11 August 2022

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

Resumption in dividend payments following strong operational performance and successful debt restructuring initiatives

Capital & Regional (LSE: CAL), the UK focused REIT with a portfolio of dominant in-town community shopping centres, announces its half year results to 30 June 2022.

Lawrence Hutchings, Chief Executive, comments:

"Our team has had an exceptionally productive six months both in terms of driving a strong operational performance and return to profitability and in building on the restructuring of The Mall debt facility and capital raise that we completed in November last year. The combination of the Blackburn sale above book value, completing the £21 million Walthamstow residential disposal, securing the Ilford lettings to the NHS and TK Maxx at Ilford which enabled a positive loan amendment, and the acquisition of our Hemel Hempstead debt at a significant discount, and supported by a new debt facility, have put the Company on a solid footing to look to the future. Not only have these initiatives refocused our portfolio towards our London and SE assets, they have also enabled us to further reduce debt to a sustainable level, with net LTV on a proforma basis improving considerably to 40% from 72% a year ago.

"While we are buoyed by the first half performance, we are aware of the current economic environment and inflationary pressures. However, the actions that we have taken, together with our well-located, affordable, needs-based Community shopping centres, combined with defensive average yields and stabilising values, evidenced by a third set of valuations in the last 12 months, leave us well positioned to withstand these cyclical pressures as we continue to invest in our necessity and convenience focused community strategy and customer proposition.

We have outperformed in occupancy and leasing, with lettings achieved at strong average premiums to passing rent and ERV which have helped drive a near doubling of Adjusted Profit. Furthermore, rent collection has returned to pre-Covid levels. Reflecting this and the Board's confidence in the Company's future prospects, we are pleased to confirm the resumption of dividend payments with a proposed interim dividend of 2.5p per share. Finally, I would like to thank our teams and stakeholders for their hard work and support over the last 18 months as we have worked tirelessly to return the company to stability."

Resilient operational performance

- 55 new lettings and renewals achieved during the year at a combined average premium of 34.1% to previous rent[3] and 17.8% to ERV[3]. Two key new lettings completed include a 25 year lease agreement with the NHS for a new community healthcare centre and the upsizing and relocation of TK Maxx, both at Ilford.
- Occupancy has improved to 93.7% (December 2021: 92.7%; June 2021: 89.7%).
- 29 million shopper visits during the six months with footfall up 58% on H1 2021.
- Rent collection back in line with historic pre-Covid levels, with 97.3% collected for the year to date.
- Snozone's EBITDA[1] for the year of £0.8 million (2021: £0.8 million - including £2.5 million business continuity insurance receipt) with trading improving as the year progresses.

Refocus, Restructure and Recapitalise

- The combined impact of transactional activity has reduced the Group's Net Loan to Value ratio from 49% at 30 December 2021 and 30 June 2022 (and 72% at 30 June 2021) to 40% on a proforma basis, adjusting for the Walthamstow residential and Blackburn sale proceeds received post the period end.
- Debt maturity of 4.1 years with average cost of debt of 3.54% with 98% fixed.
- In August 2022, the £40 million disposal of The Mall, Blackburn completed at a c. 5% premium to the December 2021 valuation.
- In May 2022, the Group secured ownership of the Marlowes centre in Hemel Hempstead when it completed the buyback of the loan facility held against the asset for £11.8 million, representing a discount of 51%, which also increased Group Net Asset Value by approximately £12.3 million.
- Signed package of amendments to the £39 million Ilford loan in May 2022, facilitating the investment of approximately £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx.
- Proposed disposal of the majority or all of the Group's investment in The Mall, Luton remains ongoing and is expected to reach a conclusion in the next few months. The Group's investment in Luton has now been deconsolidated resulting in an increase to Net Asset Value of £6.8 million.
- In July 2022, the Group completed the sale of land for residential development at its 17&Central community shopping centre in Walthamstow to Long Harbour for c.£21.65 million. The first phase of the development will see the creation of 495 Build to Rent residential apartments in two residential towers.

Improved profitability supporting resumption of dividend

- Net Rental Income[1] (NRI) on Investment Assets increased 23% to £12.2 million (June 2021: £9.9 million) driven by improved occupancy and rent collection. Statutory revenue was £28.4 million (June 2021: £27.4 million).
- The improvement in NRI flowed through to Adjusted Profit[1,2] which increased 87% to £5.8 million (June 2021: £3.1 million[2]).
- 25% growth in Adjusted earnings per share to 3.5p (June 2021: 2.8p).
- IFRS Profit for the period of £26.8 million (June 2021: Loss of £41.3 million) due primarily to the Adjusted Profit of £5.8 million, a revaluation gain of £1.2 million and £12.3 million and £6.8 million gains from the discounted purchase of the Hemel Hempstead debt facility and deconsolidation of Luton respectively.
- Property valuations on Investment Assets increased by 1.7% in the first half of 2022 to £358.5 million at year end (30 December 2021: £352.4 million) on a like for like basis.
- Net Asset Value per share and EPRA NTA per share increased to 118p and 116p respectively (December 2021: 102p and 102p).
- Reflecting the stabilisation of operating markets post Covid-19 and continued stabilisation of our valuations, together with the substantial progress made in reducing debt, the Group is resuming dividend payments. Proposed Interim dividend of 2.5 pence per share.

	6 months to June 2022	6 months to June 2021	Year to Dec 2021
Revenue [2]	**£28.4m**	£27.4m	£56.2m
Net Rental Income – Investment Assets	**£12.2m**	£9.9m	£21.5m
Adjusted Profit [1, 2]	**£5.8m**	£3.1m	£8.1m
Adjusted Earnings per share [1, 2]	**3.5p**	2.8p	6.8p
IFRS Profit/(Loss) for the period	**£26.8m**	£(41.3)m	£(26.4)m
Basic earnings/(loss) per share	**16.2p**	(36.9)p	(22.0)p
Total dividend per share [5]	**2.5p**	-	-
Net Asset Value	**£195.3m**	£126.7m	£168.4m
Net Asset Value (NAV) per share	**118p**	113p	102p
EPRA NTA per share	**116p**	117p	102p
Group net debt [4]	**£136.5m**	£348.0m	£185.3m
Net debt to property value [4]	**40%**	72%	49%

Notes

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

[2] 2021 Revenue has been restated to remove Luton given its reclassification as a Discontinued Operation. Adjusted Profit for the six months to June 2021 has been restated to reflect the introduction of the Snozone EBITDA performance measure during 2021.

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

[4] On a proforma basis, adjusted for the Walthamstow residential land and Blackburn disposal proceeds which were received post 30 June 2022. Net debt to property value was 49% at 30 June 2022 on an unadjusted basis.

[5] Represents dividends declared post period end but related to the period in question.

Use of Alternative Performance Measures (APMs)

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

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Notes to editors:

About Capital & Regional

Capital & Regional is a UK focused retail property REIT specialising in shopping centres that dominate their catchment, serving the non-discretionary and value orientated needs of the local communities. It has a strong track record of delivering value enhancing retail and leisure asset management opportunities across a portfolio of in-town shopping centres. Capital & Regional is listed on the main market of the London Stock Exchange (LSE) and has a secondary listing on the Johannesburg Stock Exchange (JSE).

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

For further information see capreg.com.

South African secondary listing

Capital & Regional maintains a primary listing on the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE) in South Africa. At 30 June 2022, 7,538,020 of the Company's total of 165,399,863 shares were held on the South African register representing 4.56% of the total issued share capital. Java Capital acts as JSE Sponsor for the Group.

Forward looking statements

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

Operating review

New lettings, renewals and rent reviews

We enjoyed another strong period of leasing momentum during the first half, completing 55 new lettings and renewals during the period, at a combined annual rent of £2.4 million, representing an average premium to previous rent of 34.1%[1] (30 June 2021 – 54 new lettings and renewals for a combined annual rent of £1.4 million).

Highlights include signing an agreement for lease with the NHS for a new community healthcare centre at Ilford on a 25-year lease term. This will be a flagship project providing a new 20,000 sq ft purpose-built facility that is expected to open to the public in 2024. At Wood Green the diagnostics centre is due to open imminently and we are in advanced discussions on another lease to extend the space further. Both these initiatives demonstrate our continued implementation of our strategy of extending the range of necessary goods and services we provide to the local community. These further embed our centres at the heart of their local communities, helping drive footfall to the benefit of the other retailers while providing all in one convenience to our customers.

Also at Ilford, we signed an agreement to relocate and upsize TK Maxx into a new 35,000 sq ft store occupying the first floor of what was the former Debenhams unit. This will enable remerchandising of the existing TK Maxx unit which sits at the entrance next to Ilford station, which will benefit from the full opening of the new Elizabeth Line next year.

	6 months to June 2022	**6 months to June 2021**
New Lettings[1]		
Number of new lettings	41	30
Rent from new lettings (£m)	£1.9m	£1.1m
Renewals settled[1]		
Renewals settled	14	24
Total resulting annual rent (£m)	£0.5m	£0.3m
Combined new lettings and renewals[1]		
Comparison to previous rent[2]	+34.1%	+36.3%
Comparison to ERV at December 2021[2]	+17.8%	+19.3%

[1] Includes transactions for Hemel Hempstead, Ilford, Maidstone, Walthamstow, Wood Green, Blackburn and Luton.

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

Rental income and occupancy

	30 June 2022			30 December 2021	30 June 2021
	Investment Assets[1]	**Held for sale/Other[1]**	**Total**		
Occupancy (%)	**93.8%**	**93.4%**	**93.7%**	92.8%	89.7%
Contracted rent (£m)	**31.5**	**19.1**	**50.6**	50.9	51.1
Passing rent (£m)	**30.8**	**18.4**	**49.2**	48.2	50.2

[1] Investment Assets include the Group's centres at Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green. Held for sale/Other consists of Blackburn and Luton.

Occupancy at 93.7% has increased by 0.9% since 30 December 2021 and by 4% since 30 June 2021.

Contracted rent is broadly in line with the December 2021 level. This excludes more than £0.6 million of rent where deals have exchanged but completion remains subject to planning or other conditions.

Passing rent has improved by £1.0 million since 30 December 2021 with the largest contributors being the lettings to the Department for Work and Pensions for Job Centres at Blackburn and Ilford commencing cash rent payments during the period.

Operational performance

In total there were 29 million shopper visits across the seven assets in the first half of 2022, an increase of 58% from 2021. This increase is 2.2% lower than the growth in the national index, reflecting relatively weaker comparatives in a number of centres within the national pool during the first few months of 2021 when non-essential retailers were unable to open.

Footfall for the month of June outperformed the national index by 4% and was equivalent to approximately 82.5% of 2019 levels, compared to 79% for the half year. Anecdotal evidence from our retailers suggests that while footfall has been slower to recover, sales have bounced back at a higher rate reflecting more efficient use of visits.

Car park income in the first six months of the year was £3.8 million for the Group's Investment Assets, 66% higher than the same period in 2021.

Rent collection

98.0% of rent in respect of the first half of the year has now been collected. Rent collection for the 2022 year to date, including monthly invoices up to July, is running at 97.3%. This represents a return to pre-Covid levels and improvements of more than 10% compared to the equivalent collection rates at the time of announcing the Group's 2021 Interim Results last September. Rent collection for the 2021 Financial Year has improved to 92.7% from 88.1% at the time of the 2021 Year End results in March 2022.

The table below provides further detail.

	Rent collection 6m to 30 June 2022[1]		Rent collection 9m to 30 September 2022[1]	
	£m		£m	
Rent collected	25.2	98.0%	32.9	97.3%
Outstanding	0.5	2.0%	0.9	2.7%
Total billed	**25.7**	**100%**	**33.8**	**100%**

[1] Includes transactions for Hemel Hempstead, Ilford, Maidstone, Walthamstow, Wood Green, Blackburn and Luton.

