



**CAPITAL &
REGIONAL**

10 August 2023

Capital & Regional plc
("Capital & Regional" or "C&R" or "the Company" or "the Group")

Dividend growth underpinned by improved profitability and robust operational performance

Capital & Regional (LSE: CAL), the UK convenience and community focused shopping centre REIT announces its half year results to 30 June 2023 which show continued strong operational performance.

The Company has also separately announced today that it has entered into an agreement to acquire the Gyle Shopping Centre in Edinburgh for a consideration of £40 million, to be part-funded by a fully underwritten £25 million Open Offer.

Lawrence Hutchings, Chief Executive, comments:

"Our community strategy's focus on value orientated, non-discretionary and needs based retail and services has driven another period of robust operational performance for the Company, against an uncertain and inflationary economic backdrop. Our footfall recovery, rent collection, occupancy and leasing metrics continue to benefit from our ongoing investment into repositioning and remerchandising our centres, coupled with our continued focus on operations. Snozone also enjoyed its first peak trading period unimpacted by Covid since 2019. Combined, these factors have allowed us to deliver increases in Adjusted Profit and, in turn, dividend.

"Furthermore, valuations have continued to stabilise alongside income which, together with a maturing of the structural changes that have impacted physical retailing over the past five years, have reinforced our confidence in our portfolio, platform and UK community centres.

"This confidence has not just informed our decision to increase the dividend. It is also reflected in our announcement this morning of the acquisition of The Gyle Shopping Centre in Edinburgh, which marks the first step towards rescaling our business and fully leveraging our proven skills and management expertise. Through this acquisition we are able to capitalise on an opportunity to add an established dual supermarket anchored community centre in Scotland's capital city to our portfolio, in a transaction that will be part-funded by a £25 million equity raise available to all existing shareholders and fully underwritten by our majority shareholder, Growthpoint.

"The centre will be accretive to income from day one, with the agreed price representing a significant discount to the replacement cost and providing us with a highly attractive entry point from which we can create value. In addition, we have arranged terms with Morgan Stanley to staple debt to the acquisition at a 40% LTV capped at a cost of 6.5%.

"The Gyle Shopping Centre presents us with a number of asset management opportunities including refining the tenant mix, a renewed focus on leasing to improve occupancy and income, whilst enhancing the centre's appeal to the growing and affluent catchment in south western Edinburgh.

"I would like to take this opportunity to thank our team for their commitment and hard work over the first half in delivering these robust results, especially in the delivery of the two new flagship food catering environments, Crate in Walthamstow and The Bridge in Wood Green, which opened recently and are performing well."

Continuing operational resilience

- 42 new lettings and renewals achieved during the year at a combined average premium of 5.7% to previous rent² and 13.7% to ERV² reflecting continued occupier demand for the affordable space in our portfolio.
- Occupancy has continued to recover, increasing to 94.5% (December 2022: 94.1%; June 2022: 93.8%).
- 19.3 million shopper visits during the six months with footfall up 5.1% on H1 2022 representing 86.7% of the equivalent period for 2019, (or 90.4% of the equivalent period for 2019 excluding Walthamstow where footfall is impacted by one of the entrances being closed due to the residential development).
- Rent collection in line with historic pre-Covid levels, with 98.4% collected for the first half of the year.
- Snozone's EBITDA¹ for the half year doubled to £1.6 million (2022: £0.8 million) reflecting the first peak Q1 trading quarter unimpacted by Covid since 2019 and improved profitability from Snozone Madrid arising from the actions undertaken since acquisition.
- Continued progression of the Company's capex programme with £7.0 million invested during the period primarily across projects at Ilford and Wood Green, expected to produce a yield on cost in line with the Company's target of 8% to 9%.

Improved profitability underpinning dividend growth

- Like-for-like Net Rental Income¹ ("NRI") increased 13% driven primarily by improved occupancy and rent collection. Total NRI of £11.7 million (June 2022: £12.3 million) fell by £0.6 million reflecting the like for like improvement largely offsetting the loss of income from the sale of Blackburn in August 2022. Statutory revenue improved 7.7% to £30.7 million (June 2022: £28.5 million).
- 19% increase in Adjusted Profit¹ to £7.0 million (June 2022: £5.9 million²) with a 17% growth in Adjusted earnings per share to 4.1p (June 2022: 3.5p).
- IFRS Profit for the period of £6.1 million (June 2022: Profit of £26.8 million). The prior year included the one-off gains of £12.3 million and £6.8 million from the discounted purchase of the Hemel Hempstead debt facility and deconsolidation of Luton, respectively.
- Continued stabilisation of property valuations with the portfolio increasing 2.1% in the first half of 2023 to £329.7 million (30 December 2022: £322.75 million).
- 2.3% increase in Net Asset Value ("NAV") to £183.2 million (30 December 2022: £179.1 million). NAV per share and EPRA NTA per share stable at 106p and 102p respectively (December 2022: 106p and 103p).
- Proposed 10% increase in Interim dividend to 2.75 pence per share (June 2022: 2.5 pence per share).

Long term secure debt position

- Group Net Loan to Value has increased marginally to 42% from 41% at 30 December 2022.
- Debt maturity of 4.0 years with average cost of debt of 3.61% with 98% fixed.

	6 months to June 2023	6 months to June 2022 ⁵	Year to Dec 2022
Revenue	£30.7m	£28.5m	£60.6m
Net Rental Income – Investment Assets	£11.7m	£12.3m	£23.5m
Adjusted Profit ¹	£7.0m	£5.9m	£10.3m
Adjusted Earnings per share (diluted) ¹	4.1p	3.5p	6.1p
IFRS Profit for the period	£6.1m	£26.8m	£12.1m
Basic earnings per share (diluted)	3.5p	16.0p	7.2p
Total dividend per share ³	2.75p	2.5p	5.25p
Net Asset Value	£183.2m	£195.3m	£179.1m
Net Asset Value (NAV) per share	106p	118p	106p
EPRA NTA per share	102p	116p	103p
Group net debt ⁴	£138.5m	£136.5m	£130.9m
Net debt to property value ⁴	42%	40%	41%

Notes

¹ Adjusted Profit, Adjusted Earnings per share, Net Rental Income, Net Debt and the Snozone EBITDA metric are as defined in the Glossary. Adjusted Profit incorporates profits from operating activities and excludes revaluation of properties and financial instruments, gains or losses on disposal, and other non-operational items. A reconciliation to the equivalent EPRA and statutory measures is provided in Note 6 to the condensed financial statements.

² For lettings and renewals (excluding development deals and CVA variations) with a term of 5 years or longer which do not include turnover rent or service charge restrictions.

³ Includes dividends declared post period end but related to the period in question.

⁴ Weighted average, debt maturity assumes exercise of extension options.

⁵ June 2022 comparative figures have been restated, in line with the adjustment made in the Group's results for the year ending 30 December 2022, for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022, further detail is provided in Note 2 to the condensed financial statements.

Use of Alternative Performance Measures (APMs)

Throughout the results statement we use a range of financial and non-financial measures to assess our performance. A number of the financial measures, including Net Rental Income, Adjusted Profit, Adjusted Earnings per share, Net Debt and the industry best practice EPRA (European Public Real Estate Association) performance measures are not defined under IFRS, so they are termed APMs. APMs are not considered superior to the relevant IFRS measures, rather Management use them alongside IFRS measures to monitor the Group's financial performance because they help illustrate the trading performance and position of the Group. All APMs are defined in the Glossary and further detail on their use is provided within the Financial Review.

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Notes to editors:**About Capital & Regional**

Capital & Regional is a UK focused retail property REIT specialising in shopping centres that dominate their catchment, serving the non-discretionary and value orientated needs of the local communities. It has a track record of delivering value enhancing retail and leisure asset management opportunities across a portfolio of tailored in-town community shopping centres.

Using its in-house expert property and asset management platform Capital & Regional owns and/or manages shopping centres in Hemel Hempstead, Ilford, Maidstone, Redditch, Walthamstow and Wood Green.

Capital & Regional is listed on the main market of the London Stock Exchange (LSE) and has a secondary listing on the Johannesburg Stock Exchange (JSE).

For further information see www.capreg.com.

South African secondary listing

At 30 June 2023, 7,286,097 of the Company's total 173,545,054 shares were held on the South African register representing 4.20% of the total issued share capital. Java Capital acts as JSE Sponsor for the Group.

Forward looking statements

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of government regulators and other risk factors such as the Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this document. The Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Group should not be relied upon as a guide to future performance.

Operating review

New lettings, renewals and rent reviews

We saw continued momentum in leasing in the first half of the year, completing 42 new lettings and renewals, at a combined annual rent of £1.5 million, representing an average premium to previous rent of 5.7%¹ (30 June 2022² – 37 new lettings and renewals for a combined annual rent of £2.0 million).

At Wood Green we secured lettings on four catering units at the new 'Bridge' development, as well as letting c. 7,000 sq ft of vacant office space while at Ilford we agreed a new lease to Addax. Renewals agreed during the period include Savers at Hemel Hempstead, Waterstones at Walthamstow and Claire's Accessories at Ilford. Since 30 June 2023 we have secured renewals with H&M at Ilford and Superdrug at Wood Green.

	6 months to June 2023	6 months to June 2022
New Lettings¹		
Number of new lettings	21	27
Rent from new lettings (£m)	£0.6m	£1.5m
Renewals settled¹		
Renewals settled	21	10
Total resulting annual rent (£m)	£0.9m	£0.5m
Combined new lettings and renewals¹		
Comparison to previous rent ²	+5.7%	+35.7%
Comparison to ERV at December 2021 ²	+13.7%	+18.0%

¹ For lettings and renewals (excluding development deals and CVA variations) with a term of 5 years or longer which do not include turnover rent or service charge restrictions.

² Includes transactions for Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green. Prior period comparative restated on like for like basis.

We have also opened two new flagship food catering facilities in the year to date. At Wood Green we have developed a new dining area by converting space on the bridge linking the two sides of the high street. This new Bridge development opened at the end of May 2023 providing six new street eats style food and beverage kiosks and a new dining area over. In July 2023 we then opened the new Crate food and events hall in Walthamstow. Operating on a mezzanine level across 16,000 sq ft. Crate provides seven grab and go food kiosks, a bar, indoor golf and events space.

Rental income and occupancy

	30 June 2023	30 December 2022	30 June 2022
Occupancy (%)	94.5%	94.1%	93.8%
Contracted rent (£m)	31.6	31.5	31.5
Passing rent (£m)	30.7	30.5	30.8

Occupancy has continued its positive recovering trend, increasing by 0.4% to 94.5% since 30 December 2022 and by 0.7% since 30 June 2022.

Contracted and Passing rent have both increased from December 2022 by £0.1 million and £0.2 million respectively. The 30 June 2023 balances exclude c. £0.8 million of rent related to deals that are committed but remain subject to planning or other conditions.

CVA or administration activity impacting the Group was limited in the first six months of the year, though Wilko filed a notice of intention to appoint an administrator on 3 August 2023. Wilko represents approximately £0.65 million or 2.5% of the Group's Contracted Rent at 30 June 2023. Whilst there has been no immediate impact to the Group resulting from Wilko's notice of intention to appoint an administrator, were it to go into administration, CVA or to cease trading, this income would be at risk of being reduced or lost and in the event units became vacant and not relet the Group may face incurring some or all of the occupational costs, which total approximately £0.9 million.

