30 April 2024

Capital & Regional plc

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

Full Year Results to 30 December 2023

RESILIENT OPERATIONAL PERFORMANCE, ACTIVE ASSET MANAGEMENT AND ACQUISITION OF GYLE DRIVING IMPROVED PROFITABILITY AND DIVIDENDS

Capital & Regional (LSE: CAL), the UK focused REIT with a portfolio of community shopping centres, today announces its full year results to 30 December 2023. The Company will also publish a copy of its Annual Report and Financial Statements for the year ended 30 December 2023 in the Investor Info section of its website at capreg.com.

Highlights for the period

- 5% increase in like-for-like Net Rental Income[1] (“NRI”).
- 2.6% increase in like-for-like valuations over 2023.
- 86 new lettings and renewals, compared to 80 in 2022, at a combined average premium of 6.8% to previous rent[2] and 16.6% to ERV[2].
- In September, we acquired Gyle shopping centre, Edinburgh, for £40 million part funded through a £25 million equity raise, at a net initial yield of 13.5% expected to rebase to around 12%.
- 9.7% growth in Adjusted Earnings per share to 6.8p (December 2022: 6.2p).
- 7.3% increase in proposed final dividend of 2.95p per share delivering a total dividend for the year of 5.70p per share (December 2022: 2.75p per share and 5.25p per share, respectively).

Lawrence Hutchings, Chief Executive, comments:

"Our ongoing focus on delivering our proven community strategy and increasing our exposure to non-discretionary and needs based retail and services categories, continues to support our progress and has helped us deliver another positive set of results. Occupier demand coupled with our accretive capex programme has driven rental growth, underpinned a 9.7% increase in earnings and, with values also up slightly, given us the confidence to increase the dividend.

“The structural changes in retail continue to evolve, with online penetration now maturing and a continued return to the store by consumers meaning physical retail has cemented its position as a vital part of the distribution framework. This is especially evident in our core categories of value and non-discretionary merchandise. Retailers are continuing to focus on coupling the online platform with stores in a seamless guest experience.

“The rapid re-leasing of all three of our Wilko units to B&M in the first few months of 2024, further demonstrates the quality of our locations, the relevance of our strategy and our team’s ability to capture demand from retailers for affordable space in urban locations. This backdrop, coupled with the improvement in our underlying operational business, and with the Company’s balance sheet stable, gave us the confidence to proceed with the Gyle acquisition in September 2023. It marks our first step towards rebuilding the business through our continued capex programme and a disciplined approach to opportunities to buy well positioned retail led real estate at attractive entry points.”

Operational metrics remain robust demonstrating the continued appeal of C&R's community centres

- Footfall up 1.5% with 44.5 million shopper visits in 2023, representing 86.7% of the equivalent period for 2019.
- Occupancy steady at 93.4% (December 2022: 94.1%) with the marginal decline due to Wilko's administration.
- All three units vacated following Wilko's administration relet post year end, with B&M signing a portfolio deal in February 2024 and opening in May 2024, adding 140 basis points to occupancy. In the three months to the end of March 2024 we have completed 21 new lettings and renewals, at a combined annual rent of £1.4 million, representing an average premium to previous rent of 1.3% and to ERV of 5.9%[1].
- Rent collection 99.2% for 2023 (December 2022: 97.6% at the time of Year End results).

Occupier led demand driving rental and earnings growth and underpinning dividend increase

- NRI of £23.9 million (December 2022: £23.5 million) reflecting net impacts of the Gyle acquisition and sale of Blackburn in August 2022. Statutory revenue broadly in line with the prior year at £59.0 million (December 2022: £56.8 million).
- Snozone's EBITDA[1] increased by 64% to £2.3 million (December 2022: £1.4 million) reflecting the first full year unimpacted by Covid since 2019 and improved profitability from Snozone Madrid driven by the actions undertaken since the acquisition in 2021.
- 23% increase in Adjusted Profit[1] to £12.7 million (December 2022: £10.3 million).
- IFRS Profit for the period of £3.7 million (December 2022: Profit of £12.1 million). The prior year included one-off gains of £12.5 million and £6.8 million from the discounted purchase of the Hemel Hempstead debt facility and deconsolidation of Luton, respectively.
- Net £16.0 million invested during the year expected to produce a yield on cost in line with the Company's target of 8% to 9%. At Ilford, the new TK Maxx anchor store successfully opened in November 2023 and a new NHS community healthcare centre has been handed over and is expected to open in Spring 2024.
- The first phase of the Walthamstow residential development undertaken by Long Harbour, creating 495 Build to Rent apartments in two residential towers and providing a new captive audience of shoppers for our Walthamstow centre, is progressing rapidly. The development is due to complete in early 2025.
- 2.6% increase in like-for-like valuations over 2023, with a 4.0% increase in Gyle since purchase, primarily as a result of the completion of six new lettings and renewals. 15.5% increase in portfolio valuation to £372.8 million (December 2022: £322.8 million) including the addition of Gyle.
- Net Asset Value ("NAV") increased 12.8% to £202.0 million (December 2022: £179.1 million).
- NAV per share and EPRA NTA per share at 90p and 88p respectively (December 2022: 106p and 103p, respectively) due to the increased number of shares in issue following the £25 million equity raise in September 2023.