Amounts include VAT, amounts billed for Q3 2022 are up to end of July 2022.

Capital expenditure

In total £4.2 million was invested across the Group's Investment Assets in the first six months of the year, with the primary projects being £2.6 million of planning fees and other costs to facilitate delivery of the Walthamstow land sale for residential development and £0.8 million for the creation of the new Job Centre at Ilford which opened in March 2022.

We anticipate capital expenditure in the second half of the year to be higher, primarily as a result of the TK Maxx, NHS and wider improvement projects at Ilford commencing. We plan to invest more than £10 million across these projects over the course of the next 18 months.

ESG

Shopping Centres

For the shopping Centre portfolio, we have established our Net Zero Carbon (NZC) Pathway aligned with industry best practice and guidelines, including the UKGBC's definition of net zero and the Better Building Partnership's (BBP) Climate Commitment of which we are pleased to announce we are now signatories. Our NZC Pathway quantifies and prioritises the necessary emission reductions to our target year and beyond and includes ambitious emission reduction targets across Scope 1 and 2. The creation of our NZC pathway is an important milestone on our journey and defines the actions and priorities we need to put in place to stay true to our commitment to our communities, employees and the long-term resilience and success of our business.

We have upskilled our operational teams through training on sustainability awareness, especially in relation to supporting our occupiers and helping to reduce Scope 3 emissions. We are currently in the process of developing an occupier engagement programme on sustainability to increase awareness and profile.

We have made significant strides against our environmental targets increasing our energy efficiency. In the first half of 2022 we have reduced Scope 1 natural gas consumption by 42% compared to 2019 performance and reduced Scope 2 electricity consumption by 21%, again against 2019.

In addition to developing our NZC pathway we have also completed a detailed assessment of climate risk governance and the climate related risks aligned to best practice recommendations of the Task Force of Climate-related Financial Disclosures (TCFD). By formalising oversight of climate related issues into our risk management framework, we can mitigate the risks and garner related opportunities, such as reducing operational costs and capital expenditure and increasing revenues and asset values. We have allocated c. £1.8 million of capital expenditure over the next 18 months to ESG initiatives.

Snozone

Snozone's pathway to net zero strategy is underpinned by a cyclical 4 year capital investment plan into new plant and machinery. Now in year 2 of this plan, nine units of blast coolers have been replaced at the Milton Keynes venue which will save 214,000 Kwhrs per year. In addition, given the significant increase in government controlled electricity pricing in Madrid, solar panels have been fitted to the roof of our venue and will be fully operational by the end of August 2022.

These two initiatives will combine to further increase Snozone's annual utility consumption reduction target of 4%. For the half year, the savings already realised are 12% versus the 2019 pre-COVID base year and reducing carbon tonnage to 942 versus 2019's 1,049. All of Snozone's electricity is 100% renewable and is sourced from wind and solar power.

New supplier deals have been determined for Snozone's restaurants. All coffee, non-alcoholic and alcoholic beverages will now be supplied in 100% recycled glass, recycled aluminium cans or compostable boxes. Snozone's shop merchandise and clothing provider also delivers all products 100% free of plastic packaging, rendering Snozone a completely plastic-free business.

Snozone partnered with Tree Nation last year and plants trees when guests rebook certain activities. These trees are planted in areas of the world where biodiversity and reforestation are most needed. Over 7,500 trees have been planted in Africa offsetting over 1,118 tonnes of C02 and reforesting over 8 hectares of land.

Snozone's other social KPIs include an increase in disability snow sports participation by 18% versus 2021 and Snozone are the only European indoor centre to own and operate their own disability snow school.

Snozone

Snozone recorded an EBITDA for the period of £0.8 million (June 2021 - £0.8 million). Trading in the early part of 2022 was heavily impacted by the Omicron variant, with revenue in the key month of January down 20% on pre pandemic levels. From mid-February 2022, Snozone has been able to offer guests its full offering in contrast to 2021 when the UK venues were shut for the first four months of the year due to government restrictions. As the impact of the Omicron variant subsided, Snozone made a good recovery, with later months of the period generating stronger slope income than 2019, although some key revenue streams such as corporate activities, school bookings and food and beverage have not yet returned to 2019 levels due to consumer habits changing shape over the past two years of Covid. EBITDA in 2021 was supported by the receipt of a £2.5 million insurance payment under a pandemic insurance policy that the business has maintained since 2017.

The integration of the operations of the ski slope in the Xanadú Shopping Centre in Madrid, which was acquired in February 2021 for nominal value has progressed well. The impact of significant increases in government-controlled electricity prices has been mitigated from the start of the second half of the year by the installation of solar panels.

In May, Snozone became three-time winners of the School Travel Awards 'Best sporting venue' for children learning outside the classroom, beating a number of illustrious organisations such as Manchester United, The London Stadium, The UK sailing academy, Silverstone and Twickenham.

Snozone's IFRS profit for the period was £0.1 million (June 2021: £1.3 million). The prior year benefited from £1.4 million of VAT rebate received in addition to the £2.5 million insurance payment.

Refocus, Restructure and Recapitalise

The Group’s actions over the last 12 months have significantly reshaped the business and reduced debt to sustainable levels. Following on from the transaction to restructure the Group’s largest facility, The Mall and raise £30 million of new equity that completed in November 2021, a number of other key initiatives have been completed during 2022:

Ilford loan amendment

In May 2022, the Group signed a package of amendments to its £39 million secured loan facility in respect of The Exchange Centre, Ilford, to facilitate the investment of approximately £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx.

The amendments provide for a waiver of covenants until January 2023 and improvements to existing covenant terms to apply from January 2023 to the end of 2024. The amendment also provides a conditional extension option that can be triggered at the end of 2023 to extend the loan maturity by 18 months from March 2024 until September 2025.

Restructuring of The Marlowes Centre, Hemel Hempstead debt

Also in May 2022, the Group completed the acquisition of its debt in respect of the Marlowes shopping centre in Hemel Hempstead. The Group paid £11.8 million in order to settle the loan and associated debt liabilities of c. £24.0 million, representing a discount of approximately 51%. The transaction increased the Group's Net Asset Value by approximately £12.3 million. The asset was reclassified to the Group’s Investment Assets as of 11 April 2022 being the date the transaction was agreed and Net Rental Income from the asset is included from that date.

To partially fund the transaction, the Group subsequently drew down a new £4.0 million loan facility in July 2022, which was provided by BC Invest, a subsidiary of the Group's strategic residential partner Far East Consortium. The new debt is for an initial period of three years at a margin of 5.95% and is secured on the Marlowes Centre on a non-recourse basis.

Proposed sale of The Mall, Luton

The Group has been working closely with the respective lender on Luton to explore a disposal of the majority or all of the investment or asset. This process remains ongoing and is expected to reach a conclusion around the end of September 2022.

As part of the agreement to run a consensual sale process, changes to the constitution of the Luton entities were made including the appointment of an independent director with specific rights regarding the sale process. These changes took effect in May 2022 and the effective loss of control that they triggered have resulted in the Group deconsolidating its interest in Luton from that date. This has increased the Group’s Net Asset Value by £6.8 million being the net liabilities at the point of deconsolidation.

Sale of The Mall, Blackburn

In May 2022, the Group exchanged contracts for the sale of The Mall, Blackburn to the retail arm of the Adhan Group of Companies for £40 million, representing a premium to the December 2021 valuation of £38.2 million. The sale completed in August 2022 delivering net cash proceeds of approximately £39 million. In isolation the sale reduced the Group's Net Loan to Value ratio by approximately 600 basis points.

Walthamstow residential

In July 2022, the Group completed the sale of land for residential development at its 17&Central community shopping centre in Walthamstow to Long Harbour for c.£21.65 million. The Group secured planning consent at the end of 2021 for a residential-led, mixed use development, incorporating a new Victoria Line tube station entrance and new public space including a new park. The first phase of the development, to be delivered through the Long Harbour transaction, will see the creation of 495 Build to Rent residential apartments in two residential towers.

£52.9 million of the combined c £60 million received from the Blackburn and Walthamstow transactions has been or will be utilised for repayment of the debt on the Group’s Mall loan facility which will reduce the outstanding amount to £140 million and will repay in full the remainder of the £35 million Facility B tranche that was drawn to help fund the repurchase of £100 million of debt in November 2021. The remainder of proceeds will be used to help fund capital expenditure.

The combined impact of the above transactions have helped further reduce the Group's Net Loan to Value ratio from 49% at 30 December 2021 (and 72% at 30 June 2021) to 40% on a proforma[5] basis at 30 June 2022 (adjusting for the Blackburn and Walthamstow receipts).

FINANCIAL REVIEW

	Six months to June 2022	Six months to June 2021	Year to Dec 2021
Profitability			
Statutory Revenue [1]	**£28.4m**	£27.4m	£56.2m
Net Rental Income (NRI)	**£12.2m**	£13.4m	£29.0m
Net Rental Income (NRI) – Investment Assets only	**£12.2m**	£9.9m	£21.5m
Adjusted Profit [2, 3]	**£5.8m**	£3.1m	£8.1m
Adjusted Earnings per share [2,3]	**3.5p**	2.8p	6.8p
IFRS Profit/(loss) for the period	**£26.8m**	£(41.3)m	£(26.4)m
Basic earnings/(loss) per share	**16.2p**	(36.9)p	(22.0)p
EPRA cost ratio (excluding vacancy costs) [2]	**40.1%**	45.4%	47.8%
Net Administrative Expenses to Gross Rent	**18.0%**	21.8%	27.7%
Investment Returns			
Net Asset Value	**£195.3m**	£126.7m	£168.4m
Net Asset Value (NAV) per share	**118p**	113p	102p
EPRA NTA per share [2]	**116p**	117p	102p
Dividend per share [6]	**2.5p**	-	-
Financing			
Group net debt [5]	**£136.5m**	£348.0m	£185.3m
Group net debt to property value [5]	**40%**	72%	49%
EPRA LTV [5]	**50.9%**	72.1%	64.1%
Average maturity of Group debt [4, 5]	**5.2 years**	4.1 years	5.4 years
Cost of Group debt [5]	**3.54%**	3.34%	3.74%

[1] Statutory revenue for the comparative periods has been restated to show the Group's investment in The Mall, Luton as discontinued operations.

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

[3] 2021 Adjusted Profit has been restated to reflect the introduction of the Snozone EBITDA performance measure during 2021.

[4] Assuming exercise of all extension options.

[5] June 2022 on a proforma basis adjusted for Walthamstow residential receipt and Blackburn sale proceeds received post 30 June 2022. Net debt to property value was 49% at 30 June 2022 on an unadjusted basis. The EPRA LTV for 30 June 2022 is presented on an unadjusted basis.

[6] Represents dividends declared post period end but related to the period in question.

Use of Alternative Performance Measures (APMs)

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

Alternative performance measure used	Rationale
Adjusted Profit	Adjusted Profit is used as it is considered by management to provide the best indication of trading profits and hence the ability of the business to fund dividend payments. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments, charges in respect of long-term incentive awards and other non-operational one-off items. Adjusted Profit includes EBITDA from Snozone (see definition further below). This was a change implemented in 2021 arising from the adoption of IFRS 16 and the signing of new lease agreements on Snozone's two UK sites. We considered that the combination of these two factors meant that Snozone's statutory profit no longer alone provides a full reflection of Snozone's trading performance and hence introduced this additional Alternative performance measure. The key differences between Adjusted Profit and EPRA earnings, an industry standard comparable measure, relates to the exclusion of non-cash charges in respect of share-based payments and adjustments in respect of Snozone as detailed above. In the current year we have excluded from our Adjusted Profit a tax credit as it relates to prior years but this is included within the EPRA metric. Adjusted Earnings per share is Adjusted Profit divided by the weighted average number of shares in issue during the year excluding own shares held. A reconciliation of Adjusted Profit to the equivalent EPRA and statutory measures is provided in Note 6 to the condensed financial statements.

