2 March 2023

Capital & Regional plc

(“Capital & Regional” or “C&R” or “the Company” or “the Group”)

Full Year Results to 30 December 2022

STRONG OPERATIONAL PERFORMANCE DRIVING PROFITABILITY AND DIVIDENDS

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

Lawrence Hutchings, Chief Executive, comments:

“2022 was a good year for Capital & Regional, both operationally, as well as in terms of strengthening the Company’s balance sheet following the successful capital raise and Mall debt restructuring in November 2021. Despite the broader macro-economic headwinds throughout the year, the continued retail recovery from Covid and a robust Christmas trading season has helped us drive a strong operational performance in 2022.

“We maintained leasing momentum with an average uplift on previous rents of 34%[3], supported by our affordable average rents of c. £14 per sq ft, helping us to grow occupancy, net rental income and profit. Occupier profitability will be further supported by the recent rates revaluation which will take effect from April 2023 with average reductions in business rates to our occupiers of 30%-35% across most of our portfolio.

“The Group has delivered a significant improvement in Net LTV from 49% to 41%, despite the market wide fall in valuations in the second half of 2022. As a result, we are now able to focus on investing in our portfolio, allowing us to further reposition and remerchandise our centres at the heart of the local communities that we serve, driving footfall back towards pre-pandemic levels and creating vibrant trading places for our occupiers’ essential goods and services whilst growing our occupancy, income and profit as part of our post covid recovery.

“We are encouraged by our operational resilience and a growing appreciation of the critical role which physical stores play in successful omnichannel retailing. We believe we are well-positioned to continue to navigate the current cyclical pressures and the Board’s confidence in the Company’s future prospects is reflected in a proposed final dividend of 2.75p per share, resulting in a total dividend for 2022 of 5.25p per share. Finally, I would like to thank our teams and stakeholders for all their hard work and support during 2022.”

Continuing operational resilience

- 109 new lettings and renewals achieved during the year at a combined average premium of 34.0% to previous rent[3] and 13.7% to ERV[3] representing £5.4 million of annual rent (2021: £5.2 million). Key lettings completed include the Walthamstow food hall, extension to Wood Green diagnostics centre, and at Ilford a 25-year lease agreement with the NHS for a new community healthcare centre and the upsizing and relocation of TK Maxx.
- Occupancy has improved to 94.1% (December 2021: 92.9%).
- 53 million shopper visits in 2022 (up 27.4% on 2021) and footfall continuing recovery at c.84% of 2019 levels (88% for H2 22).
- Rent collection back in line with pre-pandemic levels, with 97.6% collected for the 2022 financial year.

- Snozone's EBITDA[1] for the year increased to £1.4 million (2021: £0.8 million, which included £2.5 million business continuity insurance receipt) with trading continuing to improve throughout the year.
- 42% fall in carbon emissions by 2022 against the 2019 baseline, driven by a 28% reduction in energy consumption.

Improved profitability supporting resumption of dividend

- 16.9% growth in Net Rental Income[1, 2] (NRI) on Investment Assets to £23.5 million (December 2021: £20.1 million[2]) driven by improved occupancy and rent collection. Statutory revenue[2] increased 10.9% to £60.6 million (December 2021: £54.6 million[2]).
- 58.5% increase in Adjusted Profit[1] to £10.3 million (December 2021: £6.5 million[1,2]), reflecting the improvement in NRI. Adjusted EPS increased to 6.2p (December 2021: 5.4p[2]) reflecting the improvement in Adjusted Profit, partially offset by the higher number of shares in issue from the £30 million capital raise which completed in November 2021.
- Significant improvement in IFRS Profit for the period to £12.1 million (December 2021: Loss of £26.4 million) primarily due to the Adjusted Profit of £10.3 million, combined with gains of £12.5 million and £6.8 million respectively from the discounted purchase of the Hemel Hempstead loan facility and deconsolidation of Luton. This was partially offset by a 3.6% like-for-like fall in the value of the portfolio which led to a £19.6 million revaluation loss.
- 6.3% growth in NAV to £179.1 million (31 December 2021: £168.4 million)
- Net Asset Value per share and EPRA NTA per share increased to 106p and 103p respectively (December 2021: 102p and 102p).
- Resumption of dividends during the year, reflecting the recovery of the business post-pandemic together with the substantial progress made in reducing debt. Following an interim dividend of 2.5p per share a final dividend of 2.75p per share is being proposed resulting in total dividends for 2022 of 5.25p per share (2021: nil).

Refocus, Restructure and Recapitalise

- Transactional activity during 2022 reduced the Group's Net Loan to Value (LTV) ratio from 49% at 30 December 2021 (and 72% at 30 June 2021) to 41% at 30 December 2022.
- Debt maturity of 4.5 years[5] with average cost of debt of 3.66%[5], 98% fixed[5].
- 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 through the buyback at a 51% discount of the asset's loan facility for £11.8 million, which also increased Group Net Asset Value by approximately £12.5 million.
- Signed package of amendments to the £39 million Ilford loan in May 2022, facilitating the investment of more than £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx.
- Proposed disposal of the Group's investment in The Mall, Luton is expected to complete imminently. The Group's investment in Luton was deconsolidated during the year 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. £21.6 million. The first phase of the development is now under way which will see the creation of 495 Build to Rent apartments in two residential towers and providing a new captive audience of shoppers for the centre.

	Year to Dec 2022	Year to Dec 2021
Revenue [2]	£60.6m	£54.6m
Net Rental Income [2]	£23.5m	£20.1m
Adjusted Profit [1, 2]	£10.3m	£6.5m
Adjusted Earnings per share [1, 2]	6.2p	5.4p
IFRS Profit/(Loss) for the period	£12.1m	£(26.4)m
Basic earnings/(loss) per share	7.3p	(22.0)p
Total dividend per share [4]	5.25p	-
Net Asset Value	£179.1m	£168.4m
Net Asset Value (NAV) per share	106p	102p
EPRA NTA per share	103p	102p
Group net debt	£130.9m	£185.3m
Net debt to property value	41%	49%

Notes

[1] Adjusted Profit, Adjusted Earnings per share, Net Rental Income, Net Debt and the Snozone EBITDA metric are as defined in the Glossary. Adjusted Profit incorporates profits from operating activities and excludes revaluation of properties and financial instruments, gains or losses on disposal, and other non-operational items. A reconciliation to the equivalent EPRA and statutory measures is provided in Note 5 to the condensed financial statements.

[2] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022 as detailed in Note 1 to the condensed financial statements. The amendment stipulates that losses which were incurred on granting rent concessions, which for the Group occurred during the Covid-19 pandemic, should be charged to the income statement in the year they are granted. 2021 revenue has also been impacted by the reclassification of Luton as a Discontinued Operation. The adjustment for the treatment of rent concessions reduced revenue and Adjusted Profit in 2021 by £1.6 million, with a corresponding reduction in the loss on revaluation of investment properties. The Adjusted Profit for 2022 is £0.3 million higher than it would have been without this adjustment to rent concessions. The reclassification of Luton as a Discontinued Operation reduced revenue in 2021 by £13.8 million.

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

[5] Weighted average, debt maturity assumes exercise of extension options.

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.

For further information:

Capital & Regional: Tel: +44 (0)20 7932 8000

Lawrence Hutchings, Chief Executive

Stuart Wetherly, Group Finance Director

FTI Consulting: Tel: +44 (0)20 3727 1000

Richard Sunderland, Maria Saud, Katie Hughes Email: Capreg@fticonsulting.com

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

At 30 December 2022, 7,565,067 of the Company's total 169,191,918 shares were held on the South African register representing 4.47% 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.

Chairman's statement

In headline terms Capital & Regional delivered a strong performance in 2022, completing a number of initiatives to strengthen its balance sheet and reduce debt, undertaking capital expenditure in line with its community strategy, and improving occupancy. This positive momentum saw the Company increase Net Rental Income from its Investment Assets by 16.9% to £23.5m, which led to a 58.5% increase in Adjusted Profit to £10.3 million. Despite the wider economic backdrop and increases in inflation and interest rates which impacted the commercial property sector, the Company delivered 6.3% growth in NAV to £179 million (31 December 2021: £168 million) and a 1.8% increase in EPRA NTA per share to 103 pence per share, despite a valuation decline in the second half of the year.

After the very obvious challenges of 2020 and 2021, the retail environment facing the Company in 2022 was more nuanced. On the positive side, we saw an end to the pandemic restrictions with all traders open for business and footfall trending back upwards towards 2019 levels. Retail failures were significantly down and rent collection levels much improved. Counteracting the good news, the UK economy faced increasing difficulties from low growth, high inflation and a sharp end to over a decade of very low interest rates accompanying a dramatic fall in consumer confidence.

Despite fears that Christmas 2022 trading would be materially affected by these factors, seasonal retail sales were robust, albeit with volumes slightly below 2019 levels. Footfall for the year in the Company's centres was 27% ahead of 2021 and reached 84% of 2019 levels.

Another notable positive trend during the year was the slowdown in the growth of online retail reflected in challenges faced by a number of online only retailers, coupled with a widespread recognition that an omnichannel offering is an optimum model for retailers.

Based on these trends, the Company enters 2023 optimistic that our business model of Community Centres, meeting the needs of customers for non-discretionary goods and services, is well placed to benefit from a steady recovery in physical retail and weather the current economic headwinds.

Recognising the importance of income to REIT investors, we were pleased to resume the payment of dividends in 2022, supported by the improvements in NRI and Adjusted Profit.

Capital & Regional continued to demonstrate an active approach to portfolio management to ensure it delivers value for its shareholders and to be good stewards of capital, notably:

- The sale of The Mall, Blackburn for a price in excess of its December 2021 valuation.
- The purchase of the outstanding debt on Hemel Hempstead at a significant discount to face value, allowing the property to be restored to the Investment Assets portfolio.
- Signing major lease commitments at Ilford with TK Maxx and the local NHS Health Board, allowing a package of amendments to be agreed on the loan on that asset.
- Completing the sale of the Walthamstow residential development site.

Assisted by these initiatives, the Company's net debt ratio improved over the year from 49% to 41% despite a modest fall in values of 3.6%.

Whilst the market had anticipated that falls in 2020 and 2021 would mark the low point in valuations, steeply falling values in other sectors in the second half of 2022 coupled with an absence of available bank debt continued to impact retail valuations, albeit to a far lesser degree than other real estate sectors. This also reflected very limited investment comparable transactions and general continuation of negative sentiment. Our view is that following the repricing there is now a very selective buying opportunity in the sector.

The underlying resilience of the leasing market was demonstrated by the Company's success in achieving lease renewals and new leases well ahead of both previous rent and ERV, with the affordability of rents being a key consideration in this. A total of 109 new lettings and renewals were signed in 2022, with an annual rent of £5.4 million and headline occupancy reaching 94% at the year end. Consistent with this rent collection improved from approximately 93% in 2021 to 97.6% in 2022.

Snozone continued to make strong progress post the pandemic with overall revenues up 35% and with Madrid in particular growing by 66% supported by leveraging the UK management platform, improved productivity and full systems integration. The EBITDA contribution improved from £0.8 million in 2021 to £1.4 million in 2022, despite inflation in utility costs.

