	2.6	5.1
Non-executive Director fees and insurance	**0.3**	0.2	0.4
Professional fees	**0.7**	0.9	2.0
Corporate costs	**0.2**	0.3	0.6
Head office costs	**0.3**	0.4	0.8
Share-based payments (Note 24)	**0.2**	0.2	0.4
Investment management fees to related party (Note 28)	**0.2**	0.4	0.7
Depreciation	**0.2**	0.1	0.3
General administrative expenses	**0.1**	0.5	0.3
Recurring administrative costs and other fees	**4.5**	5.6	10.6
Non-recurring transaction costs	**1.0**	0.8	0.7
Redundancy payments	**0.6**	-	-
Administrative costs and other fees	**6.1**	6.4	11.3

7. DISPOSAL OF SUBSIDIARIES

The impact of corporate disposals during the period ended 28 February 2021 and the related net cash inflow is presented below:

Continuing operations	UK Retail Parks Portfolio £m	Charing Cross Road, London £m	Unaudited 28 February 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	Audited 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 28)	-	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 28)	0.4	-	**0.4**
Transaction costs	(0.8)	(0.5)	**(1.3)**
Loss on disposal of subsidiaries	**(11.8)**	**(0.7)**	**(12.5)**

Income and cash generating corporate disposals during the year ended 31 August 2020 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.

On 5 March 2020, the Group exchanged contracts for the sale of three properties at Schwandorf, Herzogenrath and Hucklehoven 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. Preliminary 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. During the period ended 28 February 2021, additional transaction costs of £0.3 million were incurred.

8. FINANCE EXPENSE

Continuing operations	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Finance expense on bank loans	**(8.1)**	(8.3)	(17.8)
Amortisation of debt issue costs	**(0.6)**	(0.8)	(1.2)
Finance expense on lease liabilities[(1)]	**(0.8)**	(1.1)	(1.9)
Finance expense	**(9.5)**	(10.2)	(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 1.8 to 5.4 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 28 February 2021 (£0.1 million: 29 February 2020, £0.1 million: 31 August 2020).

9. OTHER FINANCE EXPENSE

Continuing operations	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Expected credit losses on amounts receivable from related party (Note 28)	1.6	-	1.9
Other finance expense	**1.6**	**-**	1.9

During the period ended 28 February 2021, and the prior year ended 31 August 2020, the Group cumulatively advanced loans of £5.0 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 year ended 31 August 2021 do not assume full repayment of the loans advanced. In addition, given the uncertainty on the duration of the ongoing disruption, including the reintroduction of further restrictions, which have had a significant negative impact on the hospitality sector, the Group has considered it prudent to assume a 70 per cent (31 August 2020: 50 per cent) loss allowance against amounts outstanding at the reporting date based on uncertainties over the forecast cash flows of the RBH hotel trading business due to COVID-19. As this is an impairment of a financial instrument, the income statement charge has been recognised as a non-recurring finance expense.

10. TAXATION

a) Tax recognised in the consolidated income statement:

Continuing operations	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Current income tax			
Adjustments in respect of prior periods	**(0.1)**	-	-
Tax credit for the period recognised in the consolidated income statement	**(0.1)**	-	-
Discontinued operation			
Current income tax	**(0.1)**	0.1	1.0
Deferred income tax	**0.1**	(1.3)	(2.0)
Tax credit for the period included in post-tax loss from discontinued operation	**-**	(1.2)	(1.0)
Total tax credit for the period	**(0.1)**	(1.2)	(1.0)

There was £nil tax recognised in equity or other comprehensive income during all periods presented.

b) Reconciliation

The tax rate for the period is lower than the average standard rate of corporation tax in the UK of 19.0 per cent (29 February 2020: 19 per cent, 31 August 2020: 19.0 per cent). The differences are explained below:

Continuing operations	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Loss before tax	**(8.8)**	(15.8)	(99.2)
Loss before tax multiplied by standard rate of corporation tax	**(1.7)**	(3.0)	(18.9)
Effect of:			
- Loss on disposal of subsidiary	**0.5**	-	-
- Loss on revaluation of investment property (including held for sale)	**1.0**	6.4	21.6
- Net loss on disposal of investment property (including held for sale)	**0.7**	0.2	0.2
- Change in fair value of derivative financial instruments	**(0.6)**	(0.1)	0.3
- (Income)/expense not subject to UK income tax	**(0.1)**	(0.3)	0.3
- REIT exempt property rental profits	**(1.1)**	(3.6)	(5.7)
- Unutilised losses carried forward	**0.4**	-	0.7
- Expenses not deductible for tax	**0.9**	0.4	1.5
- Adjustments in respect of prior periods	**(0.1)**	-	-
Tax credit for the period recognised in the consolidated income statement	**(0.1)**	-	-

As shown in the reconciliations above, the effective tax rate of the Group is not meaningful given the loss position for all periods presented.

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.

11. INVESTMENT PROPERTY

Unaudited 28 February 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	4.1	0.5	-	-	**4.6**	-	4.6
Capitalised expenditure	-	0.9	0.5	-	**1.4**	0.6	0.8
Disposals through the sale of subsidiaries (Note 7)	(58.5)	-	(153.1)	-	**(211.6)**	(169.6)	(42.0)
Disposals through sale of property	-	-	(10.5)	-	**(10.5)**	-	(10.5)
Transfer to assets held for sale (Note 17)	(0.5)	-	-	-	**(0.5)**	(0.5)	-
Gain/loss on revaluation	8.1	(2.0)	(10.4)	-	**(4.3)**	7.3	(11.6)
IFRS carrying value	**478.5**	**336.3**	**33.5**	**-**	**848.3**	**600.9**	**247.4**
Adjustments:							
Head lease assets (Note 19)	(22.1)	(27.8)	-	-	**(49.9)**	-	(49.9)
Tenant lease incentives (Note 15)	3.8	0.3	1.9	-	**6.0**	5.9	0.1
Market value of Group portfolio	**460.2**	**308.8**	**35.4**	**-**	**804.4**	**606.8**	**197.6**
Market value of assets held for sale (Note 17)	3.2	-	-	112.3	**115.5**	88.5	27.0
Market value of Group portfolio at	**463.4**	**308.8**	**35.4**	**112.3**	**919.9**	**695.3**	**224.6**
Joint ventures							
Share of joint venture investment property	10.6	-	-	-	**10.6**	10.6	-
Market value of total portfolio (on a proportionately consolidated basis)	**474.0**	**308.8**	**35.4**	**112.3**	**930.5**	**705.9**	**224.6**

Audited 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 17)	(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	**525.3**	**336.9**	**207.0**	**-**	**1,069.2**	**763.1**	**306.1**
Adjustments:							
Head lease assets (Note 19)	(18.0)	(27.2)	(3.4)	-	**(48.6)**	-	(48.6)
Tenant lease incentives (Note 15)	2.1	-	6.5	-	**8.6**	7.8	0.8
Market value of Group portfolio	**509.4**	**309.7**	**210.1**	**-**	**1,029.2**	**770.9**	**258.3**
Market value of assets held for sale (Note 17)	3.7	-	-	122.2	**125.9**	95.1	30.8
Market value of Group portfolio	**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 (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.

Recognition

Judgement may be required to determine whether a property qualifies as an investment property. Investment property comprises a number of retail and commercial properties in the UK and Europe that are leased to unconnected third parties.

The UK Hotel portfolio is held for capital appreciation and to earn rental income. Apart from the five Travelodge branded hotels, the hotel portfolio has been let to RBH to separately manage the operating business of each hotel for a fixed rent. The rent is subject to annual review which takes into account the forecast EBITDA. As detailed in the key judgements and estimates in Note 2, aside from the Group's associate interest in RBH and the receipt of rental and dividend income, RDI is not involved in the hotel management business and there are limited transactions between RDI and RBH. As a result, the Directors consider it appropriate to classify the hotel portfolio as investment property in line with IAS 40.

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 the reporting date. These properties have been valued in line with the contractual sales price at period 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 28 February 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 BNP Paribas Real Estate for the Esplanade (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 Audit and Risk Committee. 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 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 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 less 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 has been continued weakening of investor sentiment, retail failures and ongoing structural change in consumer behaviour. At the latest valuation date, with some real estate markets experiencing significantly lower levels of transactional activity and liquidity as a result of the continuing impact of COVID-19, material uncertainty clauses were adopted by the Group's valuers in their reports for the UK Hotels portfolio and certain automotive properties, which are included within the UK Commercial segment.

Fair value disclosures

The Group considers all its investment property to fall within 'Level 3', as defined by IFRS 13 (refer to Note 27). 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:

Unaudited 28 February 2021 Group	Market value £m	Lettable area sqm	Average rent per sqm £	Weighted average lease length years[1]	Weighted average net initial yield %	Net initial yield % range	Average market rent per sqm £
UK Commercial	463.4	189,038	127.9	7.2	4.0	1.6 – 18.1	129.4
UK Hotels	308.8	77,391	108.0	15.4	1.3	0.4 – 4.6	199.3
UK Retail	35.4	19,739	202.7	5.5	8.4	8.4	198.7
Europe	112.3	32,717	204.2	5.0	4.8	4.5 – 5.7	65.6
Joint venture							
UK Commercial	10.6	2,752	315.4	4.7	7.7	7.7	315.4
Total	**930.5**	**321,637**					

Audited 31 August 2020 Group	Market value £m	Lettable area sqm	Average rent per sqm £	Weighted average lease length years[(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 venture							
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:

Unaudited 28 February 2021 Group	Market value £m	+5% ERV/ EBITDA £m[(1)]	-5% ERV/ EBITDA £m[(1)]	-25bps Yield/ Capitali-sation rate £m[(1)]	+25bps Yield/ capitali-sation rate £m[(1)]	+20% ERV/ EBITDA £m[(1)]	-20% ERV/ EBITDA £m[(1)]	-100bps Yield/ capitali-sation rate £m[(1)]	+100bps Yield/ capitali-sation rate £m[(1)]
UK Commercial	463.4	20.3	(20.1)	26.3	(24.0)	81.6	(79.8)	128.3	(82.6)
UK Hotels	308.8	14.7	(14.7)	14.5	(11.8)	59.3	(58.9)	61.2	(43.3)
UK Retail	35.4	1.1	(1.2)	1.0	(1.0)	4.6	(4.9)	4.6	(3.7)
Europe	112.3	4.0	(4.4)	2.0	(2.0)	16.8	(17.2)	8.3	(7.6)
Total	**919.9**	**40.1**	**(40.4)**	**43.8**	**(38.8)**	**162.3**	**(160.8)**	**202.4**	**(137.2)**

Audited 31 August 2020 Group	Market value £m	+5% ERV/ EBITDA £m[(1)]	-5% ERV/ EBITDA £m[(1)]	-25bps Yield/ Capitali-sation rate £m[(1)]	+25bps Yield/ capitali-sation rate £m[(1)]	+20% ERV/ EBITDA £m[(1)]	-20% ERV/ EBITDA £m[(1)]	-100bps Yield/ capitali-sation rate £m[(1)]	+100bps Yield/ capitali-sation 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 business.

