13 August 2014

Capital & Regional plc
Half Year Results to 30 June 2014

CAPITAL & REGIONAL TAKES CONTROL OF THE MALL THROUGH TRANSFORMATIONAL ACQUISITION AND BENEFITS FROM STRONG CAPITAL GROWTH

Capital & Regional plc ("Capital & Regional", the "Group" or the "Company") today announces its half year results to 30 June 2014.

HIGHLIGHTS

Progress in execution of strategy
- Acquisition of a controlling stake in The Mall in July 2014 at a discount of 5.4% to June 2014 valuation
- Associated £165 million capital raise enhances liquidity for shareholders
- Completion of £375 million five year refinancing of The Mall debt at initial cost of 3.37%
- Successful disposal by German Joint Venture of Lübeck Retail Park for €47.9 million

Financial
- Proforma[1] NAV and Proforma[1] EPRA NAV per share of 53p, an 8.1% increase on Proforma December 2013 Basic NAV equivalent
- Proforma[1] see-through net debt to property value of 55% following Mall acquisition
- Profit after tax £11.7 million (June 2013: £3.7 million)
- Increased interim dividend of 0.35p per share to enlarged shareholder base (June 2013: 0.25p)

Operational
- Attractive and affordable space in UK Shopping Centres driving 50 new lettings and renewals totalling £2.8 million at rents 1.5% above ERV
- Year on year occupancy increased by 1.0% to 94.5%
- Footfall up 1.7% year on year, outperforming industry benchmark by 1.5%
- Lincoln re-configuration completed with units handed over to Next and H&M
- Robust operational performance in Germany
- New Click & Collect agreement with CollectPlus

Future priorities
- Acquire remaining minority holdings in The Mall and restructure the fund
- Further sales of non-core assets in UK and Germany to reduce leverage and meet medium term LTV target of 40% to 50%
- Delivery of previously announced development and asset management initiatives
- Anticipated REIT conversion in December 2014

***30 June 2014 metrics** – excluding impact of Mall Unit acquisition on 14 July 2014:*

	6m to June 2014	Year to Dec 2013	6m to June 2013
Recurring pre-tax profit[2]	**£6.9m**	£14.0m	£7.1m
Profit after tax	**£11.7m**	£9.1m	£3.7m
NAV per share	**57p**	54p	52p
EPRA NAV per share	**57p**	56p	55p
See-through net debt to property value	**48%**	52%	53%[3]

[1] Proforma to adjust for impact of Capital Raise and acquisition of 62.6% of the units in The Mall (see Impact of Mall Unit acquisition and Capital Raise section for further details)

[2] As defined in Glossary of Terms

[3] June 2013 figures have been adjusted for £168 million debt repayment by The Mall in July 2013

John Clare, Chairman, commented:

"The successful acquisition of a controlling stake in The Mall is transformational for Capital & Regional. The acceleration of our exciting development and asset management initiatives is underpinned by a strong investment market and improving retail and consumer environment which, combined, ensure we are well placed to deliver attractive and growing returns to shareholders."

Hugh Scott-Barrett, Chief Executive, added:

"We are entering a very exciting period for Capital & Regional, in which the Group will benefit from its enlarged stake in the Mall and significant asset management initiatives at a time when retailer interest in both upsizing and taking new space in well located town centre schemes is increasing. The initiatives generate very attractive returns and are central to the investment case presented to shareholders at the time of the capital raise. The continuing strength of investment markets is also expected to provide support for a further uplift in valuations during the rest of this year."

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About Capital & Regional plc

Capital & Regional is a specialist property company with a strong track record of delivering value enhancing retail and leisure asset management opportunities across a £1.2 billion portfolio, primarily in town centre shopping centres.

Capital & Regional has a controlling 91.8% holding in the Mall Fund and acts as Property and Asset Manager.

Capital & Regional & Ares Management (formerly known as AREA Property Partners) each hold a 50% interest in a German retail property portfolio which is managed by Garigal Asset Management GmbH, in which Capital & Regional currently holds a 30% interest.

Capital & Regional has a number of other joint ventures.

For further information, please see www.capreg.com.

Chief Executive's statement

The first half year has been a transformational period for the Group, culminating in the announcement on 20 June 2014 of its proposed acquisition of a further 62% of Units in the Mall Fund. This coincided with strongly improving investment markets which are underpinning the positive momentum generated by our active development and asset management initiatives.

Impact of Mall Unit Acquisition and Capital Raise

On 14 July 2014 the Group completed the acquisition of 62.56% of Units in the Mall Fund increasing the Group's share of the Fund to 91.82%, part funded by a capital raise of £165 million of gross proceeds (see Note 15 of the condensed financial statements for further details). The total expected net consideration of £211.8 million represents a 5.4% discount to the 30 June 2014 net asset value in respect of the acquired units.

The acquisition forms the cornerstone of the Group's strategy to position itself as the UK's leading dominant community shopping centre owner. It also allows the Group to control its largest investment and generate increased cash returns on behalf of its shareholders from the delivery of attractive value enhancing asset management and development opportunities across its portfolio.

Following completion, the Group holds three of the six director seats of The Mall (General Partner) Limited ("Mall GP"), the managing partner of The Mall Fund. In addition, the Group is able to appoint and remove the independent directors, giving it the ability to appoint a majority of The Mall GP's Board and hence exercise control over The Mall Fund. Furthermore, since completion, the Group has been granted the right to appoint a fourth director giving it a clear majority of the Board.

As at 30 June 2014 the acquisition remained subject to shareholder approval and successful completion of the capital raise and so it has not been included in the Group's results for this reporting period. Presented below is a proforma summary showing how the Group will look post completion of the transaction using the 30 June 2014 results adjusted for the impact of the Mall acquisition and capital raise compared to the 30 December 2013 results adjusted in the same manner and the 30 June 2014 statutory position:

	30 June 2014				30 December 2013	
	As stated		**Proforma**		Proforma[3]	
	Property	**NAV**	**Property**	**NAV**	Property	NAV
	£m	**£m**	**£m**	**£m**	£m	£m
The Mall[1]	220.1	108.2	690.6	334.6	672.5	304.3
Germany	141.8	40.3	141.8	40.3	148.0	40.9
Kingfisher Redditch	27.9	12.3	27.9	12.3	26.9	11.1
Waterside Lincoln	16.5	10.9	16.5	10.9	15.7	10.1
Other net assets	-	27.0	-	(27.5)	-	(23.7)
Net assets	**406.3**	**198.7**	**876.8**	**370.6**	863.1	342.7
			NAV per share[2]	**53p**		49p

[1] Mall adjusted pro-rata for increased share of ownership from 29.26% to 91.82% and to reflect 91.82% share of estimated net performance fee liability

[2] Calculated with reference to total shares in issue post Capital Raise of 700,752,626

[3] Adjusted proforma on same basis as 30 June 2014 using 30 December 2013 results, as shown in Prospectus published 23 June 2014

The position following the Mall acquisition illustrates the significantly increased focus of the Group with UK Shopping Centres approaching 90% of Net Asset Value post completion.

The table below provides illustrative figures to show Group recurring profit adjusted for profits from the Mall as if the acquisition had taken place on the first day of the six month financial period and as if the financing arrangements that were in place at completion, both at the Mall and the Group level, were in place for the whole of the six month period:

	Note	£m
Six months to 30 June 2014		
Group recurring profit (as per Note 3)		6.9
Recurring profit relating to 62.56% of Mall Units	1	6.5
Estimated reduction in Mall Finance Costs	2	1.1
Incremental Finance costs on RCF	3	(0.9)
Illustrative Group recurring profit		**13.6**

Notes (references are to the Notes of the Condensed Financial Statements)

1. Calculated as 62.56% of Mall contribution of £10.4m see table below.
2. Calculated as 91.82% of Mall reduction in net interest payable of £1.2m see table below
3. Based on £34.6m drawn-down for six months with interest terms as per Note 8 plus amortisation of loan arrangement costs less £0.2m charge for period per Note 3

The following table provides illustrative figures to show how the Mall contribution for the six months to 30 June 2014 would have looked if the refinancing arrangements that were put in place in May 2014 (as detailed in the Off-balance sheet debt section of the Financial Review) were in place for the whole of the six month period.

	Note	£m
Six months to 30 June 2014		
Mall Contribution (100%)	1	10.4
Add back actual net interest payable for period	1	9.6
Proforma net interest payable	2	(8.4)
Proforma reduction in net interest payable		1.2
Illustrative Mall recurring profit (100%)		**11.6**

Notes (references are to the Notes of the Condensed Financial Statements)

1. Per Note 6d
2. Based on £350m loan with interest terms as per Note 6b plus non-utilisation fee on £25m Capex facility and amortisation of loan costs and interest rate cap

Post completion priorities

Following the completion of the Mall acquisition, the Group is focused on four key strategic priorities:

Acquire remaining Mall minority holdings and restructure the fund

Post 14 July 2014, minority unit holders represent 8.18% of the Mall Fund. The holdings are split across nine unit holders with the four largest holding a total of 6.63%.

We are in discussions with the minority unit holders with a view to acquiring their units; this may be by way of a cash offer by the Group or redemption by the Fund. In parallel, discussions are also ongoing with the Mall Fund's lenders to provide additional flexibility in the new facility to assist in funding the purchases.

Once we have acquired 100% we will seek to restructure the Fund to reduce costs.

Progress sale of non-core assets

The Group remains focused on recycling capital from its non-core assets to reinvest in its core shopping centre business and to reduce leverage from the see-through LTV of 55% post transaction to a short term range of 50-55% and a medium term target range of 40-50%.

In Germany, progress continues to be made in realising value with prospective purchasers currently performing due diligence on a portfolio of seven properties, with a value in excess of €100 million. In light of improving market conditions we are analysing options to accelerate the disposal of the remainder of the portfolio.

The reconfiguration works at the Waterside Shopping Centre, Lincoln, have been completed and the Group and its Joint Venture partner are now evaluating the potential sale of the asset given strong interest that has already been expressed by potential purchasers.

Delivery of development and asset management initiatives

The Group has £60 million of Capex planned over The Mall portfolio in the next five years. Key value enhancing initiatives include:

- the refurbishment and extension of The Mall, Walthamstow;
- the refurbishment of The Mall, Maidstone;
- the introduction of a supermarket and unit reconfiguration at The Mall, Wood Green; and
- the relocation of the market hall, introduction of a supermarket and office refurbishment at The Mall, Luton.

REIT conversion in December 2014

The Group remains on track to convert to a REIT on its target date of 31 December 2014. Obtaining REIT status will further enhance the dividend generating capability of the Group and its appeal to a wider, international shareholder base.

The Group's target is to deliver a dividend yield in excess of 5% for the 2015 financial year with such target increasing to in excess of 6% once the Group has completed the restructuring of the Mall Fund as outlined above.

Operating review

The core strength and expertise of Capital & Regional lies in its ability to deliver asset management improvements across its £1.2 billion retail portfolio, with a principal focus on managing UK shopping centres which have a dominant market share in the communities they serve and which provide attractive and affordable space for retailers.

The Group also has a 50% joint venture interest in a £284 million German retail property portfolio and, in the leisure sector, Snozone, the largest indoor ski slope operator in the UK. Both of these operations are non-core and it is expected that they will be divested as part of the Group's ongoing recycling of capital and strategic focus on its UK shopping centre holdings.

UK Shopping Centres

The Group's £881 million UK Shopping Centres business comprises its controlling stake in The Mall and interests in The Waterside Centre, Lincoln and The Kingfisher Centre, Redditch.

The Mall has a portfolio of six properties with a strong south east bias. The schemes are characterised by being dominant within the community they serve, having strong footfall and robust income, whilst offering our occupiers affordable and attractive space. It has a total lettable space of over 3.2 million sq ft over 712 retail units.