Although this was a year of recovery, it continued to present many challenges to the Company's management and staff and I should record the Board's appreciation of their exceptional efforts in meeting these and delivering a positive year for Capital & Regional. I should also thank my Board colleagues for their unstinting support.

David Hunter, Chairman

Chief Executive's Statement

I would like to start by echoing the Chairman's comments about the positive progress made across all aspects of the Group over the course of 2022, which have led to this strong set of results underpinned by further improvements at an operating level driven by demand led growth in rental income.

In writing this statement I felt compelled to look back over 2022 with the realisation it was a year of two halves and how challenging the second half has been for both UK PLC and the global economy. It is easy to forget that we were still in varying forms of Covid restrictions in the first quarter of 2022. These had a significant impact on our operations, albeit through the restrictions in 2020 and 2021 our teams had learnt how to support our communities, with providing safe access to our essential goods and services, and each other alongside protecting our business through the varying disruptions.

During the second quarter of 2022, we witnessed a sense of optimism throughout the retail sector after two years of significant disruption and an acceleration in the long cycle structural changes driven by technology, specifically online retailing. The restrictions on physical retail forcing retailers and consumers online through a closure of all but essential stores had provided the catalyst to test the role of the physical store in the distribution of goods and services. I am pleased to say that the market is now starting to once again appreciate the critical role that the physical store plays, a vital and expanding function in what remains one of the largest sectors of the UK economy. We have seen first-hand the renewed focus on the physical store with better leasing and occupancy outcomes throughout 2022 across our portfolio of community centres.

The impact of a maturing in online migration is very significant to the future of physical retailing and accordingly to our business and community centre strategy. The return to physical retailing by consumers, communities and retailers has been faster and more comprehensive than many retailers and analysts had envisaged. We believe the future of retailing will be a seamless, omnichannel ecosystem where the store plays a vital role in selling goods and services, facilitating, and lowering the cost of last mile, forward and return logistics and in the acquisition of new customers. The continued evolution of the physical store is positive for our community centre strategy which envisaged the challenges of online disruption when it was launched in December 2017. Encouragingly our retailer tenants often tell us that our stores are some of the most profitable in their operations, particularly in an era where the operational cost of online is increasing. The recent review of rateable values will also see our retailers benefit from significant savings in business rates payable from April 2023 with the typical reduction at our centres around 30%-35%.

In locations where we are most progressed with delivering our community strategy, including Wood Green and Walthamstow in London, we are seeing the greatest benefits to our stakeholders with a recovery in footfall, and occupancy as well as encouraging leasing outcomes which are driving growth in rental income. We have also seen a good recovery from our Snozone business with an EBITDA contribution of £1.4 million (2021: £0.8 million) reflecting a more normalised trading year and significant progress in our Snozone Madrid operation that was acquired in February 2021.

These factors and the hard work of our teams supported a recovery in our operational business, together with the stability in our balance sheet that our 'Refocus, Restructure and Recapitalise' transaction provided. The culmination of these actions has enabled us to reinstate our dividend after more than two years and we are pleased to be a fully functioning Real Estate Investment Trust once again.

Following the ongoing tragic events in Ukraine, and wider global cost-of-living and inflationary pressures, we witnessed a rapid unravelling of quantitative easing by central banks in the second half of 2022. This created further uncertainty for the sector with the prospect of higher energy and food costs impacting consumer confidence and spending. To date, the UK Consumer has proven more resilient than many forecasts or indices have suggested. This was evidenced in a more resilient performance over the key Christmas trading period, relative to media and industry predictions. Nonetheless, we remain vigilant and cautious of the impact of inflationary pressures as we look to accelerate the roll out of our community strategy through active repositioning of our centres via the deployment of our capex programme. Replacing discretionary retail with essential community centre retailers such as supermarkets and NHS medical centres remains a key income and value driver for the Company.

Our operational focus in the short to medium term is clear, to recover income and value lost over the past two years through increasing occupancy, converting temporary let shops to permanent, delivering the additional income from our capex programme and streamlining our cost base.

We are not immune from the impacts of high inflation or higher interest rates on property valuations. However, following six years of rebasing in rents and valuations we are better positioned than many sectors of the commercial property market with higher yielding, well-let centres in strong growing urban locations, especially in London, which now represents more than 85% of our portfolio by value.

Our commitment to ESG continues and we are very proud of all the work we have undertaken in partnership with over 180 charities in the communities we serve, supporting those most in need. I cannot recall a time when our support is more necessary. One of my favourite charities is the Level Trust in Luton which has provided more than 4,000 school uniforms for children from households who are unable to afford them. Key to us being able to tailor our support to where it is most needed is our relationships with the local councils. I was humbled whilst attending a function in Walthamstow where the council described our relationship and support as "exemplar".

Continuing on the theme of making a difference to people's lives, our GEMS ('going the extra mile') awards highlight the often extraordinary lengths our onsite team(s) go to in order to assist members of our communities. This can be as simple as helping people who have encountered difficulties, or visitors just appreciating having someone to chat to, at our guest service desks or in our security teams, on their regular visits to our centres.

Outlook

The macroeconomic environment continues to present a challenging backdrop, most prominently through the impact of inflationary pressures on the consumer exacerbated by the tragic war in Ukraine.

Nonetheless, the actions taken over the last 18 months to restructure the balance sheet and refocus the portfolio have stabilised and significantly strengthened the business. This, aligned with our operational resilience and a growing appreciation of the critical role which physical stores play in successful omnichannel retailing, leave us well positioned to withstand such pressures. The profile of our assets with their focus on non-discretionary goods and services, the previous resetting of rents and values, and the portfolio premium to the risk-free rate, puts us in a stronger position on a relative basis than some other retail property assets and the wider real estate sector.

We have a clear roadmap to increase Adjusted Profits by more than 20% in the medium term and are also well placed to take advantage of selective opportunities to grow the business and further utilise our proven skills and management expertise.

Finally, I would like to thank our team members for all their hard work over the past year in ever changing, often unfamiliar and challenging circumstances both professionally and personally.

We remain committed to navigating the economic and sectoral challenges whilst delivering for all our stakeholders of which our shareholders are of critical importance. We are ambitious as owners of commercial property and stewards of capital and we will continue our relentless focus on improving every aspect of our business.

Thank you to all our shareholders.

Lawrence Hutchings, Chief Executive

Operating review

New lettings, renewals and rent reviews[1]

	12 months to December 2022	12 months to December 2021
New Lettings		
Number of new lettings	**71**	**89**
Rent from new lettings (£m)	**£3.4m**	**£4.0m**
Renewals settled		
Renewals settled	**38**	**54**
Total resulting annual rent (£m)	**£2.0m**	**£1.2m**
Combined new lettings and renewals		
Comparison to previous rent[2]	**+34.0%**	**+7.3%**
Comparison to previous ERV[2]	**+13.7%**	**+15.6%**

[1] Includes transactions for Hemel Hempstead, Ilford, Maidstone, Walthamstow, Wood Green, Blackburn (until the point of sale in 2022) 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.

Demonstrating the team's ability to capture rental growth and the continued demand for space at our centres, we completed 109 new lettings and renewals during the year, securing annualised rent of £5.4 million at a combined average premium to previous rent of 34.0%[2] and to previous ERV of 13.7%[2]. This was fewer deals than 2021 but a higher total value (2021: 143 new lettings and renewals for a combined annual rent of £5.2 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. Planning permission was obtained in October 2022 and construction work commenced at the end of 2022. The new 20,000 sq ft purpose-built facility is due to open to the public in 2024. At Wood Green the new NHS diagnostics centre opened in October 2022 and we subsequently signed an agreement to extend it by a further 3,000 sq ft, to approximately 8,500 sq ft.

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 in a prime location at the entrance next to Ilford station, which will benefit from the full opening of the new Elizabeth Line.

At Walthamstow we have let the entire new 16,000 sq ft food hall on the mezzanine level, which we created in the rebuild following the 2019 fire, to a great local operator, Crate. The facility will involve seven street eat style food operators alongside an in-house bar and coffee kiosk, coupled with events and exhibition space, all of which is due to open in late summer 2023.

All of these initiatives are great examples of our strategy in action and 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 and experience to our customers.

Rental income and occupancy

Investment Assets[1]	30 December 2022	30 December 2021
Occupancy (%)	**94.1%**	92.9%
Contracted rent (£m)	**31.5**	31.8
Passing rent (£m)	**30.5**	30.0

[1] Investment Assets include the Group's centres at Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green. Prior year comparatives restated on the same basis.

Occupancy increased by 120 basis points over the year to 94.1%, with one of the main drivers being the inclusion of the NHS community healthcare centre at Ilford. Only around 4% of the total now relates to temporary lettings or development units. as we have gradually improved this from approximately 7% over the last 18 months. The potential to convert more of these temporary arrangements to permanent lettings on typically stronger terms provides opportunity to improve Net Rental Income.

Contracted rent is broadly in line with the December 2021 level. This excludes approximately £1.2 million of rent where deals have exchanged but completion remains subject to planning or other conditions. Such deals include the NHS community healthcare centre at Ilford and the new Crate food hall at Walthamstow.

Passing rent has improved by £0.5 million to £30.5 million since 30 December 2021, with the largest contributor being the letting to the Department for Work and Pensions for Job Centres at Ilford commencing cash rent payments during the period.

Operational performance

In total there were 53 million shopper visits across the portfolio during 2022. This was 27.4% higher than in 2021. This increase is 2.8% lower than the growth in the national index, reflecting the Company's strong outperformance in 2021 when non-essential retailers were unable to open.

Footfall continued to recover to pre-pandemic levels with the 2022 levels equivalent to 84.3% of 2019, compared to 79% for the first six months. Anecdotal evidence from our retailers suggests that sales have bounced back at a higher rate than footfall reflecting more efficient use of visits.

Car park income for the year was £6.0 million for the Group's Investment Assets, approximately 26% higher than 2021 although 29% lower than 2019 both on a like for like basis excluding Blackburn.

Business rates

The recent review of business rates will result in a significant reduction in rates payable for most retail operators. Across our portfolio the typical reduction that will apply to occupiers will be 30%-35%, with the exception of Walthamstow where reductions are estimated to be approximately 10%. The withdrawal of downwards transitional arrangements means that occupiers will immediately see the full benefit of reductions from April 2023. The changes will deliver significant benefits to store affordability and profitability.

Rent Collection[1]

97.6% of rent in respect of 2022 has now been collected, broadly representing a return to pre-pandemic levels and an approximate 4.5% increase on 2021. The improved collection rates have enabled the net release of provisions totalling c. £1.4 million. The table below provides further detail:

	Rent collection 12m to 30 December 2022	
	£m	
Rent collected	**31.2**	**97.6%**
Outstanding	0.6	2.2%
Bad Debt	0.1	0.2%
Total billed	31.9	100%

[1] Investment Assets include the Group's centres at Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green.

Rent collection for the first quarter of 2023, including monthly invoices for January and February 2023, is currently running at 91.9%.

Capital expenditure investment

In total £9.0 million was invested across the Group's Investment Assets in 2022. £5.3 million was invested in planning fees, enabling works and other costs including relocating tenants, all to facilitate delivery of the £21.6 million Walthamstow residential land sale receipt. Other projects included £0.8 million for the creation of the new Job Centre at Ilford which opened in March 2022, £0.8 million across the NHS and TK Maxx projects in Ilford and £0.4 million on the new Walthamstow Food Hall.