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.

For the purposes of viability, the Directors have considered the impact of declines in the current investment property valuations in a downside scenario as follows; St Georges, Harrow -3.0 per cent, UK Hotels -2.0 per cent, London Serviced Offices 2.5 per cent, the shopping centre at Ingolstadt -5.0 per cent, other UK offices -3.0 per cent and Distribution and Industrial (excluding automotive) 3.0 per cent. These sensitivities seek to quantify the 'worst-case' scenario as a result of the ongoing uncertainty around and impact of the outbreak of COVID-19 as a global pandemic and the ongoing uncertainty around the United Kingdom's future trading relationship with the European Union. Based on the market value of the Group's portfolio at 28 February 2021 (including investment property classified as held for sale), the decline in valuations would result in a fair value loss to the income statement of £7.3 million (of which £1.3 million would relate to discontinued operations).

Acquisitions

There have been no acquisitions during the period ended 28 February 2021. During the year ended 31 August 2019, the Group acquired 13.5 acres of land interest in Bicester, Oxfordshire. In December 2019, the Group acquired the second of two distribution units constructed on the site to which it was committed, on practical completion for £10.3 million (excluding costs).

Disposals

The Group made one investment property disposal during the period ended 28 February 2021 by way of an asset sale from the UK Retail portfolio, being the West Orchards Shopping Centre in Coventry. Fair value adjustments on sale relate to the release of tenant incentives and associated head lease liabilities.

28 February 2021	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Fair value adjustments £m	Loss on disposal £m
Continuing operations						
West Orchards, Coventry	4.9	(0.6)	4.3	(10.5)	2.4	(3.8)
Total disposals during the period	**4.9**	**(0.6)**	**4.3**	**(10.5)**	**2.4**	**(3.8)**

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 28 February 2021, the Group was contractually committed to expenditure of £4.1 million for the future development and enhancement of investment property (31 August 2020: £2.3 million). Of the £4.1 million, £0.9 million is considered to be highly likely to be reimbursed under the Group's insurance policies.

Commercial property price risk

The Directors draw 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.

12. INVESTMENT IN AND LOANS TO JOINT VENTURES

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Investment in joint ventures		
Opening balance at 1 September	**2.5**	2.9
Share of post-tax loss	**-**	(0.1)
Distributions to joint venture non-controlling interest	**-**	(0.2)
Foreign currency translation	**(0.1)**	(0.1)
Investment in joint ventures	**2.4**	2.5
Loan 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	**(0.4)**	0.7
Foreign currency translation	**-**	(0.1)
Loan to joint ventures	**0.3**	0.7
Carrying value of net interest in joint ventures	**2.7**	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 28 February 2021, the Group's material investment in 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 28 February 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 movements against 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 28 February 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 is in the process of being formally liquidated; 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 at 28 February 2021 was £0.3 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 27).

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:

Unaudited **28 February 2021**	**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	0.8	**-**	**0.8**	(0.4)	**0.4**
Net operating income	0.8	-	**0.8**	**(0.4)**	**0.4**
Loss on revaluation of investment property	(2.0)	-	**(2.0)**	1.0	**(1.0)**
Finance expense	(0.5)	-	**(0.5)**	0.2	**(0.3)**
Change in fair value of derivative financial instruments	0.9	-	**0.9**	(0.4)	**0.5**
Loss and total comprehensive expense for the period	**(0.8)**	-	**(0.8)**	**0.4**	**(0.4)**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	0.4	**-**	**0.4**	(0.4)	**-**
Group share of joint venture results	**(0.4)**	-	**(0.4)**	**-**	**(0.4)**
Presented as:					
Impairment of loan to continuing joint venture interest					**(0.4)**
Summarised balance sheet					
Investment property	20.7	-	**20.7**	(10.3)	**10.4**
Trade and other receivables	0.6	0.9	**1.5**	(0.8)	**0.7**
Cash and cash equivalents	0.3	4.5	**4.8**	(2.3)	**2.5**
Total assets	**21.6**	**5.4**	**27.0**	**(13.4)**	**13.6**
External borrowings	(16.0)	-	**(16.0)**	8.0	**(8.0)**
Loans from joint venture partners	(6.6)	-	**(6.6)**	3.3	**(3.3)**
Derivative financial instruments	(4.7)	-	**(4.7)**	2.3	**(2.4)**
Trade and other payables (inc. current tax liabilities)	(0.3)	(0.2)	**(0.5)**	0.3	**(0.2)**
Total liabilities	**(27.6)**	**(0.2)**	**(27.8)**	**13.9**	**(13.9)**
Net assets/(liabilities)	**(6.0)**	**5.2**	**(0.8)**	**0.5**	**(0.3)**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	3.0	(2.5)	**0.5**	(0.5)	**-**
Elimination of non-controlling interests	-	(0.3)	**(0.3)**	-	**(0.3)**
Recognised loan to joint venture (Note 28)[1]	0.3	-	**0.3**	-	**0.3**
Excess losses in joint venture not recognised	3.0	-	**3.0**	-	**3.0**
Carrying value of net interest in joint ventures	**0.3**	**2.4**	**2.7**	**-**	**2.7**

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

Audited **31 August 2020**	**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 28)[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.

13. INVESTMENT IN ASSOCIATE

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Investment in RBH		
Opening balance at 1 September	**5.5**	7.6
Share of post-tax loss	**(0.7)**	(0.4)
Additions (Note 28)	**-**	0.6
Distributions (Note 28)	**-**	(0.5)
Impairment of investment	**-**	(1.8)
Carrying value of investment in associate	**4.8**	5.5

RBH

The summarised financial information of RBH is set out below.

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Summarised income statement		
Revenue	**7.6**	39.7
Other income	**2.7**	7.0
Expenses	**(12.7)**	(48.5)
Loss from operations	**(2.4)**	(1.8)
Taxation	**-**	0.3
Loss for the period	**(2.4)**	(1.5)
Elimination of third party interest	**1.7**	1.1
Group share of results	**(0.7)**	(0.4)
Classified as:		
Share of post-tax loss	**(0.7)**	(0.4)
Summarised balance sheet		
Non-current assets	**1.8**	2.1
Intangible asset	**28.1**	28.1
Trade and other receivables	**2.5**	3.1
Cash and cash equivalents	**4.0**	3.8
Total assets	**36.4**	37.1
Loans from RDI	**(5.0)**	(3.9)
Trade and other payables	**(8.2)**	(7.4)
Total liabilities	**(13.2)**	(11.3)
Net assets	**23.2**	25.8
Elimination of third-party interest	**(16.8)**	(18.7)
Share of net assets attributable to the Group	**6.4**	7.1
Impairment of Group share of net assets	**(1.6)**	(1.6)
Carrying value of the Group's investment in associate	**4.8**	5.5

During the year ended 31 August 2020, the Group increased its interest in RBH from 25.3 per cent to 27.4 per cent, by acquiring the equity interests of a minority shareholder. Consideration for the shares was £0.6 million. Notwithstanding the increased interest in RBH, continued classification as an investment in associate is considered appropriate.

Distributions received from RBH for the year ended 31 August 2020 were £0.5 million. There were no distributions received during the six months ended 28 February 2021.

At 31 August 2020, 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 £5.5 million. The independent valuation was determined on a capitalisation of earnings basis, cross-checked to market comparables. Using a discount rate range of 12.5 - 13.5 per cent, an enterprise value range of £17.9 - £21.6 million was attributed to the investment (caveated with heightened valuation uncertainty as a result of COVID-19), with a mid-point valuation of £20.0 million (Group share: £5.5 million). This resulted in an impairment charge of £1.8 million to the income statement during the year ended 31 August 2020.

Due to the continued impact of COVID-19 on the underlying earnings of RBH during the period ended 28 February 2021, the Directors further considered the recoverability of the carrying value of the Group's investment at the reporting date relative the lower end of the above enterprise valuation range, £17.9 million (Group share: £4.9 million). Given that the carrying value was materially in line with this lower valuation estimate, no additional impairment was deemed necessary for the current period.

14. OTHER NON-CURRENT ASSETS

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Property, plant and equipment		
Opening balance at 1 September	**0.8**	0.3
Head office right-of-use asset	**-**	0.8
Depreciation	**(0.2)**	(0.3)
Closing balance	**0.6**	0.8
Intangible assets		
Opening balance at 1 September	**-**	0.6
Amortisation	**-**	(0.1)
Derecognition	**-**	(0.5)
Closing balance	**-**	-
Total other non-current assets	**0.6**	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. The total income statement charge relating to the amortisation and derecognition of the intangible asset was £0.6 million, included within other expenses.

15. RECEIVABLES

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Non-current		
Tenant lease incentives (gross) [(1)]	**7.9**	11.0
Expected credit losses [(1)]	**(0.7)**	(1.4)
	7.2	9.6
Letting costs	**1.2**	1.7
Total non-current other receivables	**8.4**	11.3
Current		
Gross rent and other accounts receivable	**3.2**	6.0
Expected credit losses	**(0.9)**	(1.3)
	2.3	4.7
Gross rent and other accounts receivable to related parties (Note 28)	**1.2**	-
Expected credit losses (Note 28)	**(0.5)**	-
	0.7	-
Gross service charge receivable	**0.5**	1.3
Expected credit losses	**(0.2)**	(0.3)
	0.3	1.0
Recoverable service charge expenditure	**0.2**	0.4
Tenant lease incentives [(1)]	**0.9**	1.3
Tenant lease incentives to related party [(1)] (Note 28)	**0.3**	-
Other amounts receivable from related parties (gross) (Note 28)	**5.2**	4.5
Expected credit losses on other amounts receivable from related parties (Note 28)	**(3.5)**	(1.9)
	1.7	2.6
Accrued income in relation to corporate and property disposals	**0.1**	3.2
Prepayments and accrued income	**1.0**	1.2
Other receivables	**2.3**	2.9
Total current trade and other receivables	**9.8**	17.3
Total receivables	**18.2**	28.6

[(1)] Total tenant lease incentives of £8.4 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 Note 11 (£6.0 million) and Note 17 (£2.4 million) respectively (31 August 2020: £8.6m and £2.3m respectively).