Operational performance

In total there were 19.3 million shopper visits across the five assets in the first half of 2023, 5.1% ahead of 2022 and representing 86.7% of the equivalent period for 2019, (or 90.4% of the equivalent period for 2019 excluding Walthamstow where footfall is impacted by one of the entrances being closed due to the residential development).

Car park income in the first six months of the year was £2.6 million, an increase of 9.7% on the same period for 2022 and representing approximately 79% of the equivalent for 2019.

Rent collection

Rent collection for the first six months of the year is currently 98.4% as detailed in the table below:

	Rent collection 6m to 30 June 2023	
	£m	
Rent collected	16.2	98.4%
Outstanding	0.3	1.6%
Total billed	16.5	100%

Amounts include VAT, amounts billed for Q3 2023 are up to end of July 2023.

Rent collection for the 2022 financial year has now improved to 98.9% (up from 97.6% at the time of the Group's year end results announcement in March 2023).

Capital expenditure

In total a net £7.0 million was invested in the first six months of the year, this was primarily across the following projects and is expected to produce a yield on cost in line with the Company's target of 8% to 9%:

- Ilford
 - £2.6 million on the new 35,000 sq ft TK Maxx anchor unit that is due to open in Q4 2023.
 - £1.9 million for the ongoing works for the new 20,000 sq ft NHS community healthcare facility that is due to open in the first half of 2024.
 - £0.9 million on other related centre improvements.
- Wood Green
 - £0.6 million to create the new Bridge catering units which opened in June 2023.
 - £0.4 million on remerchandising of the former WH Smiths unit.

The major projects undertaken have the additional benefit of helping to improve the ESG credentials of the relevant centres by replacing aged infrastructure and enabling the reduction or elimination of the use of gas.

Spend on the Walthamstow Crate facility in the period has been covered by a contribution from Walthamstow Council as the head lease holder, who recognise the valuable contribution our centre makes to both the local community and economy. We anticipate capital expenditure in the second half of the year to be at a similar level driven primarily by the completion of the TK Maxx and NHS projects.

Walthamstow residential

Construction work remains ongoing on the first phase of the residential development at Walthamstow which will see Long Harbour create 495 Build to Rent residential apartments in two residential towers adding further to the centre's local customer base. Completion is scheduled for 2025. The Group previously completed the sale of land for residential development to Long Harbour for £21.6 million. The planning consent covers a residential-led, mixed use development, incorporating a new Victoria Line tube station entrance and new public space including a new park.

Shopping Centre ESG

For our shopping centres, we have developed a robust pathway aligned with the BBP Climate Commitment and the UK Green Building Council's (UKGBC) definition of net zero. Our commitment covers embodied carbon associated with refurbishments and fit-outs and operational carbon from landlord and occupier energy consumption, along with measured emission sources. We continue to make progress on driving forward our net zero carbon pathways aligned with industry best practice and guidelines which represents a significant milestone in our decarbonisation journey. Having established our net zero governance along with the roll-out of employee training, we will continue to prioritise energy efficiencies on the ground across all aspects of our operations and evolve crucial tools such as our data accuracy and net zero standards. We have made significant strides on our environmental targets increasing our energy efficiency, reducing Scope 1 natural gas consumption by 78% and Scope 2 electricity consumption by 29%, against 2019. All of the shopping centres electricity is 100% renewable and Renewable Energy Guarantees of Origin certified.

Our centres' Scope 3 emissions, which relate to occupier energy consumption, make up an estimated 83% of our total emissions (based on our baseline year of 2019) and therefore the management of these is central to achieving our net zero carbon commitment. With occupier emissions falling outside of our direct management or ownership, tackling them proves a challenge for C&R and across the industry. To address this, we have created an enhanced occupier engagement strategy to promote collaboration and have collated 68% of all occupiers' energy usage from 2022 through our Net Zero Carbon Committee which is established at each centre. With the regulations around EPC ratings tightening, we have established an EPC Management Dashboard to help improve performance covering all units across the centres to increase focus and highlighting areas where ratings need to be improved as well as providing occupiers with the tools to help improve their performance.

Our Community Wheels of Support continue to play a critical role in encouraging engagement and helping our shopping centre teams to prioritise areas of impact. As community hubs we know our community support is crucial, particularly with the cost-of-living crisis. We are very proud of our efforts in this space and have partnered with over 75 charities, hosted over 70 events, and spent more than 400 hours engaging with local community groups.

As part of succession planning in respect of the Board's Independent Non-Executive Directors it is planned that Katie Wadey will take over as Chair of the ESG Committee from Laura Whyte as of 1 October 2023. Laura Whyte will also step down as a member of the ESG Committee from that date.

Snozone

Snozone has had a strong six months enjoying its first peak Q1 trading quarter unimpacted by Covid since 2019. EBITDA¹ was £1.6 million (June 2022: £0.8 million) reflecting a significantly improved performance from the UK operations and a contribution of £0.4 million from Snozone Madrid (June 2022: Loss of £0.1 million).

Revenue and EBITDA for the UK operations at £5.6 million and £1.3 million for the first half of 2023, respectively were 20% and 53% higher than 2022. This reflected a dramatically improved performance and the fact that the early part of 2022 was still impacted by the Covid-Omicron variant. Revenue and EBITDA for the UK operations have also shown an improvement on the pre-pandemic base year of 2019, up 4% and 8% respectively, despite some revenue streams such as corporate activities and food and beverage usage having not yet returned to pre-pandemic levels due to changing consumer habits. The UK business has also benefited from being on a fixed price energy tariff over the past three years which comes to an end in September 2023. While prices have significantly reduced from the peaks seen over the last 12 months this is still expected to see an increase in total utility costs of c £0.3 million per year.

Snozone Madrid's revenue of £2 million was 20% higher than 2022 (+7% on 2019) and it delivered a positive contribution to Snozone's total EBITDA of £0.4 million (June 2022: loss of £0.2 million). These metrics reflect the actions undertaken to significantly improve profitability since acquisition of the operations in February 2021. The impact of large increases in government-controlled electricity prices has been largely mitigated in 2023 from the installation of solar panels in November 2022.

Snozone's IFRS profit for the period was £0.6 million (June 2022: £0.1 million).

Snozone ESG

Snozone's pathway to net zero strategy is underpinned by a cyclical four-year plan for capital investment into new plant and machinery which we are now halfway through. Nine units of blast coolers have been replaced at the Milton Keynes venue which will save 214,000 kWh per year. In addition, a voltage optimiser unit was purchased for our Yorkshire venue which both regularises and controls consumption flow to our main plant and machinery. In Madrid, given the significant increase in government-controlled electricity pricing faced in 2022, solar panels were fitted to the roof of our venue and were fully operational as of November 2022. The venues have also undergone a significant de-lamping programme to further reduce electricity usage.

At the half year, the sum of these initiatives has delivered a 10% reduction in electricity utility consumption compared to the prior year and a reduction of 5% versus the 2019 base year. There has also been a significant reduction in gas usage of 32% v 2022 and 21% v the 2019 base. Water usage similarly has decreased by 30% v 2022 and 35% v 2019. All of Snozone's electricity is 100% renewable and is sourced from wind and solar power.

Furthermore, supplier visitation to Snozone's premises has been reduced due to strong operational controls and robust planned preventative maintenance programmes which has reduced scope 3 emissions by 19% v 2022.

¹ Snozone EBITDA is defined in the use of Alternative Performance Measures section below.

FINANCIAL REVIEW

	Six months to June 2023	Six months to June 2022 ⁴	Year to Dec 2022
Profitability			
Statutory Revenue	£30.7m	£28.5m	£60.6m
Net Rental Income (NRI)	£11.7m	£12.3m	£23.5m
Adjusted Profit ¹	£7.0m	£5.9m	£10.3m
Adjusted Earnings per share (diluted) ¹	4.1p	3.5p	6.1p
IFRS Profit for the period	£6.1m	£26.8m	£12.1m
Basic earnings per share (diluted)	3.5p	16.0p	7.2p
EPRA cost ratio (excluding vacancy costs)	35.6%	39.9%	37.8%
Net Administrative Expenses to Gross Rent	21.7%	17.9%	22.4%
Investment Returns			
Net Asset Value	£183.2m	£195.3m	£179.1m
Net Asset Value (NAV) per share	106p	118p	106p
EPRA NTA per share ¹	102p	116p	103p
Dividend per share ²	2.75p	2.5p	5.25p
Financing			
Group net debt ⁵	£138.5m	£136.5m	£130.9m
Group net debt to property value	42%	40%	41%
EPRA LTV	44.6%	50.9%	44.0%
Weighted average maturity of Group debt ³	4.0 years	5.2 years	4.5 years
Weighted average cost of Group debt	3.61%	3.54%	3.58%

¹ Adjusted Profit is as defined in the Glossary. A reconciliation to the statutory result is provided further below. EPRA figures and a reconciliation to EPRA EPS are shown in Note 6 to the Financial Statements. The calculation of EPRA cost ratio is provided in the EPRA performance measures section.

² Represents dividends declared post period end but related to the period in question.

³ Assuming exercise of all extension options.

⁴ June 2022 comparative figures have been restated, in line with the adjustment made in the Group's results for the year ending 30 December 2022, for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022, further detail is provided in Note 2 to the condensed financial statements.

Use of Alternative Performance Measures (APMs)

Throughout the results statement we use a range of financial and non-financial measures to assess our performance. The significant measures are as follows:

Alternative performance measure used	Rationale
Adjusted Profit	<p>Adjusted Profit is used as it is considered by management to provide the best indication of trading profits and hence the ability of the business to fund dividend payments.</p> <p>Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments, charges in respect of long-term incentive awards and other non-operational one-off items.</p> <p>Adjusted Profit includes EBITDA from Snozone (see definition further below). This was a change implemented in 2021 arising from the adoption of IFRS 16 and the signing of new lease agreements on Snozone's two UK sites. We considered that the combination of these two factors meant that Snozone's statutory profit no longer alone provides a full reflection of Snozone's trading performance and hence introduced this additional Alternative Performance Measure.</p> <p>The key differences between Adjusted Profit and EPRA earnings, an industry standard comparable measure, relates to the exclusion of non-cash charges in respect of share-based payments and adjustments in respect of Snozone as detailed above. In the current year we have excluded from our Adjusted Profit a £1.2 million tax credit as it relates to prior years but this is included within the EPRA metric.</p> <p>Adjusted Earnings per share is Adjusted Profit divided by the weighted average number of shares in issue during the year excluding own shares held.</p> <p>A reconciliation of Adjusted Profit to the equivalent EPRA and statutory measures is provided in Note 6 to the condensed financial statements.</p>
Like-for-like amounts	<p>Like-for-like amounts are presented as they measure operating performance adjusted to remove the impact of properties that were only owned for part of the relevant periods.</p> <p>For the purposes of comparison of capital values, this will also include assets owned at the previous period end but not necessarily throughout the prior period. In the current year like-for-like comparisons have been used to adjust for the impact of the disposal of The Mall, Blackburn that completed in August 2022 and the Walthamstow residential receipt.</p>
Net Debt	<p>Net debt is borrowings, excluding unamortised issue costs, less cash at bank. Cash excludes cash held on behalf of third parties (e.g. in respect of service charges or rent deposits).</p>
Net debt to property value	<p>Net debt to property value is debt less cash and cash equivalents divided by the property value.</p>
Net Rent or Net Rental Income (NRI)	<p>Net Rental Income is rental income from properties, less provisions for expected credit losses, property and management costs. It is a standard industry measure. A reconciliation to statutory turnover is provided in Note 4 to the condensed financial statements.</p>
Snozone EBITDA	<p>Snozone EBITDA is based on net profit. It excludes Depreciation, Amortisation, (notional) Interest, Tax and non-operational one-off items. It includes rent expense, based on contractual payments adjusted for rent free periods. This provides a measure of Snozone trading performance which removes the profiling impact of IFRS 16 that would otherwise see a significantly higher charge in early years of a lease and significantly lower net charge in later years. A reconciliation to the IFRS net profit is included within Note 3 to the condensed financial statements.</p>