Long term secure debt position

- Long debt maturity profile of 4.1 years with low average cost of debt of 4.25%. Approximately 80% hedged for the next three years.
- New five-year £16 million vendor loan arranged by Morgan Stanley drawn in September 2023 to part finance the Gyle acquisition.
- Group Net Loan to Value has increased to 43.6% from 40.6% at 30 December 2022 from investing cash into capital expenditure and part funding of the Gyle acquisition from central cash.
- Ilford loan extension agreed to September 2025 with further conditional options to extend term to end of 2027.

Further progress in delivering energy efficiency driving forward our net zero carbon pathways

- EPC ratings of three centres improved from a 'D' to 'B' rating.
- 72% reduction in Scope 1 natural gas, and 15% in Scope 2 electricity consumption since 2019.
- 100% renewable and Renewable Energy Guarantees of Origin certified electricity at all shopping centres and Snozone venues.

	Year to Dec 2023	Year to Dec 2022
Revenue	**£59.0m**	£56.8m[5]
Net Rental Income	**£23.9m**	£23.5m
Adjusted Profit [1]	**£12.7m**	£10.3m
Adjusted Earnings per share [1]	**6.8p**	6.2p
IFRS Profit for the period	**£3.7m**	£12.1m
Basic earnings per share	**2.0p**	7.3p
Total dividend per share [3]	**5.70p**	5.25p
Net Asset Value	**£202.0m**	£179.1m
Net Asset Value (NAV) per share	**90p**	106p
EPRA NTA per share	**88p**	103p
Group net debt	**£162.7m**	£130.9m
Net debt to property value	**43.6%**	40.6%

Notes

[1] Adjusted Profit, Adjusted Earnings per share, Net Rental Income, Net Debt and the Snozone EBITDA metric are as defined in the Use of Alternative Performance Measures section. 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] For lettings and renewals (excluding development deals and CVA variations) with a term of 1 year or longer which do not include turnover rent, like-for-like, excludes Gyle. Comparative numbers for 2022 are on a like-for-like basis.

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

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

[5] 2022 comparative figure has been restated for a prior year adjustment to service charge income and expenditure recognised in the period. There is no change to Profit.

Use of Alternative Performance Measures (APMs)

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

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Notes to editors:

About Capital & Regional

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

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

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

For further information see www.capreg.com.

South African secondary listing

At 30 December 2023, 8,755,640 of the Company's total 224,906,731 shares were held on the South African register representing 3.89% 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

We are pleased to publish our full year results announcement. The delay in announcing was required to enable our new auditors, Mazars LLP, to complete a review of our service providers' internal processes, primarily in relation to the risk of an understatement of car park revenue. No changes to numbers have arisen from the work performed in this area and the Group's key operational and financial trading metrics remain in line with those disclosed in the Trading Update issued on 8 March 2024.

2023 was a year of continued progress for the Company, with retailer interest and guest numbers showing steady recovery from the challenges of the pandemic and endorsing our strategy of owning dominant community shopping centres. With consumer confidence inevitably affected by inflation and high borrowing costs, our focus on meeting demand for non-discretionary spending stood us in good stead and, coupled with the hard work and expertise of our asset management team, has allowed us to deliver the strong operational and financial results we are able report.

Following our success in strengthening the balance sheet in the previous year, we were delighted to take a significant step forward in September 2023 with the purchase of Gyle shopping centre in Edinburgh. This dominant mall, with its prosperous catchment area, is a perfect fit for the C&R portfolio and our management team has already identified a number of opportunities to improve the retailer mix, income and ultimately capital value: some of which we have already captured as detailed in today's results. We were also pleased with the reaction to the transaction from shareholders, analysts and market commentators, with widespread agreement of our view that this represented a very exciting opportunity that was a natural fit for the Company.

The Gyle purchase was facilitated by a combination of stapled debt from the vendor banks and a £25 million equity raise which was supported by existing shareholders and fully underwritten by our majority shareholder, Growthpoint. As in previous years, the Board is indebted to Growthpoint for its exceptional support, and confidence in the management team who identified and painstakingly negotiated the deal.