16. CASH AND CASH EQUIVALENTS

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Unrestricted cash and cash equivalents	**136.6**	64.1
Restricted cash and cash equivalents	**3.8**	3.5
Cash and cash equivalents	**140.4**	67.6

At 28 February 2021, the Group's share of total cash and cash equivalents, including its share of joint venture cash, was £142.9 million (31 August 2020: £70.2 million), with a further £137.5 million of undrawn committed facilities available (31 August 2020: £14.0 million). At 28 February 2021, cash and cash equivalents to which the Group did not have instant access amounted to £3.8 million (31 August 2020: £3.5 million). Restricted cash at the reporting date was comprised of:

- £0.7 million held on deposit under an hereditable building right agreement for the property at Ingolstadt (31 August 2020: £0.7 million);
- £0.5 million held in a cash sweep by Santander, as lender, after the Group reported an event of default on a facility secured over three hotels controlled by the Group (31 August 2020: £0.7 million);
- £0.7 million held in a cash sweep by Santander, as lender, with respect to the residual debt of the facility previously secured against West Orchard's Shopping Centre, Coventry which was sold in February 2021 (31 August 2020: £0.2 million);
- £0.7 million held on deposit in favour of the superior landlord of the West Orchard's Shopping Centre (31 August 2020: £0.7 million) which will be transferred to the new owner in due course; and
- £1.2 million held in a cash sweep by Aberdeen Standard Investments, the lender with security over the London Serviced Offices portfolio, until the end of the covenant waiver period in July 2021 (31 August 2020: £1.2 million).

17. 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 carrying value at 1 September 2019	8.8	2.2	231.3	**242.3**	207.2	35.1
Transfers from investment property (Note 11)	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 7)	-	-	(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 carrying value at 1 September 2020	**3.5**	**-**	**121.5**	**125.0**	**94.3**	**30.7**
Capitalised expenditure	-	-	0.4	**0.4**	-	0.4
Transfers from/to investment property (Note 11)	0.5	-	-	**0.5**	0.5	-
Head lease movements	-	-	0.2	**0.2**	-	0.2
Loss on revaluation of investment property	(1.0)	-	(3.3)	**(4.3)**	(1.0)	(3.3)
Disposals through the sale of property	-	-	(3.6)	**(3.6)**	(3.6)	-
Foreign currency translation	-	-	(3.5)	**(3.5)**	(2.6)	(0.9)
IFRS carrying value at 28 February 2021	**3.0**	**-**	**111.7**	**114.7**	**87.6**	**27.1**
Adjustments:						
Head lease asset (Note 19)	-	-	(1.6)	**(1.6)**	-	(1.6)
Tenant lease incentives (Note 15)	0.2	-	2.2	**2.4**	0.9	1.5
Market value of Group assets held for sale at 28 February 2021	**3.2**	**-**	**112.3**	**115.5**	**88.5**	**27.0**

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. As a result of the continuing market dislocation of COVID-19 pandemic in March 2020, it is anticipated that the sales programme will be delayed and that the disposal of the individual remaining assets may take longer than originally anticipated.

At 31 August 2019, the Group had exchanged contracts on one of the properties, namely the Munich shopping centre, for consideration of €11.4 million and the transaction completed on 31 October 2019.

On 17 September 2019, the Group exchanged on the disposal of Altona Shopping Centre, Hamburg for total consideration of €91.0 million, the property remains under contract with the City of Hamburg following the exercise of their pre-emptive right. The original purchaser applied to the court suggesting that the City had incorrectly exercised its pre-emptive right. The Court found in favour of the City & Notary paving the way for the contract to complete. The Company has taken advice which confirms the validity of the sale agreement with the City of Hamburg as well as the effective termination of the sale agreement with Volksbank eG Braunschweig Wolfsburg. Control is not deemed to have transferred from the Group at the reporting date and the property has not been derecognised.

On 27 December 2019, the Group completed on the sale of two German retail warehouses at Waldkraiburg and Kaiserslautern for total consideration of €20.4 million (Group share - €10.6 million as held in Menora joint venture).
On 15 January 2020, the Group exchanged contracts on another retail property at Leipzig for consideration of €7.9 million. The transaction completed on 3 April 2020.
On 5 March 2020, the Group exchanged contracts for the sale of three properties at Schwandorf, Herzogenrath and Hucklehoven (Huckelhoven held in Menora joint venture), Germany for gross consideration of €34.2 million. The transaction subsequently completed on 17 March 2020.
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. As the transaction was structured as a corporate disposal, the bank facility (€62.0 million) was also transferred on completion. Net proceeds were received on 2 September 2020 after the reporting date.

On 30 October 2020, the Group exchanged contracts for the disposal of a retail asset from its discontinued Europe portfolio, located in Molln, for €3.8 million. The transaction subsequently completed on 29 January 2021.

On 4 February 2021, the Group exchanged contracts for the disposal of another retail asset from its discontinued Europe portfolio, located in Bremen, for €7.6 million. Control is not deemed to have transferred from the Group at the reporting date and the property has not been derecognised.

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 28 February 2021, two additional UK Commercial assets met the criteria of IFRS 5 as held for sale, namely Causewayend, Aberdeen and Washway Road, Sale and were transferred from investment property. The Causewayend property was subsequently disposed of on 30 March 2021. Washway Road, Sale and North Street, Plymouth remained classified as held for sale at the reporting date. North Street, Plymouth was exchanged on 3 March 2021 and completed on 30 April 2021 but control was not deemed to have transferred at the reporting date and the property has not been derecognised.

Disposals

The Group disposed of one held for sale asset during the period ended 28 February 2021, namely the retail asset in Molln, Germany from the discontinued Europe portfolio.

Unaudited **28 February 2021**	**Sales proceeds** **£m**	**Disposal costs** **£m**	**Net sales proceeds** **£m**	**Carrying value** **£m**	**Foreign currency translation** **£m**	**Loss on disposal** **£m**
Discontinued operation						
Molln	3.3	(0.1)	3.2	(3.6)	(0.1)	(0.5)
Total disposals during the period	**3.3**	**(0.1)**	**3.2**	**(3.6)**	**(0.1)**	**(0.5)**

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 7).

Audited **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 27). Accordingly, there has been no transfer within the fair value hierarchy during the period.

18. BORROWINGS

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Non-current		
Bank loans	**275.1**	540.3
Less: unamortised debt issue costs	**(3.1)**	(3.9)
Less: fair value adjustments	**(0.6)**	(0.7)
Total non-current borrowings	**271.4**	535.7
Current		
Bank loans	**201.0**	66.4
Less: unamortised debt issue costs	**(0.5)**	(0.3)
Total current borrowings	**200.5**	66.1
Total borrowings	**471.9**	601.8

Analysis of movement in net borrowings

The table below presents the movements in net borrowings for the period ended 28 February 2021 and the year ended 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**
Represented 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 repaid	**(127.9)**	**(1.0)**	**128.9**	**-**
Discontinued operation				
Borrowings repaid	**-**	**(0.1)**	**0.1**	**-**
	(127.9)	**(1.1)**	**129.0**	**-**
Financing activities (non-cash)				
Debt issue costs movements	**0.6**	**-**	**-**	**0.6**
Accretion of debt fair value adjustments	**0.1**	**-**	**-**	**0.1**
Reclassification between current and non-current	**(135.5)**	**135.5**	**-**	**-**
	(134.8)	**135.5**	**-**	**0.7**
Other net cash movements	**-**	**-**	**(201.8)**	**(201.8)**
Foreign currency translation	**(1.6)**	**-**	**-**	**(1.6)**
Closing balance at 28 February 2021	**271.4**	**200.5**	**(140.4)**	**331.5**

The opening net borrowings as at 1 September 2019 has been represented to exclude lease liabilities, now disclosed in a separate note. Refer to Note 19.

Bank loans

	Unaudited 28 February 2021			Audited 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	**275.1**	**275.1**	**275.1**	540.3	540.3	540.3
Less: unamortised debt issue costs	**(3.1)**	**-**	**-**	(3.9)	-	-
Less: fair value adjustments	**(0.6)**	**-**	**0.1**	(0.7)	-	0.1
Total non-current bank loans	**271.4**	**275.1**	**275.2**	535.7	540.3	540.4
Current liabilities						
Bank loans	**201.0**	**201.0**	**201.0**	66.4	66.4	66.4
Less: unamortised debt issue costs	**(0.5)**	**-**	**-**	(0.3)	-	-
Total current bank loans	**200.5**	**201.0**	**201.0**	66.1	66.4	66.4
Total IFRS bank loans	**471.9**	**476.1**	**476.2**	601.8	606.7	606.8
Joint ventures						
Share of joint ventures bank loans	**8.0**	**8.0**	**8.0**	8.1	8.1	8.1
Total bank loans (on a proportionately consolidated basis)	**479.9**	**484.1**	**484.2**	609.9	614.8	614.9
Cash and cash equivalents	**(140.4)**	**(140.4)**	**(140.4)**	(67.6)	(67.6)	(67.6)
Share of joint ventures cash and cash equivalents	**(2.5)**	**(2.5)**	**(2.5)**	(2.6)	(2.6)	(2.6)
Net debt (on a proportionately consolidated basis)	**337.0**	**341.2**	**341.3**	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 28 February 2021, the Group's bank loans were secured over investment property of £883.3 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 £130.7 million (31 August 2020: £85.7 million) as a result of foreign currency movements, scheduled amortisation and the major transactions the Group has completed during the year. 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. Bank debt transactions include:

- In November 2020, the Group repaid £100.0 million on the AUK Revolving Credit Facility ("RCF");
- In January 2021, the Group repaid £23.5 million on the RCF (at 28 February 2021, the facility had a drawn balance of £137.5 million and an undrawn balance of £137.5 million); and
- In February 2021, following the sale of the West Orchards Coventry shopping centre, the Santander facility was partially settled.