Like-for-like amounts	Like-for-like amounts are presented as they measure operating performance adjusted to remove the impact of properties that were only owned for part of the relevant periods. For the purposes of comparison of capital values, this will also include assets owned at the previous period end but not necessarily throughout the prior period. Like-for-like comparisons have been used to adjust for the impact of the disposals of the Edmonds Parade and Maidstone House properties within the Hemel Hempstead and Maidstone shopping centre assets that were completed in June 2021 and December 2021 respectively.
Net debt	Net debt is borrowings, excluding unamortised issue costs, less cash at bank. Cash excludes cash held on behalf of third parties (e.g. in respect of service charges or rent deposits).
Net debt to property value	Net debt to property value is debt less cash and cash equivalents divided by the property value.
Net Rent or Net Rental Income (NRI)	Net Rental Income is rental income from properties, less provisions for expected credit losses, property and management costs. It is a standard industry measure. A reconciliation to statutory turnover is provided in Note 3 to the financial statements.
Snozone EBITDA	Snozone EBITDA is based on net profit. It excludes Depreciation, Amortisation, (notional) Interest, Tax and non-operational one-off items. It includes rent expense, based on contractual payments adjusted for rent free periods. This provides a measure of Snozone trading performance which removes the profiling impact of IFRS 16 that would otherwise see a significantly higher charge in early years of a lease and significantly lower net charge in later years. A reconciliation to the IFRS net profit is included within Note 3 to the financial statements.

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

Amounts in £m	**Six months to June 2022**	Six months to June 2021	Year to December 2021
Shopping Centres – Net Rental Income	**12.2**	9.9	21.5
Shopping Centres – Interest payable	**(4.7)**	(5.5)	(10.8)
Shopping Centres – Contribution	**7.5**	4.4	10.7
Managed Assets - Contribution	**-**	0.4	2.1
Snozone (indoor ski operation) EBITDA	**0.8**	0.8	0.8
External management fees	**1.7**	1.2	2.4
Central operating costs (including central interest)	**(3.5)**	(3.3)	(7.0)
Variable overhead	**(0.7)**	(0.4)	(0.9)
Adjusted Profit [1]	**5.8**	3.1	8.1
Adjusted Earnings per share (pence)[2]	**3.5p**	2.8p	6.7p
Reconciliation of Adjusted Profit to statutory result			
Adjusted Profit	**5.8**	3.1	8.1
Property revaluation	**1.2**	(42.4)	(49.2)
Profit/(loss) on disposal	**(0.4)**	(1.2)	(2.5)
Snozone depreciation and amortisation	**(1.1)**	(1.2)	(2.5)
Snozone notional interest (net of rent expense in EBITDA)	**0.4**	0.4	0.5
Gain/(loss) on financial instruments	**1.0**	3.5	5.9
Corporation Tax credit/(charge) in lieu of dividends	**1.1**	(3.6)	(3.1)
VAT rebate within Snozone	**-**	1.3	1.4
Long Term incentives	**(0.1)**	(0.2)	(0.9)
Gain on discounted loan purchase (net of costs)	**12.3**	-	18.4
Write up following Luton deconsolidation	**6.8**	-	-
Other items (including transaction costs)	**(0.2)**	(1.0)	(2.5)
Profit/(loss) for the period	**26.8**	(41.3)	(26.4)

[1] Comparatives for six months to 30 June 2021 have been restated for the change in the presentation of Snozone results adopted as at the December 2021 year end following the adoption of IFRS16.

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

Adjusted Profit – 30 June 2022: £5.8 million (30 June 2021: £3.1 million)

Net Rental Income (NRI) on Investment Assets improved to £12.2 million (30 June 2021 - £9.9 million). This reflects improved occupancy and rent collection levels, the latter enabling the net release of approximately £1 million of provisions during the period. The balance includes £0.3 million from Hemel Hempstead being the NRI from 11 April 2022, being the date that the transaction to buyback the debt was agreed and hence the asset was reclassified to Investment Assets, having been in Managed Assets NRI in the prior year. The £12.2 million includes £2.0 million from Blackburn, the sale of which completed in August 2022.

Interest payable on Investment Assets has fallen from the prior year reflecting primarily the restructuring and reduction of debt in The Mall loan facility that completed in November 2021. Debt was further reduced by £7.1 million in January 2022 from the proceeds of the sale of Maidstone House and then, post 30 June 2022 it will be reduced by an additional £52.9 million from the combined proceeds of the Walthamstow residential receipt and Blackburn disposal.

Managed Assets Contribution is no longer included within Adjusted Profit following the reclassification of what were deemed Managed Assets as Held for Sale from 30 December 2021. As noted, the results of Hemel Hempstead have been included within Adjusted Profit from 11 April 2022. The results from Luton have been excluded from Adjusted Profit for the six months to 30 June 2022 as it was Held for Sale until 23 May 2022 and then deconsolidated from the Group as at that date.

Snozone EBITDA at £0.8 million (30 June 2021 - £0.8 million) is in line with the prior year although 2021 was supported by a £2.5 million business continuity insurance receipt mitigating the impact of the operations being required to shut for most of the first half of 2021 due to Government Covid restrictions.

External Management Fees of £1.7 million break down between Asset and Property Management fees on external properties (Redditch and in H1 2022, Luton) of £1.0 million and Property Management (as these are charged to the Service Charge) fees on the Group's Investment Assets of £0.7 million. The increase from the prior year relates to the inclusion of Asset Management fees on Luton as these were previously being eliminated on consolidation. Sale processes are in progress for both Redditch and Luton which, depending on the outcome, could see the Group's involvement as manager cease.

Central operating costs at £3.5 million (30 June 2021 - £3.3 million) are marginally higher than the prior year but in line with the annualised run rate of 2021. We anticipate the second half costs to be a little lower resulting from a reduction in the Group's cost base reflecting the falling number of assets under management and are targeting annualised cost savings in 2023 of 10%.

Variable overheads of £0.7 million (30 June 2021 - £0.4 million) have increased due to retention awards issued in November 2021 which run through until September 2022.

Adjusted Earnings per Share for the period were 3.5 pence (30 June 2021: 2.8 pence) reflecting the improvement in Adjusted Profit, partially offset by the impact of a higher number of shares in issue following the equity raise that completed in November 2021.

In total approximately £1.5 million of the Adjusted Profit in H1 2022 relates to items that will not recur on an ongoing basis being the c. £1 million impact of bad debt provision releases and the NRI contribution from Blackburn, partially offset by the full period NRI impact of Hemel Hempstead (as it has only been included from April 2022) and a lower interest charge following the £52.9 million of debt repayments within The Mall.

IFRS profit for the period – 30 June 2022: £26.8 million (30 June 2021: Loss of £41.3 million)

The Group has returned to profitability in the first six months of the year. Aside from the Adjusted Profit of £5.8 million the key elements driving the result in the period were:

- The £12.3 million gain (after costs) on the discounted purchase of the Group's Hemel Hempstead loan facility.
- A £6.8 million write up on the deconsolidation of Luton due to it previously sitting as a liability on the Group's balance sheet.
- Property revaluation of £1.2 million (June 2021 – loss of £42.4 million). As detailed further below valuations on the Group's Investment Assets increased by 1.7% in the first half of 2022 having seen a like for like decline of 7.5% in the first half of 2021.
- The gain on financial instruments of £1.0 million (June 2021 – gain of £3.5 million) is a result of the revaluation of interest rate swaps reflecting movements in future interest rate expectations.
- A release of £1.1 million of provision for tax in lieu of paying dividends which is no longer required following the resumption of dividend payments.

The profit for the period has resulted in NAV of £195.3 million and EPRA Net Tangible Assets of £194.2 million compared to December 2021 amounts of £168.4 million for both measures. Basic NAV per share and EPRA NTA per share were 118p and 116p respectively, representing increases of 16p and 14p respectively (December 2021: 102p for both measures).

Property portfolio valuation

The valuation of the portfolio at 30 June 2022 was £358.5 million. On a like for like basis our Investment Assets increased in value by 1.7% in the first six months of the year continuing the trend of stable valuations since 30 June 2021. The valuation of Walthamstow as at 30 June 2022 includes £20 million in respect of the residential opportunity, the sale of which completed post period end in July 2022.

Property at independent valuation	30 June 2022			30 December 2021		
	£m	NIY %	NEY %	£m	NIY %	NEY %
Maidstone	36.2	9.98%	11.35%	36.2	10.44%	11.22%
Walthamstow	101.6	5.59%	6.51%	100.4	5.84%	6.55%
Wood Green	150.8	7.41%	6.88%	148.9	7.33%	6.88%
Hemel Hempstead	11.0	13.23%	17.43%	10.5	12.49%	18.20%
Ilford	58.9	4.64%	7.29%	56.4	5.86%	7.99%
Investment Assets	358.5	6.88%	8.09%	352.4	7.21%	8.29%
Blackburn (Held for Sale)	39.4	11.23%	12.86%	38.2	12.10%	13.24%
Luton (Deconsolidated)	79.0	9.54%	11.18%	82.5	11.00%	11.05%

Financing

The Group has taken a series of important actions in the last 12 months enabling it to successfully bring down debt levels. This has involved a series of steps:

- Reclassification as at 30 June 2021 of Luton and Hemel as Managed Assets, with the former now deconsolidated as of May 2022 following the agreement to run a consensual sale process and appointment of an independent director to the Luton entities.
- Restructuring of The Mall debt facility with £100 million of debt acquired for £81 million in November 2021 partially funded by an equity raise of £30 million and a new £35 million tranche of debt on the facility with TIAA.
- The sale of the Maidstone House office block in December 2021 for £7.1 million.
- The discounted purchase in May 2022 of the Hemel Hempstead debt facility where loan liabilities of £24.0 million (including £1 million of accrued interest and interest rate swap creditor) were settled for £11.8 million representing a discount of approximately 51%. This was partially funded with a new £4.0 loan facility that was subsequently drawn down in early July 2022.
- The disposal of The Mall, Blackburn that completed in August 2022 for net proceeds of £39 million.
- The completion of the sale of the Walthamstow land for residential development for £21.65 million in July 2022.
- In addition, in May 2022 the Group signed an amendment to its Ilford loan facility agreeing a long-term package of loan waivers and covenant improvements to help facilitate the TK Maxx relocation and creation of a new NHS medical centre.

The combined result of all of the above actions has been to reduce the Group's Net Loan to Value ratio from 72% as at 30 June 2021 to 40% on a proforma basis as at 30 June 2022, adjusting for the Walthamstow and Blackburn disposal proceeds that were received in July and August 2022. The Group's Net Loan to Value ratio as at 30 June 2022 before allowing for these proforma adjustments was 49%.

The Group's debt position, reflecting these proforma adjustments, is summarised in the table below:

	Debt[1]	Cash[2]	**Net debt**	Loan to value[3]	Net debt to value[3]	Average interest rate	Fixed	Duration to loan expiry	Duration with extensions
30 June 2022 (proforma)	**£m**	£m	**£m**	%	%	%	%	Years	Years
The Mall	**140.0**	(9.3)	**130.7**	52%	49%	3.45%	100	4.6	5.6
Hemel Hempstead	**4.0**	(1.4)	**2.6**	36%	24%	6.92%	0.0	3.0	3.0
Ilford	**39.0**	(8.4)	**30.6**	66%	52%	3.51%	100	1.7	3.2
Central Cash	**-**	(27.4)	**(27.4)**	-	-	-	-	-	-
On balance sheet debt	**183.0**	(46.5)	**136.5**	54%	40%	3.54%	97.8	4.1	5.2

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

The Mall

Following the restructure that completed in November 2021 the Mall facility consisted of two tranches both held with TIAA:

- Facility A - £165 million fixed rate loan at 3.45%
- Facility B - £35 million floating rate loan at SONIA +6%

The two facilities mature in January 2027 but have one year conditional extension options.