A central part of the Company's strategy is to invest selective capital expenditure on our assets. In 2023, the team invested a net total of £16.0 million, focused in particular on Ilford delivering new units for TK Maxx and the NHS, as well as Wood Green.

Capex programmes will continue into 2024 and beyond, with the management team very mindful of the requirement to deliver a high return on cost to justify the use of our available resources. We strongly believe that our proactive management of assets will continue to deliver income growth and, as investment markets recover, capital value growth.

Retailer failures were much reduced in 2023, and although the administration of Wilko in the second half of the year created a challenge in three of our centres, our team responded swiftly and had agreed terms with B&M for all three units by the year end, formally signing them up to the space in February 2024.

One ongoing legacy from the pandemic is the reduced use of car parks. This is principally resulting from a modal shift in central London but also due to some shorter-term impacts from our development in Walthamstow as well as a reduction in contract local office worker car parking in Hemel. The team is working on a range of alternative uses to support car park income including the introduction of EV charging and potential storage, as well as last mile logistics.

From an operational and financial point of view, 2023 was a strong year and continued the Company's steady trend of recovery from the pandemic. Valuations were up 2.6% on a like-for-like basis and Net Rental Income increased by 5%, also on a like-for-like basis, leading to a 23% increase in Adjusted Profits and a 9.7% increase in Adjusted Earnings. Rent collections remain very high. We also saw a strong performance from Snozone increasing their EBITDA by 64% including a significantly improved profit contribution from Madrid.

While the Company's net debt to property value rose slightly to 43.6%, this increase was driven solely through the use of central cash for capex and an element of the Gyle acquisition. The Board seeks to strike a balance between the need to invest into assets and a desire to keep the Company's loan-to-value ratio as low as possible.

We have extended the term on our Ilford debt and agreed further options to extend maturity out to the end of 2027. None of the Company's facilities are due to expire in 2024. We have an excellent relationship with all of our lenders and our weighted average cost of debt remains competitive at 4.25%. In addition, we hold total cash reserves of £36.3 million, providing full funding for ongoing capex projects.

The Board recognises the fundamental importance of income for shareholders and, based on these financial results, were pleased to announce a 7.3% increase to the proposed final dividend to 2.95 pence per share, which if approved will result in a total dividend for the year of 5.70 pence per share, an increase of 8.6% from 2022. These though remain uncertain times and, as with recent dividends, the Board is conscious of the importance of preserving cash both for capital expenditure investment and to maintain financial flexibility conscious of the risk of macro or geo-political developments impacting operations or capital values. As such, the Board has decided to again offer a scrip option with this final dividend. Growthpoint has taken up this option.

C&R has long been a pioneer of strong environmental sustainability and we have seen continued progress across the portfolio, significantly reducing utility consumption across both the shopping centre and Snozone businesses. We also place a particularly high importance on the wellbeing of our staff and I am pleased to report high and positive responses to staff surveys undertaken in the year.

As ever, I am most grateful to my Board colleagues for their unstinting support. Ian Krieger, our Audit Committee Chair and Senior Independent Director will retire by rotation at the 2024 AGM, having served nine years on the Board and I would like to record my particular thanks to Ian for his consistently constructive input. Laura Whyte has agreed to take on the role of Senior Independent Director, and Gerry Murphy has recently joined the Board and will succeed Ian as Audit Committee Chair.

While the Company has undoubtedly moved forward in 2023, there have been continued economic and market headwinds and I must acknowledge the exceptional role which Lawrence and his team have played, not only in confronting these challenges, but in ensuring that C&R's profile and market reputation remains so strongly positive.

David Hunter
Chairman

Chief Executive's Statement

We continued to focus on delivering our proven community strategy during 2023, increasing our exposure to retailers in our core non-discretionary and needs based retail and services categories including fresh and catered food, grocery, pharmacy, personal services (including skin and nail care) and medical services with our growing partnership with the NHS. This continues to be one of the most resilient parts of the UK's retail landscape and, as consumers focus on life's essentials it has become even more relevant to our communities, guests and retailers at this time.

The structural changes in physical retail have continued to evolve with physical stores emerging as a vital part of the distribution of goods and services as retailers focus on coupling the online platform with stores in a seamless customer experience. The higher costs associated with online retailing makes the store a key area of focus for the majority of commodity and value orientated retail as typically lower margins, high volumes and low unit values combine to make profitability of the online channel a challenging proposition.

This has driven an increase in retailer demand for our centres and floorspace, especially in our urban locations, which our lettings team has been quick to capture, enabling us to deliver robust leasing, occupancy and valuation metrics despite the volatile macro-economic backdrop we have seen throughout the year.