During the period ended 28 February 2021, the Group negotiated covenant waivers and amortisation holidays for the majority of the Group's facilities as a result of COVID-19. At the latest compliance, covenant waivers were in place on 57.5 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 £389.4 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 27). The fair value equivalent of all bank loans at the reporting date was £476.2 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 £1.4 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 £1.4 million (31 August 2020: £1.4 million).

Maturity

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

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Less than one year	**201.0**	66.4
Between one year and five years	**119.0**	460.4
More than five years	**156.1**	79.9
	476.1	606.7

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

19. LEASE LIABILITIES

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

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Minimum lease payments under lease obligations:		
Not later than one year	**2.0**	2.1
Later than one year not later than five years	**7.1**	7.6
Later than five years	**531.4**	535.8
	540.5	545.5
Less: finance charges allocated to future periods	**(488.5)**	(494.8)
Present value of minimum lease payments	**52.0**	50.7
Present value of minimum lease obligations:		
Not later than one year	**1.8**	2.1
Later than one year not later than five years	**6.6**	7.5
Later than five years	**43.6**	41.1
Present value of minimum lease payments	**52.0**	50.7
Less current portion of head lease obligations	**(0.5)**	(0.8)
Amounts due after more than one year	**51.5**	49.9
Reconciled to the following categories of right-of-use assets:		
Investment property (Note 11)	**49.9**	48.6
Property, plant and equipment (Note 14)	**0.4**	0.5
Investment property held for sale (Note 17)	**1.6**	1.4
Straight-lining differences on depreciation of property, plant and equipment	**0.1**	0.2
	52.0	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 1.8 to 5.4 per cent. The fair value of the Group's lease obligations at 28 February 2021 was £53.1 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 27).

20. 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.

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Non-current derivative liabilities		
Interest rate swaps	**(8.6)**	(12.3)
	(8.6)	(12.3)
Current derivative liabilities		
Interest rate swaps	**(0.2)**	(0.3)
	(0.2)	(0.3)
Net derivative financial instruments	**(8.8)**	(12.6)

The Group holds interest rate caps at ceiling rates of 1.0 to 3.0 per cent, maturing between November 2021 and June 2023. The Group also holds interest rate swaps with maturities from April 2021 to February 2024 and rates ranging between 0.4 - 2.0 per cent.

21. 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**
Charge for the period recognised in the income statement (within loss from discontinued operation)	0.1	-	-	0.1
Foreign currency translation	(0.1)	-	-	(0.1)
Closing balance at 28 February 2021	**5.7**	**(0.4)**	**-**	**5.3**

At 28 February 2021, there were unrecognised deferred tax assets of £6.1 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.

22. TRADE AND OTHER PAYABLES

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Amounts payable to related parties (Note 28)	**2.9**	1.5
Rent received in advance	**2.7**	3.8
Trade payables	**1.6**	1.5
Deferred service charge income	**2.6**	3.4
Finance expense accruals	**1.8**	2.2
VAT payable	**3.0**	5.3
Accruals	**5.0**	5.9
Tenant deposits [(1)]	**1.9**	2.3
Completion adjustments on corporate disposals	**1.1**	-
Other sundry payables	**0.5**	1.8
Total current trade and other payables	**23.1**	27.7

(1) At 28 February 2021, £1.9 million of tenant deposits were held with respect to the London Serviced Offices Portfolio (31 August 2020: £2.3 million).

At 28 February 2021, the Group had deferred payment of £0.9 million of outstanding VAT liabilities as allowed under the UK government grant as a result of COVID-19 (31 August 2020: £3.1 million).

23. SHARE CAPITAL AND SHARE PREMIUM

AUTHORISED	Number of shares	Share capital £m
At 31 August 2018 (ordinary shares of 8.0 pence each)	3,000,000,000	240.0
Share consolidation (one share for every five shares issued) – 11 February 2019	(2,400,000,000)	-
At 31 August 2020 and 28 February 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 31 August 2019	**380,089,923**	**152.0**	**534.6**
Share issuance – 2 December 2019	225,700	0.1	0.2
At 1 September 2020	**380,315,623**	**152.1**	**534.8**
Share issuance – 1 December 2020	274,438	0.1	0.1
At 28 February 2021	**380,590,061**	**152.2**	**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).

24. RESERVES

Share-based payment reserve

The share-based payment reserve at 28 February 2021 of £0.8 million (31 August 2020: £0.9 million) arises from conditional awards of shares in the Company granted to the Executive Directors and certain employees. The awards will vest on the third anniversary of the grant date, subject to certain performance conditions being achieved over the vesting period. The Group released £0.3 million from the reserve to retained earnings of the cumulative IFRS 2 charge relating to lapsed and vested awards (29 February 2020 and 31 August 2020: £0.3 million). The Group incurred a further £0.1 million in relation to awards that vested with certain employees under the Restricted Stock Plan and has recognised the charge directly in retained earnings (29 February 2020 and 31 August 2020: £0.1 million), such that the net credit to retained earnings for the period in relation to share-based payments was £0.2 million (29 February 2020 and 31 August 2020: £0.2 million). Detailed information on the share-based payment plans in place is included in the 2020 Annual Report.

The IFRS 2 share-based payment charge for the period was £0.2 million (29 February 2020: £0.2 million, 31 August 2020: £0.4 million).

Foreign currency translation reserve

The foreign currency translation reserve at 28 February 2021 of £14.4 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.

25. NON – CONTROLLING INTERESTS

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Opening balance at 1 September	**42.5**	57.4
Comprehensive income for the period:		
Share of loss for the period – continuing operations	**(3.1)**	(12.2)
Changes in ownership interests in subsidiaries:		
Dividends paid to non-controlling interests - continuing operations (Note 28)	**(0.3)**	(1.4)
Dividends payable to non-controlling interests - discontinued operations (Note 28)	**(0.1)**	-
Disposal of non-controlling interests (Note 28)	**(0.1)**	(1.3)
Total non-controlling interests	**38.9**	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 7 and Note 28.

On 31 January 2021, a subsidiary of the former Leopard Portfolio was formally liquidated in which there was a 12 per cent non-controlling interest and the non-controlling interest was therefore derecognised. As part of this liquidation a final dividend was declared of which £0.1 million was due to non-controlling interests and was payable as at 28 February 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2021

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.

	Unaudited 28 February 2021					Audited 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	**157.3**	**121.9**	**197.9**			164.4	123.2	197.3		
Other non-current assets	**0.1**	**-**	**-**			0.1	-	-		
Receivables	**0.5**	**1.5**	**2.1**			0.6	1.8	1.5		
Cash and cash equivalents	**5.9**	**1.2**	**0.6**			7.0	0.9	0.3		
Borrowings, including lease liabilities	**(92.8)**	**(74.2)**	**(114.2)**			(89.7)	(77.2)	(113.6)		
Derivative financial instruments	**-**	**(0.2)**	**-**			-	(0.3)	-		
Trade and other payables	**(4.6)**	**(6.9)**	**(4.7)**			(6.1)	(2.1)	(1.3)		
Net assets	**66.4**	**43.3**	**81.7**			76.3	46.3	84.2		
Elimination of RDI interests	**(53.3)**	**(32.1)**	**(67.4)**			(61.0)	(34.3)	(69.4)		
NCI share of net assets	**13.1**	**11.2**	**14.3**	**0.3**	**38.9**	15.3	12.0	14.8	0.4	42.5
Summarised statement of comprehensive income										
Revenue	**4.8**	**0.7**	**0.6**			12.8	4.1	4.7		
Loss for the period	**(9.6)**	**(2.9)**	**(2.5)**			(9.5)	(19.9)	(29.7)		
Loss attributable to NCI	**(1.9)**	**(0.8)**	**(0.4)**	**-**	**(3.1)**	(1.9)	(5.1)	(5.2)	-	(12.2)
Dividends paid and payable to NCI	**0.3**	**-**	**-**	**0.1**	**0.4**	0.9	-	0.5	-	1.4
Summarised cash flow statement										
Cash inflow/(outflow) from operating activities	**-**	**0.4**	**0.5**			6.6	1.1	(0.5)		
Cash outflow from investing activities	**-**	**(0.2)**	**(0.2)**			-	(0.2)	(0.4)		
Cash outflow from financing activities	**(1.1)**	**(0.2)**	**-**			(4.9)	(2.7)	(0.4)		
Net (decrease)/increase in cash and cash equivalents	**(1.1)**	**-**	**0.3**			1.7	(1.8)	(1.3)		

26. CASH GENERATED FROM OPERATIONS

Continuing operations	**Unaudited 28 February 2021 £m**	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Cash flows from operating activities			
Loss before tax	**(8.8)**	(15.8)	(99.2)
Adjustments for:			
Straight-lining of rental income	**(0.9)**	(0.2)	1.9
Depreciation	**0.2**	0.1	0.3
Share-based payments	**0.2**	0.2	0.4
Share award costs recognised directly in equity	**0.2**	(0.1)	(0.1)
Disposal of subsidiaries	**2.8**	(0.1)	-
Loss on revaluation of investment property	**4.3**	33.8	113.0
Loss on disposal of investment property	**3.8**	2.0	2.2
Loss on revaluation of investment property held for sale	**1.0**	-	0.6
Gain on disposal of investment property held for sale	**-**	(0.8)	(0.9)
Other expenses	**-**	0.6	0.6
Foreign exchange loss/(gain)	**-**	0.2	(0.2)
Finance expense	**9.5**	10.2	20.9
Other finance expense	**1.6**	-	1.9
Change in fair value of derivative financial instruments	**(3.4)**	(0.5)	1.8
Impairment/(impairment reversal) of loan to continuing joint venture interest	**0.4**	-	(0.7)
Impairment of associate	**-**	0.3	1.8
Share of post-tax loss from associate	**0.7**	0.2	0.4
	11.6	30.1	44.7
Changes in working capital	**(4.6)**	0.1	(5.3)
Cash generated from operations	**7.0**	30.2	39.4

27. 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 at 28 February 2021 and 31 August 2020.

	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
28 February 2021				
Financial liabilities				
Derivative financial liabilities (Note 20)	**-**	**(8.8)**	**-**	**(8.8)**
	-	**(8.8)**	**-**	**(8.8)**
31 August 2020				
Financial liabilities				
Derivative financial liabilities (Note 20)	-	(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 11 and Note 17, 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 12 and this financial asset is classified as 'Level 3'. As stated in Note 18, 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 19.