Facility B, which was drawn to assist with funding the acquisition of the previous RBS facility, has no early repayment penalties. The loan was reduced by £7.1 million to £27.9 million on 11 January 2022 using the proceeds from the Maidstone House disposal that were received in late December 2021. £52.9 million of the combined c £60 million received from the Blackburn and Walthamstow transactions has been allocated for repayment of the debt on the Group's Mall loan facility which will repay Facility B in its entirety and reduce the outstanding amount on Facility A to £140 million.

As part of the November 2021 restructuring of the facility TIAA provided a waiver of all financial covenants for two years until November 2023. Cash trap provisions within the loan agreement have also been modified for 18 months until May 2023.

Hemel Hempstead

On 7 July 2022, the Group drew down a new £4 million facility with BC Invest, a subsidiary of the Group's strategic residential partner, Far East Consortium. The new debt has been provided for an initial period of three years at a margin of 5.95%. It is secured on the Marlowes Centre on a non-recourse basis.

Ilford

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

In May 2022, the Group signed a package of amendments to facilitate the investment of approximately £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx. The amendments provide for a waiver of covenants until January 2023 and improvements to existing covenant terms to apply from January 2023 until the end of 2024. The all-in cost of the current loan is 3.51% reflecting a 75 basis point increase in loan margin as part of the amendments.

The amendment also provides an 18-month conditional extension option that can be triggered at the end of 2023 to extend the loan maturity from March 2024 until September 2025.

Going Concern

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

At 30 June 2022 the Group had total cash at bank on balance sheet of £39.9 million. Of the £39.9 million there was £17.2 million held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations for at least the period of the next 18 months that is considered for going concern purposes.

As part of the restructure of The Mall debt facility that completed in November 2021, the lender provided covenant waivers that run until November 2023 and modifications to cash trap provisions that run until May 2023. On the Ilford facility, as noted, the Group has covenant waivers that run until January 2023 and improved covenant terms that extend beyond the end of 2024. The Mall loan facility matures in January 2027 with a one year conditional extension option. The Ilford loan matures in March 2024 with an 18 month conditional extension option.

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

All of the Group's asset backed loan facilities are ring-fenced within their own SPV structures with no recourse to Capital & Regional plc and no cross-default provisions. The Group is working with the lenders on its Luton loan facility on a disposal or partial disposal of the investment. While this is likely to realise less than the value of the net debt outstanding, due to the ring-fenced SPV structure, the net liability of Capital & Regional plc is effectively capped at nil.

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection by 5%, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a downturn in expected trading, such as might be caused by a further wave of Government restrictions, could impact cashflows. The Group has considered sensitivities in respect of asset valuations although these are less impactful at present given the existence of a waiver of the default covenant on the Group's largest Mall facility that extends for the whole of the Going Concern period considered. The Group's analysis projects that covenant levels where not already waived would continue to be met and the central cash maintained provides sufficient funds to cover the potential operational disruption.

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

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

Dividend

Reflecting the stabilisation of operating and investment markets from the impacts of Covid-19, the substantial progress made in reducing debt levels and the Board's confidence in the future prospects, the Group is resuming dividend payments and proposing an interim dividend of 2.5 pence per share. Across the full financial year, the Group expects to pay a dividend of at least 90% of the Group's EPRA profits, in line with its dividend policy. We expect to pay a final dividend around a similar level to the Interim Dividend. The Interim Dividend will all be paid as a Property Income Distribution (PID). A Scrip dividend alternative will be offered which Growthpoint, the Company's largest shareholder, has indicated they will take-up.

Having obtained shareholder support at the Company's Annual General Meeting on 19 May 2022, the Group completed a Capital Reduction which has resulted in the creation of distributable reserves. The Group has maintained provision for any potential shortfall in the event that the minimum PID requirement for the 2021 financial year is not met by the end of 2022 and/or alternative arrangements are not agreed with HMRC.

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

- Confirmation of ZAR equivalent and Scrip dividend pricing — Tuesday, 6 September 2022
- Last day to trade on Johannesburg Stock Exchange (JSE) — Tuesday, 13 September 2022
- Shares trade ex-dividend on the JSE — Wednesday, 14 September 2022
- Shares trade ex-dividend on the LSE — Thursday, 15 September 2022
- Record date for LSE and JSE and last election for Scrip — Friday, 16 September 2022
- Dividend payment date/New Scrip shares issued — Friday, 7 October 2022

South African shareholders are advised that the dividend will be regarded as a foreign dividend. Further details relating to Withholding Tax for shareholders on the South African register will be provided within the announcement detailing the currency conversion rate on 6 September 2022. Share certificates on the South African register may not be dematerialised or rematerialised between 14 September 2022 and 16 September 2022, both dates inclusive. Transfers between the UK and South African registers may not take place between 6 September 2022 and 16 September, both dates inclusive.

Outlook

The current macroeconomic environment, heightened by inflationary pressures on the consumer and exacerbated by the impact of the tragic war in Ukraine, presents a challenging market backdrop. Whilst this has inevitably tempered some of the optimism that was building in the recovery from Covid, we remain well-positioned to navigate such challenges given the hard work undertaken in the period.

The actions taken over the last 12 months to restructure the balance sheet and refocus the portfolio have stabilised the business. This, aligned to the naturally more defensive nature of our well-located, affordable and needs-based community shopping centres, leave us well positioned to withstand any cyclical pressures and to take advantage of opportunities to grow the business and further utilise our proven skills and management expertise.

Principal risks and uncertainties

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

A detailed explanation of the principal risks and uncertainties was included on pages 36 to 41 of the Group's 2021 Annual Report. A further review was carried out for the 30 June 2022 half year. Amongst the main factors considered were the impact of the current inflationary pressures being experienced by consumers within the UK exacerbated by the impact that the tragic war in Ukraine has had upon energy and commodity costs. Other matters considered were the ongoing impact of, and speed of recovery from, the Covid-19 pandemic and the continuing structural changes to UK retail. The review concluded that while as a result of these combined factors the profile of some risks, including economic environment, property investment market risks and Treasury risks had changed, the ultimate nature of them had not and therefore the principal risks to the Group remain those disclosed in the 2021 Annual Report. These have been summarised below.

- *Property investment market risks* - Weak economic conditions and poor sentiment in commercial real estate markets exacerbated by the impact of COVID-19 may lead to low investor demand and further declines in valuation. Small changes in property market yields can have a significant effect on property valuation and the impact of leverage could magnify the effect on the Group's net assets.

- *Impact of the economic environment* - A prolonged downturn in tenant demand driven by structural changes in retail and/or macro-economic factors, such as the current cost of living pressures, could put further pressure on rent levels. Tenant failures and reduced tenant demand could adversely affect rental income revenues, lease incentive costs, void costs, available cash and the value of properties owned by the Group.

- *Treasury risk* - Inability to fund the business or to refinance existing debt on economic terms may result in the inability to meet financial obligations when due and put a limitation on financial and operational flexibility. Cost of financing could be prohibitive in the future. Breach of any loan covenants could cause default on debt and possible accelerated maturity. Unremedied breaches can trigger demand for immediate repayment of loans.

- *Climate related* - The Group's failure to act on environmental issues could lead to reputational damage, deterioration in customer and community relationships, or limit investment opportunities. Climate-related risks extend to the global supply chain and business disruption from extreme weather events. Failure to comply with regulations could result in financial exposure. The Group has also identified a new Climate-related risk matrix which consolidates the results of the top 10 identified risks from the RCP4.5 and RCP8.5 scenarios outlined in the climate risk assessment report and are in line with TCFD recommendations.

- *Tax and regulatory risks* – Exposure to non-compliance with the REIT regime and changes in tax legislation or the interpretation of tax legislation or previous transactions could result in tax related liabilities and other losses arising. Exposure to changes in existing or forthcoming property related or corporate regulation could result in financial penalties or loss of business or credibility.

- *People* - The Group's business is partially dependent on the skills of a small number of key individuals. Loss of key individuals or an inability to attract new employees with the appropriate expertise could reduce the effectiveness with which the Group conducts its business.

- *Development risk* – There is a risk that where capital expenditure and development projects are undertaken, that delays and other issues may lead to increased cost and reputational damage. There is also the risk that planned realisation of value is not achieved, for example if the property cannot subsequently be sold for the anticipated amount or if tenants are not contracted on sufficiently attractive terms. Competing schemes may reduce footfall and reduce tenant demand for space and the levels of rents which can be achieved

- *Business disruption from a major incident* – The threat of a major incident, including the COVID-19 pandemic, impacting one or more of the Group's assets. There is a risk of financial losses if unable to trade or impacts upon shopper footfall and reputational and financial damage if business has or is perceived to have acted negligently

- *Responsible business risk* - Failure to act on environmental and social issues could lead to reputational damage, deterioration in relationships with customers and communities and limit investment opportunities. Failure to comply with regulations could result in financial exposure. Health and safety incidents could result in reputational damage, financial liability for the Group and potentially criminal liability for the directors.

- *Customers and changing consumer trends* – Changes in consumer shopping habits towards online purchasing and delivery and the increase of CVAs by retailers and other retailer restructurings may adversely impact footfall in shopping centres and potentially reduce tenant demand for space and the levels of rents which can be achieved.

- *IT and Cyber Security* – The risk of IT failures or malicious attacks causing reputational or financial damage to the business through loss of business time and opportunities or potential fines or regulatory penalties.

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

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

Responsibility statement

The directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Lawrence Hutchings
Chief Executive
10 August 2022

Stuart Wetherly
Group Finance Director
10 August 2022

INDEPENDENT REVIEW REPORT TO CAPITAL & REGIONAL PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement, and related notes 1 to 17.

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 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Conclusion Relating to Going Concern

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

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

Responsibilities of the directors

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

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

Auditor's Responsibilities for the review of the financial information

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

Use of our report

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

Deloitte LLP
Statutory Auditor
London, United Kingdom
10 August 2022

Condensed consolidated income statement

For the six months to 30 June 2022

	Note	**Unaudited Six months to 30 June 2022**	Unaudited Six months to 30 June 2021 Restated[1]	Audited Year to 30 December 2021 Restated[1]
		£m	£m	£m
Continuing operations				
Revenue	3b, 4	**28.4**	27.4	56.2
Other income		**-**	2.5	2.5
Expected credit loss		**0.8**	(2.6)	(4.1)
Cost of sales		**(14.8)**	(14.1)	(27.9)
Gross profit		**14.4**	13.2	26.7
Administrative costs		**(4.7)**	(5.3)	(12.7)
Profit/(loss) on revaluation of investment properties	3a, 7a	**1.2**	(31.8)	(36.6)
Other gains and losses	3a	**11.7**	(1.3)	14.0
Profit/(loss) on ordinary activities before financing		**22.6**	(25.2)	(8.6)
Finance income		**1.3**	2.1	4.6
Finance costs		**(5.0)**	(6.4)	(12.9)
Profit/(loss) before tax		**18.9**	(29.5)	(16.9)
Tax credit/(charge)	5	**1.1**	(3.4)	(3.1)
Profit/(loss) for the period from continuing operations		**20.0**	(32.9)	(20.0)
Profit/(loss) for the period from period from discontinued operations (Luton)	16	**6.8**	(8.4)	(6.4)
Profit/(loss) for the period		**26.8**	(41.3)	(26.4)
Continuing operations				
Basic earnings per share		**12.1p**	(29.4)p	(16.7)p
Diluted earnings per share		**11.9p**	(29.4)p	(16.7)p
Continuing and discontinued operations				
Basic earnings per share	6	**16.2p**	(36.9)p	(22.0)p
Diluted earnings per share	6	**16.0p**	(36.9)p	(22.0)p
EPRA earnings per share				
EPRA basic earnings per share	6	**3.7p**	(0.1)p	2.9p
EPRA diluted earnings per share	6	**3.6p**	(0.1)p	2.9p

[1]June 2021 and December 2021 comparative figures have been restated to present discontinued operations separately.