Adjusted Profit per share grew by 9.7% as we continue our post Covid recovery, thanks in no small part to the effort and dedication of our talented team – thank you.

Our ESG initiatives are on track, with the Company delivering significant reductions in utility consumption throughout 2023. I am especially proud of the work we undertake to support the diverse and vibrant communities we serve, be it through our work with local charities or the support we provide to new local retailers as they establish themselves in our centres. This also helps us tailor the customer proposition to reflect the local community.

In September 2023, we completed our first new property acquisition since I started at C&R almost seven years ago, with the purchase of Gyle shopping centre in Edinburgh. This is an important step for C&R after four years of torrid structural and Covid related restrictions and pressures which have seen the Company needing to consolidate to survive the impacts on income and value which have ravaged our sector.

Our confidence to make this first step towards rebuilding the Company by seeking the opportunities to buy well positioned, retail led real estate in key markets stems from the performance we are seeing in the underlying operational business as footfall, rent collection and leasing demand have all significantly recovered, as well as our ability to leverage the expertise and economies of scale available from our platform.

Gyle has all the attributes of a well-established, high performing community shopping centre. It is anchored by two supermarkets (Morrisons and Marks & Spencer) and offers a strong mix of convenience and community retail including pharmacies, NHS facilities, optometrists and food retail. The centre has superb accessibility by car and tram and dominates an affluent and growing trade area in Edinburgh.

We will maintain our disciplined approach to capital management and focus on our ongoing reinvestment in our centres with our capex repositioning masterplans, where these are accretive to earnings and provide the appropriate risk adjusted return.

The continuing macro-economic pressures including inflation, the interest rate response and the state of the debt and real estate capital markets is encouraging us to take a cautious approach to H1 2024, despite the resilient operational and occupational markets.

Over 80% of our debt book benefits from low cost, 2027-maturity, asset backed non-recourse debt with a long-term supportive lender, helping underpin our Adjusted Profit and dividend.

Consumer confidence and retailer performance

We have continued to see the impact of rising inflation and debt costs on business and consumer confidence. This is being mitigated by high employment, salary growth and higher levels of household savings. We are conscious of the impact these pressures have on the communities we serve and our efforts to support those most in need continues through our various community support initiatives.

We have seen the early signs of respite in inflation and the cost of debt, along with some erosion in consumer savings. In previous economic cycles, these times of reduced consumer confidence have typically favoured sales of grocery and non-discretionary retail and services. Based on feedback from our retailers and our own footfall data we are seeing an increase in retail sales across much of our anchor store and speciality tenant base. Many have been able to pass on the full impact of inflation into prices and this will, over time, assist us in unlocking rental growth for our locations.

The improvement in non-discretionary retailer performance is driving occupier demand and we continue to work towards increasing our exposure to these categories especially in the grocery, pharmacy and medical sectors in line with both the ongoing structural change in retail and societal shifts around consumption.

Our London assets are also experiencing modal shift from personal motor vehicle to public transport and cycling in line with the trend of '15-minute neighbourhoods'. All three of our London centres have excellent access to train, tube and bus networks and are experiencing increasing population density within walking distance with further development to come as markets allow.

Our relationship with the NHS Trusts in greater London continues to expand. We opened the second phase of the diagnostics centre we have delivered in Wood Green with the Whittington NHS Trust and construction has advanced at Ilford on the community health centre we are creating with the North East London NHS Trust, which will open in phases from late spring of 2024.

Structural changes in retailing

Another feature of last year was the continued evolution in distribution of goods and services in the UK. The UK has one of the most mature online retail markets, with a share of just under 30% according to ONS data. Online sales as a percentage of total retail sales have been on a downward trend for the last two years, which is a sharp reversal from the Covid era which naturally accelerated channel shift in retail spending.

The store remains an important part of the majority of retailers' distribution strategies as customers support store-based retailing and retailers benefit from lower costs per transaction. The new model prioritises the seamless integration of both channels.

Whilst the overall market share is high, non-discretionary and grocery sectors have online penetration of around 10%, despite the length of time this has been part of the retail landscape. Pharmacy and value retailers are often lower still, as these categories have lower margins and consumers have indicated a preference to use the proliferation of convenience store formats at transport interchanges and in town and city centres locally, especially in highly urbanised areas. These retailers are amongst the most expansionary and we continue to work closely with an increasingly wide cross section of non-discretionary and value based retailers wishing to locate or expand in our centres.