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.

28. 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.

	Unaudited 28 February 2021 £m	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Related party transactions			
Revenue transactions			
Rental income (Note 4)			
Gross lease payments from RBH	**1.2**	11.0	11.1
Lease incentive contributions to RBH	**(0.2)**	(1.0)	(3.3)
	1.0	10.0	7.8
Rental expense (Note 4)			
Expected credit losses on rents receivable from RBH	**(0.5)**	-	-
OSIT rental expense charges	**(0.1)**	-	-
Office Space Cleaning Company Limited cleaning fees	**(0.2)**	(0.3)	(0.5)
	(0.8)	(0.3)	(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	**(0.2)**	(0.4)	(0.7)
Finance income - discontinued operation (Note 3)			
Joint venture loan interest income			
RI Menora German Holdings S.à.r.l.	**-**	0.1	0.1
Other finance expense (Note 9)			
Expected credit losses on amounts receivable from RBH	**(1.6)**	-	(1.9)
Capital transactions			
Investment in associate (Note 13)			
Additional investment in RBH	**-**	0.6	0.6
Dividends received from RBH	**-**	(0.5)	(0.5)
	-	0.1	0.1
Non-controlling interests (Note 7, Note 25)			
Disposal of Bizline Limited equity interest in Europe portfolio	**-**	-	(1.3)
Dividends payable to Secure German Investments Limited	**0.1**	-	-
Disposal of Secure German Investments Limited equity interest in former Leopard Portfolio	**0.1**	-	-
	0.2	-	(1.3)

	Unaudited 28 February 2021 £m	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
Related party balances			
Recognised loans to joint ventures (Note 12)			
RI Menora German Holdings S.à.r.l.	**-**	1.4	-
26 The Esplanade	**0.3**	-	0.7
	0.3	1.4	0.7
Trade and other receivables (Note 15)			
RBH – tenant lease incentives	**0.3**	2.3	-
RBH – gross rent and other accounts receivable	**1.2**	-	-
RBH – gross amounts advanced to associate	**5.0**	-	3.9
RI Menora German Holdings S.à.r.l – accrued performance fee income	**0.2**	-	0.2
RI Menora German Holdings S.à.r.l – interest receivable	**-**	0.2	-
Osirus Berlin Limited – loan in relation to corporate sale (Note 7)	**-**	-	0.4
	6.7	2.5	4.5
RBH – expected credit losses against amounts advanced and accounts receivable	**(4.0)**	-	(1.9)
	2.7	2.5	2.6
Trade and other payables (Note 22)			
Enderle International Limited – trading loan	**(0.6)**	-	-
Tsogo Sun – trading loan and interest	**(1.6)**	(1.1)	(1.1)
OSIT – trade payable	**(0.1)**	-	-
RI Menora German Holdings S.à.r.l – trading balances	**(0.4)**	(0.4)	(0.4)
Wichford VBG Holdings S.à.r.l – trading balance	**(0.1)**	-	-
Dividend payable to Secure German Investment Limited	**(0.1)**	-	-
	(2.9)	(1.5)	(1.5)
Related party transactions with equity holders of the Parent			
Redefine Properties Limited – cash dividends	**-**	6.7	6.7
Starwood Capital Group – cash dividends	**5.6**	-	-

MAJOR SHAREHOLDER

In July 2020, Redefine Properties Limited sold its 29.42 per cent shareholding in the Company to controlled affiliates of Starwood Capital Group. As at 28 February 2021, controlled affiliates of Starwood Capital Group had a 29.61 per cent shareholding in the Company. Please refer to Note 32 for details of Starwood Capital Group's takeover of the Company which took place after the balance sheet date.

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, RDI 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 £0.2 million were charged by OSIT for the period ended 28 February 2021 (29 February 2020: £0.4 million, 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 28 February 2021 amounted to £0.2 million (29 February 2020: £0.3 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 £0.1 million for the period ended 28 February 2021 (less than £0.1 million for the period ended 29 February 2020 and the year ended 31 August 2020) and are included in net rental income.

During the period to 28 February 2021 OSIT have declared and paid dividends of £0.3 million to non-controlling interests of the Group (29 February 2020: £Nil, 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 International Hotel Properties Limited (IHL) respectively. At the balance sheet date the Enderle International loan to RHHL was £0.6 million (31 August 2020: £Nil) and the Tsogo Sun loan to IHL was £1.6 million (31 August 2020: £1.1 million).

DIRECTORS

Non-executive Directors and Executive Directors represent key management personnel. The remuneration paid to Non-executive Directors for the period ended 28 February 2021 was £0.1 million (29 February 2020: £0.2 million, 31 August 2020: £0.3 million), which represents Directors fees only.

The remuneration payable to Executive Directors for the period ended 28 February 2021 was £1.1 million (29 February 2020: £1.1 million, 31 August 2020: £1.6 million) representing salaries, benefits and bonuses. Of this amount £0.5 million is considered non-recurring. 2.2 million contingent share awards were issued to Executive Directors during the period ended 28 February 2021 (31 August 2020: 1.8 million).

The IFRS 2 share-based payment charge associated with the cumulative contingent share awards to the Executive Directors was £0.1 million for the period ended 28 February 2021 (29 February 2020: £0.2 million, 31 August 2020: £0.2 million).

The table below shows Directors dealings in shares for the period 1 September 2019 to 28 February 2021:

Name	Date of transaction	Transaction	Number of ordinary shares acquired	Price per ordinary share acquired
Mike Watters[(1)]	2 December 2019	Share issue	95,258	127.4p
Stephen Oakenfull[(1)]	2 December 2019	Share issue	37,264	127.4p
Adrian Horsburgh[(1)]	2 December 2019	Share issue	61,662	127.4p
Donald Grant	2 December 2019	Share issue	31,516	127.4p
Mike Watters[(1)]	2 December 2020	Share issue	115,827	92.8p
Stephen Oakenfull[(1)]	2 December 2020	Share issue	45,311	92.8p
Adrian Horsburgh[(1)]	2 December 2020	Share issue	74,977	92.8p
Donald Grant	2 December 2020	Share issue	38,323	92.8p

(1) Stephen Oakenfull and Adrian Horsburgh stepped down from the Board at the Company's Annual General Meeting on 23 January 2020. On 18 December 2020 Mike Watters resigned and stepped down from the Board, and was replaced by Stephen Oakenfull. Adrian Horsburgh continues to be employed by the Group and is considered a PDMR. Gavin Tipper, Sue Ford and Liz Peace stepped down from the Board on the completion of the Starwood takeover on 4 May 2021.

29. EARNINGS PER SHARE

	Unaudited 28 February 2021 £m	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
IFRS loss attributable to equity holders of the Parent:			
Continuing operations	**(5.6)**	(15.4)	(87.0)
Discontinued operation	**(2.1)**	(2.1)	(16.8)
	(7.7)	(17.5)	(103.8)
Continuing operations adjustments:			
Group			
Loss on revaluation of investment property	**4.3**	33.8	113.0
Loss on disposal of investment property	**3.8**	2.0	2.2
Loss on revaluation of investment property held for sale	**1.0**	-	0.6
Gain on disposal of investment property held for sale	**-**	(0.8)	(0.9)
Disposal of subsidiaries	**2.8**	(0.1)	-
Other expenses	**-**	0.6	0.6
Other finance expense	**1.6**	-	1.9
Change in fair value of derivative financial instruments	**(3.4)**	(0.5)	1.8
Impairment of associate	**-**	0.3	1.8
Joint ventures			
Loss/(gain) on revaluation of investment property	**1.0**	-	(0.4)
Change in fair value of derivative financial instruments	**(0.5)**	(0.2)	(0.2)
Elimination of joint venture unrecognised profits/(losses)	**-**	0.2	0.2
Non-controlling interests			
Loss on revaluation of investment property	**(2.6)**	(2.8)	(13.4)
Other finance costs	**(0.3)**	-	(0.4)
	7.7	32.5	106.8
Discontinued operation adjustments:			
Group			
Loss on revaluation of investment property held for sale	**3.3**	6.4	12.4
Loss on disposal of investment property held for sale	**0.5**	1.0	1.0
Loss on disposal of subsidiaries	**0.3**	0.1	12.5
Change in fair value of derivative financial instruments	**(0.3)**	(0.9)	(1.6)
Other finance costs	**-**	-	0.1
Deferred tax	**0.1**	(1.3)	(2.0)
Current tax	**-**	-	0.9
Joint ventures			
Loss on revaluation of investment property held for sale	**-**	0.5	0.5
Gain on disposal of investment property held for sale	**-**	(0.7)	(0.7)
Loss on disposal of subsidiaries	**-**	-	0.2
Other finance costs	**-**	0.3	0.3
Deferred tax	**-**	(0.7)	(0.7)
Current tax	**-**	0.5	0.5
Joint venture NCI elimination	**-**	-	(0.1)
Non-controlling interests			
Gain on revaluation of investment property held for sale	**-**	(0.1)	-
Loss on disposal of investment property held for sale	**-**	-	(0.1)
Disposal of subsidiaries	**-**	0.2	(0.1)
Deferred tax	**-**	0.2	0.2
Current tax	**-**	-	(0.1)
	3.9	5.5	23.2
EPRA earnings	**3.9**	20.5	26.2
Attributable to:			
Continuing operations	**2.1**	17.1	19.8
Discontinued operation	**1.8**	3.4	6.4
Company adjustments:			
IFRS 16 adjustments	**-**	-	0.1
Foreign currency movements	**-**	0.2	(0.2)
Discontinued operation Company adjustments	**(0.1)**	0.1	0.1
Underlying earnings	**3.8**	20.8	26.2
Attributable to:			
Continuing operations	**2.1**	17.3	19.7
Discontinued operation	**1.7**	3.5	6.5

	Unaudited 28 February 2021 £m	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
IFRS loss attributable to equity holders of the Parent:			
Continuing operations	**(5.6)**	(15.4)	(87.0)
Discontinued operation	**(2.1)**	(2.1)	(16.8)
	(7.7)	(17.5)	(103.8)
Number of ordinary shares (millions)			
IFRS weighted average	**380.5**	380.2	380.3
IFRS diluted weighted average[(1)]	**380.5**	380.2	380.3
IFRS earnings per share (pence)			
Continuing operations			
- Basic	**(1.5)**	(4.1)	(22.9)
- Diluted	**(1.5)**	(4.1)	(22.9)
Total Group			
- Basic	**(2.0)**	(4.6)	(27.3)
- Diluted	**(2.0)**	(4.6)	(27.3)

(1) For all periods presented, 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 diluted weighted average number of shares are 380.5 million (31 August 2020: 380.3 million).