We anticipate capital expenditure in 2023 to be more than £15 million with the major projects being:

- Ilford – Community healthcare centre and TK Maxx, c. £10.0 million
- Walthamstow – Crate food hall c. £1.5 million
- Wood Green
    - Remerchandising of former WH Smiths unit to leisure uses, £1.9 million
    - Bridge link new grab and go catering units, c. £0.7 million

The average yield on cost of the above projects is expected to be in the range of 8% to 9%. This financial metric does not factor in the 'halo' effect these improvements have in terms of driving footfall and sales across the centres as a whole.

Shopping Centre ESG

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, both of which we are now signatories. Our NZC Pathway quantifies and prioritises the necessary emission reductions to our target year of 2040 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 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, reducing Scope 1 natural gas consumption by 53% and Scope 2 electricity consumption by 20%, 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.

2022 was a year of giving back, putting our communities and guests at the core of our initiatives. Following a successful launch in 2021, the Community Wheel of Support continued to play a critical role in encouraging engagement and supporting our shopping centres to prioritise areas of impact. We set out nine KPI targets to align with our Wheel of Support. Improving from 2021, we saw an 11% increase in the number of charities supported, a 15% increase in volunteering hours and a 9% increase in charitable fundraising.

To account for local needs, our shopping centres are given the responsibility and autonomy to run their own fundraising events. In 2022, we hosted a total of 244 events, collectively supporting 187 charities and volunteering more than 1,300 hours of employees' time to important community causes.

Snozone

Snozone recorded a significant improvement in EBITDA for the year to £1.4 million (December 2021: £0.8 million) as it returned to a more normalised trading year. Total revenue for 2022 increased to £13.0 million (2021: £6.8 million), although trading in the early part of 2022 was still 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 and revenues generally exceeded the equivalent levels in 2019 although some key revenue streams such as corporate activities and food and beverage have not yet returned to pre-pandemic levels.

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 a nominal value, has progressed well with revenues increasing 65% to £3.5 million (2021: £2.1 million). The impact of significant increases in government-controlled electricity prices to £1.2 million (2021: £0.7 million) has latterly been mitigated by the installation of solar panels which became operational in November 2022.

Snozone's Group IFRS profit for the period, which includes the notional IFRS 16 interest charge on the occupational leases, was £0.1 million (December 2021: Loss of £0.3 million). The prior year benefited from £1.4 million of VAT rebate received in addition to the £2.5 million insurance payment.

Snozone ESG

Snozone's pathway to net zero strategy is underpinned by a cyclical four-year plan for capital investment into new plant and machinery which we are now halfway through. Nine units of blast coolers have been replaced at the Milton Keynes venue which will save 214,000 kWh per year. In addition, given the significant increase in government-controlled electricity pricing in Madrid, solar panels were fitted to the roof of our venue and were fully operational as of November 2022.

These two initiatives helped deliver a 6% reduction in electricity utility consumption in 2022 versus the 2019 base year and a 23% reduction in gas. There was an overall reduction in carbon tonnage by 8% to 2,633 tonnes versus 2,857 tonnes in 2019. All of Snozone's electricity is 100% renewable and is sourced from wind and solar power.

New supplier deals have been agreed for Snozone's restaurants. All coffee, non-alcoholic and alcoholic beverages are 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.

Snozone maintained its partnership with Tree Nation last year, planting trees when guests rebook certain activities or join as members to offset their emissions of visitation. These trees are planted in areas of the world where biodiversity and reforestation are most needed. Over 11,500 trees to date have now been planted in Africa with over 9,000 planted in 2022 - offsetting over 1,400 tonnes of C02 and now reforesting over 14 hectares of land.

Snozone's other social KPIs include an increase in disability snow sports participation by 29% versus 2021 and Snozone is the only European indoor centre to own and operate its own disability snow school. In addition, Snozone was once again voted Best Sporting Venue for children learning outside the classroom at the School Travel Awards, beating such illustrious businesses as The London Stadium, Manchester United, Silverstone, Twickenham Stadium and the UK Sailing Academy. Snozone was also voted partner of the year by Sense, the charity for deafblind adults and children for the awareness its team has drawn to the charity, as well as its many fundraising activities.

Refocus, Restructure and Recapitalise

The Group’s actions over the last 18 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 the £30m capital raise which completed in November 2021, a number of other key initiatives were 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 more than £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx. The amendments include a conditional extension option that can be triggered by the Company at the end of 2023 to extend the loan maturity by 18 months from March 2024 until September 2025. They also provide a combination of covenant waivers and improvements to existing covenant terms that apply through to the end of 2024.

Restructuring of The Marlowes Centre, Hemel Hempstead debt

Also in May 2022, the Group completed the buyback of the loan facility of the Marlowes 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 £12.5 million or 7.4%. The asset was reclassified to the Group’s Investment Assets as of 11 April 2022, being the date the transaction was agreed, and NRI 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 non-recourse secured debt is for an initial period of three years at a margin of 5.95% over SONIA.

Proposed sale of The Mall, Luton

The Group has been working closely with the respective lender on the proposed disposal of the Group’s investment in The Mall, Luton. The disposal is expected to complete imminently. As part of the agreement to run a consensual sale process, changes to the constitution of the Luton entities were made in May 2022 including the appointment of an independent director with specific rights regarding the sale process. The effective change of control that these amendments triggered 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. Given the Group’s interest in Luton has been deconsolidated the sale will not result in any profit or loss on disposal. The Group’s involvement as Property and Asset Manager, for which it generated fees of £1.4 million in 2022, will cease upon disposal.

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 £38.2 million December 2021 valuation. The sale completed in August 2022 delivering net cash proceeds of £39 million. The sale alone 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 £21.6 million. The Group had 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. Construction work is now underway on the first phase of the development which will see the creation of 495 Build to Rent residential apartments in two residential towers. Completion is scheduled for 2025.

£52.9 million of the combined c. £60 million received from the Blackburn and Walthamstow transactions was utilised for repayment of the debt on the Group’s Mall loan facility. This reduced the outstanding amount to £140 million and repaid 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 combined impact of the above transactions has helped further reduce the Group’s Net Loan to Value ratio from 49% at 30 December 2021 (and 72% at 30 June 2021) to 41% at 30 December 2022.

Financial review

	Year to Dec 2022	Year to Dec 2021
Profitability		
Statutory Revenue [1]	£60.6m	£54.6m
Net Rental Income (NRI) [1]	£23.5m	£27.4m
Net Rental Income (NRI) – Investment Assets only [1]	£23.5m	£20.1m
Adjusted Profit [1,2]	£10.3m	£6.5m
Adjusted Earnings per share [1,2]	6.2p	5.4p
IFRS Profit/(loss) for the period	£12.1m	£(26.4)m
Basic earnings/(loss) per share	7.3p	(22.0)p
EPRA cost ratio (excluding vacancy costs) [1,2]	37.8%	49.6%
Net Administrative Expenses to Gross Rent [1]	22.4%	29.1%
Investment Returns		
Net Asset Value	£179.1m	£168.4m
Net Asset Value (NAV) per share	106p	102p
EPRA NTA per share [2]	103p	102p
Proposed Final Dividend per share [3]	2.75p	-
Total Dividend per share [3]	5.25p	-
Financing		
Group net debt	£130.9m	£185.3m
Group net debt to property value	41%	49%
EPRA LTV	44.0%	64.1%
Average maturity of Group debt [4]	4.5 years	5.4 years
Cost of Group debt (weighted average)	3.58%	3.74%

[1] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022 as detailed in Note 1 to the condensed financial statements. The amendment stipulates that losses which were incurred on granting rent concessions, which for the Group occurred during the Covid-19 pandemic, should be charged to the income statement in the year they are granted. 2021 revenue has also been impacted by the reclassification of Luton as a Discontinued Operation. The adjustment for the treatment of rent concessions reduced revenue and Adjusted Profit in 2021 by £1.6 million, with a corresponding reduction in the loss on revaluation of investment properties. The Adjusted Profit for 2022 is £0.3 million higher than it would have been without this adjustment to rent concessions. The reclassification of Luton as a Discontinued Operation reduced revenue in 2021 by £13.8 million.

[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 5 to the Financial Statements. The calculation of EPRA cost ratio is provided in the EPRA performance measures section.

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

[4] Assuming exercise of all extension options.

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 £0.3 million 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 5 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. In the current year 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 as well as The Mall, Blackburn that was disposed of in August 2022 and Walthamstow residential receipt.
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 condensed 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 condensed financial statements.

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

Amounts in £m	Year to December 2022	Year to December 2021[2]
Shopping Centres – Net Rental Income	23.5	20.1
Shopping Centres – Interest payable	(9.3)	(10.8)
Shopping Centres – Contribution	14.2	9.3
Managed Assets - Contribution	-	1.9
Snozone (indoor ski operation) EBITDA	1.4	0.8
External management fees	3.3	2.4
Central operating costs (including central interest)	(7.0)	(7.0)
Variable overhead	(1.6)	(0.9)
Adjusted Profit [1]	10.3	6.5
Adjusted Earnings per share (pence) [1]	6.2p	5.4p
Reconciliation of Adjusted Profit to statutory result		
Adjusted Profit	10.3	6.5
Property revaluation	(19.6)	(47.6)
Profit/(loss) on disposal	1.5	(2.5)
Snozone depreciation and amortisation	(2.1)	(2.5)
Snozone notional interest (net of rent expense in EBITDA)	0.8	0.5
Gain on financial instruments	1.1	5.9
Corporation Tax credit/(charge) in lieu of dividends	0.3	(3.1)
VAT rebate within Snozone	-	1.4
Long Term incentives	(0.5)	(0.9)
Gain on discounted loan purchase (net of costs)	12.5	18.4
Write up following Luton deconsolidation	6.8	-
Other items (including transaction costs)	1.0	(2.5)
Profit/(loss) for the period	12.1	(26.4)

[1] EPRA figures and a reconciliation to EPRA EPS are shown in Note 5 to the condensed Financial Statements.

[2] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022 as detailed in Note 1 to the condensed financial statements. The amendment stipulates that losses which were incurred on granting rent concessions, which for the Group occurred during the Covid-19 pandemic, should be charged to the income statement in the year they are granted. 2021 revenue has also been impacted by the reclassification of Luton as a Discontinued Operation. The adjustment for the treatment of rent concessions reduced revenue and Adjusted Profit in 2021 by £1.6 million, with a corresponding reduction in the loss on revaluation of investment properties. The Adjusted Profit for 2022 is £0.3 million higher than it would have been without this adjustment to rent concessions. The reclassification of Luton as a Discontinued Operation reduced revenue in 2021 by £13.8 million.

Adjusted Profit – 30 December 2022: £10.3 million (30 December 2021: £6.5 million)

Net Rental Income (NRI) improved to £23.5 million (30 December 2021 - £20.1 million). This reflects improved occupancy and rent collection levels, the latter enabling the net release of approximately £1.4 million of provisions during the period.

The balance includes £0.5 million from Hemel Hempstead being the NRI from 11 April 2022, being the date the transaction was agreed and hence the asset was reclassified to Investment Assets, having been in Managed Assets NRI in the prior year. The £23.2 million includes £2.7 million from Blackburn, the sale of which completed in August 2022.