Inflation has had a significant impact on the cost of doing business as a retailer. Increases in staff costs and petrol, and therefore distribution, together with a higher percentage of product returns, has disproportionately impacted online retailers with several high profile business failures during the year. The lower unit cost store based retailing model still accounts for the majority of retail sales and informs or prompts purchasing decisions. In addition, consumers are increasingly drawn to the convenience of store based collection and returns which, in turn, are a lower cost last mile logistics solution for a retailer. This also provides retailers with the added benefit of a guest potentially buying something, or seeing something they then buy online later, whilst they are in store.

Several of the larger pure play online retailers are now seeking to create bricks & mortar store networks to better compete with those traditionally physical retailers who are successfully embracing both retailing channels. This benefits us as retailers take new, or reconfigure and right size existing, stores to ensure they are able to meet the demands of consumers in a competitive retailing landscape.

After 10 years of structural change, these are exciting times for physical retail with significant opportunities for retail platforms such as ours that understand and can capitalise on the operational intensity needed to evolve existing centres to reflect this new seamless commerce retailing dynamic.

Leasing and occupancy

We have also seen a recovery in our occupancy post the Covid lows, which is encouraging on many levels. The leasing model continues to evolve in the UK and we are at the forefront of these changes as we seek to adopt technology to improve our data, insight and processes to improve the speed and quality of our decisions in this critical area. We are also continuing our concerted effort to maintain and develop relationships with key retailers in each of our core or merchandising pillar categories.

Our investment to diversify and tailor our customer proposition to the local communities by introducing new smaller and independent retailers into our centres is proving beneficial to our leasing progress. In many cases we support these retailers through the initial business planning process, then through store design and pre and post opening with a combination of skilled internal team members with retailing or design backgrounds and/or specialist external consultants. All of this is designed to help our retailers make a success of their first venture in our centres and, where applicable, grow them across our portfolio.

Establishing the right mix of national branded retailers and anchor stores with local independent traders, who have a deep understanding of the unique demand characteristics amongst our specific local communities, remains a key area of focus for our commercial team.

Sustainability

We are very proud of our achievements in this important area. Many of the initiatives are simply good business, lowering costs through more efficient use of resources including energy and water. Importantly they are also enabling us to lower our carbon footprint supporting the journey towards our net carbon zero targets.

Energy consumption, in our shopping centres, reduced by 3% on the previous year and 15% against the 2019 base year, whilst Snozone reduced its electricity consumption by 11% and 16%, respectively. Our focus on moving away from gas led to a 72% reduction in gas consumed in our shopping centres and a 25% drop at Snozone against the 2019 base year. Water consumption reduced by 18% against the 2019 base year at Snozone and 13% against the prior year whilst the shopping centres witnessed an increase against 2022 due to construction activity and a 3% reduction against the 2019 base year .

Following the dramatic weather events in 2022, we have undertaken a considerable amount of work on our readiness to deal with a wide range of extreme weather events from floods to extremes in temperature and the pressures that places on our operations.

We are active in providing pathways for small and start up retailers to locate in our centres. We support retail entrepreneurs through the business planning, store design, pre and post opening period and it is great to see some of these businesses go on to grow into multiple location retailers following their first successful store within our centres.

It has also been pleasing to see our staff pulse survey record 95% engagement with over 450 comments. A net promoter score of +15 places us in the top quartile of companies using the Happiness Index. We launched our new 'purpose': "*we exist to protect and progress the essentials of community life*" and principles (Bring the World in, Uplift the Every Day, Make it Count and Win as One) across the business and continue in our mission to ensure we have a high performance dynamic diverse and inclusive culture.

Our centre based teams supported 140 charities and 153 community groups last year, with over 600 hours of community service and 112 community events hosted in our shopping centres. In aggregate we provided or raised £370,000 in community financial support, working with our local council partners to ensure our resources are focused where it matters most.

Looking forward – our focus for the next 12 months

Our core strategy continues to be the delivery of our community strategy providing defensive, resilient income growth to support our growing and covered dividend to shareholders. To achieve this our focus for the next 12 months will continue to be:

- Providing the most relevant and compelling customer proposition of retail and services for the vibrant and diverse communities we serve.
- Executing on our Environmental, Social and Governance initiatives, appreciating we have responsibilities to both our communities and future generations.
- Working with our retailers to ensure our centres and the space we curate remains relevant for the next generation of retail, where online and physical meet as a platform for seamless commerce.
- Investing to further reposition our centres into the community centre format and grow income.
- Being relentless in our commitment to adapt to our dynamic and rapidly evolving retail landscape.
- Actively managing our centres to drive optimum income and value across the full spectrum of uses including retail, residential and mixed use, leisure and food catering.
- Adopt a renewed focus on cost management across all aspects of our business.

Given the uncertain outlook in the first part of this year we will adopt a cautious approach to capital deployment therefore maintaining balance sheet flexibility until the inflation, interest rate and capital markets trajectories are more visible.