	Unaudited 28 February 2021 £m	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
EPRA earnings			
Attributable to:			
Continuing operations	**2.1**	17.1	19.8
Discontinued operation	**1.8**	3.4	6.4
	3.9	20.5	26.2
Underlying earnings			
Attributable to:			
Continuing operations	**2.1**	17.3	19.7
Discontinued operation	**1.7**	3.5	6.5
	3.8	20.8	26.2
Number of ordinary shares (millions)			
Non-IFRS measures weighted average	**380.5**	380.2	380.3
Dilutive effect of:			
Contingently issuable share awards under the Long Term Performance Share Plan	**1.0**	0.9	0.7
Contingently issuable share awards under the Long Term Restricted Stock Plan	**0.7**	0.4	0.4
Non-IFRS measures diluted weighted average	**382.2**	381.5	381.4
EPRA earnings per share (pence)			
Continuing operations			
- Basic	**0.6**	4.5	5.2
- Diluted	**0.5**	4.5	5.2
Total Group			
- Basic	**1.0**	5.4	6.9
- Diluted	**1.0**	5.4	6.9
Underlying earnings per share (pence)			
Continuing operations	**0.6**	4.6	5.2
Total Group	**1.0**	5.5	6.9
Dividend per share (pence)			
First interim dividend per share (pence)	**-**	-	-
Second interim dividend per share (pence)	**n/a**	n/a	5.0
Full year dividend per share (pence)	**n/a**	n/a	5.0

Headline earnings per share is calculated in accordance with Circular 01/2021 issued by the South African Institute of Chartered Accountants ("SAICA"), a requirement of the Group's fomer JSE listing. This measure is not a requirement of IFRS.

	Unaudited 28 February 2021 £m	Unaudited 29 February 2020 £m	Audited 31 August 2020 £m
IFRS loss attributable to equity holders of the Parent:			
Continuing operations	**(5.6)**	(15.4)	(87.0)
Discontinued operation	**(2.1)**	(2.1)	(16.8)
	(7.7)	(17.5)	(103.8)
Continuing operations adjustments:			
Group			
Loss on revaluation of investment property	**4.3**	33.8	113.0
Loss on disposal of investment property	**3.8**	2.0	2.2
Loss on revaluation of investment property held for sale	**1.0**	-	0.6
Gain on disposal of investment property held for sale	**-**	(0.8)	(0.9)
Disposal of subsidiaries	**2.8**	(0.1)	-
Impairment of associate	**-**	0.3	1.8
Joint ventures			
Loss/(gain) on revaluation of investment property	**1.0**	-	(0.4)
Elimination of joint venture unrecognised losses	**-**	-	0.2
Non-controlling interests			
Loss on revaluation of investment property	**(2.6)**	(2.8)	(13.4)
	10.3	32.4	103.1
Discontinued operation adjustments:			
Group			
Loss on revaluation of investment property held for sale	**3.3**	6.4	12.4
Loss on disposal of investment property held for sale	**0.5**	1.0	1.0
Loss on disposal of subsidiaries	**0.3**	0.1	12.5
Deferred tax	**0.1**	(1.4)	(2.4)
Joint ventures			
Loss on revaluation of investment property held for sale	**-**	0.5	0.5
Gain on disposal of investment property held for sale	**-**	(0.7)	(0.7)
Loss on disposal of subsidiaries	**-**	-	0.2
Deferred tax	**-**	(0.7)	(0.7)
Non-controlling interests			
Gain on revaluation of investment property held for sale	**-**	(0.1)	-
Loss on disposal of investment property held for sale	**-**	-	(0.1)
Disposal of subsidiaries	**-**	0.2	(0.1)
Deferred tax	**-**	0.2	0.2
Joint venture NCI adjustments	-	-	(0.1)
	4.2	5.5	22.7
Headline earnings attributable to equity holders of the Parent	**6.8**	20.4	22.0
Attributable to:			
Continuing operations	**4.7**	17.0	16.1
Discontinued operation	**2.1**	3.4	5.9
Number of ordinary shares (millions)			
Weighted average	**380.5**	380.2	380.3
Diluted weighted average	**382.2**	381.5	381.4
Headline earnings per share (pence)			
Continuing operations			
- Basic	**1.2**	4.5	4.2
- Diluted	**1.2**	4.5	4.2
Total Group			
- Basic	**1.8**	5.4	5.8
- Diluted	**1.8**	5.3	5.8

30. NET ASSET VALUE PER SHARE

In October 2019, EPRA issued updated best practice guidelines, which are effective for accounting periods starting on or before 1 January 2020. The biggest changes in the guidelines are with respect to the net asset value measures, aimed at reflecting the changing nature of property companies, with existing measures being replaced by three new net asset value measures: EPRA Net Reinstatement Value ("NRV"), EPRA Net Tangible Assets ("NTA") and EPRA Net Disposal Value ("NDV"). The methodology underpinning each of these metrics is set out in the Glossary.

	Unaudited 28 February 2021 £m	Audited 31 August 2020 £m
Net assets attributable to equity holders of the Parent	**529.0**	557.2
Group adjustments:		
Excess of fair value of debt over carrying value	**(0.7)**	(0.8)
EPRA NDV	**528.3**	556.4
Group adjustments:		
Excess of fair value of debt over carrying value	**0.7**	0.8
Fair value of derivative financial instruments	**8.8**	12.6
Deferred tax[(1)]	**2.7**	2.7
Joint venture adjustments:		
Fair value of derivative financial instruments	**2.4**	2.8
Non-controlling interest adjustments:		
Fair value of derivative financial instruments	**-**	(0.1)
EPRA NTA	**542.9**	575.2
Group adjustments:		
Deferred tax	**2.6**	2.6
EPRA NRV	**545.5**	577.8
Number of ordinary shares (millions)		
In issue	**380.6**	380.3
Dilutive effect of:		
Contingently issuable share awards under the Long Term Performance Share Plan	1.0	0.7
Contingently issuable share awards under the Long Term Restricted Stock Plan	0.7	0.4
Diluted	**382.3**	381.4
EPRA diluted NDV per share (pence)	**138.2**	145.9
EPRA diluted NTA per share (pence)	**142.0**	150.8
EPRA diluted NRV per share (pence)	**142.7**	151.5

(1) The Group has chosen to exclude 50 per cent of deferred taxes under the three allowable options in the October 2019 EPRA BPR guidelines.

The EPRA Measures below are no longer prepared under EPRA best practise guidelines but have recently disclosed as part of a shareholder circular. Their inclusion is for completeness purposes only.

	28 February 2021 £m	31 August 2020 £m
Net assets attributable to equity holders of the Parent	**529.0**	557.2
Group adjustments:		
Fair value of derivative financial instruments	**8.8**	12.6
Deferred tax	**5.3**	5.3
Joint venture adjustments:		
Fair value of derivative financial instruments	**2.4**	2.8
Non-controlling interest adjustments:		
Fair value of derivative financial instruments	**-**	(0.1)
EPRA NAV	**545.5**	577.8
Group adjustments:		
Fair value of derivative financial instruments	**(8.8)**	(12.6)
Excess of fair value of debt over carrying value	**(0.7)**	(0.8)
Deferred tax	**(5.3)**	(5.3)
Joint venture adjustments:		
Fair value of derivative financial instruments	**(2.4)**	(2.8)
Non-controlling interest adjustments:		
Fair value of derivative financial instruments	**-**	0.1
EPRA NNNAV	**528.3**	556.4
Number of ordinary shares (millions)		
In issue	**380.6**	380.3
Dilutive effect of:		
Contingently issuable share awards under the Long Term Performance Share Plan	1.0	0.7
Contingently issuable share awards under the Long Term Restricted Stock Plan	0.7	0.4
Diluted	**382.3**	381.4
Net asset value per share (pence):		
- Basic	**139.0**	146.5
- Diluted	**138.4**	146.1
EPRA diluted NAV per share (pence)	**142.7**	151.5
EPRA diluted NNNAV per share (pence)	**138.2**	145.9

31. CONTINGENCIES, GUARANTEES AND COMMITMENTS

At 28 February 2021, the Group was contractually committed to expenditure of £5.1 million (31 August 2020: £2.3 million), of which £4.1 million (31 August 2020: £2.3 million) was committed to the future acquisition, development and enhancement of investment property and investment property held for sale. Of the £4.1 million, £0.9 million is considered to be highly likely to be reimbursed under the Group's insurance policies.

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 European Commission has obtained a European Court ruling that certain aspects of the UKs Controlled Foreign Company rules give rise to unlawful State Aid. The UK Government has objected to the ruling and is seeking its annulment, however under EU law, Her Majesty's Revenue and Customs ("HMRC") is required to seek recovery in line with the Commission's decision. A subsidiary of the Company,Ciref Europe Limited, has claimed benefit from exemptions available under Chapter 9 of the Taxation (International and Other Provisions) Act 2010 and was therefore in receipt of two information requests from HMRC on which the Company has responded. While the Company believes it is in a strong position to defend such claim, there can be no certainty that HMRC will not seek recovery while it assesses its own legal position and that of the Company's. If this were to occur, the Company estimates its exposure to be in the region of £6 million. To date, no charging notice has been received.

32. SUBSEQUENT EVENTS

On 22 February 2021, the Government set out its roadmap for the phased removal of COVID-19 restrictions from England. Starting with the return to school of all pupils and college students on 8 March 2020 through to the removal of all restrictions on household mixing no earlier than the 21 June 2021. The removal of these restrictions is not inevitable and the Government has asserted that it would be guided by "data not dates". These measures and the timelines required for full recovery are expected to continue to have a material impact on the Group's financial performance during the year ending 31 August 2021.

On 4 February 2021, the Group exchanged contracts for the disposal of a further retail asset from its discontinued Europe portfolio, located in Bremen, for €7.6 million. Completion is subject to a lease regear.