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

<i>Amounts in £m</i>	Six months to June 2023	Six months to June 2022 ²	Year to December 2022
Shopping Centres – Net Rental Income	11.7	12.3	23.5
Shopping Centres – Interest payable	(3.7)	(4.7)	(9.3)
Shopping Centres – Contribution	8.0	7.6	14.2
Snozone (indoor ski operation) EBITDA	1.6	0.8	1.4
External management fees	1.2	1.7	3.3
Interest receivable	0.2	-	-
Central operating costs	(3.3)	(3.5)	(7.0)
Variable overhead	(0.7)	(0.7)	(1.6)
Adjusted Profit¹	7.0	5.9	10.3
Adjusted Earnings per share (pence)¹	4.1p	3.5p	6.2p
<i>Reconciliation of Adjusted Profit to statutory result</i>			
Adjusted Profit	7.0	5.9	10.3
Property revaluation	(0.3)	1.1	(19.6)
(Loss)/profit on disposal/transaction costs	(0.6)	(0.4)	1.5
Snozone depreciation and amortisation	(1.0)	(1.1)	(2.1)
Snozone notional interest (net of rent expense in EBITDA)	0.3	0.4	0.8
(Loss)/gain on financial instruments	(0.3)	1.0	1.1
Corporation Tax credit	1.2	1.1	0.3
Long Term incentives (non-cash)	(0.4)	(0.1)	(0.5)
Gain on discounted loan purchase (net of costs)	-	12.3	12.5
Write up following Luton deconsolidation	-	6.8	6.8
Other items	0.2	(0.2)	1.0
Profit/(loss) for the period	6.1	26.8	12.1

¹ EPRA figures and a reconciliation to EPRA EPS are shown in Note 6 to the condensed Financial Statements.

² June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

Adjusted Profit – 30 June 2023: £7.0 million (30 June 2022: £5.9 million)¹

Net Rental Income (NRI) decreased to £11.7 million (30 June 2022 - £12.3 million) due to the sale of Blackburn in August 2022 which contributed £2.0 million to NRI in the first half of 2022. Adjusting for this and a full period of Hemel Hempstead (as it was reclassified from Held for Sale in May 2022) NRI increased by 13% on a like for like basis. The biggest driver for this is increased occupancy, which during the period increased from 94.1% to 94.5% occupied (30 June 2022 – period started at 92.9% and ended at 93.8%) and a £0.2 million improvement in Car Park income.

Interest payable has fallen from the prior year reflecting the repayment of £60 million of debt in The Mall loan facility during 2022 that was skewed towards the second half of the year. Interest payable is expected to increase in 2024 as the swap on the £39 million Ilford loan expires at the original maturity in March 2024.

Snozone EBITDA at £1.6 million (30 June 2022 - £0.8 million) as noted has benefited from its first peak Q1 trading period unimpacted by Covid since 2019.

External Management Fees of £1.2 million break down between Asset and Property Management fees on external properties (Redditch and Luton) of £0.7 million and Property Management fees on the Group's Investment Assets of £0.5 million (as these are charged to the Service Charge). The Group's involvement in Luton ceased following the sale in March 2023. The Group's involvement in Redditch is expected to cease before the end of the third quarter of 2023 when the asset changes ownership.

Central operating costs £3.3 million (30 June 2022 - £3.5 million) and *Variable overheads* £0.7 million (30 June 2022 - £0.7 million). Central costs are lower than the prior year reflecting cost saving initiatives implemented which deliver approximately 10% savings on an annualised basis after inflation. These include utilising technology to drive operational efficiencies and the selective use of outsourcing. Further initiatives are in progress or planned to deliver a similar saving in 2024. We anticipate the combination of further cost savings and the benefit of additional income from capital expenditure projects and improving occupancy to drive further improvements in our EPRA cost ratio which has reduced to 35.6% from 37.8% at 30 June 2022.

Adjusted earnings per share for the period were 4.1 pence on a diluted basis (30 June 2022: 3.5 pence) reflecting the improvement in Adjusted Profit.

IFRS profit for the period – 30 June 2023: £6.1 million (30 June 2022: Profit of £26.8 million)

Aside from the Adjusted Profit of £7.0 million the other items impacting the result in the period were:

- Property revaluation loss of £0.3 million (June 2022 – profit of £1.1 million)¹ representing the marginal difference between the Capex invested of £7.0 million, valuation increases and movement on tenant incentives and IFRS adjustments.
- £0.6 million of transaction costs in respect of the proposed acquisition of The Gyle and a small true up of profit on disposal in respect of the Group's sale of Blackburn in 2022.
- £0.7 million of adjustments relating to Snozone reconciling between the EBITDA measure used for Adjusted Profit and IFRS Profit for the year. As noted above, we used EBITDA as this removes the profiling element of IFRS 16 and therefore provides a measure of Snozone's trading performance excluding this.
- A loss of £0.3 million on financial instruments being the movement from the revaluation of the Ilford interest rate swap (June 2022 – gain of £1.0 million).
- A net release of £1.2 million of provision for tax in lieu of paying dividends which is no longer required following the resumption of dividend payments and expectation of the firm having met its minimum PID requirement for prior years.
- £0.4 million relating to share based payments being the non-cash element of the Group Combined Incentive Plan for executives and LTIP retention awards for staff members.

The prior year included the one-off gains of £12.3 million and £6.8 million from the discounted purchase of the Hemel Hempstead debt facility and deconsolidation of Luton, respectively.

The profit for the period has resulted in NAV of £183.2 million and EPRA Net Tangible Assets of £181.7 million and improvements of 2.3% and 2.4% compared to December 2022 amounts of £179.1 million and £177.4 million, respectively. Basic NAV per share and EPRA NTA per share were 106p and 102p respectively (December 2022: 106p and 103p respectively).

Property portfolio valuation

The valuation of the portfolio at 30 June 2023 was £329.7 million, representing an increase in headline valuation of £6.95 million or 2.1% from December 2022. This reflects the net impact of a 2.1% increase in net valued rent partially offset by an expansion in Net Initial Yield of 15 basis points.

Property at independent valuation	30 June 2023			30 December 2022		
	£m	NIY %	NEY %	£m	NIY %	NEY %
Maidstone	31.5	11.44%	11.68%	32.65	11.28%	11.49%
Walthamstow	80.1	6.59%	7.00%	80.0	5.97%	7.00%
Wood Green	147.5	7.59%	7.39%	144.0	7.55%	7.38%
Hemel Hempstead	10.0	14.25%	17.45%	10.5	14.49%	17.49%
Ilford	60.6	5.09%	7.94%	55.6	5.04%	7.79%
	329.7	7.38%	8.64%	322.75	7.23%	8.59%

Disposal of The Mall, Luton

The Company completed the sale of its interest in The Mall, Luton shopping centre on 16 March 2023. The disposal followed a sale process undertaken with the consent of the secured lender on the related loan facility. The Group had previously deconsolidated its interest in The Mall, Luton meaning that the transaction did not result in any profit or loss on disposal to the Group.

Financing

The Group's debt position as at 30 June 2023 is summarised in the table below:

	Debt ¹	Cash ²	Net debt	Loan to value ³	Net debt to value ³	Average interest rate	Fixed	Duration to loan expiry	Duration with extensions
30 June 2023 (proforma)	£m	£m	£m	%	%	%	%	Years	Years
The Mall	140.0	(9.4)	130.6	54%	50%	3.45%	100	3.6	4.6
Hemel Hempstead	4.0	(1.5)	2.5	40%	25%	10.31%	0.0	2.0	2.0
Ilford	39.0	(8.5)	30.5	64%	50%	3.51%	100	0.7	2.2
Central Cash	-	(25.1)	(25.1)	-	-	-	-	-	-
On balance sheet debt	183.0	(44.5)	138.5	56%	42%	3.61%	97.8	2.9	4.0

¹ Excluding unamortised issue costs.

² Excluding cash beneficially owned by tenants.

³ Debt and net debt divided by investment property at valuation.

The Group's Net Loan to Value ratio increased marginally during the period from 41% to 42% as a result of the investment of cash in to capital expenditure.

The Mall

Following the £60 million of repayments made during the prior year the Mall facility now consists of a single £140 million fixed rate loan at 3.45%, held with TIAA. The loan matures in January 2027 but has a one-year conditional extension option.

As part of the November 2021 restructuring of the facility TIAA provided a waiver of all financial covenants for two years until November 2023. The facility is currently compliant with all covenants.

Hemel Hempstead

The Group has a £4 million facility with BC Invest, a subsidiary of the Group's strategic residential partner, Far East Consortium. The debt matures in July 2025 and is at a margin of 5.95% over SONIA. It is secured on the Marlowes Centre on a non-recourse basis.

Ilford

The Group has a £39 million facility secured on the Ilford Exchange shopping centre with Dekabank Deutsche Girozentrale that is due to mature in March 2024.

In May 2022, the Group signed a package of amendments to facilitate the investment of more than £10 million for the creation of the new NHS community healthcare centre and anchor unit for TK Maxx. The amendment provides an 18-month conditional extension option that can be triggered at the end of 2023 to extend the loan maturity from March 2024 until September 2025 subject to meeting a debt yield and net loan to value covenant test. The cost of debt is hedged until the date of original maturity (March 2024) via an interest rate swap.

The amendments also provided improvements to existing covenant terms that applied from January 2023 until the end of 2024. The all-in cost of the current loan is 3.51%.

Going Concern

Under the UK Corporate Governance Code the Board needs to report whether the business is a going concern. In making its assessment of Going Concern, the Group has considered the general risk environment and the specific risks that relate to the Group and its sector. This has incorporated considering the current macro-economic inflationary pressures, the ongoing impacts and speed of recovery from Covid-19, as well as the structural trends that were already under way in the retail industry.

At 30 June 2023, the Group had total cash at bank on balance sheet of £49.1 million. Of which £24.3 million was held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and downside scenarios that have been modelled for at least the period of the next 18 months that is considered for going concern purposes.

As part of the restructure of The Mall debt facility that completed in November 2021, the lender provided covenant waivers that run until November 2023. The Group is currently compliant with all covenant tests on the facility and hence not reliant on the waivers or modifications. On the Ilford facility, as noted, the Group had covenant waivers that ran until January 2023 and has improved covenant terms that extend beyond the end of 2024. The Mall loan facility matures in January 2027 with a one-year conditional extension option. The Ilford loan matures in March 2024 with an 18-month conditional extension option dependent upon meeting a debt yield and net loan to value covenant test in Q4 of 2023.

On Hemel Hempstead, the Group drew down a £4 million loan facility in July 2022. The Group's forecasts demonstrate a reasonable level of covenant headroom on the Loan to Value and Projected Interest Cover Ratio tests that are relevant to the agreement.

All of the Group's asset backed loan facilities are ring-fenced within their own SPV structures with no recourse to Capital & Regional plc and no cross-default provisions.

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection to 90% collection, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a downturn in expected trading, such as might be caused by a further wave of Government restrictions, could impact cashflows. The Group has also considered a 15% reduction in property valuations. The Group's headroom on The Mall and Hemel Hempstead is sufficient to withstand this level of decline from the 30 June 2023 valuations.