Finally, I would like to thank our staff, shareholders, retailers, local authorities and other stakeholders for all their support in 2023 and continued confidence in our business.

Lawrence Hutchings
Chief Executive

Operating review

New lettings, renewals and rent reviews[1]

Our asset management team maintained strong leasing momentum in 2023, completing 86 new lettings and renewals, at a combined annual rent of £3.9 million, representing an average premium to previous rent of 1.5% and to ERV of 23.3%[1] (2022: 80 new lettings and renewals for a combined annual rent of £4.4m). This was a higher volume of deals than 2022 but with a lower average value as 2022 included two particularly large transactions at Ilford, namely the NHS community health centre and TK Maxx relocation.

At Wood Green, we completed five catering unit lettings at the new 'Bridge' food and entertainment development, as well as introducing Bodycare to the scheme. We also secured occupiers for c. 7,000 sq ft of vacant office space.

At Walthamstow, we completed new lettings to Starbucks and Black Sheep while at Ilford we agreed a new lease to Addax. Renewals agreed during the year included Savers and Sports Direct at Hemel Hempstead, Bank of Scotland, Lloyds Bank and Waterstones at Walthamstow, Sports Direct and Superdrug at Wood Green as well as Claire's Accessories and H&M at Ilford.

Like for like[1]	12 months to December 2023	12 months to December 2022
New Lettings		
Number of new lettings	**45**	**50**
Rent from new lettings (£m)	**£1.5m**	**£2.6m**
Renewals settled		
Renewals settled	**41**	**30**
Total resulting annual rent (£m)	**£2.4m**	**£1.8m**
Combined new lettings and renewals		
Comparison to previous rent[2]	**+6.8%**	**+34.0%**
Comparison to previous ERV[2]	**+16.6%**	**+13.7%**

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

[2] For lettings and renewals (excluding development deals and CVA variations) with a term of 1 year or longer which do not include turnover rent.

In addition to the figures detailed in the table above, we have completed six new lettings and renewals at Gyle in Edinburgh since we acquired the asset in September 2023. These include introducing Costa and Waterstones to the scheme, as well as securing renewals with Superdrug and Vodafone.

Since the year end, we have secured a portfolio deal with B&M to take all three of the Company's units vacated as a result of the Wilko administration. In a short space of time, this adds a new anchor into our schemes at Hemel Hempstead, Maidstone and Wood Green, mitigates the occupational impact from the loss of a top 10 retailer, largely replicates the rent and further demonstrates the desirability of space at the Company's community centres. The units are scheduled to open for trading in May 2024.

In total in the three months to the end of March 2024 we have completed 21 new lettings and renewals, at a combined annual rent of £1.4 million, representing an average premium to previous rent of 1.3% and to ERV of 5.9%[1].

Rental income and occupancy

	30 December 2023	30 December 2022
Occupancy (%)	**93.4%**	94.1%
Contracted rent (£m)	**37.0**	31.5
Passing rent (£m)	**35.6**	30.5

Occupancy at the year-end was impacted by the administration of Wilko which was the driver of this falling by 70 basis points during the period or by 90 basis points on a like for like basis. However, the letting of the three Wilko units to B&M that completed post year end is worth approximately 140 basis points to occupancy. The Group has been impacted post year end by the administration of the Body Shop, where the Group has three units which have all ceased trading, representing approximately 40 basis points to occupancy.

Contracted and passing rent have increased by approximately 17.5% and 16.7%, respectively as a result of the Gyle acquisition. On a like for like basis, the metrics have fallen by 2.9% and 3.6%, respectively. This is primarily driven by the loss of £0.7 million of Wilko income. The Group has received notice from the Department of Work and Pensions that they will vacate their two Job Centre units during 2024 as part of a wider consolidation of their estate, having expanded significantly in the wake of the Covid pandemic. We are

in active discussions with multiple occupiers to re-let the space which represents approximately £0.8 million of contracted rent at 30 December 2023.

Contracted rent excludes approximately £0.7 million of rent where deals have exchanged but completion remains subject to planning or other conditions. There is £1.2 million of contracted rent that is due to convert to passing rent during 2024 as occupiers' rent-free periods end.

Operational performance

Footfall grew by 1.5% during 2023, with 44.5 million shopper visits across the portfolio (rising to 2.0% excluding Walthamstow, where footfall is impacted by one of the entrances being closed due to the residential development). This compares to the National Index of +3.0% during the same period.