Interest payable has fallen from the prior year reflecting primarily the restructuring and reduction of debt in The Mall loan facility that completed in November 2021. The Mall debt was further reduced by £7.1 million in January 2022 from the proceeds of the sale of Maidstone House and then by £52.9 million in the second half of the year from the combined proceeds of the Walthamstow residential receipt and Blackburn disposal. The full year interest saving benefit of the latter repayments will see interest in 2023 reduce by approximately £1.8 million.

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 in 2022 as it was Held for Sale until 23 May 2022 and then deconsolidated from the Group as at that date.

Snozone EBITDA at £1.4 million (30 December 2021 - £0.8 million) reflected a return to a more normalised trading year although the peak first trading quarter in 2022 was still significantly impacted by concerns over the Omicron variant. The result in 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 £3.3 million break down between Asset and Property Management fees on external properties (Redditch and in 2022, Luton) of £2.1 million and Property Management fees on the Group's Investment Assets of £1.2 million (as these are charged to the Service Charge). 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 remain ongoing for both Luton and Redditch, where we act as property and asset manager, which will see the Group's involvement as manager cease. These are expected to complete imminently.

Central operating costs at £7.0 million (30 December 12021 - £7.0 million) have been maintained at the same level as 2021. We are targeting annualised cost savings in 2023 of approximately 10%, with a reduction in the Group's underlying cost base, reflecting the lower number of assets under management, offsetting the impact of inflation.

Variable overheads of £1.6 million (30 December 2022 - £0.9 million) have increased due to a £0.6 million increase in the charge for the one-off Executive retention awards issued in November 2021 which run through until September 2023.

Adjusted Earnings per Share for the period were 6.2 pence (30 December 2021: 5.4 pence) reflecting the improvement in Adjusted Profit, partially offset by the higher number of shares in issue from the £30 million capital raise which completed in November 2021.

We expect 2023 to be a partly transitional year with the loss of income from the sale of Blackburn, the absence of the one-off benefit from bad debt provision releases and likely reduction in management fee income offset by underlying improvement in NRI, the reduction in interest costs as a result of the £52.9 million of repayments made in the second half of 2022, a further recovery in Snozone and reduced central costs.

In the medium term there is potential for Adjusted Profit to increase by more than 20%, driven primarily by further recovery in occupancy rates post-pandemic, car park income and Snozone, alongside beginning to realise the benefit of the Capex projects currently underway, most prominently the TK Maxx and NHS community healthcare centre units at Ilford, introduction of new catering units to the bridge link, the remerchandising of the WH Smith's unit at Wood Green and the new Crate food hall at Walthamstow.

IFRS profit for the period – 30 December 2022: £12.1 million (30 December 2021: Loss of £26.4 million)

The Group has returned to profitability in 2022. Aside from the Adjusted Profit of £10.3 million the key elements in the result were:

- The £12.5 million gain (after costs) on the discounted purchase of the Group's Hemel Hempstead loan facility.
- A £6.8 million gain in the Group's Net Asset Value on the deconsolidation of Luton due to it previously sitting as a liability on the Group's balance sheet.
- Property revaluation loss of £19.6 million (December 2021 – loss of £49.2 million). The fall in property values in the second half of the year driven by macro-economic conditions has seen an overall like for like decline of 3.6%, this compares to a 5.7% fall in 2021.
- A £1.5 million profit on disposal from the Blackburn sale and Walthamstow residential receipt.
- A £1.6 million gain within Other Items in respect of the Group's insurance claim related to the 2019 Walthamstow fire. The "gain" represents the difference between the final settlement and the carrying value in the Group's books.
- The gain on financial instruments of £1.1 million (December 2021 – gain of £5.9 million) is a result of the revaluation of interest rate swaps reflecting movements in future interest rate expectations.

The profit for the period has resulted in growth of both NAV by 6.3% to £179.1 million and EPRA Net Tangible Assets of 5.3% to £177.4 million compared to December 2021 amounts of £168.4 million for both measures. Basic NAV per share and EPRA NTA per share were 106p and 103p respectively, representing increases of 4p and 1p respectively (December 2021: 102p for both measures).

Having obtained shareholder support at the Company's Annual General Meeting on 19 May 2022, the Group completed a Capital Reduction which 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 once finalised was not met by the distributions made in 2022 and/or alternative arrangements are not agreed with HMRC.

Property portfolio valuation

The valuation of the portfolio at 30 December 2022 was £322.75 million. On a like for like basis, adjusting for the impact of the Walthamstow residential receipt, the portfolio fell by 3.6% over the year. This broke down between a 1.5% increase in the first half of the year and a 5.0% decline in the second half. The latter was driven by the general expansion of yields across the property sector in response to the resetting of interest and gilt rates despite valued rent and valuers ERV increasing in the second half of the year by 0.6% and 1.5% respectively.

Property at independent valuation	30 December 2022			30 December 2021		
	£m	NIY %	NEY %	£m	NIY %	NEY %
Maidstone	32.65	11.28%	11.49%	36.2	10.44%	11.22%
Walthamstow[1]	80.0	5.97%	7.00%	100.4	5.84%	6.55%
Wood Green	144.0	7.55%	7.38%	148.9	7.33%	6.88%
Hemel Hempstead	10.5	14.49%	17.49%	10.5	12.49%	18.20%
Ilford	55.6	5.04%	7.79%	56.4	5.86%	7.99%
Total	322.75	7.23%	8.59%	352.4	7.21%	8.29%

[1] At 30 December 2021 Walthamstow valuation included £17.7 million in respect of the residential opportunity that was removed from the valuation following the receipt of £21.6 million in July 2022.

Financing

The Group has taken a series of important actions in the last 18 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 buyback in May 2022 of the Hemel Hempstead loan facility where 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 million 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 community healthcare centre.

The combined result of all of the above actions has been the continued reduction in the Group's Net Loan to Value ratio from 72% as at 30 June 2021 and 49% at 30 December 2021 to 41% at 30 December 2022.

The Group's debt position as at 30 December 2022 is summarised in the table below:

30 Dec 2022 (proforma)	**Debt**[1] £m	Cash[2] £m	**Net debt** £m	Loan to value[3] %	Net loan to value[3] %	Current interest rate %	Fixed %	Duration to loan expiry Years	Duration with extensions Years
The Mall	**140.0**	(10.3)	**129.7**	55%	51%	3.45%	100	4.1	5.1
Hemel Hempstead	**4.0**	(1.7)	**2.3**	38%	22%	9.04%	0.0	2.5	2.5
Ilford	**39.0**	(10.9)	**28.1**	70%	51%	3.51%	100	1.2	2.7
Central Cash	**-**	(29.2)	**(29.2)**	-	-	-	-	-	-
On balance sheet debt	**183.0**	(52.1)	**130.9**	57%	41%	3.58%	97.8	3.4	4.5

[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 £60 million of repayments made during the year the Mall facility as at 30 December 2022 consisted of a single £140 million fixed rate loan at 3.45%, held with TIAA.

The loan matures in January 2027 but has a one-year conditional extension option.

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

Hemel Hempstead

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% over SONIA. It is secured on the Marlowes Centre on a non-recourse basis.

Ilford

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

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

The amendments also provide for a waiver of covenants that ran 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%.

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 December 2022, the Group had total cash at bank on balance sheet of £52.1 million. Of the £52.1 million there was £28 million held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and reasonable worst case scenarios that have been modelled for at least the period of the next 18 months that is considered for going concern purposes.

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

month conditional extension option dependent upon meeting a debt yield and net loan to value covenant test in Q4 of 2023.

On Hemel Hempstead, the Group drew down on a new £4 million loan facility in 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 continues to work 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 to 90% collection, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a downturn in expected trading, such as might be caused by a further wave of Government restrictions, could impact cashflows. The Group has also considered a 15% reduction in property valuations. The Group's headroom on The Mall and Hemel Hempstead is sufficient to withstand this level of decline.

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

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

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

Viability Statement

In accordance with the 2018 revision of the UK Corporate Governance Code, the Directors have assessed the prospect of the Company over a longer period than the 12 months required by the "Going Concern" provision.

The Board conducted this review for a two-year period to December 2024. The two-year period is covered by the Group's annual budget and business planning process. It includes sensitivity analysis to consider adverse scenarios, that could be caused by the principal risks and uncertainties outlined in the Managing Risk section below. This incorporated the impact on cash and covenant compliance of further significant falls in property valuations or property income. Ilford is the only one of the Group's loan facilities that is due to mature during the period but has a conditional 18-month extension option available to the Group which would extend maturity to September 2025. The Group has considered forecasts of the debt yield and LTV covenant tests that are necessary to meet the conditions of the extension in Q4 2023 and factored this into its analysis including the ability to support the LTV test by injecting cash into the structure if necessary.

The considerations made by the Directors in concluding on viability mirror those considered within the Going Concern conclusion as documented above. Based on this and the resources and actions available the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2024.

Dividend

Reflecting the stabilisation of operational results 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 resumed dividend payments with the payment of an interim dividend of 2.5 pence per share on 7 October 2022.

The Directors recommend a final dividend of 2.75 pence per share, making a total distribution for the year ended 30 December 2022 of 5.25 pence per share (2021: nil). This satisfies the Group's policy of paying a dividend of at least 90% of the Group's EPRA profits. The dividend will be paid entirely as a Property Income Distribution (PID) and a Scrip dividend option will be offered.

Subject to approval of shareholders at the Annual General Meeting (AGM) to be held on 25 May 2023, the final dividend will be paid on Friday, 2 June 2023. The key dates proposed are set out below:

• Confirmation of ZAR equivalent and Scrip dividend pricing	Friday, 31 March 2023
• Last day to trade on Johannesburg Stock Exchange (JSE)	Tuesday, 11 April 2023
• Shares trade ex-dividend on the JSE	Wednesday, 12 April 2023
• Shares trade ex-dividend on the LSE	Thursday, 13 April 2023
• Record date for LSE and JSE and last election for Scrip	Friday, 14 April 2023
• AGM	Thursday, 25 May 2023
• Dividend payment date/New Scrip shares issued	Friday, 2 June 2023

South African shareholders are advised that the dividend will be regarded as a foreign dividend. Further details relating to Withholding Tax for shareholders on the South African register will be provided within the announcement detailing the currency conversion rate on 31 March 2023. Share certificates on the South African register may not be dematerialised or rematerialised between 12 April 2023 and 14 April 2023, both dates inclusive. Transfers between the UK and South African registers may not take place between 31 March 2023 and 14 April 2023, both dates inclusive.

Managing Risk

Risk management approach
The Audit Committee is delegated the authority for overseeing the effectiveness of the risk management process by the Board and is accountable for reporting on the identification of principle and emerging risks to the business. Ultimate responsibility for the oversight of risk management within the Group remains with the Board. The Board defines the risk appetite of the Group, establishes a risk management strategy and is responsible for maintaining a robust internal controls system. The Board formally reviews and signs off the Group's risk register on a six monthly basis. Emerging risks are considered as part of this process or on an ad hoc basis in instances such as the outbreak of the Covid-19 pandemic where the risk is of sufficient significance to require a separate discussion.

Risk management process
There are a number of risks and uncertainties which could have a material impact on the Group's future performance and could cause results to differ significantly from expectations.