We manage rolling programmes to improve the shopping environments at our centres alongside undertaking specific asset management initiatives – thereby providing an enhanced experience for our shoppers, to drive footfall and encourage retailers to take space. A specific example is **Walthamstow**, where we have commenced a £3 million refurbishment which will be completed early in 2015. As a preliminary investment we have worked with Vodafone, a new tenant, and Clarks to provide new enhanced shop fronts that reflect the theme and quality of the wider refurbishment.

In conjunction with the refurbishment we have exchanged conditional contracts for a 10 year lease with TK Maxx to create a new 26,000 sq ft fashion anchor. Delivery of this involves a creative asset management solution, whereby two existing units will be amalgamated to form the Mall level entrance. In addition, there will be escalator access to a lower level, formed by combining two levels of surplus car parking spaces. Construction is expected to begin in Q1 2015, with delivery to the tenant in November 2015.

At **Camberley**, Select and Deichmann have both signed a 10 year lease on units of 5,000 and 4,500 sq ft respectively. We have moved closer to securing our preferred anchor and negotiations on the development agreement with Surrey Heath Borough Council have progressed. We are actively looking to accelerate phases of the development and are in the process of reconfiguring the central square to improve sightlines and create more retail frontage.

The reconfiguration works to create new units for Next and H&M at **Lincoln** reached practical completion on 1 July 2014 and additional works to upgrade the entrance to the centre are being completed. The units were handed over to H&M and Next on 16 June 2014. These tenants are fitting out and are scheduled to commence trading shortly. Other advances include the completion of a 10 year lease with Jones the Bootmaker on a 1,700 sq ft unit, and the taking back of the La Senza unit and its subsequent split into two units, with Body Shop taking 950 sq ft for 10 years and a mobile phone company taking the balance.

At **Blackburn,** a significant 10 year lease renewal has been completed with Boots for their 20,000 sq ft unit and a 19,000 sq ft unit has been let to B&M on flexible terms to maintain development options arising from the construction by the local council of a bus station. Vodafone has also moved to a larger 1,800 sq ft unit on a five year term.

The Perfume Shop completed a new 10 year lease on a larger 1,100 sq ft unit at The Mall **Wood Green** and Vodafone have signed a new 10 year lease on a 1,200 sq ft unit.

We have had further success in achieving planning progress during H1 demonstrating that, through our ownership and management of our dominant community centres, we are well positioned to work with local authorities to influence planning decisions to follow a 'town centre first' policy. In **Maidstone**, the local authority rejected a developer's planning application for an edge of town retail park and it is actively working with us to accelerate our plans to refurbish and upgrade our town centre scheme. In **Blackburn**, the Supreme Court rejected a developer challenge to create an open A1 consent on an existing bulky goods park close to the town centre. This followed a well co-ordinated defence being conducted between Capital & Regional, Blackburn with Darwen Borough Council and Hyndburn Borough Council, the neighbouring local authority. In **Camberley**, we worked with the local authority to ensure that a proposed edge of town superstore was rejected, thereby safeguarding our town centre development.

We are seeing the impact of our investment in **Redditch** coming through strongly in the centre's increased footfall. Following the subdivision of a former department store into restaurant units, Real China has opened alongside Nando's with Tinseltown, an American burger and milkshake bar, also fitting out. Both of the new restaurant operators and the new Gym, which opened last November, are trading above expectations. We have complemented these new facilities with an improved management team, enhanced website and focused marketing, targeted at the wealthier pockets of the catchment who were not previously spending their time or money at the centre.

We have launched new websites for the Mall and Redditch during the period. The format is fresher and more contemporary, with particular focus on Click and Collect facilities within each Mall. We also have an agreement with CollectPlus to create and trial Click and Collect hubs, operated at dedicated points in the heart of each shopping centre. CollectPlus is the UK's largest store-based parcel delivery and returns service and this deal represents its first venture into dominant community shopping centres. We believe our schemes, with their convenient town centre locations, will prove an excellent fit and that this service will help drive additional revenues and footfall to our assets.

Investment portfolio performance

Across the Group's UK shopping centres, investment market yields have compressed over the first half of 2014 resulting in broad based increases in values during the period.

The valuations of the Mall shopping centres which now form the core of the Group's portfolio were as follows:

The Mall	30 June 2014	30 December 2013
Valuation	**£705.2m**	£684.7m
Net Initial Yield	**6.5%**	6.8%

The portfolio has seen yield compression of 30 basis points, predominantly during the second quarter, which has driven the valuation increase shown above.

The strength of the shopping centre investment market has generated attractive capital returns across the portfolio as set out below:

	Property valuation	Total property level return	Property level capital return	Geared return	Initial yield	Equivalent yield
Six months to 30 June 2014	**£m**	**%**	**%**	**%**	**%**	**%**
UK Shopping Centres[1]	**881.2**	**6.2**	**3.1**	**5.5**	**6.46**	**6.99**

[1] Weighted average by period end property valuation

The geared return was reduced by 2.4% as a result of the payment by The Mall of swap break costs of £10.7 million as part of the refinancing of its debt.

New lettings, renewals and rent reviews

UK Shopping Centres	**6 months to June 2014**
Number of new lettings	**35**
Rent from new lettings (£m)	**1.7**
Comparison to ERV[1] (%)	**2.3**
Renewals settled	**15**
Revised rent (£m)	**1.1**
Comparison to ERV (%)	**1.2**
Rent reviews settled	**17**
Revised passing rent (£m)	**1.8**
Uplift to previous rent (%)	**1.1**

[1] For lettings which did not include a turnover rent

We have a strong pipeline of lettings within our UK Shopping Centres which, in conjunction with an improving macroeconomic environment, are expected to drive enhanced performance in the near future.

Rental income

UK Shopping centres (like for like)	**30 June 2014** **£m**	30 December 2013 £m	30 June 2013 £m
Contracted rent[1]	**70.1**	69.9	70.3
Passing rent[1,2]	**64.8**	66.4	66.4

[1] June 2013 and December 2013 figures exclude rental guarantees which expired in 2014 at Redditch
[2] June 2013 figures excludes rent lost during development at Lincoln

There has been a year on year decline in passing rent of £1.6 million, impacted by rent free periods granted on renewals. As a substantial proportion of these rent free periods end in the second half of the year, income will come on stream above the level of new rent free periods to be granted thereby underpinning the expected increase in Net Rental Income in 2015.

The strong letting momentum has continued since 30 June 2014 with eight new lettings generating contracted rent of £0.6 million and there are further lettings with contracted rent of £0.4 million in solicitors' hands.

Administrations

UK Shopping Centres (like for like)	**6 months to June 2014**	**12 months to December 2013**	**6 months to June 2013**
Administrations (units)	**12**	32	20
Passing rent of administrations(£m)	**0.5**	2.0	1.5

The low level of tenant failures that was evident in the second half of 2013 has continued into 2014 and the tenants affected have not had a significant impact on operations. At 30 June 2014 there were no units which were in administration and still trading.

Occupancy levels

UK Shopping Centres (like for like)	**30 June 2014** **%**	30 December 2013 %	30 June 2013 %
Occupancy	**94.5**	95.2	93.5

The year on year occupancy has increased by 1.0% reflecting the strong letting and tenant retention performance achieved across the portfolio.

Footfall

In our UK Shopping Centres, footfall has outperformed the national index by 1.5% over the first six months of the year compared to the same period in 2013. Footfall across our schemes increased by 1.7% compared to an increase in the benchmark of 0.2% demonstrating the sustained attraction of our schemes to our customers.

German portfolio

The Group's £284 million (€355 million) retail property portfolio in Germany is held through a 50% joint venture with Ares Management (formerly known as AREA Property Partners). The portfolio comprises 23 properties held in five separate portfolios comprising over 200 units. The properties are largely anchored by national food retailers with strong covenants which account for around 64% of the rental income. The total portfolio consists of good quality properties which are geographically focused on western Germany where 92% of the rent arises. It has an average unexpired lease term of 7.3 years and high rates of occupancy with minimal historical impact from insolvencies and is supported by contractual rent indexation.

The key portfolio property data at 30 June 2014 is as follows:

Germany (like for like)	**6 months to June 2014**	12 months to December 2013	6 months to June 2013
Valuation(€m)	**354.9**	355.1	355.2
Contracted rent (€m)	**27.7**	27.9	27.9
Passing rent (€m)	**27.4**	27.2	27.1
Occupancy[1] (%)	**97.9**	97.2	98.4

[1] Weighted average by period end property valuation

On 19 May 2014 the German Joint Venture sold its property at Lübeck for €47.9 million at a net initial yield of 6.5%. It also disposed of a small development property at Kreuztal for €1.3 million in March 2014.

The German portfolio is managed by Garigal Asset Management, a market leading asset management company based in Frankfurt in which the Group has a 30% stake. It has a specific asset management plan for each property focusing on key lease events such as expiries and tenants' options to extend, along with ongoing development opportunities. This ensures all opportunities to refurbish or extend properties or to regear leases are properly considered. The plans focus on protecting income, maintaining occupancy and extending lease lengths, thus maximising both the values and the marketability of the assets.

The Group intends to consider how the staff and management of Garigal are best able to seek to ensure an orderly sell down of the portfolio and maximise the value upon realisation of the German Joint Venture's assets. The Group anticipates that this may involve taking steps to reorganise the Garigal business including, but not limited to, reorganising the ownership interests in Garigal in order to ensure appropriate incentivisation arrangements are in place.

Snozone

Snozone has enjoyed a strong first half with revenues up 7% and trading profit of £0.9 million, excluding the impact of inter-company interest, up 19% compared to the corresponding period in 2013.

FINANCIAL REVIEW

Key performance indicators

The key performance indicators we use to measure our performance against our strategy and objectives are:

	6m to June 2014	Year to Dec 2013	6m to June 2013
Investment returns			
Net assets per share	57p	54p	52p
EPRA net assets per share	57p	56p	55p
Return on equity	5.9%	5.1%	1.9%
Total shareholder return	6.4%	53.9%	14.8%
Financing			
Group cash/(net debt)	£24.7m	£11.1m	£(25.6)m
Proforma see-through net debt to property value[1]	55%	52%	53%
Profitability			
Recurring pre-tax profit[2]	£6.9m	£14.0m	£7.1m
Profit for year	£11.7m	£9.1m	£3.7m
Basic earnings per share – continuing and discontinued operations	3p	3p	1p
Property under management[2]	£1.2 billion	£1.2 billion	£1.3 billion

[1] Proforma to adjust June 2014 for impact of Capital Raise and acquisition of 62.6% of the units in The Mall completed on 14 July 2014. June 2013 figures are adjusted for Mall Fund debt repayment in July 2013 following the sale of Sutton Coldfield and Uxbridge

[2] As defined in Glossary of Terms

To provide a greater understanding of the composition of the business, the Group presents its balance sheet in two separate ways, with the "statutory" balance sheet following the accounting and statutory rules and the "see-through" balance sheet showing the Group's proportionate economic exposure to the different property portfolios as set out below. The tables below show the see-through position at 30 June 2014 both on an unadjusted and proforma basis, the latter showing how the Group looks post completion of the transaction using the 30 June 2014 results adjusted for the impact of the Mall acquisition and capital raise:

	30 June 2014 - unadjusted				**30 June 2014 - Proforma**			
	See-through			NAV	**See-through**			**NAV**
	Property	Debt	Other	30 June 2014	**Property**	**Debt**	**Other**	**30 June 2014**
	£m	£m	£m	£m	**£m**	**£m**	**£m**	**£m**
The Mall[1]	220.1	(102.4)	(9.5)	108.2	**690.6**	**(321.4)**	**(34.6)**	**334.6**
Germany	141.8	(98.4)	(3.1)	40.3	**141.8**	**(98.4)**	**(3.1)**	**40.3**
Kingfisher Redditch	27.9	(17.0)	1.4	12.3	**27.9**	**(17.0)**	**1.4**	**12.3**
Waterside Lincoln	16.5	(6.8)	1.2	10.9	**16.5**	**(6.8)**	**1.2**	**10.9**
Other net assets	-	-	27.0	27.0	**-**	**(34.6)**	**7.1**	**(27.5)**
Net assets	406.3	(224.6)	17.0	198.7	**876.8**	**(478.2)**	**(28.0)**	**370.6**

[1] Mall adjusted pro-rata for increased share of ownership from 29.26% to 91.82% and to reflect 91.82% share of estimated net performance fee liability

This proforma position illustrates the significantly increased focus of the Group with UK Shopping Centres approaching 90% of the proforma Net Asset Value post completion.