On Ilford, such a decline would breach the LTV covenant level however the cash earmarked for capital expenditure investment into the asset would be sufficient to theoretically cure although in such a scenario the Group would seek to agree with the lender to invest the funds to develop the asset. The same position applies in respect of the LTV condition that is required in order to trigger the 18-month extension to the loan's maturity. Ultimately given the ring-fenced nature of the loan facility if the Group decided not to cure any breach and could not agree a compromise with the lender it could, in extremis, effectively surrender the asset and not face any recourse to the Group. The Group's cashflow forecasts over the period considered for Going Concern purposes assume it is a net investor into Ilford to fund the masterplan initiatives and hence such a scenario would not reduce the amount of cash available to the Group.

In coming to its Going Concern conclusion, the Group has also considered, but not relied upon, other options available to generate or conserve additional cash, to reduce debt levels and to fund value accretive capital expenditure and letting initiatives. These include but are not limited to: the potential disposal of assets either in whole or part; the opportunity to reduce or suspend dividend payments (or offer a Scrip alternative); and the potential raising of additional funds.

Having due regard to all of the above matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the Going Concern basis in preparing the financial statements.

Dividend

The Directors recommend an interim dividend of 2.75 pence per share (June 2022: 2.5 pence per share). The dividend will be paid entirely as a Property Income Distribution (PID) and a Scrip dividend option will be offered. Across the full financial year, the Group expects to pay a dividend of at least 90% of the Group's EPRA profits, in line with its dividend policy. We expect to pay a final dividend of at least the same level to the Interim Dividend.

The key dates proposed in relation to the payment of the dividend are:

- | | |
|---|---------------------------|
| • Confirmation of ZAR equivalent and Scrip dividend pricing | Tuesday, 22 August 2023 |
| • Last day to trade on Johannesburg Stock Exchange (JSE) | Tuesday, 29 August 2023 |
| • Shares trade ex-dividend on the JSE | Wednesday, 30 August 2023 |
| • Shares trade ex-dividend on the LSE | Thursday, 31 August 2023 |
| • Record date for LSE and JSE and last election for Scrip | Friday, 1 September 2023 |
| • Dividend payment date/New Scrip shares issued | Friday, 22 September 2023 |

South African shareholders are advised that the dividend will be regarded as a foreign dividend. Further details relating to Withholding Tax for shareholders on the South African register will be provided within the announcement detailing the currency conversion rate on 22 August 2023. Share certificates on the South African register may not be dematerialised or rematerialised between 30 August 2023 and 1 September 2023, both dates inclusive. Transfers between the UK and South African registers may not take place between 22 August 2023 and 1 September 2023, both dates inclusive.

Outlook

We are confident that the strong operational performance and defensive nature of our assets, allied to the actions taken over the last two years to reposition the Company and its balance sheet, leave us well placed to continue to perform, despite some of the current broader economic uncertainties.

We will also continue to explore selective opportunities such as The Gyle to grow the business and further utilise our leading management expertise in delivering our tried and tested community centre strategy.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have a significant impact on future performance and could cause actual results to differ materially from expected or historical results. The Group carries out a regular review of the major risks it faces and monitors the controls that have been put in place to mitigate them.

A detailed explanation of the principal risks and uncertainties was included on pages 44 to 51 of the Group's 2022 Annual Report. A further review was carried out for the 30 June 2023 half year taking into consideration the next six months to 30 December 2023. Amongst the main factors considered were the impact of the continuing inflationary pressures being experienced by consumers within the UK and the expectation of higher interest rates for longer than previously envisaged. The review concluded that while as a result of these combined factors the profile of some risks, including economic environment, property investment market risks and Treasury risks had changed, the ultimate nature of them had not and therefore the principal risks to the Group remain those disclosed in the 2022 Annual Report. These have been summarised below.

- *Property investment market risks* - Weak economic conditions and poor sentiment in commercial real estate markets allied to higher risk free rates may lead to low investor demand and further declines in valuation. Small changes in property market yields can have a significant effect on property valuation and the impact of leverage could magnify the effect on the Group's net assets.
- *Impact of the economic environment* - A prolonged downturn in tenant demand driven by structural changes in retail and/or macro-economic factors, such as the current inflationary pressures, could put further pressure on rent levels. Tenant failures and reduced tenant demand could adversely affect rental income revenues, lease incentive costs, void costs, available cash and the value of properties owned by the Group.
- *Treasury risk* - Inability to fund the business or to refinance existing debt on economic terms may result in the inability to meet financial obligations when due and put a limitation on financial and operational flexibility. Cost of financing could be prohibitive in the future. Breach of any loan covenants could cause default on debt and possible accelerated maturity. Unremedied breaches can trigger demand for immediate repayment of loans.
- *Climate related* - The Group's failure to act on environmental issues could lead to reputational damage, deterioration in customer and community relationships, or limit investment opportunities. Climate-related risks extend to the global supply chain and business disruption from extreme weather events. Failure to comply with regulations could result in financial exposure. The Group maintains a Climate-related risk matrix which consolidates the results of the top 10 identified risks from the RCP4.5 and RCP8.5 scenarios outlined in the climate risk assessment report and are in line with TCFD recommendations.
- *Tax and regulatory risks* – Exposure to non-compliance with the REIT regime and changes in tax legislation or the interpretation of tax legislation or previous transactions could result in tax related liabilities and other losses arising. Exposure to changes in existing or forthcoming property related or corporate regulation could result in financial penalties or loss of business or credibility.
- *People* - The Group's business is partially dependent on the skills of a small number of key individuals. Loss of key individuals or an inability to attract new employees with the appropriate expertise could reduce the effectiveness with which the Group conducts its business.
- *Development risk* – There is a risk that where capital expenditure and development projects are undertaken, that delays and other issues may lead to increased cost and reputational damage. There is also the risk that planned realisation of value is not achieved, for example if the property cannot subsequently be sold for the anticipated amount or if tenants are not contracted on sufficiently attractive terms. Competing schemes may reduce footfall and reduce tenant demand for space and the levels of rents which can be achieved
- *Business disruption from a major incident* – The threat of a major incident, including the COVID-19 pandemic, impacting one or more of the Group's assets. There is a risk of financial losses if unable to trade or impacts upon shopper footfall and reputational and financial damage if business has or is perceived to have acted negligently
- *Responsible business risk* - Failure to act on environmental and social issues could lead to reputational damage, deterioration in relationships with customers and communities and limit investment opportunities. Failure to comply with regulations could result in financial exposure. Health and safety incidents could result in reputational damage, financial liability for the Group and potentially criminal liability for the directors.
- *Customers and changing consumer trends* – Changes in consumer shopping habits towards online purchasing and delivery and the increase of CVAs by retailers and other retailer restructurings may adversely impact footfall in shopping centres and potentially reduce tenant demand for space and the levels of rents which can be achieved.
- *IT & Cyber Security* – The risk of IT failures or malicious attacks causing reputational or financial damage to the business through loss of business time and opportunities or potential fines or regulatory penalties.

- *Health & Safety* - The Group could face criminal charges, financial loss and reputational damage if it or individuals in management positions were found to have failed processes or been negligent in their actions.

The risks noted above do not comprise all those potentially faced by the Group and are not intended to be presented in any order of priority. Additional risks and uncertainties currently unknown to the Group, or which the Group currently deems immaterial, may also have an adverse effect on the financial condition or business of the Group in the future. These issues are kept under constant review to allow the Group to react in an appropriate and timely manner to help mitigate the impact of such risks.

Responsibility statement

The directors confirm that to the best of their 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 the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Lawrence Hutchings
Chief Executive
9 August 2023

Stuart Wetherly
Group Finance Director
9 August 2023

INDEPENDENT REVIEW REPORT TO CAPITAL & REGIONAL PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement, and related notes 1 to 16.

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 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Mazars LLP

Statutory Auditor
London, United Kingdom
9 August 2023

Condensed consolidated income statement

For the six months to 30 June 2023

	Note	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 (Restated) ¹ £m	Audited Year to 30 December 2022 £m
Continuing operations				
Revenue	3b, 4	30.7	28.5	60.6
Reversal of expected credit loss		-	0.8	0.4
Cost of sales		(16.4)	(14.8)	(32.8)
Gross profit		14.3	14.5	28.2
Administrative costs		(4.8)	(4.7)	(10.9)
(Loss)/profit on revaluation of investment properties	3a, 7a	(0.3)	1.1	(19.6)
Other gains and losses		(0.5)	11.7	15.6
Profit on ordinary activities before financing		8.7	22.6	13.3
Finance income		0.3	1.3	1.1
Finance costs		(4.1)	(5.0)	(9.4)
Profit before tax		4.9	18.9	5.0
Tax credit	5	1.2	1.1	0.3
Profit for the period from continuing operations		6.1	20.0	5.3
Profit for the period from period from discontinued operations (Luton)		-	6.8	6.8
Profit for the period		6.1	26.8	12.1
Continuing operations				
Basic earnings per share		3.6p	12.1p	3.2p
Diluted earnings per share		3.5p	11.9p	3.2p
Continuing and discontinued operations				
Basic earnings per share	6	3.6p	16.2p	7.3p
Diluted earnings per share	6	3.5p	16.0p	7.2p
EPRA earnings per share				
EPRA basic earnings per share	6	4.2p	3.7p	5.3p
EPRA diluted earnings per share	6	4.1p	3.7p	5.3p

Condensed consolidated statement of comprehensive income

For the six months to 30 June 2023

	Unaudited six months to 30 June 2023 £m	Unaudited six months to 30 June 2022 £m	Audited Year to 30 December 2022 £m
Profit for the period	6.1	26.8	12.1
Other comprehensive income	-	-	-
Total comprehensive income for the period	6.1	26.8	12.1

The results for the current and preceding periods are fully attributable to equity shareholders.

The EPRA alternative performance measures used throughout this report are industry best practice performance measures established by the European Public Real Estate Association (EPRA). They are defined in the Glossary to the Financial Statements. EPRA Earnings and EPRA EPS are shown in Note 6 to these condensed financial statements. EPRA net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV) are shown in Note 13 to these condensed financial statements. We consider EPRA NTA to be the most relevant measure for our business.