Footfall for 2023 (excluding Gyle) represented 87.3% of the 2019 level, compared to 84.3% in 2022, demonstrating continued growth towards historic pre-Covid levels. Evidence from our retailers suggests that sales have bounced back at a higher rate than footfall, reflecting shoppers' more efficient use of visits. Footfall in the three months to end of March 2024 (excluding Gyle) has fallen 4.5% compared to 2023 due to the impact of Wilko. We anticipate performance to trend back in line with 2023 once the new B&M stores open in May 2024.

Car park income for the year was £5.7 million (2022: £6.0 million), an increase of 8.4% on a like-for-like basis, adjusting for the impact of the sale of Blackburn that completed in August 2022. This was a result of tariff increases with car park usage in line with 2022.

Business rates

The review of business rates that took effect from April 2023 resulted in a significant reduction in rates payable for most retail operators. Across our portfolio the typical reduction that applied to occupiers was 30%-35%, with the exception of Walthamstow where reductions were approximately 10%. The withdrawal of downwards transitional arrangements meant that occupiers immediately saw the full benefit of reductions from April 2023, aiding store affordability and profitability.

Rent Collection[1]

99.20% of rent in respect of 2023 has now been collected, representing a performance at or above pre-pandemic levels:

	Rent collection 12m to 30 December 2023	
	£m	
Rent collected	**32.3**	**99.2%**
Outstanding	0.3	0.8%
Total billed	32.6	100%

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

Capital expenditure investment

In total a net £16.0 million was invested across the Group's assets in 2023. This was primarily across the following projects and is expected to produce a yield on cost in line with the Company's target of 8% to 9%:

- Ilford
  - £4.8 million on the new 35,000 sq ft TK Maxx anchor unit that successfully opened in November 2023.
  - £5.3 million for the ongoing works for the new 20,000 sq ft NHS community healthcare facility that is due to open in the first half of 2024.
  - £1.4 million on other related centre improvements including rebulbing the centre in line with our commitment to improve sustainability performance.
- Wood Green
  - £0.6 million to create the new Bridge catering units which opened in June 2023.
  - £1.1 million on remerchandising of the former WH Smiths unit to accommodate new units for Pure Gym, Wendy's and Wingstop that are due to open in 2024.

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

Spend on the Walthamstow Crate facility in the period has been largely covered by a contribution from Walthamstow Council as the head lease holder, who recognise the valuable contribution our centre makes to both the local community and economy.

We anticipate capital expenditure to be significantly reduced in 2024. Our planned spend of less than £10 million reflects that the two large NHS and TK Maxx projects at Ilford were substantively completed in 2023. Spend in 2024 is expected to be focused on completing the Ilford NHS and Wood Green former WH Smiths projects as well remerchandising the previous TK Maxx unit at Ilford.

Walthamstow residential

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

We have two further phases of development which comprise approximately 50,000 sq. ft. of retail and 43 apartments which are part of the same planning consent as phase 1. We have commenced discussions about how we procure this project with a potential partner for the residential component similar to the structure we achieved in the first phase. In addition, we are underway on discussions with potential anchor retailers including supermarket operators for the retail component.

Shopping Centre ESG

For our shopping centres, we have developed a robust pathway aligned with the BBP Climate Commitment and the UK Green Building Council's (UKGBC) definition of net zero. Our commitment covers embodied carbon associated with refurbishments and fit-outs and operational carbon from landlord and occupier energy consumption, along with measured emission sources. We continue to make progress on driving forward our net zero carbon pathways aligned with industry best practice and guidelines which represents a significant milestone in our decarbonisation journey. Through the successful implementation of our Net Zero interventions, we have improved the EPC rating of three centres from a D rating to a B. Having established our net zero governance along with the roll-out of employee training, we will continue to prioritise energy efficiencies on the ground across all aspects of our operations and evolve crucial tools such as our data accuracy and net zero standards. We have made significant strides towards our environmental targets increasing our energy efficiency, reducing Scope 1 natural gas consumption by 72% and Scope 2 electricity consumption by 15%, against 2019. All of the shopping centres electricity is 100% renewable and Renewable Energy Guarantees of Origin certified.

Our centres' Scope 3 emissions, which relate to occupier energy consumption, accounted for approximately 70% of our total emissions in 2023 and therefore the management of these is central to achieving our net zero carbon commitment. With occupier emissions falling outside of our direct management or ownership, tackling them proves a challenge for C&R and across the industry. To address this, we have commissioned an online solution to acquire accurate energy consumption and carbon intensity data from every single UK energy meter within our portfolio which will provide 100% of all occupiers' onsite energy usage from 2023. The online platform will automatically update monthly allowing for performance management insights including portfolio benchmarks, consumption analysis, load shape profiling and six month forecasting which will be reviewed through our Net Zero Carbon Committee which is established at each centre. With the continuation of regulations around EPC ratings tightening, we have established an EPC Management Dashboard to help improve performance covering all units across the centres to increase focus and highlighting areas where ratings need to be improved as well as providing occupiers with the tools to help improve their performance.