Financing

A summary of the movements in Group and off balance sheet debt during the period is set out below:

	Group debt	Mall minority share	Off balance sheet debt	**See-through debt**
	£m	£m	£m	**£m**
At 30 December 2013	-	-	254.6	**254.6**
Other repayments	-	-	(25.3)	**(25.3)**
Foreign exchange	-	-	(4.7)	**(4.7)**
At 30 June 2014	**-**	**-**	**224.6**	**224.6**
Proforma adjustments	384.6	(28.6)	(102.4)[1]	253.6
Proforma 30 June 2014	**384.6**	**(28.6)**	**122.2**	**478.2**

[1] Being the Group's 29.26% share of Mall debt at 30 June 2014 that will be on-balance sheet debt post completion

Following the completion of the acquisition of 62.56% of Mall Units in July 2014, the Group will consolidate the results of The Mall and 100% of the debt related to The Mall (£350 million at 30 June 2014) will be consolidated on to the Group balance sheet alongside the amount drawn down on the Group's revolving credit facility (£34.6 million at completion on 14 July 2014).

In the reporting period, off balance sheet debt, which is non-recourse to the Group, fell by £30.0 million to £224.6 million at 30 June 2014 (30 December 2013: £254.6 million) primarily as a consequence of debt repayments by The Mall and the German joint venture.

Group debt

On 6 June 2014 the Group signed an amended £50 million revolving credit facility, an increase of £25 million. On 14 July 2014, the Group made a drawdown of £34.6 million against this facility which was primarily used to fund the acquisition of units in The Mall. Following this drawdown, the Group's proforma see-through net debt to property value was 55%. The rate of interest payable under the amended revolving credit facility on the £34.6 million at the date of drawdown was 4.0% (see Note 8 to the Condensed Financial Statements for further details of interest terms).

At 30 June 2014, prior to completion of the Mall Unit acquisition, the Group had cash balances of £24.7 million.

Off balance sheet debt

The breakdown of the Group's share of off balance sheet debt and net debt at 30 June 2014 was as follows:

Group share	**Debt[1]**	Cash[2]	**Net debt**	Loan to Value[3]	Net debt to value[3]	Average interest rate	Fixed	Weighted average duration to loan expiry
30 June 2014	**£m**	£m	**£m**	%	%	%	%	Years
The Mall	**102.4**	(5.0)	**97.4**	50	47	3.31	67	4.9
Germany	**98.4**	(2.8)	**95.6**	70	68	2.73	58	2.4
Waterside Lincoln	**6.8**	(0.4)	**6.4**	39	37	4.29	75	1.1
Kingfisher Redditch	**17.0**	(1.7)	**15.3**	60	54	4.60	100	4.8
Off balance sheet	**224.6**	(9.9)	**214.7**					

[1] Excluding unamortised issue costs
[2] Excluding cash beneficially owned by tenants
3 Debt and net debt divided by investment property at fair value

The Mall Fund's debt was reduced by £29.4 million to £350.0 million at 30 June 2014. This decrease was due to the net repayment made as part of the refinancing of the Mall's debt on 30 May 2014 and was made from existing cash resources. The refinancing was completed on 30 May 2014 and The Mall made a drawdown of a new £350 million five year term facility. In addition to the term facility there is a £25 million capex facility available for drawdown to fund capital expenditure. The term facility comprises a fixed rate tranche of £233.3 million with interest fixed at 1.86% plus applicable margin and a floating rate tranche based on 3 month LIBOR of £116.7 million which has been hedged using an interest rate cap at a strike rate of 2.75%.

On 5 February 2014, the Kingfisher Limited Partnership completed a refinancing of its loan facilities and increased its senior facility. The additional funds raised were used to repay the partnership's mezzanine debt. The term of the facility was extended to April 2019. As a result of the refinancing, the cost of the partnership's debt fell from 6.2% to 4.6%.

Maturity analysis

The table below shows the maturity profile of the see-through debt and undrawn core credit facility at 30 June 2014:

	2014	2015	2016	2017	2018	2019	**Total**
	£m	£m	£m	£m	£m	£m	**£m**
Sterling debt drawn	-	6.8	-	-	-	119.4	**126.2**
Euro debt drawn	-	16.7	67.6	14.1	-	-	**98.4**
Undrawn core credit facility	-	35.0	15.0	-	-	-	**50.0**
As at 30 June 2014	-	58.5	82.6	14.1	-	119.4	**274.6**

Under the terms of the Group's amended revolving credit facility, the limit was conditionally increased to £50 million until 31 December 2015 when it will reduce to £15 million. The final maturity date for this remaining £15 million tranche is 31 July 2016.

Covenants

The Group and its associates and joint ventures were compliant with their banking and debt covenants at 30 June 2014.

Interest rate hedging

The majority of current borrowing in The Mall and joint ventures continues to be covered by interest rate swaps or caps. At 30 June 2014, the see-through valuation of the Group's share of swaps and caps was a liability of £0.5 million (30 December 2013: liability of £5.6 million) which will not be crystallised unless the underlying contracts are closed out before their expiry date. During the period The Mall terminated swaps at cost of £10.7 million (100%) as a consequence of the refinancing in May 2014.

At the Group level, the revolving credit facility is currently unhedged given its short term nature.

Cash distributions

The Group received total cash distributions of £5.3 million from its German joint ventures, £1.3 million from The Mall and £0.2 million from Garigal Asset Management during the period.

Profitability

Recurring pre-tax profit

	Six months to 30 June 2014 £m	Year to 30 December 2013 £m	Six months to 30 June 2013 £m
UK Shopping Centres	**3.4**	6.2	3.1
German property investment	**3.1**	6.6	3.5
Property management	**1.5**	4.6	1.6
Snozone	**0.9**	1.0	0.9
Group items	**(2.0)**	(4.4)	(1.8)
Recurring pre-tax profit from continuing operations	**6.9**	14.0	7.3
Discontinued operations	**-**	-	(0.2)
Recurring pre-tax profit	**6.9**	14.0	7.1

The year on year increase in UK Shopping Centre recurring pre-tax profit reflects the impact of the acquisition by the Group of 9% of the units in The Mall during the last quarter of 2014. The impact of this has been reduced by the disposal by the Mall of the centres at Sutton Coldfield and Uxbridge in July 2013.

The fall in recurring pre-tax profitability in Germany reflects the sale of Lübeck in May 2014 and Taufkirchen in May 2013.

The recurring profits within Property Management have been maintained through strong cost management, despite the loss of income following the disposals made by the Mall in July 2013. The £4.6 million recurring profit for Property Management in 2013 included the write back of a provision of £1.4 million.

Profit before tax

	Six months to 30 June 2014 £m	Year to 30 December 2013 £m	Six months to 30 June 2013 £m
Recurring pre-tax profit	**6.9**	14.0	7.1
Property revaluation	**5.5**	(1.8)	(5.4)
Profit/(loss) on disposal of properties within funds	**0.2**	(4.5)	-
Loss on disposal of Group properties	**-**	(1.1)	-
Impairments in respect of Euro B-Note	**-**	(2.4)	(2.3)
Financial instruments revaluation	**1.3**	6.5	4.6
Gain on investment in The Mall	**-**	2.0	0.2
Accrued costs relating to Mall Unit acquisition	**(2.2)**	-	-
Other items	**(1.2)**	(3.9)	(0.1)
Tax	**1.2**	0.3	(0.4)
Profit for the period	**11.7**	9.1	3.7

As well as the recurring pre-tax profit discussed above, the other main factors behind the profit in the period were:

- An increase in property valuations of £5.5 million driven by UK Shopping Centres
- The valuation of the Group's financial instruments improved as the time remaining on the out of the money interest rate swaps eroded
- £2.2 million of accrued costs have been recognised in the half year in respect of the acquisition of 62.56% of Mall Units. This represents the amount that was estimated to have been incurred at 30 June 2014 irrespective of whether the acquisition subsequently completed or not. Total transaction costs are expected to be £3.1 million, with an additional £4.3 million of costs directly related to the capital raise which will be deducted from share premium on the new shares issued

Tax

There was a tax credit of £1.2 million for the six months ended 30 June 2014 (30 June 2013: charge of £0.4 million) arising primarily from the release of a historical deferred tax provision.

Property under management

Property under management fell marginally due to the impact of property disposals and foreign exchange movements in Germany slightly exceeding the revaluation gains in the UK.

100%	Valuation 30 December 2013[1] £m	Disposals / additions £m	Other movements £m	Revaluation £m	**Proforma Valuation 30 June 2014[1] £m**
UK Shopping Centres	851.4	-	8.0	21.8	**881.2**
Germany	336.8	(39.9)	(12.0)	(0.5)	**284.4**
Property under management	1,188.2	(39.9)	(4.0)	21.3	**1,165.6**

[1] Valuation excludes adjustments to property valuations for tenant incentives and head leases treated as finance leases and trading properties are included at the lower of cost and net realisable value. 30 June 2013 is proforma, adjusted for the disposal of Sutton Coldfield and Uxbridge in July 2013.

Property disposals

During February 2014, the Group completed the disposal of Jarman Fields, Hemel Hempstead for net proceeds of £8.4 million.

In May 2014 the German joint venture completed the sale of The Plaza Centre Lübeck for €47.9 million and Kreuztal for €1.3 million in March 2014.

Foreign currency exposure management

The Group uses a forward foreign exchange contract as a hedge of its net investment in the German joint venture. This is achieved through a contract for €35.0 million (30 June 2013: €37.6 million) at a fixed exchange rate of 1.19254 (30 June 2013: 1.1617) which hedges 69% of the Group's German investment at 30 June 2014 and matures on 31 December 2014. At 30 June 2014, the carrying value of the contract was an asset of £1.3 million.

Going concern

As stated in note 2 to the condensed financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Dividend

The Board has reviewed the positive progress that the Group has made during the first half is announcing an interim dividend of 0.35p per share (June 2013: 0.25p per share).

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

3 September 2014	Ex-dividend date
5 September 2014	Record date for the payment of interim dividend
26 September 2014	Dividend payment date

The Group's target is to deliver a dividend yield in excess of 5% for the 2015 financial year with such target increasing to in excess of 6% once the Group has completed the restructuring of the Mall Fund.

Outlook

We are entering a very exciting period for Capital & Regional. The acquisition of a controlling stake in the Mall at a discount to June 2014 valuations enables us to accelerate the execution of an asset management plan at a time when retailer interest in both upsizing and taking new space in well located town centre schemes is increasing. The initiatives generate very attractive returns and are central to the investment case presented to shareholders at the time of the capital raise. The continuing strength of investment markets is also expected to provide support for a further uplift in valuations during the rest of this year.

Hugh Scott-Barrett
Chief Executive
12 August 2014

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.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have a material impact on the Group's future performance and could cause actual results to differ materially from expected and historical results. References to "the Group" include the funds and joint ventures in which Capital & Regional has an interest. 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. Property risks are also monitored at various levels within divisional management.

A detailed explanation of the principal risks and uncertainties was included on pages 40 to 43 of the Group's annual report for the year ended 30 December 2013. The Board have considered the impact of its acquisition of 62.56% of Mall Units and the £165 million capital raise on the Group's risk profile. While the scale of many, and the nature of some, risks has altered it was concluded that the underlying principal risks have not significantly changed since the year end. As such a summary of these is provided below:

Property risks:

- *Property investment market risks* - Weak economic conditions and poor sentiment in commercial real estate markets may lead to low investor demand and a market pricing correction. Small changes in property market yields have a significant effect on the value of the properties owned by the Group and the impact of leverage could magnify the effect on the Group's net assets.