¹ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

Condensed consolidated balance sheet

At 30 June 2023

	Note	Unaudited 30 June 2023 £m	Audited 30 December 2022 £m
Non-current assets			
Investment properties	7	326.8	320.1
Plant and equipment		2.7	1.8
Right of use assets	8	21.3	21.6
Receivables and other assets	9	8.5	9.6
Total non-current assets		359.3	353.1
Current assets			
Receivables and other assets	9	16.1	14.4
Cash and cash equivalents	10	49.1	55.5
Total current assets		65.2	69.9
Total assets		424.5	423.0
Current liabilities			
Trade and other payables		(29.3)	(31.0)
Current tax	5	-	(1.0)
Lease liabilities		(3.2)	(3.0)
Bank loans	11	(38.9)	-
Total current liabilities		(71.4)	(35.0)
Net current assets		6.2	34.9
Non-current liabilities			
Bank loans	11	(143.2)	(181.8)
Obligations under finance leases		(26.7)	(27.1)
Total non-current liabilities		(169.9)	(208.9)
Total liabilities		(241.3)	(243.9)
Net assets		183.2	179.1
Equity			
Share capital		17.4	16.9
Share premium		3.6	1.7
Merger reserve		60.3	60.3
Own shares held		-	-
Retained earnings		101.9	100.2
Equity shareholders' funds		183.2	179.1
Basic net assets per share		105.6p	105.9p
EPRA net reinstatement value per share	13	102.2p	103.4p
EPRA net tangible assets per share	13	102.2p	103.4p
EPRA net disposal value per share	13	115.7p	115.1p

Condensed consolidated statement of changes in equity

For the six months to 30 June 2023

	Share Capital £m	Share Premium ¹ £m	Merger reserve ² £m	Capital redemption Reserve £m	Own shares held ³ £m	Retained Earnings £m	Total Equity £m
Balance at 30 December 2021 (Audited)	16.5	266.1	60.3	4.4	-	(178.9)	168.4
Profit for the period	-	-	-	-	-	26.8	26.8
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	26.8	26.8
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.1	0.1
Capital reduction ⁴	-	(266.1)	-	(4.4)	-	270.5	-
Balance at 30 June 2022 (unaudited)	16.5	-	60.3	-	-	118.5	195.3
Loss for the period	-	-	-	-	-	(14.7)	(14.7)
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(14.7)	(14.7)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.4	0.4
Dividends paid, including scrip	-	-	-	-	-	(4.0)	(4.0)
Shares issued, net of costs	0.4	1.7	-	-	-	-	2.1
Balance at 30 December 2022	16.9	1.7	60.3	-	-	100.2	179.1
Profit for the period	-	-	-	-	-	6.1	6.1
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	6.1	6.1
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.4	0.4
Dividends paid, including scrip	-	-	-	-	-	(4.7)	(4.7)
Shares issued, net of costs	0.5	1.9	-	-	-	-	2.4
Balance at 30 June 2023 (unaudited)	17.4	3.6	60.3	-	-	101.9	183.2

Notes:

- 1 These reserves are not distributable.
- 2 The merger reserve of £60.3 million arose on the Group's capital raising in 2009 which was structured so as to allow the Company to claim merger relief under section 612 of the Companies Act 2006 on the issue of ordinary shares. The merger reserve is available for distribution to shareholders.
- 3 Own shares relate to shares purchased out of distributable profits and therefore reduce reserves available for distribution.
- 4 In June 2022 a capital reduction was completed transferring the remaining reserves from share premium and the capital redemption reserve to retained earnings.

Condensed consolidated cash flow statement

For the six months to 30 June 2023

	Note	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 £m	Audited Year to 30 December 2022 £m
Operating activities				
Net cash from operations	12	10.0	12.4	25.3
Distributions received from fixed asset investments		-	-	-
Interest paid		(3.3)	(5.1)	(8.0)
Interest received		0.3	-	-
Income tax paid		-	-	(0.1)
Cash flows from operating activities		7.0	7.3	17.2
Investing activities				
Disposal of investment properties		-	-	59.1
Purchase of plant and equipment		(0.6)	(0.5)	(0.7)
Capital expenditure on investment properties		(11.1)	(8.3)	(10.6)
Cash flows from investing activities		(11.7)	(8.8)	47.8
Financing activities				
Dividends paid (net of scrip) including withholding tax		(1.4)	-	(1.2)
Bank loans drawn down		-	-	4.0
Bank loans repaid		-	(18.9)	(70.8)
Loan arrangement costs		-	-	(1.6)
Fixed payment under head leases		(0.3)	(0.2)	(0.4)
Cash flows from financing activities		(1.7)	(19.1)	(70.0)
Net decrease in cash and cash equivalents		(6.4)	(20.6)	(5.0)
Cash and cash equivalents at the beginning of the period		55.5	58.5	58.5
Cash and cash equivalents at the end of the period		49.1	37.9	53.5
Assets classified as held for sale		-	2.0	2.0
Cash and cash equivalents excluding assets classified as held for sale	10	49.1	39.9	55.5

Notes to the condensed financial statements

For the six months to 30 June 2023

1 General information

The comparative information included for the year ended 30 December 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Group's financial performance is not materially impacted by seasonal fluctuations.

2 Accounting policies

Basis of preparation

The annual financial statements of Capital & Regional plc are prepared in accordance with IFRS as adopted by the United Kingdom. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the United Kingdom. The financial statements are prepared in GBP being the functional currency of the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payments that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability.

The Half-Year Report was approved by the Board on 9 August 2023.

Prior year restatement

In October 2022, the IASB finalised the agenda decision approved by the IFRS Interpretation Committee (IFRS IC) on 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)'. The agenda decision addresses the accounting from the perspective of the lessor, and whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

When the lease payments are forgiven, the Committee concluded that the lessor should apply the derecognition requirements in IFRS 9 to the operating lease receivables and apply the lease modification requirements in IFRS 16 to future lease payments, including accrued lease payments, as discussed further below.

In applying the requirements in IFRS 9, the lessor should derecognise the operating lease receivable, including any associated ECL allowance.

In adopting the above treatment the Group has restated the June 2022 results for a prior year adjustment. This restatement derecognises the rent free debtor amortisation associated with rent concessions granted specifically relating to Covid 19, which has an associated knock-on impact on the investment properties revaluation, given valuations are adjusted for such amounts. The Group's Adjusted Profit for 2022 is £0.1 million higher than it would have been without these adjustments.

The following table summarises the impact of the change on the financial statements of the Group. The total impact on net assets and basic and diluted earnings per share is £nil.

	30 June 2022 £m
Consolidated income statement	
Revenue	0.1
Adjusted profit	0.1
Loss on revaluation of investment properties	(0.1)
Loss for the period	-
30 December 2021 £m	
Consolidated statement of changes in equity	
Retained earnings balance at 30 December 2020	(2.3)
Loss for the year	2.3
Retained earnings balance at 30 December 2021	-

2 Accounting policies (continued)

Key judgements and sources of estimation uncertainty

The preparation of financial statements requires the Directors to make estimates that may affect the reported amounts of assets and liabilities, income and expenses. The key sources of estimation uncertainty are as reported in the annual audited financial statements for the year ended 30 December 2022. With the exception of those below, there are no key judgements impacting the financial statements.

Property valuation

The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate. We are now in a phase of the valuation cycle where there is persistent negative sentiment and low transactional evidence as such greater judgement has been applied.

The investment property valuation contains a number of assumptions upon which the valuation of the Group's properties as at 30 June 2023 was based. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, the condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards UK 2014 (revised January 2022).

If the assumptions upon which the valuation was based prove to be inaccurate, this may have an impact on the value of the Group's investment properties, which could in turn have an effect on the Group's financial position and results. Estimated rental values and equivalent yields are considered key assumptions. Note 7c provides sensitivity analysis estimating the impact that changes in the estimated rental values or equivalent yields would have on the Group's property valuations. Valuations are discussed further in note 7.

Increase in credit risk

When measuring expected credit loss the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Probability of default constitutes a key input in measuring expected credit losses (ECL). Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Receivables are discussed in note 9.

Going concern

Under the UK Corporate Governance Code the Board needs to report whether the business is a going concern. In making its assessment of Going Concern, the Group has considered the general risk environment and the specific risks that relate to the Group and its sector. This has incorporated considering the current macro-economic inflationary pressures as well as the ongoing impacts and speed of recovery from Covid-19 as well as the structural trends that were already under way in the retail industry.

At 30 June 2023, the Group had total cash at bank on balance sheet of £49.1 million. Of which £24.3 million was held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and downside case scenarios that have been modelled for at least the period of the next 18 months that is considered for going concern purposes.

As part of the restructure of The Mall debt facility that completed in November 2021, the lender provided covenant waivers that run until November 2023. The Group is currently compliant with all covenant tests on the facility and hence not reliant on the waivers or modifications. On the Ilford facility, as noted, the Group had covenant waivers that ran until January 2023 and has improved covenant terms that extend beyond the end of 2024. The Mall loan facility matures in January 2027 with a one-year conditional extension option. The Ilford loan matures in March 2024 with an 18-month conditional extension option dependent upon meeting a debt yield and net loan to value covenant test in Q4 of 2023. On Hemel Hempstead, the Group drew down on a new £4 million loan facility in July 2022. The Group's forecasts demonstrate a reasonable level of covenant headroom on the Loan to Value and Projected Interest Cover Ratio tests that are relevant to the new agreement.

All of the Group's asset backed loan facilities are ring-fenced within their own SPV structures with no recourse to Capital & Regional plc and no cross-default provisions.

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection to 90% collection, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a downturn in expected trading, such as might be caused by a further wave of Government restrictions, could impact cashflows. The Group has also considered a 15% reduction in property valuations. The Group's headroom on The Mall and Hemel Hempstead is sufficient to withstand this level of decline from the 30 June 2023 valuations.

On Ilford, such a decline would breach the LTV covenant level however the cash earmarked for capital expenditure investment into the asset would be sufficient to theoretically cure although in such a scenario the Group would seek to agree with the lender to invest the funds to develop the asset. The same position applies in respect of the LTV condition that is required in order to trigger the 18-month extension to the loan's maturity. Ultimately given the ring-fenced nature of the loan facility if the Group decided not to cure any breach and could not agree a compromise with the lender it could, in extremis, effectively surrender the asset and not face any recourse to the Group. The Group's cashflow forecasts over the period considered for Going Concern purposes assume it is a net investor into Ilford to fund the masterplan initiatives and hence such a scenario would not reduce the amount of cash available to the Group.

In coming to its Going Concern conclusion, the Group has also considered, but not relied upon, other options available to generate or conserve additional cash, to reduce debt levels and to fund value accretive capital expenditure and letting initiatives. These include but are not limited to: the potential disposal of assets either in whole or part; the opportunity to reduce or suspend dividend payments (or offer a Scrip alternative); and the potential raising of additional funds.

Having due regard to all of the above matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the Going Concern basis in preparing the financial statements.

Change in accounting policies

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in the notes to the Group's annual financial statements for the year ended 30 December 2022. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The June 2022 results have been restated as a result of a change in accounting policies relating to rent concessions, as discussed above.

2 Accounting policies (continued)

New and revised standards issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 Insurance Contracts including Amendments to IFRS 17
 Amendments to IAS 16—Leases on sale and leaseback
 Amendments to IAS 1—Classification of Liabilities as Current or Non-current including Classification of Liabilities as Current or Non-current
 Amendments to IAS 12—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
 Amendments to IAS 1 and IFRS Practice Statement 2—Disclosure of Accounting Policies
 Amendments to IAS 8—Definition of Accounting Estimates
 Amendment to IAS 12 - International tax reform - pillar two model rules
 Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements

None of these standards are anticipated to have a material impact upon the Group's results.

3 Operating segments

3a Operating segment performance

Following the reclassification of Hemel Hempstead and Luton as 'Held for Sale' as at 30 December 2021 the segment of Shopping Centres – Managed Assets that included those assets in the prior year is no longer relevant. As a consequence the Group's operating segments are Shopping Centres, Snozone and Group/Central. Shopping Centres includes the results of the Group's centres at Ilford and Hemel Hempstead (from 11 April 2022 being the date an agreement to buy back its loan was reached) and those centres within The Mall loan facility, namely Blackburn (in 2022 until it was sold on 9 August 2022), Maidstone, Walthamstow and Wood Green. The Group deconsolidated its interest in Luton on 20 May 2022 reflecting changes that took place on that date to constitution of the Luton entities including the appointment of an independent director with specific rights regarding the proposed sale process for the asset.

Group/Central includes management fee income, Group overheads incurred by Capital & Regional plc, Capital & Regional Property Management and other subsidiaries.