At every half year and year end, the members of senior leadership undertake a comprehensive risk and controls review involving interviews with relevant management teams. This considers a review of both the existing identified risks and any new or emerging risks that may have been identified during the period. The output of this process is an updated risk map and internal control matrix for each component of the business, which is then amalgamated into the Group risk map and matrix that is reviewed by the senior leadership team. Formal submission is then made to the Audit Committee for review, before going to the Board for final sign off. The process for the half year and full year 2022 review forms the basis for the disclosures made below.

This process clearly outlines the principal risks, considers their potential impact on the business, the likelihood of them occurring and the actions being taken to manage, and the individual(s) responsible for managing, those risks to the desired level.

This risk matrix is also used in performing our annual assessment of the material financial, operational and compliance controls that mitigate the key risks identified. Each control is assessed or tested for evidence of its effectiveness. The review concluded that all such material controls were operating effectively during 2022.

Principal risks at 30 December 2022
A review was carried out for the 30 December 2022 year end. 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 although in the case of this latter point it was noted that there is growing evidence of online retail having begun to plateau in many areas.

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 broadly remain unchanged at 30 December 2022.

The risks noted 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.

Risk	Impact	Mitigation
1. Property investment market risks		
The weaker macro-economic environment and poor sentiment in commercial real estate markets has led to low transactional evidence across the industry with reduced investor confidence and a decline in valuations across all real estate sectors. Valuations can be inherently subjective leading to a degree of uncertainty and the risk that property valuations may not reflect the price received on sale.	Small changes in property market yields or future cash flow assumptions can have a significant effect on valuations. The impact of leverage could magnify the effect on the Group's net assets and the risk of breaching loan covenants with our lenders. This could result in the default of facilities and should we not be able to cure these, we run the risk of security being enforced. Highly volatile trading environments have the potential to increase the speculation on Property valuations and are open to a wider range of possible outcomes.	Regularly monitoring market direction, comparable property valuations in the market and recent transactions. Adequate and timely forward planning of investment decisions. We engage multiple experienced, external valuers who understand the specific properties and whose output is reviewed and challenged by internal specialists. Regular reviews and consideration of strategies to reduce debt levels, if appropriate.
2. Impact of the economic environment		
The Group is sensitive to tenant insolvency and distress, which can have increased pressure on rent levels. There is also risk of prolonged low tenant demand for space. Macroeconomic risks in relation to rising inflation, income tax and the volatility of the energy market (and associated costs of energy) are likely to negatively impact consumer spending, which will impact retailing, particularly discretionary spending. Rising inflation will also put pressure on the Group's cost base and operating margins.	Economic pressure on consumer spending will likely impact the levels of footfall across the centres and have a knock on effect on discretionary retail tenants. Tenant failures and reduced tenant demand could adversely affect rental income, lease incentive, void costs, cash and ultimately property valuations.	A key part of our Group strategy is to ensure a large, diversified tenant base that is made up of primarily non-discretionary retail. Review of tenant covenants before new leases are signed. The offering of long-term leases as standard and maintaining active and personable credit control processes that foster positive relationships with tenants. Regular dialogue between the support office and general managers across the portfolio, who have ad hoc discussions with tenants, to understand the issues facing tenants and customers. Managing void units though temporary lettings and other mitigation strategies. Energy costs mitigated by measures undertaken to reduce energy consumption such as introduction of LED lighting and utilising alternative sources of energy such as the installation of solar panels at Snozone Madrid.

3. Treasury risk		
The Group is at risk of not being able to fund the business or to refinance existing debt on economic terms, particularly during periods of low lending market appetite. Breach of the assets loan covenants resulting in defaults on debt and the potential for accelerated maturity and/or lenders taking control of secured assets. Exposure to rising or falling interest rates, which could affect liabilities on property sales and refinancing.	The Group may not be able to meet financial obligations when they come due, causing limitation on financial and operational flexibility. The cost of financing could be prohibitive. Unremedied breaches of loan covenants can trigger demand for immediate repayment of loan facilities. If interest rates rise and are unhedged, the cost of debt facilities can rise and ICR covenants could be broken. Hedging transactions used by the Group to minimise interest rate risk may limit gains, result in losses or have other adverse consequences.	Ensuring that the Group maintains appropriate levels of cash reserves. Regular monitoring and projections of liquidity, gearing and covenant compliance with regular reporting to the Board. Maintain close relationships with lenders. The Group has significantly reduced debt levels in the last two years through a combination of asset sales and asset/debt restructuring. All the Group's facilities are non-recourse and held in SPV structures.
4. Tax & regulatory risks		
Exposure to non-compliance with the REIT regime and changes in the form or interpretation of tax legislation. Potential exposure to wider changes in tax legislation and potential tax liabilities in respect of historic transactions undertaken. Exposure to changes in existing or forthcoming property or corporate regulation.	Tax related liabilities and other losses could arise causing significant financial loss. Failure to comply with tax or regulatory requirements could result in loss of REIT status, financial penalties, loss of business or reputational damage.	Constantly monitoring the Group's REIT compliance and consideration of the effects of major decisions on REIT status. Expert advice is taken on tax positions and checks conducted on any unusual matters that may arise. Maintaining regular dialogue with the tax authorities and business groups. Actively keep key staff up to date with regulation and ensure necessary policies and procedures are in place. Expert advice taken on complex regulatory matters.
5. People & Skills		
As a small business, there is a relatively small number of key individuals whose skills are depended on to operate the business effectively. Retaining these individuals cannot be guaranteed. The attraction of new talent to the business with the right expertise cannot be guaranteed.	The loss of key individuals or an inability to attract new employees with the appropriate expertise could compromise the business's ability to operate efficiently.	Paying current and new employees market salaries and offering competitive incentive packages, including the use of retention awards and incentive plans. Promoting positive working environments and culture in line with staff expectations. Effectively maintaining a succession plan for key positions and departments.

6. Development risk		
The costs involved with development projects overrunning and delays leading to extended completion times past expected deadlines. The threat to the Group's property assets of competing in town and out of town retail and leisure schemes.	Increased costs and reputational damage which may lead to planned value not being realised. Competition with other schemes may reduce footfall and reduce tenant demand for space and effect the levels of rents that can feasibly be achieved.	Use of experienced external project coordinators to oversee developments with staged execution to key milestones and updates to be monitored by steering committees with the Group. Implemented well defined approval processes for new development projects and guidance provided for setting key milestones. Partnered with external agencies to raise awareness of new planning proposals, which are fought, as necessary, in accordance with relevant planning laws. Maintain close working relationships with local councils and promote willingness to support the community. Maintain the flexibility to invest in marketing strategies to continue relevance in the market.
7. Business disruption from a major incident		
Major incidents occur at any of the of the business's sites having a significant impact upon trading. This includes specific incidents to a centre or trading location or a situation such as Covid-19 that impacts trading on a national scale.	Such events could cause a reduction in earnings and additional costs. Exposure to reputational damage if the business acts, or is perceived to have acted, in a negligent manner. The pandemic has had a significant impact on customer behaviour and habits. There is a risk that consumer habits have permanently changed and will impact business KPIs, such as footfall and leasing.	Trained operational personnel at all sites and documented major incident procedures. Regular update meetings on operational procedures reflecting current threats and major incident testing runs. Regular liaison with the police and environmental health officers. Insurance for business disruption and rebuild is always maintained across the portfolio. Disaster recovery sites have been mapped and are maintained in the event of immediate needs.

8. Environmental, Social & Governance		
The Group's activities may have an adverse impact on the environment and the communities in which we operate. Health and safety incidents could cause death or serious injury A risk that centres or specific retailers are identified as a 'hotspot' for Covid-19 transmission.	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 relevant 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.	Issues and actions considered by the Board, through regular reports from the ESG Committee and its designated sub committees. Appointed ESG specialist to assist the business in mapping out its ESG roadmap and key milestones. Specialist health and safety consultancy support in place with internal bespoke health and safety system to enable incident reporting and monitoring EPC rating certificates are completed across the portfolio.
9. Customers & changing consumer trends		
Further migration towards online shopping, multi-channel retailing, and increased spending on leisure may adversely impact consumer footfall in shopping centres. Increased use of CVAs by retailers as a means of restructuring or cost reduction.	Changes in consumer shopping habits towards online shopping and home delivery could reduce footfall and therefore potentially reduce tenant demand and the levels of rents which can be achieved. Financial loss from tenants use and reliance on CVAs to both write off arrears and reset lease agreement terms.	Strong location and dominance of shopping centres (portfolio is weighted to London and Southeast England). Strength of the community shopping experience with tailored relevance to the local community. Concentration on convenience and value offer which is less impacted by online presence. Increasing provision of "Click & Collect" within our centres. Maintaining positive retailer relationships and providing for honest and open dialogue. Monitoring key business metrics such as footfall, retail trends and shopping behaviour.

10. IT & Cybersecurity		
Failure of, or, as a result of malicious attack on, the Group's information technology hardware and software systems. Failure to continually keep up with best practice and invest in new technology.	Loss of operating capacity, business time or reputational damage. Data breaches resulting in reputational damage, fines or regulatory penalties.	IT Security Governance Policy in place aligned with ISO27001. Ongoing investment in technology infrastructure with key IT applications hosted offsite. Systems in place to prevent and react to malicious attack. Regular penetration testing carried out by a specialist security company. Cyber Essentials Plus certified. Information security training programmes in place to regularly upskill all employees. A strong password policy is in place to keep employees safe. Maintenance of a disaster recovery site in the event of critical systems failures.
11. Climate-related		
In light of the introduction of TCFD Disclosure requirements, the impact of climate change has become a Board level issue. As a result of COP26, the world stage is focussed on combatting climate change and businesses that fall behind on their efforts to mitigate their effect on the climate run the risk of becoming non-investable.	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, business disruption from extreme weather events. Failure to comply with regulations could result in financial exposure.	Environmental policy in place and consistent with ISO14001. Management of and compliance with the Carbon Reduction Commitment and compliance with the Carbon Trust. Engaged with external agency, JLL, to assist with setting out framework to assess climate related risks. Separate risk matrix on climate-related risks feeds into Group risk review and ESG Committee reporting to the Board. Nominated individual from SLT to take oversight responsibility of climate-related issues. Board has oversight of TCFD climate-related goals and targets through quarterly ESG reporting.

12. Health & Safety		
The risk that the Group's staff, customers or guests suffer illness, injury or fatality at one of the Group's operations.	If found to be as a result of failing processes or negligence the Group and/or individuals in management positions could face criminal charges, financial loss and reputational damage.	Regular risk assessments Sharing of information with local Health & Safety Executive Capacity limits agreed with Health & Safety Executive and reviewed with external lawyers Training for staff by Health & Safety Consultancy Insurance review meetings with insurance brokers

Unaudited preliminary consolidated income statement
For the year to 30 December 2022

	Note	2022 £m	2021 Restated[1] £m
Continuing operations			
Revenue	3	**60.6**	**54.6**
Other income	3	**-**	**2.5**
Expected credit loss		**0.4**	**(4.1)**
Cost of sales		**(32.8)**	**(27.9)**
Gross profit		**28.2**	**25.1**
Administrative costs		**(10.9)**	**(12.7)**
Loss on revaluation of investment properties	6a	**(19.6)**	**(35.0)**
Other gains and losses		**15.6**	**14.0**
Profit/(loss) on ordinary activities before financing		**13.3**	**(8.6)**
Finance income		**1.1**	**4.6**
Finance costs		**(9.4)**	**(12.9)**
Profit/(loss) before tax		**5.0**	**(16.9)**
Tax	4a	**0.3**	**(3.1)**
Profit/(loss) for the year from continuing operations		**5.3**	**(20.0)**
Profit/(loss) for the period from period from discontinued operations	10	**6.8**	**(6.4)**
Profit/(loss) for the year	2a	**12.1**	**(26.4)**
Continuing operations			
Basic earnings per share		**3.2p**	**(16.7)p**
Diluted earnings per share		**3.2p**	**(16.7)p**
Continuing and discontinued operations			
Basic earnings per share	5a	**7.3p**	**(22.0)p**
Diluted earnings per share	5a	**7.2p**	**(22.0)p**
EPRA earnings per share			
EPRA basic earnings per share	5a	**5.3p**	**1.6p**
EPRA diluted earnings per share	5a	**5.3p**	**1.6p**

[1]2021 comparative figures have been restated to present discontinued operations separately. Discontinued operations are discussed in Note 10. 2021 comparative figures have also been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1.