- *Impact of the economic environment (tenant risks)* - Tenant insolvency or distress and a prolonged downturn in tenant demand could put 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.

- *Threat from the internet* - The trend towards online shopping may adversely impact consumer footfall in shopping centres. A change in consumer shopping habits towards online purchasing and delivery may reduce footfall and therefore potentially reduce tenant demand for space and the levels of rents which can be achieved.

- *Valuation risks* - In the absence of relevant transactional evidence, valuations can be inherently subjective leading to a degree of uncertainty. Stated property valuations may not reflect the price received on sale.

- *Property management income risks* - Fee income, although largely fixed, may still fall based on value of property under management and contracts allow for termination under certain circumstances which are largely outside management's control. Changes in property values, sales of properties or other events not wholly under management's control could result in a reduction in or the loss of property management income.

- *Nature of investments and relationships with key business partners* - The market for the Group's investments can be relatively illiquid and there are restrictions on the ability to exercise full control over underlying investments in joint ventures or fund structures. The inability to sell investments or fully control exit/asset sale strategies could result in investments in associates and joint ventures not being realisable at reported values.

Funding and treasury risks:

- *Liquidity and funding* - Inability to fund the business or to refinance existing debt on economic terms when needed may result in the inability to meet financial obligations (interest, loan repayments, expenses, dividends) when due and put a limitation on financial and operational flexibility. Cost of financing could be prohibitive in the future.

- *Covenant compliance risks* - Breach of any loan covenants could cause default on debt and possible accelerated maturity. Unremedied breaches can trigger demand for immediate repayment of loans.

- *Foreign exchange exposure risks* - Fluctuations in the exchange rate between sterling and the euro in respect of the Group's German joint venture and uncertainty over the Eurozone and the future of the Euro currency could adversely impact on sterling valuation of investments and income flows, and losses as a result of the Group having not, or not effectively, hedged its risk.

- *Interest rate exposure risks* - Exposure to rising or falling interest rates. If interest rates rise and are unhedged, the cost of debt facilities can rise and ICR covenants could be broken. Hedging transactions used by the Group to minimise interest rate risk may limit gains, result in losses or have other adverse consequences.

Other risks:

- *Tax risks* - Changes in tax legislation or the interpretation of tax legislation or previous transactions where the tax authorities disagree with the tax treatment adopted could result in tax related liabilities and other losses arising.

- *Regulation risks* - Exposure to changes in existing or forthcoming property related or corporate regulation could result in financial penalties or loss of business or credibility.

- *Loss of key management* - 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.

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", as adopted by the European Union;
- 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

Hugh Scott-Barrett
Chief Executive
12 August 2014

Charles Staveley
Group Finance Director
12 August 2014

Independent review report to Capital & Regional plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. 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 European Union.

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board 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 Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
12 August 2014

Condensed consolidated income statement

For the six months to 30 June 2014

	Note	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months to 30 June 2013[1] £m	Audited Year to 30 December 2013 £m
Continuing operations				
Revenue	3a	**8.6**	8.9	17.6
Cost of sales		**(4.4)**	(4.2)	(8.0)
Gross profit		**4.2**	4.7	9.6
Administrative costs		**(4.4)**	(5.0)	(11.5)
Accrued costs relating to acquisition of 62.56% of Mall Units	15	**(2.2)**	-	-
Share of profit in associates and joint ventures	6a	**12.6**	1.4	10.0
Other gains and losses		**0.1**	1.1	1.0
Profit on ordinary activities before financing		**10.3**	2.2	9.1
Finance income		**0.5**	0.9	0.8
Finance costs		**(0.3)**	-	(0.6)
Profit before tax		**10.5**	3.1	9.3
Tax	4	**1.2**	(0.4)	0.2
Profit for the period from continuing operations	12	**11.7**	2.7	9.5
Discontinued operations				
Profit/(loss) for the period from discontinued operations		**-**	1.0	(0.4)
Profit for the period		**11.7**	3.7	9.1
Continuing operations				
Basic earnings per share	5	**3p**	1p	3p
Diluted earnings per share	5	**3p**	1p	3p
Continuing and discontinued operations				
Basic earnings per share	5	**3p**	1p	3p
Diluted earnings per share	5	**3p**	1p	3p

[1] 2013 results have been restated to separate discontinued operations as discussed in Note 12.

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

Condensed consolidated statement of comprehensive income

For the six months to 30 June 2014

	Unaudited six months to 30 June 2014 £m	Unaudited six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
Profit for the period	**11.7**	3.7	9.1
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(1.6)**	2.1	0.8
Gain/(loss) on a hedge of a net investment taken to equity	**1.0**	(2.3)	(0.7)
Other comprehensive income	**(0.6)**	(0.2)	0.1
Total comprehensive income for the period	**11.1**	3.5	9.2

The total comprehensive income for the current and preceding periods is fully attributable to equity shareholders.

Condensed consolidated balance sheet

At 30 June 2014

	Note	**Unaudited 30 June 2014 £m**	Audited 30 December 2013 £m
Non-current assets			
Plant and equipment		**0.7**	0.7
Receivables		**22.9**	22.8
Investment in associates	6b	**120.8**	112.1
Investment in joint ventures	6c	**28.0**	32.3
Total non-current assets		**172.4**	167.9
Current assets			
Receivables		**6.9**	6.8
Cash and cash equivalents	7	**24.7**	11.1
Assets classified as held for sale		**-**	8.5
Total current assets		**31.6**	26.4
Total assets		**204.0**	194.3
Current liabilities			
Trade and other payables		**(5.1)**	(4.3)
Current tax liabilities		**-**	(0.2)
Liabilities directly associated with assets classified as held for sale		**-**	(0.1)
Total current liabilities		**(5.1)**	(4.6)
Non-current liabilities			
Other payables		**(0.2)**	(0.1)
Deferred tax liabilities		**-**	(0.9)
Total non-current liabilities		**(0.2)**	(1.0)
Total liabilities		**(5.3)**	(5.6)
Net assets		**198.7**	188.7
Equity			
Share capital		**9.9**	**9.9**
Other reserves		**62.1**	**62.6**
Capital redemption reserve		**4.4**	**4.4**
Own shares held		**(0.7)**	**(0.7)**
Retained earnings		**123.0**	**112.5**
Equity shareholders' funds		**198.7**	188.7
Basic net assets per share	10	**£0.57**	£0.54
EPRA triple net assets per share	10	**£0.57**	£0.54
EPRA net assets per share	10	**£0.57**	£0.56

Condensed consolidated statement of changes in equity

At 30 June 2014

		Other reserves							
	Share capital	Merger reserve	Acquisition reserve	Foreign currency reserve	Net investment hedging reserve	Capital redemption reserve	Own shares held	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 30 December 2012	9.9	60.3	9.5	3.6	(1.4)	4.4	(0.7)	94.0	179.6
Profit for period	-	-	-	-	-	-	-	3.7	3.7
Other comprehensive income for period	-	-	-	2.1	(2.3)	-	-	-	(0.2)
Total comprehensive income for period	-	-	-	2.1	(2.3)	-	-	3.7	3.5
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	-	0.4	0.4
Other movements	-	-	-	-	-	-	-	(0.2)	(0.2)
Balance at 30 June 2013	9.9	60.3	9.5	5.7	(3.7)	4.4	(0.7)	97.9	183.3
Profit for period	-	-	-	-	-	-	-	5.4	5.4
Other comprehensive income for period	-	-	-	(1.3)	1.6	-	-	-	0.3
Total comprehensive income for period	-	-	-	(1.3)	1.6	-	-	5.4	5.7
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	-	0.6	0.6
Transfer between reserves	-	-	(9.5)	-	-	-	-	9.5	-
Dividends paid	-	-	-	-	-	-	-	(0.9)	(0.9)
Balance at 30 December 2013	**9.9**	**60.3**	**-**	**4.4**	**(2.1)**	**4.4**	**(0.7)**	**112.5**	**188.7**
Profit for period	-	-	-	-	-	-	-	11.7	11.7
Other comprehensive income for period	-	-	-	(1.6)	1.0	-	-	-	(0.6)
Total comprehensive income for period	-	-	-	(1.6)	1.0	-	-	11.7	11.1
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	-	0.3	0.3
Other movements	-	-	-	-	0.1	-	-	(0.1)	-
Dividends paid	-	-	-	-	-	-	-	(1.4)	(1.4)
Balance at 30 June 2014	**9.9**	**60.3**	**-**	**2.8**	**(1.0)**	**4.4**	**(0.7)**	**123.0**	**198.7**

Condensed consolidated cash flow statement

For the six months to 30 June 2014

	Note	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
Operating activities				
Net cash from operations	9	**(1.2)**	0.6	(1.4)
Distributions received from associates	6b	**1.5**	0.5	1.7
Distributions received from joint ventures	6c	**5.3**	-	0.2
Interest paid		**(0.2)**	(2.6)	(4.2)
Interest received		**0.1**	0.1	0.2
Income taxes received/(paid)		**0.6**	(1.1)	(1.2)
Cash flows from operating activities		**6.1**	(2.5)	(4.7)
Investing activities				
Disposal of Leisure World, Hemel Hempstead		**8.4**	-	-
Disposal of Morrison Merlin Limited		**-**	-	12.0
Disposal of interests in Joint Ventures and Associates		**0.1**	30.6	30.6
Other disposals		**-**	1.0	1.0
Purchase of plant and equipment		**(0.2)**	-	(0.2)
Investment in associates	6b	**-**	(0.4)	(29.3)
Loans to joint ventures		**(1.0)**	-	(1.0)
Loans repaid by joint ventures		**0.8**	-	0.2
Cash flows from investing activities		**8.1**	31.2	13.3
Financing activities				
Dividends paid		**(1.4)**	-	(0.9)
Bank loans repaid		**-**	(1.0)	(1.0)
Loan arrangement costs		**(0.1)**	(0.3)	-
Repurchase of own shares		**-**	(0.2)	(0.3)
Settlement of forward foreign exchange contract		**0.9**	(0.6)	(0.6)
Cash flows from financing activities		**(0.6)**	(2.1)	(2.8)
Net increase in cash and cash equivalents		**13.6**	26.6	5.8
Cash and cash equivalents at the beginning of the period		**11.1**	5.3	5.3
Cash and cash equivalents at the end of the period	7	**24.7**	31.9	11.1

Notes to the condensed financial statements

For the six months to 30 June 2014

1 General information

The information for the year ended 30 December 2013 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 does not suffer materially from seasonal fluctuations.

2 Accounting policies

Basis of preparation
The annual financial statements of Capital & Regional plc are prepared in accordance with IFRSs as adopted by the European Union. 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 European Union.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.2477 (30 June 2013: £1 = €1.1666; 31 December 2013: £1 = €1.1995)
Income statement: £1 = €1.2175 (30 June 2013: £1 = €1.1753; 31 December 2013: £1 = €1.1775).

The Half-year Report was approved by the Board on 12 August 2014.

Going concern
The Group prepares cash flow and covenant compliance forecasts to demonstrate that it has adequate resources available to continue in operation for the foreseeable future, being at least 12 months from the date of this report. In these forecasts the directors specifically consider anticipated future market conditions and the Group's principal risks and uncertainties and have factored in the impact of the acquisition of Units in the Mall Unit Trust and Capital Raise that are detailed in Note 15. Further information on the Group's financing position is contained within the Financial Review with additional details of the Group's cash position and borrowing facilities provided in Notes 7 and 8 of the condensed financial statements.

In summary the directors believe that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the annual report and financial statements.

Change in accounting policies
The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements other than as noted below:

IFRS 13 'Fair Value Measurements' has been adopted by the group in the current financial year. All the financial instruments held by the group are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair Value Measurement'. There are no non-recurring fair value measurements nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. The directors consider that the carrying amounts of the financial instruments recorded at amortised cost in the financial statements are approximately equal to their fair values.