Condensed consolidated statement of comprehensive income

For the six months to 30 June 2022

	Unaudited six months to 30 June 2022	Unaudited six months to 30 June 2021 Restated[1]	Audited Year to 30 December 2021 Restated[1]
	£m	£m	£m
Profit/(loss) for the period	**26.8**	(41.3)	(26.4)
Other comprehensive income	**-**	-	-
Total comprehensive income/(expense) for the period	**26.8**	(41.3)	(26.4)

[1]June 2021 and December 2021 comparative figures have been restated to present discontinued operations separately.

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

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

Condensed consolidated balance sheet

At 30 June 2022

	Note	Unaudited 30 June 2022 £m	Audited 30 December 2021 £m
Non-current assets			
Investment properties	7	**353.9**	374.8
Plant and equipment		**1.9**	1.7
Right of use assets	8	**22.7**	24.5
Fixed asset investments		**0.1**	0.1
Derivatives		**1.1**	-
Receivables	9	**9.2**	10.0
Total non-current assets		**388.9**	411.1
Current assets			
Receivables	9	**20.3**	20.0
Cash and cash equivalents	10	**39.9**	58.5
Assets classified as held for sale	16	**40.0**	146.4
Total current assets		**100.2**	224.9
Total assets		**489.1**	636.0
Current liabilities			
Trade and other payables		**(29.4)**	(29.3)
Current tax	5	**(0.3)**	(1.1)
Lease liabilities		**(3.1)**	(2.8)
Liabilities directly associated with assets classified as held for sale	16	**(1.4)**	(165.8)
Total current liabilities		**(34.2)**	(199.0)
Net current assets		**66.0**	25.9
Non-current liabilities			
Bank loans	11	**(231.0)**	(238.2)
Other payables		**(0.8)**	(0.3)
Obligations under finance leases		**(27.8)**	(30.1)
Total non-current liabilities		**(259.6)**	(268.6)
Total liabilities		**(293.8)**	(467.6)
Net assets		**195.3**	168.4
Equity			
Share capital		**16.5**	16.5
Share premium		**-**	266.1
Merger reserve		**60.3**	60.3
Capital redemption reserve		**-**	4.4
Own shares held		**-**	-
Retained earnings/(deficit)		**118.5**	(178.9)
Equity shareholders' funds		**195.3**	168.4
Basic net assets per share		**118.1p**	101.8p
EPRA net reinstatement value per share	13	**115.7p**	101.6p
EPRA net tangible assets per share	13	**115.7p**	101.6p
EPRA net disposal value per share	13	**122.0p**	101.0p

Condensed consolidated statement of changes in equity

For the six months to 30 June 2022

	Share Capital	Share Premium[1]	Merger reserve[2]	Capital redemption Reserve	Own shares held[3]	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 30 December 2020 (Audited)	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(153.1)**	**167.1**
Loss for the period	-	-	-	-	-	(41.3)	(41.3)
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(41.3)	(41.3)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.2	0.2
Balance at 30 June 2021 (unaudited)	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(193.5)**	**126.7**
Loss for the period	-	-	-	-	-	14.9	14.9
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	14.9	14.9
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.4	0.4
Shares issued, net of costs	5.3	21.8	-	-	-	-	27.1
Balance at 30 December 2021 (unaudited)	**16.5**	**266.1**	**60.3**	**4.4**	**-**	**(178.9)**	**168.4**
Profit for the period	-	-	-	-	-	**26.8**	**26.8**
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	**26.8**	**26.8**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	**0.1**	**0.1**
Capital reduction[4]	-	(266.1)	-	(4.4)	-	**270.5**	**-**
Balance at 30 June 2022 (unaudited)	**16.5**	**-**	**60.3**	**-**	**-**	**118.5**	**195.3**

Notes:

1 These reserves are not distributable.

2 The merger reserve of £60.3 million arose on the Group's capital raising in 2009 which was structured so as to allow the Company to claim merger relief under section 612 of the Companies Act 2006 on the issue of ordinary shares. The merger reserve is available for distribution to shareholders.

3 Own shares relate to shares purchased out of distributable profits and therefore reduce reserves available for distribution.

4 In June 2022 a capital reduction was completed transferring the remaining reserves from share premium and the capital redemption reserve to retained earnings.

Condensed consolidated cash flow statement

For the six months to 30 June 2022

	Note	**Unaudited Six months to 30 June 2022 £m**	Unaudited Six months to 30 June 2021 £m	Audited Year to 30 December 2021 £m
Operating activities				
Net cash from operations	12	**12.4**	6.7	25.1
Distributions received from fixed asset investments		**-**	0.2	0.7
Interest paid		**(5.1)**	(7.5)	(14.4)
Interest received		**-**	0.1	-
Income tax paid		**-**	-	(2.5)
Cash flows from operating activities		**7.3**	(0.5)	8.9)
Investing activities				
Disposals		**-**	4.2	11.3
Transfer from held for sale (Hemel)		**2.0**	-	-
Purchase of plant and equipment		**(0.5)**	(0.2)	(0.4)
Capital expenditure on investment properties		**(8.3)**	(4.3)	(8.3)
Cash flows from investing activities		**(6.8)**	(0.3)	2.6
Financing activities				
Bank loans drawn down		**-**	**-**	35.0
Bank loans repaid		**(18.9)**	**(3.9)**	(84.9)
Derivatives settled		**-**	**-**	(0.2)
Loan arrangement costs		**-**	**-**	(0.7)
Issue of ordinary shares		**-**	**-**	27.1
Fixed payment under head leases		**(0.2)**	**(0.7)**	(1.4)
Cash flows from financing activities		**(19.1)**	**(4.6)**	(25.1)
Net decrease in cash and cash equivalents		**(18.6)**	(5.4)	(13.6)
Cash and cash equivalents at the beginning of the period		**58.5**	84.1	84.1
Cash and cash equivalents at the end of the period		**39.9**	78.7	70.5
Assets classified as held for sale		**-**	-	(12.0)
Cash and cash equivalents excluding assets classified as held for sale	10	**39.9**	78.7	58.5

Notes to the condensed financial statements

For the six months to 30 June 2022

1 General information

The comparative information included for the year ended 30 December 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

2 Accounting policies

Basis of preparation

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

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

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

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

The Half-Year Report was approved by the Board on 10 August 2022.

Going concern

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

At 30 June 2022 the Group had total cash at bank on balance sheet of £39.9 million. Of the £39.9 million there was £17.2 million was held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations for at least the period of the next 18 months that is considered for going concern purposes.

As part of the restructure of The Mall debt facility that completed in November 2021, the lender provided covenant waivers that run until November 2023 and modifications to cash trap provisions that run until May 2023. On the Ilford facility, as noted, the Group has covenant waivers that run until January 2023 and improved covenant terms that extend beyond the end of 2024. The Mall loan facility matures in January 2027 with a one year conditional extension option. The Ilford loan matures in March 2024 with an 18 month conditional extension option.

On Hemel Hempstead the Group drew down on a new £4 million loan facility shortly after the half year end. The Group's forecasts demonstrate a reasonable level of covenant headroom on the Loan to Value and Projected Interest Cover Ratio tests that are relevant to the new agreement.

All of the Group's asset backed loan facilities are ring-fenced within their own SPV structures with no recourse to Capital & Regional plc and no cross-default provisions. The Group is working with the lenders on its Luton loan facility on a disposal of the investment. While this is likely to realise less than the value of the net debt outstanding, due to the ring-fenced SPV structure, the net liability of Capital & Regional plc is effectively capped at nil.

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection by 5%, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a downturn in expected trading, such as might be caused by a further wave of Government restrictions, could impact cashflows. The Group has considered sensitivities in respect of asset valuations although these are less impactful at present given the existence of a waiver of the default covenant on the Group's largest Mall facility that extends for the whole of the Going Concern period considered. The Group's analysis projects that the central cash maintained provides sufficient funds to cover the potential operational disruption.

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

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

2 Accounting policies (continued)

Key judgements and sources of estimation uncertainty
The preparation of financial statements requires the Directors to make estimates that may affect the reported amounts of assets and liabilities, income and expenses. The key sources of estimation uncertainty are as reported in the annual audited financial statements for the year ended 30 December 2021. With the exception of those below, there are no key judgements impacting the financial statements.

Property valuation
The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

The investment property valuation contains a number of assumptions upon which the valuation of the Group's properties as at 30 June 2022 was based. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, the condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards UK 2014 (revised April 2015).

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

Increase in credit risk
When measuring expected credit loss the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Due to the impact of Covid 19 on collection rates, there has been a significant increase in our assessed credit risk. Probability of default constitutes a key input in measuring expected credit losses (ECL). Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Change in accounting policies
The condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in the notes to the Group's annual financial statements for the year ended 30 December 2021. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 Operating segments

3a Operating segment performance

Following the reclassification of Hemel Hempstead and Luton as 'Held for Sale' as at 30 December 2021 the segment of Shopping Centres – Managed Assets that included those assets in the prior year is no longer relevant. As a consequence the Group's operating segments are now Shopping Centres, Snozone and Group/Central. Shopping Centres includes the results of the Group's centres at Ilford and Hemel Hempstead (from 11 April 2022 being the date an agreement to buy back its loan was reached) and those centres within The Mall loan facility, namely Blackburn (until it was reclassified as 'Held for Sale' on 23 May 2022), Maidstone, Walthamstow and Wood Green. The Group deconsolidated its interest in Luton on 20 May 2022 reflecting changes that took place on that date to constitution of the Luton entities including the appointment of an independent director with specific rights regarding the proposed sale process for the asset.

Group/Central includes management fee income, Group overheads incurred by Capital & Regional plc, Capital & Regional Property Management and other subsidiaries and any interest paid or received centrally.

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

		Shopping Centres - Investment Assets	Shopping Centres – Managed Assets (discontinued operations)	Snozone	Group/ Central	**Total**
Six months to 30 June 2022 (Unaudited)	Note	£m	£m	£m	£m	**£m**
Rental income from external sources	3b	17.4	-	-	-	**17.4**
Property and void costs[1]		(5.2)	-	-	-	**(5.2)**
Net rental income		**12.2**	-	**-**	**-**	**12.2**
Net interest expense		(4.7)	-	-	-	**(4.7)**
Snozone income/Management fees[2]	3b	-	-	6.4	1.7	**8.1**
Snozone/Management expenses		-	-	(5.6)	(3.4)	**(9.0)**
Depreciation		-	-	-	(0.1)	**(0.1)**
Variable overhead		-	-	-	(0.7)	**(0.7)**
Adjusted Profit/(loss)		**7.5**	**-**	**0.8**	**(2.5)**	**5.8**
Revaluation of properties		1.2	-	-	-	**1.2**
Loss on disposal		(0.4)	-	-	-	**(0.4)**
Snozone depreciation and amortisation		-	-	(1.1)	-	**(1.1)**
Notional interest (net of rent expense within EBITDA)		-	-	0.4	-	**0.4**
Gain on financial instruments		1.0	-	-	-	**1.0**
Long-term incentives		-	-	-	(0.1)	**(0.1)**
Tax credit		-	-	-	1.1	**1.1**
Other items (including write back of Luton liabilities)[3]		-	6.8	-	(0.2)	**6.6**
Gain on debt purchase (Hemel Hempstead)[3]		12.3	-	-	-	**12.3**
Profit/(loss)		21.6	6.8	0.1	(1.7)	**26.8**
Total assets	3b	437.4	-	27.1	24.6	**489.1**
Total liabilities	3b	(258.5)	-	(28.5)	(6.8)	**(293.8)**
Net assets/(liabilities)		178.9	-	(1.4)	17.8	**195.3**

[1]Includes expected credit loss.