Unaudited preliminary consolidated statement of comprehensive income
For the year to 30 December 2022

	2022 £m	2021 £m
Profit/(loss) for the year	**12.1**	**(26.4)**
Other comprehensive income	**-**	**-**
Total comprehensive income/(expense) for the year	**12.1**	**(26.4)**

The results for the current and preceding year 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 5 to the Condensed Financial Statements. EPRA net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV) are shown in Note 13 to the Condensed Financial Statements. We consider EPRA NTA to be the most relevant measure for our business.

Unaudited preliminary consolidated balance sheet
At 30 December 2022

	Note	2022 £m	2021 Restated[1] £m
Non-current assets			
Investment properties	6	**320.1**	**376.4**
Plant and equipment		**1.8**	**1.7**
Right of use assets	7	**21.6**	**24.5**
Fixed asset investments		**-**	**0.1**
Receivables	8	**9.6**	**8.8**
Total non-current assets		**353.1**	**411.5**
Current assets			
Receivables	8	**14.4**	**19.6**
Cash and cash equivalents	9	**55.5**	**58.5**
Assets classified as held for sale	10	**-**	**146.4**
Total current assets		**69.9**	**224.5**
Total assets	2b	**423.0**	**636.0**
Current liabilities			
Trade and other payables		**(31.0)**	**(29.3)**
Current tax		**(1.0)**	**(1.1)**
Lease liabilities		**(3.0)**	**(2.8)**
Liabilities directly associated with assets classified as held for sale	10	**-**	**(165.8)**
Total current liabilities		**(35.0)**	**(199.0)**
Net current assets		**34.9**	**25.5**
Non-current liabilities			
Bank loans	11a	**(181.8)**	**(238.2)**
Other payables		**-**	**(0.3)**
Lease liabilities		**(27.1)**	**(30.1)**
Total non-current liabilities		**(208.9)**	**(268.6)**
Total liabilities	2b	**(243.9)**	**(467.6)**
Net assets		**179.1**	**168.4**
Equity			
Share capital		**16.9**	**16.5**
Share premium		**1.7**	**266.1**
Merger reserve		**60.3**	**60.3**
Capital redemption reserve		**-**	**4.4**
Own shares reserve		**-**	**-**
Retained earnings		**100.2**	**(178.9)**
Equity shareholders' funds		**179.1**	**168.4**
Basic net assets per share		**105.9p**	**101.8p**
EPRA net reinstatement value per share	13	**103.4p**	**101.6p**
EPRA net tangible assets per share	13	**103.4p**	**101.6p**
EPRA net disposal value per share	13	**115.1p**	**101.0p**

[1]2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1.

Unaudited preliminary consolidated statement of changes in equity

For the year to 30 December 2022

	Share capital £m	Share premium[1] £m	Merger reserve[2] £m	Capital redemption reserve[1] £m	Own shares reserve[3] £m	Retained earnings £m	Total equity £m
Balance at 30 December 2020	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(153.1)**	**167.1**
Loss for the year	-	-	-	-	-	(26.4)	(26.4)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	-	**-**	**(26.4)**	**(26.4)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.6	0.6
Dividends paid, net of scrip	-	-	-	-	-	-	-
Shares issued, net of costs	5.3	21.8	-	-	-	-	27.1
Balance at 30 December 2021	**16.5**	**266.1**	**60.3**	**4.4**	**-**	**(178.9)**	**168.4**
Profit for the year	-	-	-	-	-	12.1	12.1
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	**-**	**12.1**	**12.1**
Capital reduction[4]	-	(266.1)	-	(4.4)	-	270.5	-
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.5	0.5
Dividends paid, net of scrip	-	-	-	-	-	(4.0)	(4.0)
Shares issued, net of costs	0.4	1.7	-	-	-	-	2.1
Balance at 30 December 2022	**16.9**	**1.7**	**60.3**	**-**	**-**	**100.2**	**179.1**

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.

Unaudited preliminary consolidated cash flow statement

For the year to 30 December 2022

	Note	**2022**	2021
		£m	£m
Operating activities			
Net cash from operations	12	**25.3**	25.1
Distributions received from fixed asset investments		**-**	0.7
Interest paid		**(8.0)**	(14.4)
Interest received		**-**	-
Income tax paid		**(0.1)**	(2.5)
Cash flows from operating activities		**17.2**	8.9
Investing activities			
Disposal of investment properties	6	**59.1**	11.3
Purchase of plant and equipment		**(0.7)**	(0.4)
Capital expenditure on investment properties		**(10.6)**	(8.3)
Cash flows from investing activities		**47.8**	2.6
Financing activities			
Dividends paid (net of scrip) including withholding tax		**(1.2)**	-
Bank loans drawn down		**4.0**	35.0
Bank loans repaid		**(70.8)**	(84.9)
Derivatives settled		**-**	(0.2)
Loan arrangement costs		**(1.6)**	(0.7)
Issue of ordinary shares (net of costs)		**-**	27.1
Fixed payments under head leases		**(0.4)**	(1.4)
Cash flows from financing activities		**(70.0)**	(25.1)
Net decrease in cash and cash equivalents		**(5.0)**	(13.6)
Cash and cash equivalents at the beginning of the year		**58.5**	84.1
Cash and cash equivalents at the end of the year		**53.5**	70.5
Transfer from/(to) assets classified as held for sale		**2.0**	(12.0)
Cash and cash equivalents excluding assets classified as held for sale	9	**55.5**	58.5

Notes to the unaudited preliminary financial statements
For the year to 30 December 2022

1 Significant Accounting Policies

General information
Capital & Regional plc is a public company limited by shares domiciled and incorporated in England, United Kingdom under the Companies Act 2006.

The financial information set out in this announcement does not constitute the Company's statutory financial statements for the years ended 30 December 2022 or 2021. The financial information for the year ended 30 December 2021 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 30 December 2022 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The address of the registered office is 22 Chapter Street, London, SW1P 4NP. The Group is a specialist real estate investor and asset manager, focused on dominant in-town community shopping centres. Further information on the Group's operations is disclosed in Note 2a and the operating and financial reviews.

Basis of accounting
These unaudited preliminary consolidated annual financial statements of C&R are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in April 2023.

Accounting developments and changes
The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective during the year.

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

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

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

1 Significant Accounting Policies (continued)
Accounting developments and changes (continued)

In adopting the above treatment the Group has restated the 2021 results for a prior year adjustment. This restatement derecognises the rent free debtor associated with rent concessions granted specifically relating to Covid 19, which has an associated knock-on impact on the investment properties balance, given valuations are adjusted for such amounts. The following table summarises the impact of the change in policy on the financial statements of the Group. The total impact on net assets and profit for the period is £nil.

	30 December 2021 £m
Consolidated income statement	
Revenue	(1.6)
Loss on revaluation of investment properties	1.6
Adjusted Profit	**(1.6)**
Consolidated balance sheet	
Investment properties	1.6
Receivables	(1.6)
Basic earnings per share	-
Diluted earnings per share	-

New and revised standards issued but not yet effective

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

IFRS 17 Insurance Contracts including Amendments to IFRS 17
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3—References to the Conceptual Framework
Amendments to IAS 16—Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37—Onerous Contracts—Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 Annual Improvements to IFRS Standards 2018-2020
Amendments to IAS 1—Classification of Liabilities as Current or Non-current including Classification of Liabilities as Current or Non-current
Amendments to IAS 12—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2—Disclosure of Accounting Policies
Amendments to IAS 8—Definition of Accounting Estimates

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

Critical accounting judgements
The preparation of financial statements requires the Directors to make the following judgement that may affect the application of accounting policies.

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 December 2022, the Group had total cash at bank on balance sheet of £52.1 million. Of the £52.1 million there was £28 million held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and reasonable worst case scenarios that have been modelled for at least the period of the next 18 months that is considered for going concern purposes.

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

On Hemel Hempstead, the Group drew down on a new £4 million loan facility in 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 continues to work 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.

1 Significant Accounting Policies (continued)
Going concern (continued)

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

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

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

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

Operating segments

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 sold on 9 August 2022), Maidstone, Walthamstow and Wood Green. The Group deconsolidated its interest in Luton on 20 May 2022 reflecting changes that took place on that date to constitution of the Luton entities including the appointment of an independent director with specific rights regarding the proposed sale process for the asset.

Group/Central includes management fee income, Group overheads incurred by Capital & Regional plc, Capital & Regional Property Management and other subsidiaries and the interest expense on the Group's central borrowing facility.

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

Adjusted Profit

Adjusted Profit is the total of Contribution from wholly-owned assets, the profit from Snozone and property management fees less central costs (including interest, excluding non-cash charges in respect of share-based payments) after tax. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments and adjusting one-off items for example gains from debt repurchase. Results from Discontinued Operations are included in adjusted profit up until the point of disposal or reclassification as held for sale. Further detail on the use of Adjusted Profit and other Alternative Performance Measures is provided within the Financial Review.

Adjusted profit within Snozone is EBITDA. Snozone 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.

A reconciliation of Adjusted Profit to the statutory result is provided in Note 2a and, on a per share basis, in Note 5, where EPRA earnings figures are also provided.

2a Operating segments

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

[1] Includes expected credit loss.
[2] Asset management fees of £2.5 million charged from the Group's Capital & Regional Property Management entity to wholly owned assets have been excluded from the table above.

2a Operating segments (continued)

Year to 30 December 2021 (Restated)[6]	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	34.1	14.0	-	-	**48.1**
Property and void costs[1]		(14.0)	(6.7)	-	-	**(20.7)**
Net rental income		20.1	7.3	-	-	**27.4**
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)		9.3	1.9	0.8	(5.5)	**6.5**
Revaluation of properties		(27.8)	(19.8)	-	-	**(47.6)**
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 (non-cash)		-	-	-	(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)/Profit		(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 reclaim of VAT
[4] Other income includes £2.5 million insurance proceeds
[5] Shopping Centres – Managed Assets includes £(6.4) million from discontinued operations
[6] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1.