Valuations
The Group's property assets consist of its share in the investment properties held by its associates and joint ventures. External valuations at 30 June 2014 were carried out on £1.2 billion (30 December 2013: £1.2 billion) of the property assets held by the Group and its associates and joint ventures, of which the Group's share was £394.3 million (30 December 2013: £411.6 million).

The valuations were carried out by independent qualified professional valuers from CB Richard Ellis Limited, Cushman & Wakefield LLP and DTZ Debenham Tie Leung Limited. 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. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties. No directors' valuations were carried out at 30 June 2014 or 30 December 2013.

3 Business segments

The Group's reportable segments under IFRS 8 are: The Mall, Other UK Shopping Centres (consisting of The Waterside Lincoln Limited Partnership and Kingfisher Limited Partnership (Redditch)), the German joint ventures, Property Management (consisting of CRPM and Garigal Asset Management GmbH) and Snozone. Group items include Group overheads incurred by Capital & Regional plc and other subsidiaries and the interest expense on the Group's central borrowing facility.

Following its disposal in October 2013, the Group's share of results in the prior period from Great Northern Warehouse have been reclassified as Discontinued Operations, consistent with the presentation at the December 2013 year end.

The Mall, Other UK Shopping Centres and Germany derive their revenue from the rental of investment and trading properties. The Property Management and Snozone segments derive their revenue from the management of property funds or schemes and the operation of indoor ski slopes respectively.

3 Operating segments

	UK Shopping Centres						
	The Mall	Other Shopping Centres	Germany	Property Management	Snozone	Group Items	**Total**
Six months to 30 June 2014	£m	£m	£m	£m	£m	£m	**£m**
Rental income (External)	8.5	1.6	6.1	-	-	-	**16.2**
Property and void costs	(2.6)	(0.5)	(0.7)	-	-	-	**(3.8)**
Net rental income	5.9	1.1	5.4	-	-	-	**12.4**
Interest income	-	-	0.2	-	-	-	**0.2**
Interest expense	(2.8)	(0.8)	(2.5)	-	-	-	**(6.1)**
Contribution	3.1	0.3	3.1	-	-	-	**6.5**
Management fees/income	-	-	-	4.0	5.3	-	**9.3**
Management expenses	-	-	-	(2.4)	(4.3)	(1.8)	**(8.5)**
Depreciation	-	-	-	(0.1)	(0.1)	-	**(0.2)**
Inter-segment eliminations	-	-	-	-	-	-	**-**
Interest expense on central facility	-	-	-	-	-	(0.2)	**(0.2)**
Recurring pre-tax profit/(loss)	3.1	0.3	3.1	1.5	0.9	(2.0)	**6.9**
Variable overhead	-	-	-	(0.3)	-	(0.1)	**(0.4)**
Revaluation of properties	5.1	0.6	(0.2)	-	-	-	**5.5**
Profit on disposals	0.1	-	0.1	-	-	-	**0.2**
Gain on financial instruments	0.8	0.1	0.4	-	-	-	**1.3**
Accrued costs relating to Mall Unit acquisition	-	-	-	-	-	(2.2)	**(2.2)**
Other items	-	-	(0.3)	(0.5)	-	-	**(0.8)**
Profit/(loss) before tax	9.1	1.0	3.1	0.7	0.9	(4.3)	**10.5**
Tax credit							**1.2**
Profit after tax							**11.7**
Total assets	236.6	57.1	161.4	3.1	2.1	27.4	**487.7**
Total liabilities	(128.4)	(33.8)	(121.4)	(1.1)	(0.9)	(3.4)	**(289.0)**
Net assets	108.2	23.3	40.0	2.0	1.2	24.0	**198.7**

3 Operating segments (continued)

	UK Shopping Centres								
	The Mall	Other Shopping Centres	Germany	Property Management	Snozone	Group Items	**Total Continuing Operations**	Disc. Operations	**Total**
Six months to 30 June 2013	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**
Rental income (External)	7.3	1.8	6.8	-	-	-	**15.9**	3.0	**18.9**
Property and void costs	(2.0)	(0.5)	(1.0)	-	-	-	**(3.5)**	(0.5)	**(4.0)**
Net rental income	5.3	1.3	5.8	-	-	-	**12.4**	2.5	**14.9**
Interest income	-	-	0.3	-	-	-	**0.3**	-	**0.3**
Interest expense	(2.8)	(0.7)	(2.6)	-	-	-	**(6.1)**	(2.7)	**(8.8)**
Contribution	2.5	0.6	3.5	-	-	-	**6.6**	(0.2)	**6.4**
Management fees/income	-	-	-	4.7	5.0	-	**9.7**	-	**9.7**
Management expenses	-	-	-	(3.0)	(4.0)	(1.8)	**(8.8)**	-	**(8.8)**
Depreciation	-	-	-	(0.1)	(0.1)	-	**(0.2)**	-	**(0.2)**
Recurring pre-tax profit/(loss)	2.5	0.6	3.5	1.6	0.9	(1.8)	**7.3**	(0.2)	**7.1**
Variable overhead	-	-	-	(0.3)	-	(0.3)	**(0.6)**	-	**(0.6)**
Revaluation of properties	(4.9)	0.5	(1.1)	-	-	-	**(5.5)**	0.1	**(5.4)**
Profit on disposals	-	-	-	-	-	1.0[1]	**1.0**	-	**1.0**
Impairment of Euro B-Note	-	-	(2.3)	-	-	-	**(2.3)**	-	**(2.3)**
Gain on financial instruments	1.7	0.4	1.4	-	-	-	**3.5**	1.1	**4.6**
Other items	0.2	-	(0.5)	-	-	-	**(0.3)**	-	**(0.3)**
Profit/(loss) before tax	(0.5)	1.5	1.0	1.3	0.9	(1.1)	**3.1**	1.0	**4.1**
Tax charge							**(0.4)**	-	**(0.4)**
Profit after tax							**2.7**	1.0	**3.7**
Total assets	204.7	50.3	196.2	4.6	1.9	29.8	**487.5**	84.7	**572.2**
Total liabilities	(136.8)	(32.4)	(151.6)	(3.5)	(0.9)	(2.2)	**(327.4)**	(61.5)	**(388.9)**
Net assets	67.9	17.9	44.6	1.1	1.0	27.6	**160.1**	23.2	**183.3**

[1] Consisting of profit on sale of land of £0.5 million and profit on disposal of FIX UK of £0.5 million.

3 Operating segments (continued)

	UK Shopping Centres								
	The Mall	Other Shopping Centres	Germany	Property Management	Snozone	Group Items	**Total Continuing Operations**	Disc. Operations	**Total**
Year to 30 December 2013	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**
Rental income (External)	13.6	4.5	13.3	-	-	-	**31.4**	5.2	**36.6**
Property and void costs	(4.4)	(0.9)	(2.2)	-	-	-	**(7.5)**	(1.0)	**(8.5)**
Net rental income	9.2	3.6	11.1	-	-	-	**23.9**	4.2	**28.1**
Interest income	-	-	0.6	-	-	-	**0.6**	-	**0.6**
Interest expense	(5.1)	(1.5)	(5.1)	-	-	-	**(11.7)**	(4.1)	**(15.8)**
Contribution	4.1	2.1	6.6	-	-	-	**12.8**	0.1	**12.9**
	-	-	-						
Management fees/income	-	-	-	9.9	9.0	-	**18.9**	-	**18.9**
Management expenses	-	-	-	(5.3)	(7.9)	(4.2)	**(17.4)**	-	**(17.4)**
Depreciation	-	-	-	(0.1)	(0.1)	-	**(0.2)**	-	**(0.2)**
Inter-segment eliminations	-	-	-	0.1	-	-	**0.1**	(0.1)	**-**
Interest expense on central facility	-	-	-	-	-	(0.2)	**(0.2)**	-	**(0.2)**
Recurring pre-tax profit/(loss)	4.1	2.1	6.6	4.6	1.0	(4.4)	**14.0**	-	**14.0**
Variable overhead	-	-	-	(0.7)	-	(1.1)	**(1.8)**	-	**(1.8)**
Revaluation of properties	(0.5)	1.2	(2.3)	-	-	-	**(1.6)**	(0.2)	**(1.8)**
Profit on disposals	(4.2)	-	(0.3)	-	-	1.0[1]	**(3.5)**	(2.1)	**(5.6)**
Impairment of Euro B-Note	-	-	(2.4)	-	-	-	**(2.4)**	-	**(2.4)**
Gain on financial instruments	2.9	0.6	1.2	-	-	-	**4.7**	1.8	**6.5**
Other items	2.0	-	(0.8)	(1.1)	(0.1)	(0.1)	**(0.1)**	-	**(0.1)**
Profit/(loss) before tax	4.3	3.9	2.0	2.8	0.9	(4.6)	**9.3**	(0.5)	**8.8**
Tax credit							**0.2**	0.1	**0.3**
Profit after tax							**9.5**	(0.4)	**9.1**
Total assets	243.7	54.6	189.5	3.1	2.5	13.7	**507.1**	8.5	**515.6**
Total liabilities	(143.3)	(33.3)	(144.7)	(1.7)	(1.1)	(2.9)	**(327.0)**	0.1	**(326.9)**
Net assets	100.4	21.3	44.8	1.4	1.4	10.8	**180.1**	8.6	**188.7**

[1] Consisting of profit on sale of land of £0.5 million and profit on disposal of FIX UK of £0.5 million.

3a Business segment reconciliations

Revenue	Note	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months 30 June 2013 £m	Audited Year to 30 December 2013 £m
Rental income from external sources	3	**16.2**	15.9	31.4
Inter-segment revenue	3	**-**	-	0.1
Management fees	3	**4.0**	4.7	9.9
Snozone income	3	**5.3**	5.0	9.0
Revenue for reportable segments		**25.5**	25.6	50.4
Rental income earned by associates and joint ventures		**(16.1)**	(15.9)	(31.4)
Management fees earned by associates and joint ventures		**(0.8)**	(0.8)	(1.4)
Revenue per consolidated income statement		**8.6**	8.9	17.6
UK		**18.6**	18.0	35.7
Germany		**6.9**	7.6	14.7
Revenue for reportable segments by country		**25.5**	25.6	50.4

Balance sheet	Note	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months 30 June 2013 £m	Audited Year to 30 December 2013 £m
Total assets of reportable segments	3	**460.3**	542.4	515.6
Adjustment for associates and joint ventures		**(283.7)**	(321.6)	(321.3)
Non-segment assets	3	**27.4**	29.8	-
Group assets		**204.0**	250.6	194.3
Total liabilities of reportable segments	3	**(285.6)**	(386.7)	(326.9)
Adjustment for associates and joint ventures		**283.7**	321.6	321.3
Non-segment liabilities	3	**(3.4)**	(2.2)	-
Group liabilities		**(5.3)**	(67.3)	(5.6)
UK		**158.4**	137.9	143.3
Germany		**40.3**	45.4	45.4
Net assets by country		**198.7**	183.3	188.7

4 Tax

Tax (credit)/charge	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
UK corporation tax – continuing operations	**-**	-	-
UK corporation tax – discontinued operations	**-**	-	-
Adjustments in respect of prior years – continuing operations	**(0.2)**	-	(0.9)
Foreign tax – continuing operations	**-**	0.2	0.4
Total current tax (credit)/charge	**(0.2)**	0.2	(0.5)
Origination and reversal of temporary timing differences	**(1.0)**	0.2	0.3
Deferred tax credit – discontinued operations	**-**	-	(0.1)
Total deferred tax (credit)/charge	**(1.0)**	0.2	0.2
Total tax (credit)/charge	**(1.2)**	0.4	(0.3)
Total tax (credit)/charge – continuing operations	**(1.2)**	0.4	(0.2)
Total tax credit – discontinued operations	**-**	-	(0.1)

Tax (credit)/charge reconciliation	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
Profit before tax on continuing operations	**10.5**	3.1	9.3
Profit multiplied by the UK corporation tax rate of 22% (2013: 23.5%)	**2.3**	0.7	2.2
Non-allowable expenses and non-taxable items	**(0.5)**	(1.0)	(1.9)
Utilisation of tax losses	**-**	(0.2)	-
Tax on realised (losses)/gains	**-**	(0.3)	0.5
Unrealised (gains)/losses on investment properties not taxable	**(1.2)**	1.3	0.4
Temporary timing	**(1.6)**	(0.1)	(0.5)
Adjustments in respect of prior years	**(0.2)**	-	(0.9)
Total tax (credit)/charge – continuing operations	**(1.2)**	0.4	(0.2)

The UK main corporation tax rate is now proposed to reduce to 20% (previously 21%) by 1 April 2015 (previously 1 April 2014). The reduction in the UK corporation tax rate at 1 April 2014 to 21% was substantively enacted on 2 July 2013. The changes will not have a significant impact on the Group.