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

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

3 Operating segments (continued)

3a Operating segment performance

Six months to 30 June 2021 (Unaudited)	Note	Shopping Centres - Investment Assets £m	Shopping Centres – Managed Assets[6] £m	Snozone (Restated)[5] £m	Group/ Central £m	**Total £m**
Rental income from external sources	3b	16.9	7.4	-	-	**24.3**
Property and void costs[1]		(7.0)	(3.9)	-	-	**(10.9)**
Net rental income		**9.9**	**3.5**	**-**	**-**	**13.4**
Net interest expense		(5.5)	(3.1)		0.3	**(8.3)**
Snozone income/Management fees[2]	3b	-	-	2.4	1.2	**3.6**
Other income[4]		-	-	2.5	-	**2.5**
Management expenses		-	-	(4.1)	(3.3)	**(7.4)**
Depreciation		-	-	-	(0.3)	**(0.3)**
Current year tax		-	-	-	-	**-**
Variable overhead (excluding non-cash items)		-	-	-	(0.4)	**(0.4)**
Adjusted Profit/(loss)		**4.4**	**0.4**	**0.8**	**(2.5)**	**3.1**
Revaluation of properties		(27.6)	(14.8)	-	-	**(42.4)**
Loss on disposal		-	(1.2)	-	-	**(1.2)**
Snozone depreciation and amortisation		-	-	(1.2)	-	**(1.2)**
Notional interest (net of rent expense within EBITDA)		-	-	0.4	-	**0.4**
Profit on financial instruments		2.0	1.5	-	-	**3.5**
Share-based payments		-	-	-	(0.2)	**(0.2)**
Prior period tax[3]		-	-	1.3	(3.6)	**(2.3)**
Other items		-	-	-	(1.0)	**(1.0)**
(Loss)/profit		(21.2)	(14.1)	1.3	(7.3)	**(41.3)**
Total assets	3b	416.9	132.2	29.7	66.2	**645.0**
Total liabilities	3b	(328.7)	(150.3)	(29.7)	(9.6)	**(518.3)**
Net assets/(liabilities)		88.2	(18.1)	-	56.6	**126.7**

[1]Includes expected credit loss.

[2] Asset management fees of £1.3 million charged from the Group's Capital & Regional Property Management entity to the Shopping Centres – Investment Assets segment and £0.5 million to Shopping Centres – Managed Assets have been excluded from the table above.

[3] £1.3 million in Snozone relates to a £1.4 million reclaim of VAT less £0.1 million fees.

[4] Other income includes £2.5 million insurance proceeds

[5]This has been restated to present Snozone depreciation and amortisation and notional interest to ensure classification of Snozone EBITDA performance measure is consistent with December 2021 and June 2021

[6]Shopping Centres – Managed Assets includes £(8.4) million from discontinued operations

3 Operating segments (continued)

3a Operating segments

Year to 30 December 2021	Note	Shopping Centres – Investment Assets £m	Shopping Centres – Managed Assets[5] £m	Snozone £m	Group/ Central £m	**Total £m**
Rental income from external sources	3b	35.5	14.2	-	-	**49.7**
Property and void costs[1]		(14.0)	(6.7)	-	-	**(20.7)**
Net rental income		21.5	7.5	-	-	**29.0**
Net interest expense		(10.8)	(5.4)	-	(0.2)	**(16.4)**
Snozone income/Management fees[2]	3b	-	-	6.8	2.4	**9.2**
Other income[4]		-	-	2.5		**2.5**
Management expenses		-	-	(8.5)	(6.5)	**(15.0)**
Depreciation		-	-	-	(0.3)	**(0.3)**
Variable overhead		-	-	-	(0.9)	**(0.9)**
Adjusted Profit/(loss)		10.7	2.1	0.8	(5.5)	**8.1**
Revaluation of properties		(29.2)	(20.0)	-	-	**(49.2)**
Loss on disposal		(1.4)	(1.1)	-	-	**(2.5)**
Snozone depreciation and amortisation		-	-	(2.5)	-	**(2.5)**
Notional interest (net of rent expense within EBITDA)		-	-	0.5	-	**0.5**
Gain on financial instruments		2.7	3.2	-	-	**5.9**
Long-term incentives		-	-	-	(0.9)	**(0.9)**
Tax charge		-	-	0.2	-	**0.2**
Prior period tax[3]		-	-	1.4	(3.3)	**(1.9)**
Other items		-	-	(0.7)	(1.8)	**(2.5)**
Gain on debt repurchase		-	-	-	18.4	**18.4**
Loss		(17.2)	(15.8)	(0.3)	6.9	**(26.4)**
Total assets	3b	425.6	146.4	29.0	35.0	636.0
Total liabilities	3b	(267.9)	(165.8)	(31.2)	(2.7)	(467.6)
Net assets/(liabilities)		157.7	(19.4)	(2.2)	32.3	168.4

[1] Includes expected credit loss.
[2] Asset management fees of £3.6 million charged from the Group's Capital & Regional Property Management entity to wholly owned assets have been excluded from the table above.
[3] £1.4 million in Snozone relates to a £1.4 million reclaim of VAT
[4] Other income includes £2.5 million insurance proceeds
[5]Shopping Centres – Managed Assets includes £(6.4) million from discontinued operations

3b Reconciliations of reportable revenue, assets and liabilities

Revenue	Note	**Unaudited Six months to 30 June 2022 £m**	Unaudited Six months 30 June 2021 Restated[1] £m	Audited Year to 30 December 2021 Restated[1] £m
Rental income from external sources including associates	3a	**17.4**	19.0	38.6
Other revenue		**-**	2.5	2.5
Service charge income		**3.5**	5.4	9.6
Management fees	3a	**1.7**	1.2	2.4
Snozone income	3a	**6.4**	2.3	6.8
Revenue for reportable segments		**29.0**	30.4	59.9
Elimination of inter-segment revenue		**(0.6)**	(0.5)	(1.2)
Revenue and other income per consolidated income statement		**28.4**	29.9	58.7

Revenue by country			
UK	26.7	28.4	56.6
Spain	1.7	1.5	2.1
Revenue and other income per consolidated income statement	28.4	29.9	58.7

[1]June 2021 and December 2021 comparative figures have been restated to present discontinued operations separately.

3 Operating segments (continued)

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

Assets	**Unaudited Six months 30 June 2022 £m**	Unaudited Six months to 30 June 2021 £m	Audited Year to 30 December 2021 £m
Wholly-owned assets	**397.4**	549.1	425.6
Snozone	**27.1**	29.7	29.0
Group/Central	24.6	66.2	35.0
Assets classified as held for sale	40.0	-	146.4
Total assets of reportable segments and Group assets	489.1	645.0	636.0
Liabilities			
Wholly-owned assets	(257.1)	(479.0)	(267.9)
Snozone	(28.5)	(29.7)	(31.2)
Group/Central	(6.8)	(9.6)	(2.7)
Liabilities directly associated with assets classified as held for sale	(1.4)	-	(165.8)
Total liabilities of reportable segments and Group liabilities	(293.8)	(518.3)	(467.6)
Net assets by country			
UK	194.2	126.4	167.8
Spain	1.0	(0.3)	0.6
Germany	0.1	0.6	-
Group net assets	195.3	126.7	168.4

4 Revenue

Statutory	Note	**Unaudited Six months to 30 June 2022 £m**	Unaudited Six months to 30 June Restated[1] 2021 £m	Audited Year to 30 December Restated[1] 2021 £m
Gross rental income		**13.8**	16.1	31.9
Car park and other ancillary income		**3.6**	3.1	7.1
Rental income from external sources		**17.4**	19.2	39.0
Service charge income		**3.5**	5.4	9.6
External management fees		**1.1**	0.5	0.8
Snozone income		**6.4**	2.3	6.8
Other income		**-**	2.5	2.5
Revenue and other income per consolidated income statement		**28.4**	29.9	58.7

[1]June 2021 and December 2021 comparative figures have been restated to present discontinued operations separately.

Management fees represent revenue earned by Capital & Regional Plc and the Group's wholly-owned Capital & Regional Property Management subsidiary. Fees charged to wholly-owned assets have been eliminated on consolidation.

5 Tax

Tax credit/(charge)	**Unaudited Six months to 30 June 2022 £m**	Unaudited Six months to 30 June 2021 £m	Audited Year to 30 December 2021 £m
UK corporation tax	**0.8**	**-**	(1.0)
Adjustments in respect of prior years	**-**	(3.7)	(2.6)
Total current tax credit/(charge)	**0.8**	(3.7)	(3.6)
Deferred tax	**0.3**	0.3	0.5
Total tax credit/(charge)	**1.1**	(3.4)	(3.1)

5. Tax (continued)

Tax credit/(charge) reconciliation	**Unaudited Six months to 30 June 2022 £m**	Unaudited Six months to 30 June 2021 Restated[1] £m	Audited Year to 30 December 2021 Restated[1] £m
Profit/(loss) before tax on continuing operations	**18.9**	(29.5)	**(16.9)**
(Profit)/loss multiplied by the UK corporation tax rate of 19% (30 June 2021 and 30 December 2021: 19%)	**(3.6)**	5.6	**3.2**
REIT exempt income and gains	**3.4**	(5.4)	**(2.4)**
Non-allowable expenses and non-taxable items	**0.1**	(0.2)	**(0.1)**
Excess tax losses	**0.2**	0.2	**(0.3)**
Other adjustments	**-**	-	**(1.0)**
Current tax prior year adjustment	**0.8**	(3.7)	**(2.7)**
Effect of rate change on deferred tax	**0.2**	0.1	**0.2**
Total tax credit/(charge) – continuing operations	**1.1**	(3.4)	**(3.1)**

[1]June 2021 and December 2021 comparative figures have been restated to present discontinued operations separately.

The Finance Act 2020 enacted provisions maintaining the main rate of UK corporation tax at 19% for the years starting 1 April 2020 and 1 April 2021. On 10 June 2021 Finance Act 2021 received Royal Assent and enacted provisions maintaining the main corporation tax rate at 19% for the year commencing 1 April 2022 and increasing the rate to 25% for the year commencing 1 April 2023.

Consequently the UK corporation tax rate at which deferred tax is booked in the Financial Statements is 25% (June 2021: 19%).

The Group has recognised a deferred tax asset of £1.1 million (30 December 2021: £0.7m). The group has recognised deferred tax assets for the non-REIT profit entities in respect of head lease payments and capital allowances to the extent that future matching taxable profits are expected to arise.

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

The Group has £23.3 million (30 December 2021: £24.1 million) of unused revenue tax losses, all of which are in the UK. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profit streams and other reasons which may restrict the utilisation of the losses (30 December 2021: £nil). The Group has unused capital losses of £24.9 million (30 December 2021: £24.9 million) that are available for offset against future gains but similarly no deferred tax has been recognised in respect of these losses owing to the unpredictability of future capital gains and other reasons which may restrict the utilisation of the losses. The losses do not have an expiry date.

A UK REIT is expected to pay dividends (PIDs) of at least 90 per cent of its taxable profits from its UK property rental business by the first anniversary of each accounting date. The Directors intend that the Group should continue as a group REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the property rental business. The Group has declared an interim dividend that will be paid in the second half of the year. If, once the Group's minimum distribution requirement for 2021 is finalised, the dividend paid in 2022 is not sufficient to meet this requirement the Group will plan to agree an extension with HMRC. However in the absence of certainty over this a provision for tax in the sum of £0.2 million has been maintained as an estimate of the maximum level of potential shortfall.