The Shopping Centres segments derive their revenue from the rental of investment properties. The Snozone and Group/Central segments derive their revenue from the operation of indoor ski slopes and the management of property funds or schemes respectively. The split of revenue between these classifications satisfies the requirement of IFRS 8 to report revenues from different products and services. Depreciation and charges in respect of share-based payments represent the only significant non-cash expenses. Prior period comparatives have also been restated as a result.

		Shopping Centres	Snozone	Group/Central	Total
		£m	£m	£m	£m
Six months to 30 June 2023 (Unaudited)	Note				
Rental income from external sources	3b	16.6	-	-	16.6
Property and void costs ¹		(4.9)	-	-	(4.9)
Net rental income		11.7	-	-	11.7
Net interest expense		(3.7)	-	0.2	(3.5)
Snozone income/Management fees ²	3b	-	7.7	1.2	8.9
Snozone/Management expenses		-	(6.1)	(3.2)	(9.3)
Depreciation		-	-	(0.1)	(0.1)
Variable overhead		-	-	(0.7)	(0.7)
Adjusted Profit/(loss)		8.0	1.6	(2.6)	7.0
Revaluation of properties		(0.3)	-	-	(0.3)
Loss on disposal/transaction costs		(0.6)	-	-	(0.6)
Snozone depreciation and amortisation		-	(1.0)	-	(1.0)
Notional interest (net of rent expense within EBITDA)		-	0.3	-	0.3
Gain on financial instruments		(0.3)	-	-	(0.3)
Long-term incentives		-	-	(0.4)	(0.4)
Tax (charge)/credit		-	(0.3)	1.5	1.2
Other items		0.2	-	-	0.2
Profit/(loss)		7.0	0.6	(1.5)	6.1
Total assets	3b	369.6	26.0	28.9	424.5
Total liabilities	3b	(210.1)	(27.6)	(3.6)	(241.3)
Net assets/(liabilities)		159.5	(1.6)	25.3	183.2

¹Includes expected credit loss.

²Asset management fees of £1.1 million charged from the Group's Capital & Regional Property Management entity to the Group's Shopping Centres have been excluded from the table above.

3 Operating segments (continued)

3a Operating segment performance

Six months to 30 June 2022 (Unaudited) (Restated)⁴		Shopping Centres - Investment Assets	Shopping Centres - Managed Assets (discontinued operations)	Snozone	Group/ Central	Total
	Note	£m	£m	£m	£m	£m
Rental income from external sources	3b	17.5	-	-	-	17.5
Property and void costs ¹		(5.2)	-	-	-	(5.2)
Net rental income		12.3	-	-	-	12.3
Net interest expense		(4.7)	-	-	-	(4.7)
Snozone income/Management fees ²	3b	-	-	6.4	1.7	8.1
Snozone/Management expenses		-	-	(5.6)	(3.4)	(9.0)
Depreciation		-	-	-	(0.1)	(0.1)
Variable overhead		-	-	-	(0.7)	(0.7)
Adjusted Profit/(loss)		7.6	-	0.8	(2.5)	5.9
Revaluation of properties		1.1	-	-	-	1.1
Loss on disposal		(0.4)	-	-	-	(0.4)
Snozone depreciation and amortisation		-	-	(1.1)	-	(1.1)
Notional interest (net of rent expense within EBITDA)		-	-	0.4	-	0.4
Gain on financial instruments		1.0	-	-	-	1.0
Long-term incentives		-	-	-	(0.1)	(0.1)
Tax credit		-	-	-	1.1	1.1
Other items (including write back of Luton liabilities) ³		-	6.8	-	(0.2)	6.6
Gain on debt purchase (Hemel Hempstead) ³		12.3	-	-	-	12.3
Profit/(loss)		21.6	6.8	0.1	(1.7)	26.8
Total assets	3b	437.4	-	27.1	24.6	489.1
Total liabilities	3b	(258.5)	-	(28.5)	(6.8)	(293.8)
Net assets/(liabilities)		178.9	-	(1.4)	17.8	195.3

¹Includes expected credit loss.

² Asset management fees of £1.3 million charged from the Group's Capital & Regional Property Management entity to the Group's Shopping Centres have been excluded from the table above.

³ Other gains and losses of £11.7 million per the income statement includes £12.3 million gain on debt repurchase in Hemel Hempstead as described in the Financial Review, £(0.2) million of group/central one off costs and £(0.4) million loss on disposal.

⁴ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

3 Operating segments (continued)

3a Operating segments

Year to 30 December 2022	Note	Shopping Centres – Investment Assets £m	Shopping Centres – Managed Assets (discontinued operations) £m	Snozone £m	Group/Central £m	Total £m
Rental income from external sources	3b	34.7	-	-	-	34.7
Property and void costs ¹		(11.2)	-	-	-	(11.2)
Net rental income		23.5	-	-	-	23.5
Net interest expense		(9.3)	-	-	-	(9.3)
Snozone income/Management fees ²	3b	-	-	13.0	3.3	16.3
Management expenses		-	-	(11.6)	(6.7)	(18.3)
Depreciation		-	-	-	(0.3)	(0.3)
Variable overhead		-	-	-	(1.6)	(1.6)
Adjusted Profit/(loss)		14.2	-	1.4	(5.3)	10.3
Revaluation of properties		(19.6)	-	-	-	(19.6)
Profit on disposal		1.5	-	-	-	1.5
Snozone depreciation and amortisation		-	-	(2.1)	-	(2.1)
Notional interest (net of rent expense within EBITDA)		-	-	0.8	-	0.8
Gain on financial instruments		1.1	-	-	-	1.1
Long-term incentives (non-cash)		-	-	-	(0.5)	(0.5)
Tax credit		-	-	-	0.3	0.3
Other items	10	1.6	6.8	-	(0.6)	7.8
Gain on debt repurchase	10	12.5	-	-	-	12.5
Profit/(loss)		11.3	6.8	0.1	(6.1)	12.1
Total assets	3b	365.5	-	27.1	30.4	423.0
Total liabilities	3b	(210.6)	-	(28.9)	(4.4)	(243.9)
Net assets/(liabilities)		154.9	-	(1.8)	26.0	179.1

¹ Includes expected credit loss.

² Asset management fees of £2.5 million charged from the Group's Capital & Regional Property Management entity to wholly-owned assets have been excluded from the table above.

3b Reconciliations of reportable revenue, assets and liabilities

Revenue	Note	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 (Restated) ¹ £m	Audited Year to 30 December 2022 £m
Rental income from external sources including associates	3a	16.6	17.5	34.7
Other revenue		-	-	-
Service charge income		5.5	3.5	10.5
Management fees	3a	1.3	1.7	3.4
Snozone income	3a	7.7	6.4	13.0
Revenue for reportable segments		31.1	29.1	61.6
Elimination of inter-segment revenue		(0.4)	(0.6)	(1.0)
Revenue and other income per consolidated income statement		30.7	28.5	60.6
Revenue by country				
UK		28.6	26.8	57.1
Spain		2.1	1.7	3.5
Revenue and other income per consolidated income statement		30.7	28.5	60.6

¹ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

3 Operating segments (continued)

3b Reconciliations of reportable revenue, assets and liabilities (continued)

	Unaudited Six months 30 June 2023 £m	Unaudited Six months to 30 June 2022 £m	Audited Year to 30 December 2022 £m
Assets			
Shopping Centres	369.6	397.4	365.5
Snozone	26.0	27.1	27.1
Group/Central	28.9	24.6	30.4
Assets classified as held for sale	-	40.0	-
Total assets of reportable segments and Group assets	424.5	489.1	423.0
Liabilities			
Shopping Centres	(210.1)	(257.1)	(210.6)
Snozone	(27.6)	(28.5)	(28.9)
Group/Central	(3.6)	(6.8)	(4.4)
Liabilities directly associated with assets classified as held for sale	-	(1.4)	-
Total liabilities of reportable segments and Group liabilities	(241.3)	(293.8)	(243.9)
Net assets by country			
UK	182.0	194.2	177.8
Spain	1.2	1.0	1.3
Germany	-	0.1	-
Group net assets	183.2	195.3	179.1

4 Revenue

	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 (Restated) ¹ £m	Audited Year to 30 December 2022 £m
Statutory	Note		
Gross rental income	13.1	13.9	26.7
Car park and other ancillary income	3.5	3.6	8.0
Rental income from external sources	16.6	17.5	34.7
Service charge income	5.5	3.5	10.5
External management fees	0.9	1.1	2.4
Snozone income	7.7	6.4	13.0
Other income	-	-	-
Revenue and other income per consolidated income statement	30.7	28.5	60.6

¹ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2. Management fees represent revenue earned by Capital & Regional Plc and the Group's Capital & Regional Property Management subsidiary. Fees charged to wholly-owned assets have been eliminated on consolidation.

5 Tax

	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 £m	Audited Year to 30 December 2022 £m
Tax credit/(charge)			
UK corporation tax	-	0.8	(0.4)
Adjustments in respect of prior years	1.1	-	0.4
Total current tax credit/(charge)	1.1	0.8	-
Deferred tax	0.1	0.3	0.3
Total tax credit/(charge)	1.2	1.1	0.3

5. Tax (continued)

	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 £m	Audited Year to 30 December 2022 £m
Tax credit/(charge) reconciliation			
Profit/(loss) before tax on continuing operations	4.9	18.9	5.0
(Profit)/loss multiplied by the UK corporation tax rate of 19% (30 June 2022 and 30 December 2022: 19%)	(0.9)	(3.6)	(1.0)
REIT exempt income and gains	0.7	3.4	2.1
Non-allowable expenses and non-taxable items	(0.3)	0.1	(1.4)
Excess tax losses	0.5	0.2	-
Current tax prior year adjustment	1.1	0.8	0.4
Effect of rate change on deferred tax	0.1	0.2	0.2
Total tax credit/(charge) – continuing operations	1.2	1.1	0.3

On 10 June 2021 Finance Act 2021 received Royal Assent and enacted provisions maintaining the main corporation tax rate at 19% for the year commencing 1 April 2022 and increasing the rate to 25% for the year commencing 1 April 2023.

Consequently the UK corporation tax rate at which deferred tax is booked in the Financial Statements is 25% (June 2022: 25%).

The Group has recognised a deferred tax asset of £1.2 million (30 December 2022: £1.1 million). The group has recognised deferred tax assets for the non-REIT profit entities in respect of head lease payments and capital allowances to the extent that future matching taxable profits are expected to arise.

No deferred tax asset has been recognised in respect of temporary differences arising from investments or investments in associates in the current or prior years as it is not certain that a deduction will be available when the asset crystallises.

The Group has £20.7 million (30 December 2022: £12.1 million) of unused revenue tax losses, all of which are in the UK. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profit streams and other reasons which may restrict the utilisation of the losses (30 December 2022: £nil). The Group has unused capital losses of £24.2 million (30 December 2022: £24.2 million) that are available for offset against future gains but similarly no deferred tax has been recognised in respect of these losses owing to the unpredictability of future capital gains and other reasons which may restrict the utilisation of the losses. The losses do not have an expiry date.

The Group converted to a group REIT on 31 December 2014. Therefore, the Group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal. In order to retain group REIT status certain ongoing criteria must be maintained. The main criteria are as follows:

- at the start of each accounting year, the value of the assets of the property rental business plus cash must be at least 75% of the total value of the Group's assets;
- at least 75% of the Group's total profits must arise from the property rental business; and
- at least 90% of the Group's UK property rental profits as calculated under tax rules must be distributed.

The Directors intend that the Group should continue as a group REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the property rental business.