The Group has £6.6 million (30 December 2013: £6.6 million) of unused revenue tax losses, all of which are in the UK. A deferred tax asset of £0.1 million (30 December 2013: £0.2 million) has been recognised in respect of £0.5 million (30 December 2013: £0.8 million) of these losses, based on future profit forecasts. No deferred tax asset has been recognised in respect of the remainder of these losses owing to the unpredictability of future profit streams and other reasons which may restrict the utilisation of the losses. The Group has unused capital losses of £36.0 million (30 December 2013: £26.4 million) that are available for offset against future gains but, similarly, no deferred tax asset 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.

5 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:

Earnings	Basic £m	Diluted £m	EPRA diluted £m
Profit for the period	**11.7**	**11.7**	**11.7**
Revaluation of investment properties	-	-	(5.5)
Profit on disposal of investment properties (net of tax)	-	-	(0.2)
Movement in fair value of financial instruments (net of tax)	-	-	(0.9)
Deferred tax credit on capital allowances	-	-	(1.5)
Profit from continuing operations	**11.7**	**11.7**	**3.6**
Discontinued operations	-	-	-
Profit	**11.7**	**11.7**	**3.6**

Number of shares	million	million	million
Ordinary shares in issue	349.7	349.7	349.7
Own shares held	(1.3)	(1.3)	(1.3)
Dilutive contingently issuable shares and share options	-	3.4	3.4
Weighted average number of shares for the purpose of earnings per share	348.4	351.8	351.8

Earnings per share – continuing operations	pence	pence	pence
Six months to 30 June 2014 (unaudited)	**3**	**3**	**1**
Six months to 30 June 2013 (unaudited)	**1**	**1**	**1**
Year to 30 December 2013 (audited)	**3**	**3**	**3**

Earnings per share – continuing and discontinued operations	pence	pence	pence
Six months to 30 June 2014 (unaudited)	**3**	**3**	**1**
Six months to 30 June 2013 (unaudited)	**1**	**1**	**1**
Year to 30 December 2013 (audited)	**3**	**3**	**2**

At the end of the period, the Group had 4.7 million (30 December 2013: 5.4 million) 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 conditions for vesting have not been met.

6 Investment in associates and joint ventures

6a Share of results

	Note	**Unaudited Six months to 30 June 2014 £m**	Unaudited Six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
Share of results of associates	6b	**10.2**	(1.9)	3.6
Share of results of joint ventures	6c	**2.4**	3.3	6.4
		12.6	1.4	10.0

6b Investment in associates

	Note	**Unaudited Six months to 30 June 2014 £m**	Audited Year to 30 December 2013 £m
At the start of the period		**112.1**	80.7
Investment in associates		**-**	29.3
Share of results of associates	6a,6d	**10.2**	3.6
Dividends and capital distributions received		**(1.5)**	(1.7)
Foreign exchange differences		**-**	0.2
At the end of the period	6d	**120.8**	112.1

6 Investment in associates and joint ventures (continued)

6b Investment in associates (continued)

The Group's associates are:

Group interest	At 30 December 2013 %	Average during the period/until disposal %	**At 30 June 2014 %**
The Mall Limited Partnership	29.26	29.26	**29.26**[1]
Kingfisher Limited Partnership	20.00	20.00	**20.00**
Garigal Asset Management GmbH ("Garigal")	30.06	30.06	**30.06**
Euro B-Note Holding Limited	49.90	49.90	**49.90**

[1] On 14 July 2014, the Group completed the acquisition of 589.4 million units in The Mall Fund increasing its holding from 29.26% to 91.82% (see Note 15 for further details). The Group will consolidate the results of The Mall Fund from 14 July 2014 and therefore cease to account for it as an Associate from that same date.

The Group holds 20% or more of The Mall Limited Partnership, Kingfisher Limited Partnership and Garigal Asset Management GmbH and exercises significant influence through its representation on the General Partner boards or on the advisory board. The Group holds an effective 49.90% of Euro B-Note Holding Limited and exercises significant influence through its ownership interest.

Mall Fund debt facility
On 30 May 2014, the Mall Fund completed the refinancing of its CMBS by entering into a new five-year secured facility comprising a £350 million term loan and additional £25 million capital expenditure facility. The CMBS, along with an associated £10.7 million interest rate swap liability triggered on repayment, was settled from a combination of the new £350 million term loan and existing cash resources. Further costs of £6.3 million were incurred in respect of the refinancing which will be amortised over the term of the facility. In addition, costs of £0.3 million were incurred which were charged to the income statement of the Mall Fund.

The new term loan comprises a fixed rate tranche of £233.3 million with interest fixed at 1.86% plus applicable margin and a floating rate tranche based on 3 month LIBOR of £116.7 million. The latter tranche has been hedged using an interest rate cap with a strike rate of 2.75%. The capital expenditure facility will also be at the same floating rate and interest rate hedging on this element of the facility will be determined as it is drawn down.

Cash distributions
During the period the Group received distributions of £1.3 million from The Mall and £0.2 million from Garigal Asset Management.

6c Investment in joint ventures

	Note	**Unaudited Six months to 30 June 2014 £m**	Audited Year to 30 December 2013 £m
At the start of the period		**32.3**	25.7
Share of results of joint ventures	6a,6e	**2.4**	6.4
Dividends and capital distributions received		**(5.3)**	(0.2)
Foreign exchange differences		**(1.4)**	0.4
At the end of the period	6e	**28.0**	32.3

The Group's significant joint ventures are:

Group interest	At 30 December 2013 %	Average during the period/until disposal %	**At 30 June 2014 %**
German portfolio	50.00	50.00	**50.00**
Waterside Lincoln Limited Partnership	50.00	50.00	**50.00**

The Group's investments in joint ventures include its share of the German portfolio (49.6%) and its investments in The Waterside Lincoln Limited Partnership (50%). The Group's share in the German portfolio is accounted for at 50% as the minority interests are included as a liability on the joint venture balance sheet.

German Portfolio
In May 2014 the German joint venture sold its Lübeck property to clients of Invesco Real Estate for cash consideration of €47.9 million, in line with the 31 December 2013 valuation and representing a net initial yield of 6.5%.

Cash distributions
During the period the Group received distributions totalling £5.3 million from its German joint ventures.

6d Analysis of investment in associates

	Note	The Mall £m	Other UK Shopping Centres £m	Others £m	**Unaudited Six months to 30 June 2014 Total £m**	Unaudited Six months to 30 June 2013 Total £m	Audited Year to 30 December 2013 Total £m
Income statement (100%)							
Revenue – gross rent		28.9	6.1	-	**35.0**	42.6	77.9
Property and management expenses		(7.4)	(1.2)	-	**(8.6)**	(9.0)	(19.2)
Void costs		(1.5)	(0.3)	-	**(1.8)**	(2.3)	(4.4)
Net rent		20.0	4.6	-	**24.6**	31.3	54.3
Net interest payable		(9.6)	(3.0)	-	**(12.6)**	(16.7)	(30.4)
Contribution		10.4	1.6	-	**12.0**	14.6	23.9
Revenue - management fees		-	-	2.6	**2.6**	2.6	4.6
Management expenses		-	-	(1.2)	**(1.2)**	(1.3)	(2.6)
Revaluation of investment properties		17.6	4.5	-	**22.1**	(24.7)	(0.8)
Loss on sale of investment properties		0.3	-	-	**0.3**	-	(19.9)
Fair value of interest rate swaps		2.6	-	-	**2.6**	10.0	16.4
Impairment of Euro B-Note		-	-	-	**-**	(4.7)	(4.7)
Profit/(loss) before tax		30.9	6.1	1.4	**38.4**	(3.5)	16.9
Tax		-	-	(0.4)	**(0.4)**	(0.3)	(0.6)
Profit/(loss) after tax (100%)		30.9	6.1	1.0	**38.0**	(3.8)	16.3
Balance sheet (100%)							
Investment properties		752.1	139.5	-	**891.6**	853.5	866.8
Investment properties held for sale		-	-	-	**-**	152.5	-
Other assets		56.4	12.7	1.5	**70.6**	150.2	116.6
Current liabilities		(29.7)	(6.2)	(0.6)	**(36.5)**	(44.0)	(39.7)
Non-current liabilities		(409.0)	(84.2)	-	**(493.2)**	(724.9)	(542.8)
Net assets (100%)		369.8	61.8	0.9	**432.5**	387.3	400.9
Income statement (Group share)							
Revenue – gross rent		8.5	1.2	-	**9.7**	8.6	16.2
Property and management expenses		(2.2)	(0.2)	-	**(2.4)**	(1.8)	(4.1)
Void costs		(0.4)	(0.1)	-	**(0.5)**	(0.4)	(0.9)
Net rent		5.9	0.9	-	**6.8**	6.4	11.2
Net interest payable		(2.8)	(0.6)	-	**(3.4)**	(3.5)	(6.3)
Contribution		3.1	0.3	-	**3.4**	2.9	4.9
Revenue - management fees		-	-	0.8	**0.8**	0.8	1.4
Management expenses		-	-	(0.8)	**(0.8)**	(0.4)	(1.1)
Revaluation of investment properties		5.1	0.9	-	**6.0**	(5.0)	(0.2)
Loss on sale of investment properties		0.1	-	-	**0.1**	-	(4.2)
Fair value of interest rate swaps		0.8	-	-	**0.8**	2.0	3.4
Impairment of Euro B-Note		-	-	-	**-**	(2.3)	(2.4)
Gain recognised on investment in Mall		-	-	-	**-**	0.2	2.0
Profit/(loss) before tax		9.1	1.2	-	**10.3**	(1.8)	3.8
Tax		-	-	(0.1)	**(0.1)**	(0.1)	(0.2)
Profit/(loss) after tax (Group share)	6b	9.1	1.2	(0.1)	**10.2**	(1.9)	3.6
Balance sheet (Group share)							
Investment properties		220.1	27.9	-	**248.0**	173.0	241.2
Investment properties held for sale		-	-	-	**-**	31.0	-
Other assets		16.5	2.4	0.5	**19.4**	31.0	32.9
Current liabilities		(8.7)	(1.2)	(0.2)	**(10.1)**	(9.2)	(11.0)
Non-current liabilities		(119.7)	(16.8)	-	**(136.5)**	(147.0)	(151.0)
Net assets (Group share)	6b	108.2	12.3	0.3	**120.8**	78.8	112.1