6 Earnings per share

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

	Note	**Six months to 30 June 2022 (unaudited)**			Six months to 30 June 2021 (unaudited)			Year to 30 December 2021 (audited)		
		Profit	**EPRA**	**Adjusted Profit**	Loss restated	EPRA restated	Adjusted Profit Restated[1]	Loss	EPRA	Adjusted Profit
Profit/(Loss) (£m)										
Profit/(loss) for the year		**26.8**	**26.8**	**26.8**	(41.3)	(41.3)	(41.3)	(26.4)	(26.4)	(26.4)
Revaluation (gain)/loss on investment properties (net of tax)	3a	**-**	**(1.2)**	**(1.2)**	-	42.4	42.4	-	49.2	49.2
Loss on disposal (net of tax)	3a	**-**	**0.4**	**0.4**	-	1.2	1.2	-	2.5	2.5
Changes in fair value of financial instruments	3a	**-**	**(1.0)**	**(1.0)**	-	(3.5)	(3.5)	-	(5.9)	(5.9)
Share-based payments	3a	**-**	**-**	**0.1**	-	-	0.2	-	-	0.9
Tax charge (credit)/charge		**-**	**-**	**(1.1)**	-	-	2.3	-	-	-
Adjustments to Snozone EBITDA		**-**	**-**	**0.7**	-	-	0.8	-	-	2.0
Negative goodwill		**-**	**-**	**-**	-	(0.3)	(0.3)	-	-	-
Other items[2]		**-**	**(18.9)**	**(18.9)**	-	1.3	1.3	-	(15.9)	(14.2)
Profit/(Loss)		**26.8**	**6.1**	**5.8**	(41.3)	(0.2)	3.1	(26.4)	3.5	8.1
Earnings per share		**16.2**	**3.7p**	**3.5p**	(36.9)p	(0.1)p	2.8p	(22.0)p	2.9p	6.8p
Diluted earnings per share		**16.0**	**3.6p**	**3.5p**	(36.9)p	(0.1)p	2.8p	(22.0)p	2.9p	6.7p

[1] Restated to separate Snozone notional interest and depreciation from other items.

[2] Other Items in 2021 includes the £18.4 million gain on repurchase of debt at a discount and other non-operating transactional costs.

£6.8 million (30 June 2021: £(8.4) million and 30 Dec 2021: £(6.4) million) of the current earnings related to discontinued operations.

Weighted average number of shares (m)	**Six months to 30 June 2022 (Unaudited)**	Six months to 30 June 2021 (Unaudited)	Year to 30 December 2021 (Audited)
Ordinary shares in issue	**165.4**	111.8	119.9
Own shares held	**-**	-	-
Basic	**165.4**	111.8	119.9
Dilutive contingently issuable shares and share options	**2.4**	0.3	0.3
Diluted	**167.8**	112.1	120.2

At the end of the period, the Group had nil (30 December 2021: nil) additional share options and contingently issuable shares granted under share-based payment schemes that could potentially dilute basic earnings per share in the future but which have not been included in the calculation because they are not dilutive or the performance conditions for vesting were not met based on the position at 30 June 2022.

Headline earnings per share

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

	Six months to 30 June 2022 (Unaudited)		Six months to 30 June 2021 (Unaudited)		Year to 30 December 2021 (Audited)	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Profit/(Loss) (£m)						
Loss for the period	**26.8**	**26.8**	(41.3)	(41.3)	(26.4)	(26.4)
Revaluation of investment properties (net of tax)	**(1.2)**	**(1.2)**	42.4	42.4	49.2	49.2
Loss/(profit) on disposal of investment properties (net of tax)	**0.4**	**0.4**	1.2	1.2	2.5	2.5
Other items[1]	**(18.9)**	**(18.9)**	1.3	1.3	(15.9)	(15.9)
Headline earnings	**7.1**	**7.1**	3.6	3.6	9.4	9.4
Weighted average number of shares (m)						
Ordinary shares in issue	**165.4**	**165.4**	111.8	111.8	119.9	119.9
Own shares held	**-**	**-**	-	-	-	-
Dilutive contingently issuable shares and share options	**-**	**2.4**	-	0.3	-	0.3
	165.4	**167.8**	**111.8**	**112.1**	119.9	120.2
Headline Earnings per share	**4.3p**	**4.2p**	**3.2p**	**3.2p**	7.8p	7.8p

[1] Other Items in 2021 includes the £18.4 million gain on repurchase of debt at a discount and other non-operating transactional costs.

7 Investment properties

7a Wholly-owned properties

	Freehold investment properties	Leasehold investment properties	**Total property assets**
	£m	£m	**£m**
Cost or valuation			
At 30 December 2021 (Audited)	225.7	149.1	**374.8**
Capital expenditure	1.0	3.2	**4.2**
Valuation gain/(deficit)	5.9	(4.6)	**1.3**
Disposal[1]	-	(36.0)	**(36.0)**
Remeasurement of head lease	-	(0.6)	**(0.6)**
Transfer from held for sale[1]	10.2	-	**10.2**
At 30 June 2022 (Unaudited)	**242.8**	**111.1**	**353.9**

[1]This represents the net book value including tenant incentives

On 18 May 2022 the Group completed the acquisition of its debt in respect of the Marlowes shopping centre in Hemel Hempstead as a consequence the Freehold property was transferred back from held for sale. On 23 May 2022 the Group exchanged on the sale of its Mall shopping centre in Blackburn and as such the Leasehold property was transferred to held for sale at that date.

The head lease at The Mall Walthamstow has been remeasured as a result of an extension of the lease term effective 23 June 2022.

As part of the agreement to run a consensual sale process changes to the constitution of the Luton entities were made including the appointment of an independent director with specific rights regarding the sale process. These changes took effect from 23 May 2022 and the effective loss of control that they triggered have resulted in the Group deconsolidating its interest in Luton from that date.

7b Property assets summary

	Unaudited 30 June 2022 £m	Audited 30 December 2021 £m
Wholly-owned investment properties at fair value	**358.5**	380.1
Head leases treated as finance leases on investment properties	**5.4**	6.0
Unamortised tenant incentives on investment properties	**(10.0)**	(11.3)
IFRS Property Value	**353.9**	374.8

7c Valuations

External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 June 2022 were carried out by independent qualified professional valuers from CBRE Limited and Knight Frank LLP in accordance with RICS standards. These valuers are not connected with the Group and their fees are charged on a fixed basis that is not dependent on the outcome of the valuations.

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

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

	Impact on valuations of 5% change in estimated rental value		Impact on valuations of 25bps change in equivalent yield		Impact on valuations of 50bps change in equivalent yield	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m	£m	£m
	14.2	(13.7)	(11.8)	13.2	(23.1)	27.3

	Impact on valuations of 100bps change in equivalent yield	
	Increase	Decrease
	£m	£m
	(43.6)	58.9

8 Leases

Right of use Assets	Buildings £m
Cost	
At 30 December 2021 (Audited)	28.9
Additions	-
Remeasurement	(0.9)
At 30 June 2022 (Unaudited)	**28.0**
Accumulated depreciation	
At 30 December 2021 (Audited)	(4.4)
Charge for the year	(0.9)
At 30 June 2022 (Unaudited)	**(5.3)**
Carrying value	
At 30 June 2021 (Unaudited)	**22.7**
At 30 December 2021 (Audited)	24.5

Lease commitments relate to the leasing of the Group's registered office and the leases of the Snozone business on its Basingstoke, Castleford, Madrid and Milton Keynes sites.

9 Receivables

	Unaudited 30 June 2022	Audited 30 December 2021
	£m	£m
Amounts falling due after one year:		
Financial assets		
Deferred tax	**1.1**	0.7
	1.1	0.7
Non-financial assets		
Derivatives	**1.1**	-
Unamortised tenant incentives	**2.4**	2.1
Unamortised rent free periods	**5.7**	7.2
	10.3	10.0
Amounts falling due within one year:		
Financial assets		
Trade receivables (net of allowances)	**7.6**	8.9
Other receivables	**4.6**	4.2
Accrued income	**1.9**	0.9
Non-derivative financial assets	**14.1**	14.0
Non-financial assets		
Prepayments	**4.3**	4.0
Unamortised tenant incentives	**0.5**	0.4
Unamortised rent free periods	**1.4**	1.6
	20.3	20.0

The creation and release of credit loss allowances have been included in cost of sales in the income statement.

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. Changes in expected credit loss allowance arise from increase in calculated expected credit loss, as well as amounts written off.

10 Cash and cash equivalents

	Unaudited 30 June 2022 £m	Audited 30 December 2021 £m
Cash at bank	**36.1**	53.7
Restricted security disposals held in rent accounts	**0.7**	0.7
Other restricted balances	**3.1**	4.1
Total cash and cash equivalents	**39.9**	58.5

Cash at bank and in hand include amounts subject to a charge against various borrowings and may therefore not be immediately available for general use by the Group. Of the cash at bank and in hand £21.5 million was held on short term deposit and immediately available free of any restrictions or conditions at the year end date (30 December 2021 - £32.5 million). The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities. All of the above amounts at 30 December 2021 were held in Sterling other than £0.5 million which was held in Euros (30 December 2021: £0.6 million).

11 Borrowings

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

Borrowings at amortised cost	Unaudited 30 June 2022 £m	Audited 30 December 2021 £m
Secured		
Fixed and swapped bank loans	**231.9**	239.0
Total borrowings before costs	**231.9**	239.0
Unamortised issue costs	**(0.9)**	(0.8)
Total borrowings after costs	**231.0**	238.2
Analysis of total borrowings after costs		
Current	**-**	-
Non-current	**231.0**	238.2
Total borrowings after costs	**231.0**	238.2

The fair value of total borrowings before costs as at 30 June 2022 was £241.3 million (30 December 2021: £240.0 million). At 30 June 2022 the Group had instructed the draw down of its new £4 million debt facility on Hemel Hempstead although the funds were not drawn down until 7 July 2022. The Group had no other undrawn committed facilities.

The movement of Secured loans in the period is summarised in the table below:

	£m
Secured bank loans at 30 December 2021	239.0
Repayment of The Mall loan facility from proceeds of Maidstone House disposal	(7.1)
Secured bank loans at 30 June 2022	231.9
Changes since 30 June 2022:	
Draw down of new debt facility on The Marlowes, Hemel Hempstead	4.0
Repayment of The Mall loan facility from proceeds of Walthamstow residential receipt	(13.9)
Instructed repayment of The Mall loan facility from proceeds of The Mall, Blackburn disposal	(39.0)
Proforma at 30 June 2022	140.0

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

Interest rate and currency profile of borrowings

	Unaudited 30 June 2022 £m	Audited 30 December 2021 £m
Borrowings – fixed and swapped rate unless stated		
Between 2% and 3%	**-**	**39.0**
Between 3% and 4%	**204.0**	**165.0**
Between 6% and 7% (variable)	**27.9**	**35.0**
	231.9	**239.0**

11 Borrowings (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. All of the assets listed were classified as Level 2, as defined in note 1 to these condensed financial statements. There were no transfers between Levels in the year.