2b Reconciliations of reportable revenue, assets and liabilities

Revenue and other income	Note	Year to 30 December 2022 £m	Year to 30 December 2021 Restated[1] £m
Rental income from external sources	2a	**34.7**	**34.5**
Other revenue	2a	**-**	**2.5**
Service charge income		**10.5**	**9.6**
Management fees	2a	**3.4**	**2.4**
Snozone income	2a	**13.0**	**6.8**
Revenue for reportable segments		**61.6**	**55.8**
Elimination of inter-segment revenue		**(1.0)**	**(1.2)**
Revenue and other income per consolidated income statement	3	**60.6**	**54.6**
Revenue and other income by country			
UK		**57.1**	**52.5**
Spain		**3.5**	**2.1**
Revenue and other income per consolidated income statement		**60.6**	**54.6**

[1]2021 comparative figures have been restated to present discontinued operations separately. Discontinued operations are discussed in Note 16. 2021 comparative figures have also been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1.

	Note	2022 £m	2021 £m
Assets			
Investment assets		365.5	425.6
Snozone		27.1	29.0
Group/Central		30.4	35.0
Assets classified as held for sale		-	146.4
Total assets of reportable segments and Group assets	2a	423.0	636.0
Liabilities			
Investment assets		(210.6)	(267.9)
Snozone		(28.9)	(31.2)
Group/Central		(4.4)	(2.7)
Liabilities directly associated with assets classified as held for sale		-	(165.8)
Total liabilities of reportable segments and Group liabilities	2a	(243.9)	(467.6)
Net assets by country			
UK		177.8	167.8
Spain		1.3	0.6
Group net assets		179.1	168.4

3 Revenue

	Note	Year to 30 December 2022 £m	Year to 30 December 2021[1] £m
Gross rental income		**26.7**	30.3
Car Park and ancillary income		**8.0**	7.1
Income from external sources	2a	**34.7**	37.4
Service charge income	2b	**10.5**	9.6
External management fees		**2.4**	0.8
Snozone income	2a	**13.0**	6.8
Other income	2a	**-**	2.5
Revenue and other income per consolidated income statement	2b	**60.6**	57.1

[1]2021 comparative figures have been restated to present discontinued operations separately. Discontinued operations are discussed in Note 10. 2021 comparative figures have also been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1. 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.

4 Tax

4a Tax credit/(charge)

	Year to 30 December 2022 £m	Year to 30 December 2021 £m
Current tax		
UK corporation tax	**(0.4)**	**(1.0)**
Adjustments in respect of prior years	**0.4**	**(2.6)**
Total current tax credit/(charge)	**-**	**(3.6)**
Deferred tax		
Prior year adjustments	**-**	**(0.1)**
Origination and reversal of temporary timing differences	**0.3**	**0.6**
Total deferred tax	**0.3**	**0.5**
Total tax credit/(charge)	**0.3**	**(3.1)**

£nil (2021: £nil) of the tax charge relates to items included in other comprehensive income.

4b Tax credit/(charge) reconciliation

	Note	Year to 30 December 2022 £m	Year to 30 December 2021 Restated[1] £m
Profit/(loss) before tax on continuing operations		**5.0**	**(16.9)**
Expected tax (charge)/credit at 19% (2021: 19%)		**(1.0)**	**3.2**
REIT exempt income and gains		**2.1**	**(2.4)**
Non-allowable expenses and non-taxable items		**(1.4)**	**(0.1)**
Excess tax losses		**-**	**(0.3)**
Other adjustments		**-**	**(1.0)**
Prior year adjustments		**0.4**	**(2.7)**
Effect of tax rate change on deferred tax		**0.2**	**0.2**
Actual tax credit/(charge)	4a	**0.3**	**(3.1)**

[1]2021 comparative figures have been restated to present discontinued operations separately. Discontinued operations are detailed in Note 10.

4c Deferred tax

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% (December 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 £12.1 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 £24.2 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.

4d REIT compliance

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

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

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

5 Earnings per share

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

5a Earnings per share calculation

		Year to 30 December 2022			Year to 30 December 2021		
	Note	**Profit**	**EPRA**	**Adjusted Profit**	Loss	EPRA (Restated)[3]	Adjusted Profit (Restated)[3]
Profit (£m)							
Profit/(loss) for the year		**12.1**	**12.1**	**12.1**	(26.4)	(26.4)	(26.4)
Revaluation loss on investment properties (net of tax)	5b	**-**	**19.6**	**19.6**	-	47.6	47.6
(Profit)/Loss on disposal (net of tax)	5b	**-**	**(1.5)**	**(1.5)**	-	2.5	2.5
Changes in fair value of financial instruments[1]	5b	**-**	**(1.1)**	**(1.1)**	-	(5.9)	(5.9)
Share-based payments	2a	**-**	**-**	**0.5**	-	-	0.9
Other items[2]		**-**	**(20.3)**	**(19.3)**	-	(15.9)	(12.2)
Profit/(loss) (£m)		**12.1[4]**	**8.8**	**10.3**	(26.4)	1.9	6.5
Earnings per share (pence)		**7.3**	**5.3**	**6.2**	(22.0)	1.6	5.4
Diluted earnings per share (pence)		**7.2**	**5.3**	**6.1**	(22.0)	1.6	5.4

Weighted average number of shares (m)	Note	**Year to 30 December 2022**	Year to 30 December 2021
Ordinary shares in issue		**166.3**	119.9
Own shares held		**-**	-
Basic		**166.3**	119.9
Dilutive contingently issuable shares and share options		**2.4**	0.3
Diluted		**168.7**	120.2

At the end of the year, the Group had nil (2021: nil) share options and contingently issuable shares granted under share-based payment schemes that could potentially dilute earnings per share in the future, but which have not been included in the calculation because they are not dilutive or the conditions for vesting have not been met.

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

[2] Other Items in 2022 includes the £12.5 million gain on repurchase of Hemel Hempstead debt at a discount and a £6.8 million gain on the deconsolidation of Luton. Other items in 2021 includes the £18.4 million gain on repurchase of debt at a discount and other non-operating transactional costs.

[3] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1.

[4] £6.8 million (30 Dec 2021: £(6.4) million) of the current earnings related to discontinued operations.

5 Earnings per share (continued)

5b Headline earnings per share

Headline earnings per share is an alternative performance measure as required by the JSE Listing Requirements. It has been calculated and presented in line with the JSE guidance.

	Year to 30 December 2022		Year to 30 December 2021 (Restated)[1]	
	Basic	**Diluted**	Basic	Diluted
Profit (£m)				
Profit/(loss) for the year	**12.1**	**12.1**	(26.4)	(26.4)
Revaluation loss on investment properties (including tax)	**19.6**	**19.6**	47.6	47.6
(Profit)/Loss on disposal (net of tax)	**(1.5)**	**(1.5)**	2.5	2.5
Other items	**(20.3)**	**(20.3)**	(15.9)	(15.9)
Headline earnings	**9.9**	**9.9**	7.8	7.8
Weighted average number of shares (m)				
Ordinary shares in issue	**166.3**	**166.3**	119.9	119.9
Own shares held	**-**	**-**	-	-
Dilutive contingently issuable shares and share options	**-**	**2.4**	-	0.3
	166.3	**168.7**	119.9	120.2
Headline Earnings per share (pence) Basic/Diluted	**6.0**	**5.9**	6.5	6.5

[1]2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in note 1

6 Investment properties

6a Wholly owned properties

	Note	Freehold investment properties £m	Leasehold investment properties £m	**Total property assets £m**
Cost or valuation				
At 30 December 2020		**280.1**	**256.0**	**536.1**
Capital expenditure (excluding capital contributions)		1.6	7.3	**8.9**
Disposal[2]		(13.3)	**-**	**(13.3)**
Valuation deficit[1]		(31.1)	(16.5)	**(47.6)**
Transfer to held for sale	10	(10.2)	(97.5)	**(107.7)**
At 30 December 2021 (Restated)[3]		**227.1**	**149.3**	**376.4**
Capital expenditure (excluding capital contributions)		3.2	5.8	**9.0**
Disposals[2]		-	(54.9)	**(54.9)**
Valuation gain/(deficit)[1]		(3.8)	(16.2)	**(20.0)**
Remeasurement of head lease		-	(0.6)	**(0.6)**
Transfer from held for sale	10	10.2	-	**10.2**
At 30 December 2022		**236.7**	**83.4**	**320.1**

[1] £19.6 million per Income statement and Note 2a includes letting fee amortisation adjustment of £(0.4) million (2021: £0.1million).
[2] This represents the net book value including tenant incentives
[3] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1

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.

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.

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 cash proceeds of £39.4 million.

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

6 Investment properties (continued)

6b Property assets summary

	30 December 2022	30 December 2021 (Restated)[1]
	£m	£m
Investment properties at fair value as reported by the valuer	**322.8**	380.1
Add back of lease liabilities	**5.4**	6.0
Unamortised tenant incentives on investment properties	**(8.1)**	(9.7)
IFRS Property Value	**320.1**	376.4

[1][1]2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1

As described in Note 1 summary of significant accounting policies, where the valuation obtained for investment property is net of all payments to be made, it is necessary to add back the lease liability to arrive at the carrying amount of investment property at fair value.

6c Valuations

External valuations at 30 December 2022 were carried out on all of the gross property assets detailed in the table above. The fair value was £322.8 million (2021: £380.1 million). External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 December 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.

The Group considers all of its investment properties to fall within “Level 3”, as defined in Note 1. The table below summarises the key unobservable inputs used in the valuation of the Group’s wholly owned investment properties at 30 December 2022:

	Estimated rental value £ per sq ft			Equivalent yield %		
Market Value £m	Low	Portfolio	High	Low	Portfolio	High
322.8	9.5	17.7	28.3	7.0	8.6	17.5

Sensitivities

The following table illustrates the impact of reasonably possible 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
	13.0	(12.8)	(10.8)	11.8	(21.2)	24.3

	Impact on valuations of 100bps change in equivalent yield	
	Increase	Decrease
	£m	£m
Wholly owned assets	(40.0)	52.3

7 Leases

Right of use Assets	30 December 2022 £m	30 December 2021 £m
Cost		
At the start of the year	**28.9**	14.4
Additions	**-**	3.3
Remeasurement	**(0.8)**	11.2
At the end of the year	**28.1**	28.9
Accumulated depreciation		
At the start of the year	**(4.4)**	(2.2)
Charge for the year	**(2.1)**	(2.2)
Disposals	**-**	-
At the end of the year	**(6.5)**	(4.4)
Carrying value		
At the end of the year	**21.6**	24.5

Lease commitments relate to the leasing of the Group's registered office and the leases of the Snozone business on its Castleford, Milton Keynes and Madrid sites. The lease at Snozone Basingstoke expired as at 30 December 2022, the leases at Milton Keynes and Castleford were revalued following the annual lease payable review. During 2022 the Group signed an extension of its registered office lease of one year. The lease liability was remeasured as a result. During 2021 the group signed amendments to the lease agreements for the Castleford and Milton Keynes sites within its Snozone business, resulting in the remeasurement of the right of use asset and the related lease liability. Additions for that year relate to the lease acquired on acquisition of Snowzone Madrid.