On 26 February 2021, the Board announced that it had agreed with Starwood Capital Group (Starwood), the Group's largest individual shareholder, to recommend a cash offer to acquire 100 per cent of RDI at a price of 121.35 pence per share. An extraordinary general meeting was held on 16 April 2021, at which a majority of shareholders voted in favour of the offer. The offer became unconditional following court sanction on 28 April 2021 and subsequently became effective on 4 May 2021. As a consequence, the Group was delisted from the London Stock Exchange on 6 May 2021 and from the JSE on 7 May 2021, and relisted on The International Stock Exchange on 5 May 2021. As a result of the change of control, the Group's short and long term incentive plans vested. On 28 April 2021, 880,980 new ordinary shares were issued to satisfy awards to executive directors and certain employees of the Group.

On 3 March 2021, contracts were exchanged for North Street, Plymouth for £3.0 million. The sale subsequently completed on 30 April 2021.

On 30 March 2021, the Group completed on the sale of the automotive asset at Causewayend, Aberdeen for £0.2 million.

On 15 April 2021 and 19 April 2021, the Group agreed extensions to certain of its Santander facilities to 31 May 2021, with a further extension to 31 July 2021 having been credit approved by the lender. On 27 April 2021, the Group agreed an extension to its St. Georges, Harrow facility with Berlin Hyp to 27 July 2021. The Group continues to engage in refinancing discussions on these facilities. The Group has also agreed Heads of Terms on the refinancing of its Aereal loan with the facility due to be extended to 30 November 2026. The refinancing of the Aereal loan had not been concluded at the time of signing these financial statements.

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EPRA property analysis

The following tables and disclosures provide additional quantitative and qualitative information of the Group's property portfolio in line with the EPRA Best Practice Recommendations.

The following tables present the key property metrics of the Group's property portfolio and sub-sectors:

Portfolio summary 28 February 2021	Market value £m	Annualised gross rental income[(1)(2)] £m	ERV £m	EPRA NIY %	EPRA topped up NIY %	Reversionary yield[(3)] %	WAULT[(4)] Yrs	EPRA occupancy by ERV[(4)] %	Indexed %
UK Commercial	474.0	24.0	25.3	4.0	4.5	4.9	7.2	97.0	17.3
UK Hotels	308.8	8.4	15.4	1.3	1.6	4.3	15.4	100.0	30.1
UK Retail	35.4	3.9	3.9	8.4	8.4	10.4	5.5	93.4	19.5
Total UK	818.2	36.3	44.6	3.2	3.6	4.9	7.7	96.7	20.5
Europe	112.3	6.4	2.1	4.8	4.8	1.7	5.0	94.1	95.9
Total	930.5	42.7	46.7	3.4	3.7	4.5	7.2	96.5	31.8
Controlled assets	919.9	41.8	45.8	3.3	3.7	4.5	7.3	96.4	32.5
Held in JVs (Group share)	10.6	0.9	0.9	7.7	7.7	7.7	4.7	100.0	-

(1) Annualised gross rental income for the London Serviced Offices portfolio included as EBITDA net of management fees.

(2) Annualised gross rental income for UK Hotels reflects rents collected on the RBH managed hotels during the year.

(3) Reversionary yields for London Serviced Offices and RBH managed hotels reflect management expectations of the underlying EBITDAs for the full year to 28 February 2022.

(4) Excluding the RBH managed hotels and London Serviced Offices portfolios. Relevant operational metrics disclosed separately.

UK Commercial

28 February 2021	Market value £m	Annualised gross rental income[(1)] £m	ERV £m	EPRA NIY %	EPRA topped up NIY %	Reversionary yield[(2)] %	WAULT[(3)] yrs	EPRA occupancy by ERV[(3)] %	Indexed %
Offices – Serviced	137.9	4.2	5.4	2.5	2.5	3.3	n/a	n/a	-
Offices – Greater London	50.7	3.4	3.6	6.0	6.0	6.6	2.4	99.2	-
Offices – Regions	17.7	1.7	1.8	7.4	7.4	9.3	7.7	85.9	8.7
UK Offices	206.3	9.3	10.8	3.8	3.8	4.6	4.1	94.9	1.6
Distribution and Industrial and Automotive	267.7	14.7	14.5	4.2	5.0	5.1	8.3	97.8	27.3
UK Commercial	**474.0**	**24.0**	**25.3**	**4.0**	**4.5**	**4.9**	**7.2**	**97.0**	**17.3**

(1) Annualised gross rental income for the London Serviced Offices portfolio included as EBITDA net of management fees.

(2) Reversionary yield for the London Serviced Offices portfolio reflects management expectations of the underlying EBITDAs for 2021 financial year.

(3) Excluding London Serviced Offices portfolio. Relevant operational metrics disclosed separately.

UK Hotels

28 February 2021	Market value £m	Annualised gross rental income[(1)] £m	ERV £m	EPRA NIY %	EPRA topped up NIY %	Reversionary yield[(2)] %	WAULT[(3)] yrs	EPRA occupancy by ERV[(3)] %	Indexed %
Greater London	161.0	2.9	7.0	1.0	1.0	4.0	n/a	n/a	-
Regional	102.5	3.0	6.0	0.9	0.9	4.5	n/a	n/a	-
RBH managed hotels portfolio	**263.5**	**5.9**	**13.0**	**1.0**	**1.0**	**4.2**	**n/a**	**n/a**	**-**
Travelodge	45.3	2.5	2.4	3.1	5.2	5.0	15.4	100.0	100.0
UK Hotels	**308.8**	**8.4**	**15.4**	**1.3**	**1.6**	**4.3**	**15.4**	**100.0**	**30.1**

(1) Annualised gross rental income and related metrics for the RBH managed hotels portfolio reflects rents collected during the year.

(2) Reversionary yield for the RBH managed hotels portfolio reflect management expectations of the underlying EBITDAs for the 2021 financial year.

(3) Excluding RBH managed hotels portfolio. Relevant operational metrics disclosed separately.

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UK Retail

28 February 2021	Market value £m	Annualised gross rental income £m	ERV £m	EPRA NIY %	EPRA topped up NIY %	Rever-sionary yield %	WAULT yrs	EPRA occupancy by ERV %	Indexed %
Shopping centres	35.4	3.9	3.9	8.4	8.4	10.4	5.5	93.4	19.5
UK Retail	**35.4**	**3.9**	**3.9**	**8.4**	**8.4**	**10.4**	**5.5**	**93.4**	**19.5**

Europe

28 February 2021	Market value £m	Annualised gross rental income £m	ERV £m	EPRA NIY %	EPRA topped up yield %	Rever-sionary yield %	WAULT yrs	EPRA occupancy by ERV %	Indexed %
German shopping centres(1)	103.5	5.8	1.5	4.7	4.7	1.3	5.1	93.3	95.5
German other	8.8	0.6	0.6	5.4	5.4	6.2	3.9	96.1	99.3
Total	112.3	6.4	2.1	4.8	4.8	1.7	5.0	94.1	95.9

(1) Includes Bahnhof, Altona, Hamburg, and Bremen which are subject to an exchange of contracts for sale.

EPRA NIY

The below tables present the calculation of the Group's net initial yield which is the annualised rental income (based on cash rents passing at the reporting date) net of estimated non-recoverable property operating costs, as a percentage of the gross market value of the property portfolio. The topped up yield allows for the expiration of rent-free periods.

28 February 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m	Group total £m
Investment property – wholly owned	463.4	308.8	35.4	112.3	919.9
Investment property – held in joint ventures	10.6	-	-	-	10.6
Market value of total portfolio	**474.0**	**308.8**	**35.4**	**112.3**	**930.5**
Allowance for estimated purchasers' costs(1)	32.2	21.0	2.4	7.0	62.6
Grossed up property portfolio valuation	**506.2**	**329.8**	**37.8**	**119.3**	**993.1**
Triple net rent	20.3	4.3	3.2	5.7	33.5
Impact of expiration of rent-free periods	2.5	1.0	-	-	3.5
Topped up triple net rent	**22.8**	**5.3**	**3.2**	**5.7**	**37.0**
EPRA NIY (%)	**4.0**	**1.3**	**8.4**	**4.8**	**3.4**
EPRA topped up NIY (%)	**4.5**	**1.6**	**8.4**	**4.8**	**3.7**

31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m	Group total £m
Investment property – wholly owned	513.1	309.7	210.1	122.2	1,155.1
Investment property – held in joint ventures	11.6	-	-	-	11.6
Market value of total portfolio	**524.7**	**309.7**	**210.1**	**122.2**	**1,166.7**
Allowance for estimated purchasers' costs(1)	35.7	21.1	14.3	7.7	78.8
Grossed up property portfolio valuation	**560.4**	**330.8**	**224.4**	**129.9**	**1,245.5**
Triple net rent	**26.7**	**7.2**	**15.3**	**5.8**	**55.0**
Impact of expiration of rent-free periods	3.0	-	2.0	0.7	5.7
Topped up triple net rent	**29.7**	**7.2**	**17.3**	**6.5**	**60.7**
EPRA NIY (%)	**4.8**	**2.2**	**6.8**	**4.4**	**4.4**
EPRA topped up NIY (%)	**5.3**	**2.2**	**7.7**	**5.0**	**4.9**

(1) Estimated purchaser's costs are determined by applying the relevant percentage costs of notional acquisition (stamp duty liability and an estimate of agent and legal fees) on the market value of each property.

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EPRA cost ratio

The tables below present the calculation of the Group's cost ratio which is the Group's operating costs (as adjusted for certain items) as a percentage of the Group rental income.