6 Earnings per share

The European Public Real Estate Association (“EPRA”) has issued recommendations for the calculation of earnings per share information as shown in the following table:

	Six months to 30 June 2023 (unaudited)			Six months to 30 June 2022 (unaudited) Restated ⁴			Year to 30 December 2022 (audited)			
	Note	Profit	EPRA	Adjusted Profit	Loss restated	EPRA restated	Adjusted Profit	Profit	EPRA	Adjusted Profit
Profit (£m)										
Profit for the year		6.1	6.1	6.1	26.8	26.8	26.8	12.1	12.1	12.1
Revaluation (loss)/gain on investment properties (net of tax)	3a	-	0.3	0.3	-	(1.1)	(1.1)	-	19.6	19.6
Loss on disposal (net of tax)	3a	-	0.6	0.6	-	0.4	0.4	-	(1.5)	(1.5)
Changes in fair value of financial instruments	3a	-	0.3	0.3	-	(1.0)	(1.0)	-	(1.1)	(1.1)
Share-based payments	3a	-	-	0.4	-	-	0.1	-	-	0.5
Tax credit		-	-	(1.2)	-	-	(1.1)	-	-	-
Adjustments to Snozone EBITDA		-	-	0.7	-	-	0.7	-	-	2.0
Other items ²		-	(0.2)	(0.2)	-	(18.9)	(18.2)	-	(20.3)	(19.3)
Profit/(Loss)		6.1	7.1	7.0	26.8	6.2	5.9	12.1³	8.8	10.3
Earnings per share		3.6p	4.2p	4.2p	16.2p	3.7p	3.6p	7.3p	5.3p	6.2p
Diluted earnings per share		3.5p	4.1p	4.1p	16.0p	3.7p	3.5p	7.2p	5.3p	6.1p

¹ 2021 includes £0.2 million cost related to the termination of interest rate swap liabilities within The Mall loan facility.

² Other Items in 2022 included a £12.5 million gain on repurchase of Hemel Hempstead debt at a discount and a £6.8 million gain on the deconsolidation of Luton.

³ £6.8 million of the 2022 Profit related to discontinued operations.

⁴ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

Weighted average number of shares (m)	Six months to 30 June 2023 (Unaudited)	Six months to 30 June 2022 (Unaudited)	Year to 30 December 2022 (Audited)
Ordinary shares in issue	169.9	165.4	166.3
Own shares held	-	-	-
Basic	169.9	165.4	166.3
Dilutive contingently issuable shares and share options	4.3	2.4	2.4
Diluted	174.2	167.8	168.7

At the end of the period, the Group had nil (30 December 2022: nil) additional share options and contingently issuable shares granted under share-based payment schemes that could potentially dilute basic earnings per share in the future but which have not been included in the calculation because they are not dilutive or the performance conditions for vesting were not met based on the position at 30 June 2023.

6 Earnings per share (continued)

Headline earnings per share

Headline earnings per share has been calculated and presented as required by the Johannesburg Stock Exchange Listings Requirements.

	Six months to 30 June 2023 (Unaudited)		Six months to 30 June 2022 (Unaudited) (restated) ²		Year to 30 December 2022 (Audited)	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Profit/(Loss) (£m)						
Profit for the period	6.1	6.1	26.8	26.8	12.1	12.1
Revaluation of investment properties (net of tax)	0.3	0.3	(1.1)	(1.1)	19.6	19.6
Loss/(profit) on disposal of investment properties (net of tax)	0.6	0.6	0.4	0.4	(1.5)	(1.5)
Other items ¹	(0.2)	(0.2)	(18.9)	(18.9)	(20.3)	(20.3)
Headline earnings	6.8	6.8	7.2	7.2	9.9	9.9
Weighted average number of shares (m)						
Ordinary shares in issue	169.9	169.9	165.4	165.4	166.3	166.3
Own shares held	-	-	-	-	-	-
Dilutive contingently issuable shares and share options		4.3		2.4		2.4
	169.9	174.2	165.4	167.8	166.3	168.7
Headline Earnings per share	4.1p	4.0p	4.4p	4.3p	6.0p	5.9p

¹ Other Items in 2022 included a £12.5 million gain on repurchase of Hemel Hempstead debt at a discount and a £6.8 million gain on the deconsolidation of Luton.

² June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

7 Investment properties

7a Shopping Centres

	Freehold investment properties	Leasehold investment properties	Total property assets
	£m	£m	£m
Valuation			
At 30 December 2022 (Audited)	236.7	83.4	320.1
Capital expenditure	6.9	0.1	7.0
Valuation deficit	(0.2)	(0.1)	(0.3)
At 30 June 2023 (Unaudited)	243.3	83.4	326.8

7b Property assets summary

	Unaudited 30 June 2023 £m	Audited 30 December 2022 £m
Investment properties at fair value - Shopping Centres	329.7	322.8
Head leases treated as finance leases on investment properties	5.4	5.4
Unamortised tenant incentives on investment properties	(8.3)	(8.1)
IFRS Property Value	326.8	320.1

7 Investment properties (continued)

7c Valuations

External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 June 2023 were carried out by independent qualified professional valuers from CBRE Limited and Knight Frank LLP in accordance with RICS standards. These valuers are not connected with the Group and their fees are charged on a fixed basis that is not dependent on the outcome of the valuations.

Real estate valuations are complex and derived from data that is not widely publicly available and involves a degree of judgement. For these reasons, the valuations are classified as Level 3 in the fair value hierarchy as defined by IFRS 13. The valuations are sensitive to changes in rent profile and yields. There were no transfers between levels in the year.

The following table illustrates the impact of changes in key unobservable inputs (in isolation) on the fair value of the Group's properties:

	Impact on valuations of 5% change in estimated rental value		Impact on valuations of 25bps change in equivalent yield		Impact on valuations of 50bps change in equivalent yield	
	Increase £m	Decrease £m	Increase £m	Decrease £m	Increase £m	Decrease £m
	12.8	(12.7)	(11.0)	11.6	(21.2)	24.1

	Impact on valuations of 100bps change in equivalent yield	
	Increase £m	Decrease £m
	(39.8)	51.9

8 Leases

	Buildings £m
Right of use Assets	
Cost	
At 30 December 2022 (Audited)	28.1
Additions	0.8
Remeasurement	(0.1)
At 30 June 2023 (Unaudited)	<u>28.8</u>
Accumulated depreciation	
At 30 December 2022 (Audited)	(6.5)
Charge for the year	(1.0)
At 30 June 2023 (Unaudited)	<u>(7.5)</u>
Carrying value	
At 30 June 2023 (Unaudited)	21.3
At 30 December 2022 (Audited)	21.6

Lease commitments relate to the leasing of the Group's registered office and the leases of the Snozone business on its Castleford, Madrid and Milton Keynes sites. In June 2023 the Group entered into a lease for its new registered office, included in additions above.

9 Receivables and other assets

	Unaudited 30 June 2023 £m	Audited 30 December 2022 £m
Amounts falling due after one year:		
Non-financial assets		
Deferred tax	1.2	1.1
Interest rate swap	-	1.7
Unamortised tenant incentives	2.2	2.1
Unamortised rent-free periods	4.9	4.7
Other non-financial assets	0.2	-
	8.5	9.6
Amounts falling due within one year:		
Financial assets		
Trade receivables (net of allowances)	3.7	7.7
Interest rate swap	1.5	-
Other receivables	4.1	-
Accrued income	1.0	1.5
Current financial assets	10.3	9.2
Non-financial assets		
Prepayments	4.6	4.0
Unamortised tenant incentives	0.5	0.5
Unamortised rent-free periods	0.7	0.7
Current non-financial assets	5.8	5.2
	16.1	14.4

Included within other receivables is £3 million due from the local council in Walthamstow for a contribution to the Crate facility as the head lease holder.

Credit losses are calculated at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

During the period the Group has amended the method of calculating expected credit loss to include debts billed relating to future periods in line with IFRS 9.

The group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. Changes in expected credit loss allowance arise from increase or decrease in calculated expected credit loss, as well as amounts written off. The group does not recognise revenue where collectability is not reasonably expected. In the case of rental income this relates to tenants who are insolvent and closed.

10 Cash and cash equivalents

	Unaudited 30 June 2023 £m	Audited 30 December 2022 £m
Cash at bank	44.5	36.1
Restricted security disposals held in rent accounts	0.9	0.7
Other restricted balances	3.7	3.1
Total cash and cash equivalents	49.1	39.9

Cash at bank and in hand include amounts subject to a charge against various borrowings and may therefore not be immediately available for general use by the Group. Of the cash at bank and in hand £31.2 million was immediately available free of any restrictions or conditions or held on short term deposit at the period end date (30 December 2022 - £28.1 million). The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities. All of the above amounts at 30 December 2022 were held in Sterling other than £0.7 million which was held in Euros (30 December 2022: £0.6 million).

11 Borrowings

The Group's borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. There were no defaults or other breaches of financial covenants that were not waived under any of the Group borrowings during the current year or the preceding year.

	Unaudited 30 June 2023 £m	Audited 30 December 2022 £m
Borrowings at amortised cost		
Secured		
Fixed and swapped bank loans	179.0	179.0
Variable rate loan	4.0	4.0
Total borrowings before costs	183.0	183.0
Unamortised issue costs	(0.9)	(1.2)
Total borrowings after costs	182.1	181.8
Analysis of total borrowings after costs		
Current	38.9	-
Non-current	143.2	181.8
Total borrowings after costs	182.1	181.8

The fair value of total borrowings before costs as at 30 June 2023 was £160.4 million (30 December 2022: £164.6 million). At 30 June 2023 the Group had no undrawn committed facilities.

All loans are maintained in separate ring-fenced Special Purpose Vehicle (SPV) structures secured against the property interests and other assets within each SPV. There is no recourse to other Group companies outside of the respective SPV and no cross-default provisions.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. All of the assets listed were classified as Level 2, as defined in note 2 to these condensed financial statements. There were no transfers between Levels in the year.

	Unaudited 30 June 2023 £m	Audited 30 December 2022 £m
Interest rate swaps	1.5	1.7
	1.5	1.7

Interest rate swaps are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The fair value of forward foreign exchange contracts is calculated by reference to spot and forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated by reference to appropriate forecasts of yield curves between the balance sheet date and the maturity of the instrument. Changes in fair value are included as finance income or finance costs in the income statement. Derivative financial instruments are classified as non-current when they have a maturity of more than twelve months and are not intended to be settled within one year. As the group does not apply hedge accounting, the provisions of IFRS 9 do not apply.

12 Notes to the cash flow statement

	Unaudited Six months to 30 June 2023 £m	Unaudited Six months to 30 June 2022 (Restated) ¹ £m	Audited Year to 30 December 2022 £m
Profit for the period	6.1	26.8	12.1
Adjusted for:			
Income tax credit	(1.2)	(1.1)	(0.3)
Finance income	(0.3)	(1.3)	(1.1)
Finance expense	4.1	5.0	9.4
Finance lease costs (head leases)	-	(0.2)	(0.3)
Loss/(gain) on revaluation of properties	0.3	(1.1)	19.6
Depreciation of other fixed assets	0.1	0.1	0.3
Other gains and losses	0.5	(18.9)	(22.4)
Decrease in receivables	2.9	9.3	4.5
(Decrease)/increase in payables	(2.5)	(4.6)	3.0
Non-cash movement relating to share-based payments	0.4	0.1	0.5
Decrease in expected credit loss	(0.4)	(1.7)	-
Net cash from operations	10.0	12.4	25.3

¹ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

13 Net assets per share

	30 June 2023 (Unaudited)			30 Dec 2022 (Audited)		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	183.2	183.2	183.2	179.1	179.1	179.1
Exclude fair value of financial instruments	(1.5)	(1.5)	-	(1.7)	(1.7)	-
Include fair value of fixed interest rate debt	-	-	22.6	-	-	18.4
Net asset value	181.7	181.7	205.8	177.4	177.4	197.5
Fully diluted number of shares	177.8	177.8	177.8	171.6	171.6	171.6
Net asset value per share (pence)	102.2	102.2	115.7	103.4	103.4	115.1

The number of ordinary shares issued and fully paid at 30 June 2023 was 173,545,054 (30 December 2022: 169,191,918). There have been no changes to the number of shares from 30 June 2023 to the date of this announcement.