8 Receivables

	30 December 2022 £m	30 December 2021 (restated)[1] £m
Non current:		
Non-financial assets		
Deferred tax	**1.1**	0.7
Interest rate swap	**1.7**	-
Unamortised tenant incentives	**2.1**	2.1
Unamortised rent free periods	**4.7**	6.0
	9.6	8.8
Current:		
Financial assets		
Trade receivables (net of allowances)	**7.7**	8.9
Other receivables	**-**	4.2
Accrued income	**1.5**	0.9
Current financial assets	**9.2**	14.0
Non-financial assets		
Prepayments	**4.0**	4.0
Unamortised tenant incentives	**0.5**	0.4
Unamortised rent free periods	**0.7**	1.2
Current non-financial assets	**5.2**	5.6
	14.4	19.6

[11]2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1

8 Receivables (continued)

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. The group does not recognise revenue where collectability is not reasonably expected. In the case of rental income this relates to tenants who are insolvent and closed.

9 Cash and cash equivalents

	30 December 2022 £m	30 December 2021 £m
Cash at bank and in hand	**52.1**	53.7
Security deposits held in rent accounts	**0.8**	0.7
Other restricted balances	**2.6**	4.1
	55.5	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 £28.1 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 2022 were held in Sterling other than £0.6 million which was held in Euros (30 December 2021: £0.6 million).

10 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. A book value of £10.2 million was transferred back at this date being the fair value of £10.5 million plus tenant incentives of £(0.3) million. The transaction has resulted in an increase to Net Asset Value of approximately £12.5 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 investment or asset. This process remains ongoing. 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 liability at the point of deconsolidation.

10 Assets and liabilities held for sale (continued)

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

	Period to 23 May 2022	Year to 30 December 2021
	£m	**£m**
Revenue	**4.2**	**13.8**
Expected Credit loss	**-**	**(0.8)**
Cost of sales	**(1.4)**	**(5.5)**
Gross profit	**2.8**	**7.5**
Loss on revaluation of investment properties	**(2.8)**	**(12.6)**
Other gains and losses	**(0.3)**	**-**
Loss on ordinary activities before financing	**(0.3)**	**(5.1)**
Finance income	**1.7**	**3.1**
Finance costs	**(1.7)**	**(4.4)**
Loss before tax	**(0.3)**	**(6.4)**
Tax credit/(charge)	**-**	**-**
Loss for the period	**(0.3)**	**(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. The results related to Luton have been reclassified to Discontinued Operations.

During the period, Luton Limited Partnership generated £2.5 million (2021: £5.4 million) of net operating cash flows, paid £1.3 million (2021: £3.2 million) in respect of investing activities and paid £4.8 million (2021: £1.0 million) in respect of financing activities.

11 Bank loans

11a Summary of 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	Note	**30 December 2022 £m**	30 December 2021 £m
Secured			
Fixed and swapped loans		**179.0**	239.0
Variable rate loans		**4.0**	-
Total borrowings before costs		**183.0**	239.0
Unamortised issue costs		**(1.2)**	(0.8)
Total borrowings after costs		**181.8**	238.2
Analysis of total borrowings after costs			
Current		**-**	-
Non-current		**181.8**	238.2
Total borrowings after costs		**181.8**	238.2

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.

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

	£m
Secured bank loans at 30 December 2021	**239.0**
Repayment of The Mall B2 loan facility	**(35.0)**
Repayment of The Mall A loan facility	**(25.0)**
Drawdown of new Hemel Hempstead loan facility	**4.0**
	183.0

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.

12 Reconciliation of net cash from operations

	Note	**Year to 30 December 2022 £m**	Year to 30 December 2021 (Restated)[1] £m
Profit/(loss) for the year		**12.1**	(26.4)
Adjusted for:			
Income tax (credit)/charge	4a	**(0.3)**	3.1
Finance income		**(1.1)**	(7.6)
Finance expense		**9.4**	17.3
Finance lease costs (head lease)		**(0.3)**	(1.1)
Loss on revaluation of wholly owned properties		**19.6**	47.6
Depreciation of other fixed assets		**0.3**	0.5
Other gains		**(22.4)**	(14.0)
Decrease/(increase) in receivables		**4.5**	(2.5)
Increase in payables		**3.0**	7.8
Non-cash movement relating to share-based payments		**0.5**	0.4
Net cash from operations		**25.3**	25.1

[1]2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions. Loss on revaluation of investment properties has been reduced by £1.6 million and the increase in receivables has been reduced by the same amount as described in Note 1.

13 Net assets per share

	30 Dec 2022 EPRA NRV £m	30 Dec 2022 EPRA NTA £m	30 Dec 2022 EPRA NDV £m	30 Dec 2021 EPRA NRV £m	30 Dec 2021 EPRA NTA £m	30 Dec 2021 EPRA NDV £m
IFRS Equity attributable to shareholders	**179.1**	**179.1**	**179.1**	168.4	168.4	168.4
Exclude fair value of financial instruments	(1.7)	(1.7)	-	-	-	-
Include fair value of fixed interest rate debt	-	-	18.4	-	-	(1.0)
Net asset value	**177.4**	**177.4**	**197.5**	168.4	168.4	167.4
Fully diluted number of shares	171.6	171.6	171.6	165.7	165.7	165.7
Net asset value per share	**103.4**	**103.4**	**115.1**	101.6	101.6	101.0

The number of ordinary shares issued and fully paid at 30 December 2022 was 169,191,918 (30 December 2021:165,399,863). There have been no changes to the number of shares from 30 December 2022 to the date of this announcement.

14 Dividends

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

	Year to 30 December 2022 £m	Year to 30 December 2021 £m
Interim dividend per share for year ended 30 December 2022 of 2.5p	4.1	-
Amounts recognised as distributions to equity holders in the year	**4.1**	-
Proposed final dividend for year ended 30 December 2022 of 2.75p	**4.7**	-

15 Ultimate controlling party

Growthpoint Properties Limited (“Growthpoint”) holds 61.5% of the issued share capital of the Company. As such Growthpoint is the ultimate controlling party of the Company and the largest group into which the results of the Company are consolidated. The registered office of Growthpoint Properties Limited is The Place, 1 Sandton Drive, Sandton, 2196, Johannesburg, South Africa. The financial statements of Growthpoint are available at this address.

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 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.

Portfolio information *(Unaudited)*
At 30 December 2022

Physical data[1]	
Number of properties	5
Number of lettable units	547
Size (sq ft – million)	2.0
Valuation data	
Properties at independent valuation (£m)	322.8
Adjustments for head leases and tenant incentives (£m)	(2.7)
Properties as shown in the financial statements (£m)	**320.1**
Revaluation loss in the year (£m)	£(19.6)m
Initial yield	7.2%
Equivalent yield	8.6%
Reversion	12.9%
Lease length (years)	
Weighted average lease length to break	**4.1**
Weighted average lease length to expiry	**6.9**
Passing rent (£m) of leases expiring in:	
2023	7.2
2024	1.7
2025-2027	6.6
ERV (£m) of leases expiring in:	
2023	7.0
2024	1.9
2025-2027	6.7
Passing rent (£m) subject to review in:	
2023	1.5
2024	0.8
2025-2027	1.9
ERV (£m) of passing rent subject to review in:	
2023	1.1
2024	0.7
2025-2027	1.9
Rental Data	
Contracted rent (£m)	£31.5m
Passing rent (£m)	£30.5m
ERV (£m per annum)	£34.4m
ERV movement (like-for-like)	1.0%
Occupancy	94.1%

EPRA performance measures *(Unaudited)*
As at 30 December 2022

	Note	2022	2021 Restated[2]
EPRA earnings (£m)	5a	**8.8**	1.9
EPRA earnings per share (diluted)	5a	**5.3p**	1.6p
EPRA reinstatement value (£m)	13	**177.4**	168.4
EPRA net reinstatement value per share	13	**103p**	102p
EPRA net tangible assets (£m)	13	**177.4**	168.4
EPRA net tangible assets per share	13	**103p**	102p
EPRA net disposal value (£m)	13	**197.5**	167.4
EPRA net disposal value per share	13	**115p**	101p
EPRA LTV		**44.4%**	64.1%
EPRA cost ratio (including direct vacancy costs)		**48.6%**	58.5%
EPRA cost ratio (excluding vacancy costs)		**37.8%**	49.6%
Like-for-like ERV growth (£m)[1]		**1.0**	1.1

EPRA vacancy rate	**2022 £m**	2021 £m
Estimated rental value of vacant space	**2.6**	3.9
Estimated rental value of whole portfolio	**33.4**	53.8
EPRA vacancy rate	**7.7%**	7.2%

EPRA net initial yield and EPRA topped-up net initial yield	**2022 £m**	2021 £m
Investment property	**322.8**	473.1
Completed property portfolio	**322.8**	473.1
Allowance for capital costs	**16.8**	(10.1)
Allowance for estimated purchasers' costs	**21.9**	31.4
Grossed up completed property portfolio valuation	**361.4**	494.4
Annualised cash passing rental income	**30.5**	56.2
Property outgoings	**(6.7)**	(13.7)
Annualised net rents	**23.8**	42.5
Add: notional rent expiration of rent free periods or other lease incentives	**1.3**	0.6
Topped up annualised rent	**25.1**	43.1
EPRA net initial yield	**6.6%**	8.1%
EPRA topped-up net initial yield	**7.0%**	8.3%

[1] Like-for-like ERV growth is based on the Group's portfolio of five properties with fair value of £322.8 million.
[2] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1

EPRA performance measures (continued) *(Unaudited)*
As at 30 December 2022

EPRA Cost ratios	**2022**	2021 (Restated)[1]
	£m	£m
Cost of sales (adjusted for IFRS head lease differential)	**32.1**	38.1
Administrative costs	**10.9**	12.7
Service charge income	**(10.5)**	(12.7)
Management fees	**(2.3)**	(0.8)
Snozone (indoor ski operation) costs	**(12.9)**	(8.5)
Less inclusive lease costs recovered through rent	**(1.5)**	(4.0)
EPRA costs (including direct vacancy costs)	**15.8**	24.8
Direct vacancy costs	**(3.5)**	(3.8)
EPRA costs (excluding direct vacancy costs)	**12.3**	21.0
Gross rental income	**34.7**	48.1
Less ground rent costs	**(0.7)**	(1.7)
Less inclusive lease costs recovered through rent	**(1.5)**	(4.0)
Gross rental income	**32.5**	42.4
EPRA cost ratio (including direct vacancy costs)	**48.6%**	58.5%
EPRA cost ratio (excluding vacancy costs)	**37.8%**	49.6%

[1]2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions as explained in Note 1.

Property related capital expenditure		**2022**	2021
	Note	**£m**	£m
Acquisitions		**-**	-
Development	6	**5.8**	4.1
Investment properties:			
Incremental letting space		**-**	-
No incremental letting space	6	**3.2**	4.8
Other		**-**	-
Total Capital expenditure	6	**9.0**	8.9
Conversion from accrual to cash basis		**1.6**	(0.6)
Total capital expenditure on cash basis		**10.6**	8.3

Capital tenant incentives of £0.9 million were paid during the year (2021: £0.3 million). Amortisation of £0.6 million was recognised in the P&L (2021: £0.4 million).

Capital expenditure
Refurbishment expenditure in respect of major works is capitalised. Renovation and refurbishment expenditure of a revenue nature is expensed as incurred. Our business model for developments is to use a combination of in-house staff and external advisers. The cost of external advisers is capitalised to the cost of developments. The cost of staff working on developments is capitalised subject to meeting certain criteria related to the degree of time spent on and the nature of specific projects. Staff costs amounting to £nil (2021: £nil) have been capitalised as development costs during the year.