28 February 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m	Other £m	Group total £m
Rental income	15.4	1.7	4.7	3.2	-	25.0
Adjusted for:						
London Serviced Offices rental income	(4.8)	-	-	-	-	(4.8)
EPRA adjusted rental income	**10.6**	**1.7**	**4.7**	**3.2**	**-**	**20.2**
Net service charge income	(0.7)	-	(1.7)	(1.1)	-	(3.5)
Net service charge expense	0.7	-	2.3	1.6	-	4.6
Other rental expense	2.1	0.5	0.8	0.2	-	3.6
Administrative costs and other fees	0.4	-	0.1	0.2	5.6	6.3
	2.5	0.5	1.5	0.9	5.6	11.0
Adjusted for:						
London Serviced Offices rental and administrative expenses [(1)]	(2.8)	-	-	-	-	**(2.8)**
Expected credit losses against tenant lease incentives [(2)]	0.6	-	(0.1)	-	-	**0.5**
EPRA adjusted operating expenses	**0.3**	**0.5**	**1.4**	**0.9**	**5.6**	**8.7**
Direct vacancy costs	(0.1)	(0.1)	(0.7)	(0.5)	-	(1.4)
EPRA adjusted operating expenses (excluding direct vacancy costs)	0.2	0.4	0.7	0.4	5.6	7.3
EPRA cost ratio (inc. direct vacancy costs) (%)						**43.5**
EPRA cost ratio (exc. direct vacancy costs) (%)						**36.3**

31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m	Other £m	Group total £m
Rental income	33.6	9.7	18.9	12.7	-	74.9
Adjusted for:						
London Serviced Offices rental income and operating lease expense[(1)]	(12.8)	-	-	-	-	(12.8)
EPRA adjusted rental income	**20.8**	**9.7**	**18.9**	**12.7**	**-**	**62.1**
Net service charge income	(1.5)	-	(3.1)	(3.9)	-	(8.5)
Net service charge expense	1.5	-	3.8	5.1	-	10.4
Other rental expense	6.3	0.3	2.9	1.1	-	10.6
Administrative costs and other fees	1.4	0.1	0.1	0.6	9.8	12.0
JV management fees	-	-	-	(0.1)	-	(0.1)
	7.7	**0.4**	**3.7**	**2.8**	**9.8**	**24.4**
Adjusted for:						
London Serviced Offices rental and administrative expenses [(1)]	(6.1)	-	-	-	-	**(6.1)**
Expected credit losses against tenant lease incentives [(2)]	(0.7)	-	(0.7)	-	-	**(1.4)**
EPRA adjusted operating expenses	**0.9**	**0.4**	**3.0**	**2.8**	**9.8**	**16.9**
Direct vacancy costs	(0.4)	(0.2)	(1.3)	(1.2)	-	(3.1)
EPRA adjusted operating expenses (excluding direct vacancy costs)	**0.5**	**0.2**	**1.7**	**1.6**	**9.8**	**13.8**
EPRA cost ratio (inc. direct vacancy costs) (%)						**27.4**
EPRA cost ratio (exc. direct vacancy costs) (%)						**22.4**

(1) The London Serviced Offices portfolio is excluded from the EPRA cost ratio due to the operational nature of that business.

(2) The EPRA cost ratio excludes expected credit losses against tenant lease incentives as this was a prudent 'worst-case' impairment assumption in light of COVID-19 uncertainties.

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EPRA vacancy rate

The tables below present the calculation of the rental value of vacant space as a percentage of the rental value of the portfolio as a whole.

28 February 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m[1]	Group total £m
ERV of vacant space	0.6	-	0.3	0.1	**1.0**
ERV of total portfolio	25.3	15.4	3.9	2.1	**46.7**
Serviced Offices, RBH and Ingolstadt adjustments	(5.3)	(13.0)	-	-	**(18.3)**
Revised ERV	**20.0**	**2.4**	**3.9**	**2.1**	**28.4**
EPRA vacancy rate (%)[2]	**3.0**	**-**	**6.6**	**5.9**	**3.5**
Occupancy rate (%)[2]	**97.0**	**100.0**	**93.4**	**94.1**	**96.5**

(1) Calculated in local currency.

(2) Presented as the occupancy rate (inverse to vacancy rate) in the operating review.

31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m[1]	Group total £m
ERV of vacant space	0.4	-	0.1	0.1	**0.6**
ERV of total portfolio	31.0	12.0	17.5	6.7	**67.2**
Serviced Offices, RBH and Ingolstadt adjustments	(8.3)	(9.6)	-	(0.1)	**(18.0)**
Revised ERV	**22.7**	**2.4**	**17.5**	**6.6**	**49.2**
EPRA vacancy rate (%)[2]	**1.9**	**-**	**0.4**	**1.5**	**1.2**
Occupancy rate (%)[2]	**98.1**	**100.0**	**99.6**	**98.5**	**98.8**

EPRA capital expenditure analysis

28 February 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m	Group total £m
Capital expenditure on like-for-like portfolio	-	0.9	0.5	-	1.4
Capital expenditure	**-**	**0.9**	**0.5**	**-**	**1.4**

31 August 2020	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe £m	Group total £m
Capital expenditure on like-for-like portfolio	1.7	0.3	0.9	-	2.9
Capital expenditure	**1.7**	**0.3**	**0.9**	**-**	**2.9**

Capital expenditure on the like-for-like portfolio includes:

UK Hotels

£0.2 million on external works to the DoubleTree, Edinburgh (31 August 2020: £0.1 million) and Gatwick cladding work (31 August 2020: £0.1 million).

UK Retail

UK Shopping Centres

During the period ended 28 February 2021, £0.5 million capital expenditure on the fit out related to the new H&M store at St George's, Harrow.

Other alternative performance measures

The following tables provide the basis of calculation of APMs that are not otherwise reconciled in other sections of this results announcement. Further discussion of these APMs is provided in the financial review.

Group (proportionately consolidated)	28 February 2021 £m	31 August 2020 £m
Interest cover		
Net rental income	**20.3**	62.3
Operating lease charges (IFRS 16)	**(0.7)**	(1.6)
	19.6	60.7
Net finance expense	**10.6**	24.4
Debt fair value adjustments (discontinued operation)	**(0.1)**	(0.2)
Operating lease charges (IFRS 16)	**(0.7)**	(1.6)
	9.8	22.6
Interest cover (times)	**2.0**	2.7

OTHER INFORMATION (UNAUDITED)

for the period ended 28 February 2021

Dividend pay-out ratio

Group (proportionately consolidated, including discontinued operation)	**28 February 2021 Per share**	31 August 2020 Per share
Dividends declared (pence)	**-**	5.0
Underlying earnings (pence)	**1.0**	6.9
Dividend pay-out ratio (%)	**-**	72.5

GLOSSARY

Annualised gross rental income	Annualised gross rent generated by the asset at the balance sheet date, which is made up of the contracted rent, including units that are in rent-free periods, and estimates of turnover rent
AUK	Aegon UK property portfolio
Board	The Board of Directors of RDI REIT P.L.C.
BVI	British Virgin Islands
CPI	Consumer Price Index
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPRA	European Public Real Estate Association
EPRA cost ratio	Administrative and operating costs (including and excluding costs of direct vacancy) expressed as a percentage of gross rental income as defined by EPRA
EPRA earnings	Earnings from operational activities as defined by EPRA
EPRA NAV	EPRA Net Asset Value. An historic measuremof the Group’s IFRS NAV adjusted to exclude certain items not expected to crystallise such as deferred tax and derivatives
EPRA NDV	EPRA Net Disposal Value. The measure represents shareholders’ value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax
EPRA NIY	EPRA Net Initial Yield. The annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property (increased with estimated purchasers’ costs)
EPRA NNNAV	EPRA Triple Net Asset Value. An historic measure, taking EPRA NAV adjusted to include the fair value of deferred tax and derivatives, in addition to the fair value of debt
EPRA NRV	EPRA Net Reinvestment Value. The measure assumes that entities never sell assets and aims to represent the value required to rebuild the entity
EPRA NTA	EPRA Net Tangible Assets. The measure assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax
EPRA vacancy rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio
EPRA topped up initial yield	Net initial yield adjusted for the expiration of rent-free periods or other incentives
EPS	Earnings per share
ERV	The estimated market rental value of lettable space which could reasonably be expected to be obtained on a new letting or rent review at the reporting date
EU	European Union
EUR or Euro	Euro, the lawful common currency of participating member states of the European Monetary Union
ESG	Environmental, Social and Governance
GBP, Pound or Sterling	Great British Pound, the legal currency of the UK
GRESB	Global Real Estate Sustainability Benchmark
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IHL	International Hotel Properties Limited
Indexed leases	A lease with rent review provisions which are calculated with reference to an index, such as the Consumer Price Index
JSE	JSE Limited, licensed as an exchange and a public company incorporated under the laws of South Africa and the operator of the Johannesburg Stock Exchange
Lease incentives	Any consideration or expense borne by the Group to secure a lease. Typically, an incentive will be an initial rent-free period or an upfront cash contribution for unit fit out or similar
Like-for-like net rental income	Like-for-like net rental income compares the growth in net rental income from the Group’s portfolio that has been consistently in operation, and not under development, throughout the current and comparative period
Like-for-like property	Like-for-like property compares the growth in capital values of the Group’s portfolio, excluding development assets, that were held at the current and comparative reporting dates
LSE	The London Stock Exchange plc
LSO	London Serviced Offices Portfolio
LTV or Loan to value	Net debt as a percentage of the market value of the Group’s property portfolio (proportionate). Refer to the financial review
NAV	Net Asset Value
NCI	Non-controlling interest
Net debt	Nominal value of the Group’s bank debt net of cash and cash equivalents (proportionate)
OSIT	Office Space in Town, the Group’s strategic partner and non-controlling shareholder in the LSO portfolio
RCF	Revolving Credit Facility
RDI REIT P.L.C., RDI, the Company or the Group	RDI REIT P.L.C. and, when taken together with all its subsidiaries and Group undertakings, collectively referred to as the “Group”
RBH	RBH Hotel Group Limited
Redefine Properties or RPL	Redefine Properties Limited, a company listed on the JSE and until July 2020, the majority shareholder of the Company
Reversionary yield	The anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV
RevPar	Revenue per available room

GLOSSARY

RICS	Royal Institute of Chartered Surveyors
RIHL	Redefine International Holdings Limited
RIMH	Redefine International Management Holdings Limited
RHHL	Redefine Hotel Holdings Limited
SAICA	South African Institute of Chartered Accountants
Starwood	Starwood Capital Group Global II, L.P.
TSogo Sun	Southern Sun Africa
UK	United Kingdom
UK REIT	A UK Real Estate Investment Trust. To qualify as a UK REIT, the Group must be a publicly quoted company with at least 75 per cent of its profits and assets derived from a qualifying property rental business. As a UK REIT, income and capital gains from the UK property rental business are tax-exempt but REITs are required to distribute at least 90 per cent of those UK profits to shareholders. Tax is payable on non-qualifying activities of the residual business
Underlying earnings	EPRA earnings adjusted for the impact of non-cash debt accretion charges, non-cash adjustments under IFRS 16 and FX gains and losses reflected in the income statement
WAULT	Weighted average unexpired lease term