6e Analysis of investment in joint ventures

	Note	German portfolio £m	Other UK Shopping Centres £m	**Unaudited Six months to 30 June 2014 Total £m**	Unaudited Six months to 30 June 2013 Total £m	Audited Year to 30 December 2013 Total £m
Income statement (100%)						
Revenue – gross rent		12.3	0.7	**13.0**	14.7	30.5
Property and management expenses		(1.4)	(0.2)	**(1.6)**	(2.1)	(4.2)
Void costs		(0.1)	(0.2)	**(0.3)**	(0.3)	(0.8)
Net rent		10.8	0.3	**11.1**	12.3	25.5
Net interest payable		(5.0)	(0.3)	**(5.3)**	(5.3)	(10.9)
Contribution		5.8	-	**5.8**	7.0	14.6
Revaluation of investment properties		(0.5)	(0.6)	**(1.1)**	(1.1)	(2.9)
Profit on sale of investment properties		0.2	-	**0.2**	-	(0.5)
Fair value of interest rate swaps		0.5	0.1	**0.6**	1.9	3.1
Profit/(loss) before tax		6.0	(0.5)	**5.5**	7.8	14.3
Tax		(0.7)	-	**(0.7)**	(1.1)	(1.6)
Profit/ (loss) after tax (100%)		5.3	(0.5)	**4.8**	6.7	12.7
Balance sheet (100%)						
Investment properties		283.5	33.0	**316.5**	375.5	327.3
Investment properties held for sale		-	-	**-**	-	39.9
Other assets		10.3	3.5	**13.8**	15.6	16.3
Current liabilities		(27.3)	(1.2)	**(28.5)**	(156.8)	(34.1)
Non-current liabilities		(215.4)	(30.3)	**(245.7)**	(173.8)	(284.8)
Net assets (100%)		51.1	5.0	**56.1**	60.5	64.6
Income statement (Group share)						
Revenue – gross rent		6.1	0.3	**6.4**	7.3	15.2
Property and management expenses		(0.7)	(0.1)	**(0.8)**	(1.1)	(2.0)
Void costs		(0.1)	(0.1)	**(0.2)**	(0.2)	(0.4)
Net rent		5.3	0.1	**5.4**	6.0	12.8
Net interest payable		(2.5)	(0.2)	**(2.7)**	(2.7)	(5.4)
Contribution		2.8	(0.1)	**2.7**	3.3	7.4
Revaluation of investment properties		(0.2)	(0.3)	**(0.5)**	(0.5)	(1.4)
Profit on sale of investment properties		0.1	-	**0.1**	-	(0.3)
Fair value of interest rate swaps		0.3	0.1	**0.4**	1.0	1.5
Profit/(loss) before tax		3.0	(0.3)	**2.7**	3.8	7.2
Tax		(0.3)	-	**(0.3)**	(0.5)	(0.8)
Profit/(loss) after tax (Group share)	6c	2.7	(0.3)	**2.4**	3.3	6.4
Balance sheet (Group share)						
Investment properties		141.8	16.5	**158.3**	187.8	163.7
Investment properties held for sale		-	-	**-**	-	19.9
Other assets		5.1	1.7	**6.8**	7.9	8.2
Current liabilities		(13.7)	(0.6)	**(14.3)**	(78.5)	(17.1)
Non-current liabilities		(107.7)	(15.1)	**(122.8)**	(86.9)	(142.4)
Net assets (Group share)	6c	25.5	2.5	**28.0**	30.3	32.3

7 Cash and cash equivalents

	Unaudited	Audited
	30 June	30 December
	2014	2013
	£m	£m
Cash at bank	**24.4**	10.8
Other restricted balances	**0.3**	0.3
	24.7	11.1

8 Borrowings

The Group's core revolving credit facility was undrawn at both 30 June 2014 and 30 December 2013 and the Group had no other borrowings outstanding at either date.

In June 2014, the Group agreed an amendment and restatement of its existing revolving credit facility including the following amendments:

- The revolving credit facility is increased to £50 million (separated into two tranches, the first £25 million being "Tranche A" and the second £25 million being "Tranche B").
- Tranche B's initial availability was dependent on it being used for an acquisition that resulted in the Group owning at least 80% of the entire issued Units of the Mall Fund.
- An arrangement fee of £625,000 was payable on the drawdown of Tranche B.
- Interest on Tranche A is at a margin of 3.2% per annum above LIBOR and Tranche B at a margin of 4.2%. A non-utilisation fee of 45% of the applicable margin is payable.
- Any proceeds of the sale of any of the properties held by the Group's German Joint Venture or any sale of the Waterside Shopping Centre, Lincoln shall be used to reduce the facility limit to a minimum of £20 million until 31 December 2015.
- Tranche A is available until 31 July 2016 (but will be reduced to £20 million from 31 December 2015) and Tranche B until 31 December 2015.

On 14 July 2014, to part fund the acquisition of 62.56% of the units in the Mall Fund (see Note 15 for further details), a drawdown of £34.6 million was made with £34.0 million being received net of the £625,000 arrangement fee.

9 Notes to the cash flow statement

	Unaudited	Unaudited	Audited
	Six months to	Six months to	Year to
	30 June	30 June	30 December
	2014	2013	2013
	£m	£m	£m
Profit for the year	**11.7**	3.7	9.1
Adjusted for:			
Finance income – continuing and discontinued operations	**(0.5)**	(2.0)	(2.6)
Finance expense – continuing and discontinued operations	**0.3**	2.7	4.7
Income tax (credit)/expense	**(1.2)**	0.4	(0.2)
Income tax expense – discontinued operations	**-**	-	(0.1)
Loss on disposal of wholly owned properties – discontinued operations	**-**	-	2.1
Loss on revaluation of wholly owned properties	**-**	-	0.2
Share of profit in associates and joint ventures	**(12.6)**	(1.4)	(10.0)
Profit on disposal of other assets	**(0.1)**	-	(1.0)
Depreciation of other fixed assets	**0.2**	0.1	0.3
(Increase)/decrease in receivables	**(0.3)**	(1.1)	0.2
Increase/(decrease) in payables	**1.0**	(2.2)	(4.9)
Non-cash movement relating to share-based payments	**0.3**	0.4	0.8
Net cash from operations	**(1.2)**	0.6	(1.4)

10 Net assets per share

EPRA has issued recommended bases for the calculation of certain net assets per share information as shown in the following table:

	Unaudited 30 June 2014			Unaudited 30 June 2013	Audited 30 December 2013
	Net assets	**Number of shares**	**Net assets per share**	Net assets per share	Net assets per share
	£m	**million**	**£**	£	£
Basic net assets	**198.7**	**349.7**	**0.57**	0.52	0.54
Own shares held	**-**	**(1.3)**			
Dilutive contingently issuable shares and share options	**-**	**3.4**			
Fair value of fixed rate loans (net of tax)	**0.5**				
EPRA triple net assets	**199.2**	**351.8**	**0.57**	0.53	0.54
Exclude fair value of fixed rate loans (net of tax)	**(0.5)**				
Exclude fair value of see-through interest rate derivatives	**0.5**				
Exclude deferred tax on unrealised gains and capital allowances	**(0.1)**				
EPRA net assets	**199.1**	**351.8**	**0.57**	0.55	0.56

The number of Ordinary shares issued and fully paid at 30 June 2014 was 349,688,796 unchanged from 30 June 2013 and 30 December 2013.

11 Return on equity

	Unaudited Six months to 30 June 2014 £m	Unaudited Six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
Total comprehensive income attributable to equity shareholders	**11.1**	3.5	9.2
Opening equity shareholders' funds	**188.7**	179.6	179.6
Return on equity	**5.9%**	1.9%	5.1%

12 Discontinued Operations

Leisure World, Hemel Hempstead

On 14 February 2014, the Group completed the sale of the Leisure World property, Hemel Hempstead for net consideration of £8.4 million (£8.5 million of consideration less £0.1 million of associated costs). On the basis that at 30 June 2013 and 30 December 2013 the sale was considered highly probable, the property had been classified as an asset held for sale at both those dates.

Morrison Merlin (Great Northern Warehouse)

On 31 October 2013, the Group completed the sale of Morrison Merlin Limited, the Group company that owned the Great Northern Warehouse for a headline price of £71.1 million. At the date of disposal the net assets of Morrison Merlin Limited were £14.1 million. The net cash consideration received after transaction costs of £0.1 million was £12.0 million resulting in a loss on disposal after tax of £2.1 million.

Given the disposal of Morrison Merlin and Leisure World, Hemel Hempstead formed part of the Group's strategic plan to exit the Leisure market, the results for 2013 were presented as discontinued operations in the financial statements for the year ending 30 December 2013. The comparative results for the six months to 30 June 2013 in this half yearly report have similarly been restated, to the extent required, on this same basis.

12 Discontinued Operations (continued)

The results of these discontinued operations, included in the consolidated income statement, were as follows:

	Unaudited Six months to 30 June 2014 £m	Unaudited Six months to 30 June 2013 £m	Audited Year to 30 December 2013 £m
Revenue	-	3.0	5.1
Property and void costs	-	(0.5)	(1.2)
Revaluation of properties	-	0.1	-
Finance income	-	(2.7)	1.8
Finance costs	-	1.1	(4.1)
Attributable current tax credit	-	-	0.1
Share of profit after attributable tax	-	1.0	1.7
Loss on disposal of discontinued operations	-	-	(2.1)
Profit/(loss) from discontinued operations	-	1.0	(0.4)

Assets held for sale comprise:

	Unaudited 30 June 2014 £m	Audited 30 December 2013 £m
Investment property – Leisure World, Hemel Hempstead	-	8.5
	-	8.5

£nil of balance sheet liabilities associated with these assets have been recognised at 30 June 2014 (£0.1 million at 30 December 2013).

13 Events after the balance sheet date

Completion of Mall Unit acquisition and Capital Raise
See Note 15.

Interim dividend
The Board has proposed an interim dividend of 0.35p per share to be paid in September 2014 which will result in a total payment of £2.4 million.

14 Related party transactions

There have been no material changes to, or material transactions with, related parties as described in note 34 of the annual audited financial statements for the year ended 30 December 2013, except for:

Distributions received from related parties
During the period, the Group received cash distributions of £6.8 million from related parties as disclosed in notes 6b and 6c.

Management fee income from related parties
During the period, the Group received management fee income in the normal course of business of £3.1 million from related parties, primarily from The Mall Limited Partnership.

Post 30 June 2014

Acquisition of Units in the Mall from Karoo Investment Fund and subscription of shares in Capital & Regional plc
Karoo is deemed to be a related party on account of Louis Norval and Neno Haasbroek's respective interests. Accordingly, the Company's acquisition of Units from Karoo and Karoo's subscriptions for 73,540,911 shares in the Placing, which both completed on 14 July 2014, were related party transactions for which specific shareholder approval was obtained at the General Meeting on 9 July 2014.

In addition, as part of the Capital Raise, Investec Wealth & Investment Limited, on behalf of a connected person of Louis Norval, acquired 15,424,697 New Ordinary Shares and Pinelake International, a connected party of Louis Norval and Neno Haasbroek, acquired 8,510,638, both as part of the Placing.

15 Acquisition of Units in the Mall Unit Trust and Capital Raise

On 20 June 2014 the Group announced it had entered into conditional agreements to acquire 62.56% of Units in the Mall Fund for an initial gross cash consideration of £213.1 million ("the Acquisition") to be funded by available cash and debt funding and an associated Firm Placing and Placing and Open Offer (the "Capital Raising") to raise gross proceeds of £165 million by the issue of 351,063,830 shares at 47 pence per New Ordinary Share. The Group expects to recover £1.3 million of the £7.4 million paid into escrow and therefore the expected net consideration is £211.8 million.

At 30 June 2014 the Acquisition remained subject primarily to shareholder approval and successful completion of the Capital Raising and as such is not included within the half year results to 30 June 2014.

Shareholder approval was obtained at the General Meeting held on 9 July 2014 and the shares were admitted to listing and the Acquisition completed on 14 July 2014.

Details of the acquisition

Under the terms of the Acquisition, which constituted a reverse takeover under the Listing Rules, the Group acquired:

- 490,300,237 Units from Aviva Life & Pensions UK and other related holdings ("Aviva"), representing 52.04% of the Mall Fund, for a consideration of approximately £177.2 million.
- 99,069,410 Units from Karoo Investment Fund ("Karoo"), representing 10.52% of the Mall Fund, for a consideration of approximately £35.8 million.
- The remaining 50% of The Mall (General Partner) Limited that it did not already own from Norwich Union (Mall GP) for £77,712.

The Units were acquired via Capital & Regional (Europe Holding 5) Limited and the interest in The Mall (General Partner) Limited via Capital & Regional (Mall GP) Limited, both 100% owned subsidiaries of Capital & Regional PLC.