	Unaudited 30 June 2022	Audited 30 December 2021
	£m	£m
Interest rate swaps	**1.1**	-
	1.1	-

12 Notes to the cash flow statement

	Unaudited Six months to 30 June 2022	Unaudited Six months to 30 June 2021	Audited Year to 30 December 2021
	£m	£m	£m
Profit/(loss) for the period	**26.8**	(41.3)	(26.4)
Adjusted for:			
Income tax (credit)/charge	**(1.1)**	3.4	3.1
Finance income	**(0.3)**	(3.4)	-
Finance expense	**5.0**	8.6	17.3
(Gain)/loss on financial instruments	**(1.0)**	3.5	(7.6)
Finance lease costs	**(0.2)**	(0.8)	(1.1)
(Gain)/loss on revaluation of wholly-owned properties	**(1.2)**	42.4	49.2
Depreciation of other fixed assets	**0.1**	1.7	0.5
Other gains and losses	**(18.9)**	1.3	(14.0)
Decrease/(increase) in receivables	**9.4**	(15.5)	(9.0)
(Decrease)/increase in expected credit loss	**(1.7)**	(0.8)	4.9
Increase/(decrease) in payables	**(4.6)**	7.4	7.8
Non-cash movement relating to share-based payments	**0.1**	0.2	0.4
Net cash from operations	**12.4**	6.7	25.1

13 Net assets per share

	30 June 2022 (Unaudited)			**30 Dec 2021 (Audited)**		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	**EPRA NRV £m**	**EPRA NTA £m**	**EPRA NDV £m**
IFRS Equity attributable to shareholders	**195.3**	**195.3**	**195.3**	168.4	168.4	168.4
Exclude fair value of financial instruments	(1.1)	(1.1)	-	-	-	-
Include fair value of fixed interest rate debt	-	-	9.4	-	-	(1.0)
Net asset value	**194.2**	**194.2**	**204.7**	168.4	168.4	167.4
Fully diluted number of shares	167.8	167.8	167.8	165.7	165.7	165.7
Net asset value per share (pence)	**115.7**	**115.7**	**122.0**	101.6	101.6	101.0

The number of ordinary shares issued and fully paid at 30 June 2022 was 165,399,863 (30 December 2021: 165,399,863). There have been no changes to the number of shares from 30 June 2022 to the date of this announcement.

14 Related party transactions

There have been no material changes to, or material transactions with, related parties as described in note 29 of the annual audited financial statements for the year ended 30 December 2021.

15 Dividends

	Unaudited Six months to 30 June 2022	Unaudited Six months to 30 June 2021	Audited Year to 30 December 2021
	£m	£m	£m
Amounts recognised as distributions to equity holders in the period	**-**	-	-
Proposed interim dividend of 2.5p per share for year ended 30 December 2021	**4.1**	-	-

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

16 Assets and liabilities held for sale

As at 30 December 2021, the Group concluded that Hemel Hempstead and Luton, met the criteria to be reclassified as 'Held for Sale'. This conclusion was reached as the Group, in conjunction with the respective lenders had decided to seek to dispose of whole or part of the investments as at that date.

The Marlowes, Hemel Hempstead - on 11 April 2022 the Group reached agreement with the respective lender to acquire its outstanding debt liabilities of £24 million for a discounted amount of £11.8 million. The acquisition subsequently completed on 18 May 2022. The Group has reclassified its interest in Hemel Hempstead from Held for Sale as of 11 April 2022. The transaction has resulted in an increase to Net Asset Value of approximately £12.3 million being the amount of the discount less related transaction costs.

The Mall, Luton - The Group has been working closely with the lender on Luton to explore a disposal of the majority or all of the investment or asset. This process remains ongoing and is expected to reach a conclusion around the end of September 2022. As part of the agreement to run a consensual sale process changes to the constitution of the Luton entities were made including the appointment of an independent director with specific rights regarding the sale process. Two existing directors were required to step down as part of the agreement. These changes took effect from 23 May 2022 and the effective loss of control that they triggered have resulted in the Group deconsolidating its interest in Luton from that date. This has increased the Group's Net Asset Value by £6.8 million being the net liabilities at the point of deconsolidation.

The loss for the period from Luton up to the date of deconsolidation is broken down as follows

	Unaudited Period months to 23 May 2022	Unaudited Six months to 30 June 2021	Audited Year to 30 December 2021
	£m	**£m**	**£m**
Revenue	**4.2**	**6.7**	**13.8**
Expected Credit loss	**-**	**(0.6)**	**(0.8)**
Cost of sales	**(1.4)**	**(2.9)**	**(5.5)**
Gross profit	**2.8**	**3.2**	**7.5**
Loss on revaluation of investment properties	**(2.8)**	**(10.6)**	**(12.6)**
Other gains and losses	**(0.3)**	**-**	**-**
Loss on ordinary activities before financing	**(0.3)**	**(7.4)**	**(5.1)**
Finance income	**1.7**	**1.3**	**3.1**
Finance costs	**(1.7)**	**(2.3)**	**(4.4)**
Loss before tax	**(0.3)**	**(8.4)**	**(6.4)**
Tax credit/(charge)	**-**	**-**	**-**
Loss for the period	**(0.3)**	**(8.4)**	**(6.4)**

The gain on disposal as at 23 May 2022 is £6.8 million being the write off of the liability held for sale as at 30 December 2021

During the period, Luton Limited Partnership generated £3.0 million (30 June 2021: £0.8 million; 30 December 2021: £5.4 million) of net operating cash flows, paid £0.6 million (30 June 2021: £1.9 million; 30 December 2021: £3.2 million) in respect of investing activities and paid £4.8 million (30 June 2021: £0.5 million 30 December 2021: £1.0 million) in respect of financing activities.

16 Assets and liabilities held for sale (continued)

The Mall, Blackburn - On 23 May 2022, the Group exchanged contracts for the sale of The Mall, Blackburn to the retail arm of the Adhan Group of Companies for £40 million, representing a premium to the December 2021 valuation of £38.2 million. The sale completed in August 2022. The Group's interest in The Mall, Blackburn has been reclassified as held for sale as at 23 May 2022, being the date of exchange, measured at the expected net cash proceeds after all related transaction costs of £38.6 million.

Amounts in £m	**Hemel Hempstead**	**Luton**	**Total**
Assets classified as held for sale	21.9	124.5	146.4
Liabilities classified as held for sale	(34.5)	(131.3)	(165.8)
Net liability in respect of held for sale at 30 December 2021	(12.6)	(6.8)	(19.4)

Amounts in £m	**Blackburn**	**Total**
Assets classified as held for sale	40.0	40.0
Liabilities classified as held for sale	(1.4)	(1.4)
Net asset in respect of held for sale at 30 June 2022	38.6	38.6

17 Post balance sheet events

On 7 July 2022, the Group drew down a new £4 million facility with BC Invest, a subsidiary of the Group's strategic residential partner, Far East Consortium. The new debt has been provided for an initial period of three years at a margin of 5.95%. It is secured on the Marlowes Centre on a non-recourse basis.

On 11 July 2022, the Group completed the sale of land for residential development at its 17&Central community shopping centre in Walthamstow to Long Harbour for c.£21.65 million.

In May 2022, the Group exchanged contracts for the sale of The Mall, Blackburn to the retail arm of the Adhan Group of Companies for £40 million, representing a premium to the December 2021 valuation of £38.2 million. The sale completed on 9 August 2022 delivering net cash proceeds of approximately £39 million.

Glossary of terms

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

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

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

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

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

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

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

Debt is borrowings, excluding unamortised issue costs.

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

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

EPRA net disposal value represents net asset value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REIT – Real Estate Investment Trust.

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

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

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

Temporary lettings are those lettings for one year or less.

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

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

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

Variable overhead includes discretionary bonuses and the costs of awards to Directors and employees made under the 2008 LTIP and other share schemes which are spread over the performance period.

EPRA performance measures (Not subject to review opinion)

	30 June 2022	30 June 2021	30 December 2021
EPRA earnings (£m)	**6.1**	(0.2)	3.5
EPRA earnings per share (diluted)	**3.6p**	(0.1)p	2.9p
EPRA reinstatement value (£m)	**194.2**	131.6	168.4
EPRA net reinstatement value per share	**115.7p**	117.4p	102p
EPRA net tangible assets (£m)	**194.2**	131.6	168.4
EPRA net tangible assets per share	**115.7p**	117.4p	102p
EPRA net disposal value (£m)	**204.7**	120.7	167.4
EPRA net disposal value per share	**122.0p**	107.7p	101p
EPRA LTV (£m)	**50.9%**	72.1%	64.1%

EPRA Cost ratios

	30 June 2022 £m	30 June 2021 £m	30 December 2021 £m
Cost of sales (adjusted for IFRS head lease differential)	**13.5**	19.5	38.1
Administrative costs	**4.7**	5.3	12.7
Service charge income	**(3.5)**	(7.0)	(12.7)
Management fees	**(1.1)**	(0.5)	(0.8)
Less Snozone (indoor ski operation) costs	**(6.3)**	(1.9)	(8.5)
Less inclusive lease costs recovered through rent	**(1.0)**	(0.8)	(4.0)
EPRA costs (including direct vacancy costs)	**6.3**	14.6	24.8
Direct vacancy costs	**(1.8)**	(3.5)	(3.8)
EPRA costs (excluding direct vacancy costs)	**4.5**	11.1	21.0
Gross rental income	**17.4**	24.3	49.7
Less ground rent costs	**(0.7)**	(0.8)	(1.7)
Less inclusive lease costs recovered through rent	**(1.0)**	0.8	(4.0)
Gross rental income	**15.7**	24.3	44.0
EPRA cost ratio (including direct vacancy costs)	**40.1%**	59.8%	56.4%
EPRA cost ratio (excluding vacancy costs)	**28.7%**	45.4%	47.8%

EPRA net initial yield and EPRA topped-up net initial yield	**30 June 2022 £m**	30 December 2021 £m
Investment property	**397.9**	473.1
Completed property portfolio	**397.9**	473.1
Allowance for capital costs	**(3.9)**	(10.1)
Allowance for estimated purchasers' costs	**26.9**	31.4
Grossed up completed property portfolio valuation	**420.9**	494.4
Annualised cash passing rental income	**34.9**	56.2
Property outgoings	**(5.3)**	(13.7)
Annualised net rents	**29.7**	42.5
Add: notional rent expiration of rent free periods or other lease incentives	**2.2**	0.6
Topped up annualised rent	**31.9**	43.1
EPRA net initial yield [1]	**7.0%**	8.6%
EPRA topped-up net initial yield [1]	**7.6%**	8.7%
EPRA net initial yield (investment assets only)	**6.6%**	8.1%
EPRA topped-up net initial yield (investment assets only)	**7.1%**	8.3%

[1] Includes Blackburn

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

At 30 June 2022

Physical data	
Number of properties (Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green)	5
Number of lettable units	458
Lettable space (sq feet – million)	2.0
Valuation data	
Properties at independent valuation (£m)	358.5
Adjustments for head leases and tenant incentives (£m)	(4.6)
Properties as shown in the financial statements (£m)	**353.9**
Initial yield (%)	6.9%
Equivalent yield (%)	8.0%
Reversion (%)	10.1%
Lease length (years)	
Weighted average lease length to break (years)	3.4
Weighted average lease length to expiry (years)	5.5
Passing rent (£m) of leases expiring in:	
Six months to 30 December 2022	3.6
Year to 30 December 2023	5.0
Three years to 30 December 2026	6.1
ERV (£m) of leases expiring in:	
Six months to 30 December 2022	4.6
Year to 30 December 2023	5.0
Three years to 30 December 2026	5.8
Passing rent (£m) subject to review in:	
Six months to 30 December 2022	3.3
Year to 30 December 2023	1.4
Three years to 30 December 2026	1.6
ERV (£m) of passing rent subject to review in:	
Six months to 30 December 2022	3.0
Year to 30 December 2023	1.0
Three years to 30 December 2026	1.6
Rental Data	
Contracted rent at period end (£m)	31.5
Passing rent at period end (£m)	30.8
ERV at period end (£m per annum)	33.9
Occupancy rate (%)	93.8%