14 Related party transactions

There have been no material changes to, or material transactions with, related parties as described in note 29 of the annual audited financial statements for the year ended 30 December 2022.

15 Dividends

	Unaudited Six months to 30 June 2022 £m	Unaudited Six months to 30 June 2022 £m	Audited Year to 30 December 2022 £m
Amounts recognised as distributions to equity holders in the period	4.7	-	4.1
Proposed interim dividend of 2.75p per share for year ended 30 December 2023	4.8	-	-

The dividends shown above are gross of any take-up of Scrip offer.

16 Post balance sheet events

On 9 August 2023 the Group entered into an agreement to acquire The Gyle Shopping Centre in Edinburgh for a total Acquisition Consideration of £40 million, excluding acquisition costs.

The consideration is to be financed through a new debt facility of £16 million arranged by Morgan Stanley, the approximate £25 million proceeds to be received pursuant to a fully underwritten equity raise and existing funds held by the Company. The asset is being acquired at a net initial yield of 13.51% that is expected to rebase to around 12%. The acquisition is expected to complete in early September 2023.

Glossary of terms

Adjusted Profit is the total of Contribution from Shopping Centres and the Group's joint ventures and associates, Snozone EBITDA and property management fees less central costs (including interest but excluding non-cash charges in respect of long-term incentive awards) after tax. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments and exceptional one-off items. Results from Discontinued Operations are included up until the point of disposal or reclassification as held for sale.

Adjusted Earnings per share is Adjusted Profit divided by the weighted average number of shares in issue during the year excluding own shares held.

C&R is Capital & Regional plc, also referred to as the Group or the Company.

CRPM is Capital & Regional Property Management Limited, a subsidiary of Capital & Regional plc, which earns management and performance fees from the Mall assets and certain associates and joint ventures of the Group.

Contracted rent is passing rent and the first rent reserved under a lease or unconditional agreement for lease but which is not yet payable by a tenant.

Contribution is net rent less net interest, including unhedged foreign exchange movements.

Capital return is the change in market value during the year for properties held at the balance sheet date, after taking account of capital expenditure calculated on a time weighted basis.

Debt is borrowings, excluding unamortised issue costs.

EPRA earnings per share (EPS) is the profit / (loss) after tax excluding gains on asset disposals and revaluations, movements in the fair value of financial instruments, intangible asset movements and the capital allowance effects of IAS 12 "Income Taxes" where applicable, less tax arising on these items, divided by the weighted average number of shares in issue during the year excluding own shares held.

EPRA LTV is the ratio of debt to the Market value of properties as defined by the European Real Estate Association.

EPRA net disposal value represents net asset 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 net reinstatement value is net asset value adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

EPRA net tangible assets is a proportionally consolidated measure, representing the IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the mark-to-market on the convertible bonds, the carrying value of intangibles as well as deferred taxation on property and derivative valuations.

Estimated rental value (ERV) is the Group's external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a unit or property.

ERV growth is the total growth in ERV on properties owned throughout the year including growth due to development.

Gearing is the Group's debt as a percentage of net assets. See through gearing includes the Group's share of non-recourse debt in associates and joint ventures.

Interest cover is the ratio of Adjusted Profit (before interest, tax, depreciation and amortisation) to the interest charge (excluding amortisation of finance costs and notional interest on head leases).

Like-for-like figures, unless otherwise stated, exclude the impact of property purchases and sales on year to year comparatives.

Snozone EBITDA or EBITDA is an alternative performance measure for the Snozone business. It excludes Depreciation, Amortisation, (notional) Interest, Tax and non-operational one-off items. It includes rent expense, based on contractual payments adjusted for rent free periods. This provides a measure of Snozone trading performance which removes the profiling impact of IFRS 16 that would otherwise see a significantly higher charge in early years of a lease and significantly lower net charge in later years.

Loan to value (LTV) is the ratio of debt excluding fair value adjustments for debt and derivatives, to the Market value of properties.

Market value is an opinion of the best price at which the sale of an interest in a property would complete unconditionally for cash consideration on the date of valuation as determined by the Group's external or internal valuers. In accordance with usual practice, the valuers report valuations net, after the deduction of the prospective purchaser's costs, including stamp duty, agent and legal fees.

Net Administrative Expenses to Gross Rent is the ratio of Administrative Expenses net of external fee income to Gross Rental income including the Group's share of Joint Ventures and Associates

Net assets per share (NAV per share) are shareholders' funds divided by the number of shares held by shareholders at the year end, excluding own shares held. **Net initial yield (NIY)** is the annualised current rent, net of revenue costs, topped-up for contractual uplifts, expressed as a percentage of the capital valuation, after adding notional purchaser's costs.

Net debt to property value is debt less cash and cash equivalents divided by the property value.

Net interest is the Group's share, on a see-through basis, of the interest payable less interest receivable of the Group and its associates and joint ventures.

Net rent or Net rental income (NRI) Net Rental Income is rental income from properties, less provisions for expected credit losses, property and management costs. It is a standard industry measure.

Nominal equivalent yield (NEY) is a weighted average of the net initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received, assuming rent is received annually in arrears on gross values including the prospective purchaser's costs.

Occupancy cost ratio is the proportion of a retailer's sales compared with the total cost of occupation being: rent, business rates, service charge and insurance. Retailer sales are based on estimates by third party consultants which are periodically updated and indexed using relevant data from the C&R Trade Index.

Occupancy rate is the ERV of occupied properties expressed as a percentage of the total ERV of the portfolio, excluding development voids.

Passing rent is gross rent currently payable by tenants including car park profit but excluding income from non-trading administrations and any assumed uplift from outstanding rent reviews.

Rent to sales ratio is Contracted rent excluding car park income, ancillary income and anchor stores expressed as a percentage of net sales.

REIT – Real Estate Investment Trust.

Return on equity is the total return, including revaluation gains and losses, divided by opening equity plus time weighted additions to and reductions in share capital, excluding share options exercised.

Reversionary percentage is the percentage by which the ERV exceeds the passing rent.

Reversionary yield is the anticipated yield to which the net initial yield will rise once the rent reaches the ERV.

Temporary lettings are those lettings for one year or less.

Total property return incorporates net rental income and capital return expressed as a percentage of the capital value employed (opening market value plus capital expenditure) calculated on a time weighted basis.

Total return is the Group's total recognised income or expense for the year as set out in the consolidated statement of comprehensive income expressed as a percentage of opening equity shareholders' funds.

Total shareholder return (TSR) is a performance measure of the Group's share price over time. It is calculated as the share price movement from the beginning of the year to the end of the year plus dividends paid, divided by share price at the beginning of the year.

Variable overhead includes discretionary bonuses and the costs of awards to Directors and employees made under the 2018 LTIP and other share schemes which are spread over the performance period.

EPRA performance measures (Not subject to review opinion)

	30 June 2023	30 June 2022 (Restated) ¹	30 December 2022
EPRA earnings (£m)	7.1	6.2	8.8
EPRA earnings per share (diluted)	4.1p	3.7p	5.3p
EPRA reinstatement value (£m)	181.7	194.2	177.4
EPRA net reinstatement value per share	102.2p	115.7p	103.4p
EPRA net tangible assets (£m)	181.7	194.2	177.4
EPRA net tangible assets per share	102.2p	115.7p	103.4p
EPRA net disposal value (£m)	205.8	204.7	197.5
EPRA net disposal value per share	115.7p	122.0p	115.1p
EPRA LTV (£m)	44.3%	50.9%	44.4%

¹ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

EPRA Cost ratios

	30 June 2023	30 June 2022 (Restated) ¹	30 December 2022
	£m	£m	£m
Cost of sales (adjusted for IFRS head lease differential)	16.1	13.5	32.1
Administrative costs	4.8	4.7	10.9
Service charge income	(5.5)	(3.5)	(10.5)
Management fees	(0.9)	(1.1)	(2.3)
Less Snozone (indoor ski operation) costs	(6.8)	(6.3)	(12.9)
Less inclusive lease costs recovered through rent	(1.1)	(1.0)	(1.5)
EPRA costs (including direct vacancy costs)	6.6	6.3	15.8
Direct vacancy costs	(1.1)	(1.8)	(3.5)
EPRA costs (excluding direct vacancy costs)	5.5	4.5	12.3
Gross rental income	16.6	17.5	34.7
Less ground rent costs	(0.5)	(0.7)	(0.7)
Less inclusive lease costs recovered through rent	(1.1)	(1.0)	(1.5)
Gross rental income	15.0	15.8	32.5
EPRA cost ratio (including direct vacancy costs)	44.0%	39.9%	48.6%
EPRA cost ratio (excluding vacancy costs)	36.7%	28.5%	37.8%

¹ June 2022 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 2.

EPRA net initial yield and EPRA topped-up net initial yield

	30 June 2023	30 December 2022
	£m	£m
Investment property	329.7	322.8
Completed property portfolio	329.7	322.8
Allowance for capital costs	9.9	16.8
Allowance for estimated purchasers' costs	22.4	21.9
Grossed up completed property portfolio valuation	362.0	361.4
Annualised cash passing rental income	30.7	30.5
Property outgoings	(6.1)	(6.7)
Annualised net rents	24.6	23.8
Add: notional rent expiration of rent free periods or other lease incentives	1.2	1.3
Topped up annualised rent	25.8	25.1
EPRA net initial yield	6.8%	6.6%
EPRA topped-up net initial yield	7.1%	7.0%

Asset portfolio information – excluding properties held for sale (Not subject to review opinion)

At 30 June 2023

Physical data

Number of properties (Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green)	5
Number of lettable units	546
Lettable space (sq feet – million)	2.0

Valuation data

Properties at independent valuation (£m)	329.7
Adjustments for head leases and tenant incentives (£m)	(2.8)

Properties as shown in the financial statements (£m)	326.8
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Initial yield (%)	7.4
Equivalent yield (%)	8.6
Reversion (%)	12.5

Lease length (years)

Weighted average lease length to break (years)	3.2
Weighted average lease length to expiry (years)	5.3

Passing rent (£m) of leases expiring in:

Six months to 30 December 2023	5.1
Year to 30 December 2024	2.7
Three years to 30 December 2027	8.1

ERV (£m) of leases expiring in:

Six months to 30 December 2023	4.9
Year to 30 December 2024	2.7
Three years to 30 December 2027	7.1

Passing rent (£m) subject to review in:

Six months to 30 December 2023	1.5
Year to 30 December 2024	0.8
Three years to 30 December 2027	2.5

ERV (£m) of passing rent subject to review in:

Six months to 30 December 2023	1.1
Year to 30 December 2024	0.7
Three years to 30 December 2027	2.6

Rental Data

Contracted rent at period end (£m)	31.6
Passing rent at period end (£m)	30.7
ERV at period end (£m per annum)	34.5
Occupancy rate (%)	94.5