The Group paid approximately 34.89p for each Unit in the Mall Fund, which is equal to the Mall Fund NAV per Unit at 31 March 2014 adjusted for interest rate swap liabilities and estimated performance fees at that date and represented a 6.7% Net Initial Yield on the underlying properties. In addition, the Group paid a further £7.4 million into escrow in respect of the deduction for performance fees. The Group has also agreed to rebate certain amounts to Aviva in respect of fees payable to the Group such that, of the amount paid into escrow, the Group may recover up to £1.3 million dependent upon the amount of the next performance fees payable by the Mall Fund.

In addition to the cash consideration payable Aviva and Karoo will receive their pro-rata share of the Mall Fund's income for the period from 1 April 2014 to 13 July 2014, being the date immediately prior to completion. This will be paid to them upon distributions being made by the Mall Unit Trust at such time as the Mall Unit Trust is able to and resolves to pay such distributions.

Furthermore, pursuant to an agreement that became unconditional on 14 July 2014 with Aviva Investor Global Services ("Aviva Investors"), the Fund Manager of the Mall Fund, in return for Aviva Investors agreeing that if the next performance fee due to them from the Mall Fund is triggered on or before 30 June 2015 it will be capped at the amount of £5.9 million (excl. VAT), the Company has agreed to pay Aviva Investors a sum (together with any VAT chargeable thereon) equal to the amount (if any) by which the next performance fee, if triggered on or before 30 June 2015, is less than £5.9 million. CRPM has also agreed that, if the next performance fee from the Mall Fund is triggered on or before 30 June 2015, it will be capped at £5.9 million (excl. VAT).

Strategic rationale

The Directors believe that the Acquisition marks a significant step towards completing the Group's strategic objective of focusing on its core UK shopping centre business and positioning itself as the leading dominant community shopping centre owner in the UK. The Board believes the Acquisition will give the Group:

- Control of the underlying assets in its core investment, the Mall Fund.
- The ability to generate compelling returns from the strong cash generating ability of its shopping centres and offer Shareholders a highly attractive dividend yield relative to the sector.
- The opportunity to further leverage its core strengths of managing or owning interests in dominant UK community shopping centres.
- The ability to facilitate the delivery of attractive value and asset management opportunities.
- A more efficient capital structure.
- A strong platform to pursue its intention of converting the Company into a REIT with the aim of becoming the UK's leading dominant community shopping centre REIT.

Capital Raising and funding of the Acquisition

The Capital Raise resulted in 351,063,830 New Ordinary Shares being issued at 47 pence, a 2.1% discount to the Closing Price on 19 June 2014 and a 0.7% premium to the one month volume weighted average price on 19 June 2014. The Admission (comprising the admission of the 351,063,830 New Ordinary Shares and Re-admission of the 349,688,796 Existing Ordinary Shares) of shares occurred on 14 July 2014.

The gross proceeds from the Capital Raise were £165 million. Total transaction costs are expected to be £7.4 million of which £4.3 million specifically related to the Capital Raise and will be deducted from Share Premium. The remaining £3.1 million will be charged to the income statement. At 30 June 2014 the Group estimated that £2.2 million of these fees would have been payable irrespective of whether the Acquisition completed or not and provision has therefore been made in the 30 June 2014 accounts for this amount.

In addition to the net proceeds of the Capital Raise the Group made a net drawdown on its amended and restated revolving credit facility of £34.0 million (see Note 8 for further details) and utilised existing cash resources for the balance of funding required.

15 Acquisition of Units in the Mall Unit Trust and Capital Raise (continued)

Accounting for the Acquisition

Following the completion of the Acquisition, the Group own 91.82% of the Mall Fund and hold three of the six director seats of The Mall (General Partner) Limited. In addition through the Group's 100% ownership of The Mall (General Partner) Limited it is able to appoint and remove the independent directors, giving it the ability to appoint a majority of The Mall (General Partner) Limited's Board and hence exercise control over The Mall Fund. Subsequent to completion, the Group has also been granted the right to appoint a fourth director, giving it a clear majority of the Board.

The Group will therefore consolidate the operations of The Mall from 14 July 2014. Prior to this date, and in the condensed financial statements for the six months to 30 June 2014 the Group have equity accounted for its interest in The Mall Fund as an Associate.

The Group intend to use the 30 June 2014 balance sheet of The Mall Fund as an approximation for the balance sheet at 14 July 2014, the date of acquisition. This is on the basis that the valuation would not be expected to change during such a short period of time and the profits attributable to the Fund in the interim period are in any case due to the vendors of the new Units acquired.

The following, consistent with Note 6d, provides a breakdown of the asset and liabilities acquired:

	£m
Investment properties	**752.1**
Cash	25.1
Trade debtors (net of provisions of £0.8 million)	4.3
Prepayments and Accrued Income	3.0
Other Debtors	24.0
Other assets	**56.4**
Trade creditors	(1.2)
Other creditors	(10.7)
Accruals and deferred income	(17.8)
Current liabilities	**(29.7)**
Bank loans	(343.6)
Other liabilities (Head Leases)	(65.4)
Non-current liabilities	**(409.0)**
Net Assets (100%)	**369.8**

The only fair value adjustments that are anticipated to be made on acquisition relate to the performance fee (reflecting the arrangements that became effective on completion) and the accrual for estimated Q2 profits due to the vendor (both as described in the Details of the acquisition section above).

	£m
Net Assets acquired (62.54% of £369.8 million)	**231.3**
Accrual for estimated Q2 profits due to vendor	**(2.4)**
Performance Fee net liability arising on completion	**(4.9)**
Total identifiable assets (provisional)	**224.0**
Consideration	
Cash paid to Aviva and Karoo	**(205.7)**
Cash paid to Escrow	**(7.4)**
Cash consideration out	**(213.1)**
Expected recovery from Escrow	**1.3**
Total expected Consideration	**(211.8)**
Negative Goodwill to be taken to income statement (provisional)	**12.2**

The negative Goodwill arises due to the valuation driven increase in net asset value of The Mall Fund at 30 June 2014 compared to 31 March 2014, as the acquisition price was calculated with reference to the latter.

On consolidation the 8.18% of units in The Mall Fund held by Minority unit holders will be classified as a liability as opposed to Non-Controlling Interest. This is due to the units being considered to be puttable instruments, as the holders are entitled to retire and redeem their units at the point of a vote to extend the life of the Fund.

Glossary of terms

CRPM is Capital & Regional Property Management Limited, a subsidiary of Capital & Regional plc, which earns management and performance fees from The Mall and certain other 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 value during the period for properties held at the balance sheet date, after taking account of capital expenditure and exchange translation movements, 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 net assets per share include the dilutive effect of share-based payments but ignore the fair value of derivatives, any deferred tax provisions on unrealised gains and capital allowances, any adjustment to the fair value of borrowings net of tax and any surplus on the fair value of trading properties.

EPRA triple net assets per share include the dilutive effect of share-based payments and adjust all items to market value, including trading properties and fixed rate debt.

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.

Garigal is Garigal Asset Management GmbH, an associate of the Group, which earns management and performance fees from the German joint venture.

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 rate cover (ICR) is the ratio of either (i) recurring profit (before interest, tax, depreciation and amortisation); or (ii) net rental income to the interest charge.

IPD is Independent Property Databank Limited, a company that produces an independent benchmark of property returns.

Like for like figures exclude the impact of property purchases and sales on year to year comparatives.

Loan to value (LTV) is the ratio of debt excluding fair value adjustments for debt and derivatives, to the fair value of properties (excluding adjustments for tenant incentives and head leases)

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 assets per share (NAV) are shareholders' funds divided by the number of shares held by shareholders at the period end, excluding own shares held.

Net initial yield (NIY) is the annualised net rent generated by the portfolio expressed as a percentage of the portfolio valuation, excluding development properties, which is in line with EPRA's best practice recommendations.

Net debt to property value is debt less cash and cash equivalents divided by the property value (including adjustments tenant incentives and head leases).

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 is the Group's share, on a see through basis, of the rental income, less property and management costs (excluding performance fees) of the Group and its associates and joint ventures.

Nominal equivalent yield 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.

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.

Property under management (PUM) is the valuation of properties for which CRPM or Garigal is the asset manager.

Recurring pre-tax profit is the total of Contribution, the Group's share of management fees less fixed management expenses earned by CRPM and Garigal, the profit from Snozone and any fixed central costs and interest. Recurring pre-tax profit includes results from Discontinued Operations up until the point of disposal or reclassification as held for sale.

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.

See-through balance sheet is the pro forma proportionately consolidated balance sheet of the Group and its associates and joint ventures.

See-through income statement is the pro forma proportionately consolidated income statement of the Group and its associates and joint ventures.

Temporary lettings are those lettings for one year or less.

Topped-up net initial yield is the net initial yield adjusted for the expiration of rent-free periods or other unexpired lease incentives.

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 period to the end of the period plus dividends paid, divided by share price at the beginning of the period.

Vacancy rate is the ERV of vacant properties expressed as a percentage of the total ERV of the portfolio, excluding development properties, in line with EPRA's best practice recommendations.

Variable overhead includes discretionary bonuses and the costs of awards to directors and employees made under the 2008 LTIP and SAYE Scheme, which are spread over the performance period.

Fund portfolio information (100% figures)

At 30 June 2014

	The Mall	German Portfolio
Physical data		
Number of properties	6	23
Number of lettable units	712	202
Lettable space (sq feet – '000s)	3,222	2,940
Valuation data		
Properties at independent valuation (£m)	705.2	284.4
Adjustments for head leases and tenant incentives (£m)	46.9	(0.9)
Properties as shown in the financial statements (£m)	752.1	283.5
Revaluation in the year (£m)	17.6	(0.5)
Initial yield	6.5%	6.8%
Equivalent yield	6.9%	n/a
Property level return	5.8%	3.1%
IPD benchmark return	7.8%	n/a
Reversionary	18.4%	n/a
Loan to value ratio	50%	70%
Net debt to value ratio	47%	68%
Lease length (years)		
Weighted average lease length to break	8.0	7.3
Weighted average lease length to expiry	9.0	7.3
Passing rent (£m) of leases expiring in:		
Six months to 30 December 2014	4.1	0.4
Year to 30 December 2015	4.4	1.1
Three years to 30 December 2018	12.6	7.8
ERV (£m) of leases expiring in:		
Six months to 30 December 2014	5.0	n/a
Year to 30 December 2015	5.4	n/a
Three years to 30 December 2018	12.8	n/a
Passing rent (£m) subject to review in:		
Six months to 30 December 2014	4.5	n/a
Year to 30 December 2015	7.3	n/a
Three years to 30 December 2018	10.3	n/a
ERV (£m) of passing rent subject to review in:		
Six months to 30 December 2014	4.9	n/a
Year to 30 December 2015	7.5	n/a
Three years to 30 December 2018	10.2	n/a
Rental Data		
Contracted rent at period end (£m)	56.1	n/a
Passing rent at period end (£m)	52.5	21.9
ERV at period end (£m per annum)	62.1	n/a
ERV movement (%)	0.4	n/a
Vacancy rate (%)	5.1%	2.1%
Like for like net rental income (100%)		
Properties owned throughout 2013/2014 (£m)	21.0	10.0
Disposals (£m)	0.1	0.8
Net rental income for the six months to 30 June 2014	**21.1**	**10.8**
Properties owned throughout 2013/2014 (£m)	21.9	10.2
Disposals (£m)	5.8	1.5
Net rental income for the six months to 30 June 2013	**27.7**	**11.7**
Other Data		
Unit Price (£1.00 at inception)	£0.39	n/a
Group share	91.82%[1]	49.60%

[1] Including acquisition of 62.56% of Units on 14 July 2014. Figure at 30 June 2014 was 29.26%.

Shareholder information

Registrars

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Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday. Overseas shareholders should call +44 121 415 7047.

2014/15 financial calendar

Payment of Interim dividend	September 2014
Interim management statement	November 2014
2014 annual results	March 2015