Our Community Wheels of Support continue to play a critical role in encouraging engagement and helping our shopping centre teams to prioritise areas of impact. As community hubs we know our support is crucial, particularly with the cost-of-living crisis. We are very proud of our efforts in this space and to date we have partnered with over 140 charities, hosted 112 events, and spent more than 600 hours engaging with local community groups.

We have introduced a Social Impact Measurement and Management Framework to further support our ESG strategy and monitor our progress through 2024 and beyond. The Framework will focus on social impact goals and strategies to identify the various ways in which the business impacts people and then seek to improve this through the development of an Impact Management Plan.

Snozone

Snozone had a strong 2023, enjoying its first full year unimpacted by Covid since the start of the pandemic while continuing to leverage a number of initiatives and activities that broadened its appeal and allowed it to reach new market places. Revenue increased by 15% to £14.9m (December 2022: £13.0m) and EBITDA[1] increased by 64% to £2.3 million (December 2022: £1.4 million).

Revenue and EBITDA for the UK operations at £10.9 million and £1.8 million were 16% and 17% higher than 2022, respectively. Ski and snowboard lesson income supported a record attainment in revenue, along with an increase in Snozone's school affiliate programme. In addition, food and beverage revenue from its own 'Alpine Kitchen' restaurants coupled with its conferencing and events stream exceeded £1 million for the first time.

The UK business had also benefited from being on a fixed price energy tariff over the past three years which came to an end in September 2023. This protected the business from the worst of the market wide energy price spikes seen over the last two years. Current electricity pricing will lead to a cost increase of c. £0.25 million per year. This was part-mitigated in Q4 2023 by utility saving management initiatives and from realising the benefits that recent investments into enhanced plant and machinery have delivered.

Snozone Madrid's revenue of £4.0 million was 18% higher than the previous year (December 2022: £3.4 million) and it delivered a positive contribution of £0.5 million to Snozone's total EBITDA (December 2022: loss of £0.2 million).

These positive metrics reflect the actions undertaken to significantly improve profitability. Most notably these have included enhancing the guest proposition with new activities that have extended market share as well as using the wider Snozone management platform to operate with greater cost efficiency since acquisition of the operation in February 2021. The impact of large increases in government-controlled electricity prices was mitigated in 2023 by the installation of solar panels in November 2022.

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

Snozone ESG

All of Snozone's electricity is 100% renewable, traceable and has no element of biomass.

The UK venues source electricity from the Hornsea North Sea wind farm, 90 miles from the Snozone Yorkshire venue. In Madrid 68% of the venue's power is sourced from a mixture of solar, wind and nuclear energy with 32% supplied by 1,600 of our own solar panels on the roof of the facility, which were purchased in 2022 as part of Snozone's decarbonisation capital investment programme as well as offsetting the rising costs of electricity.

Snozone's pathway to net zero strategy is underpinned by a cyclical four-year plan for capital investment into new plant and machinery. Ten units of blast coolers have been replaced at the Milton Keynes venue which will save 214,000 kWh per year.

In addition, improved insulation at both UK venues, voltage optimising and a de-lamping project combined with Madrid's solar panels investment, returned an 11% electricity saving over the prior year and a reduction of 16% versus the 2019 base year. There has also been a significant reduction in gas usage of 15% v 2022 and 25% v the 2019 base. Water usage similarly has decreased by 13% v 2022 and 18% v 2019. The EPC ratings of Snozone's premises are 'B' for Yorkshire and Madrid and 'C' at Milton Keynes.

In an increasingly competitive leisure sector, Snozone's annual staff retention was 74%, significantly ahead of the industry average of 47%. Only 4% of working days were lost due to absence through sickness (National average 6%) and 79% of the Snozone team received accredited or certified training in 2023.

Snozone celebrates diversity and believes firmly in inclusion, with 18% of its workforce ethnically represented. To underline Snozone's status as a Disability Confident Employer, 9% of our workforce is represented by team members with a registered physical disability or mental impairment.

Snozone is the only European operator to operate its own Disability Snow School. In 2023 we delivered 2,056 disability lessons, a 102% increase on 2022. For the fourth year running, Snozone received accreditation as a Disability Confident Employer. Snozone's supply chain only consists of companies who have signed up to the Modern slavery act and the Anti-bribery and corruption Act.

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

Financial review

	Year to Dec 2023	Year to Dec 2022
Profitability		
Statutory Revenue	**£59.0m**	£56.8m
Net Rental Income (NRI)	**£23.9m**	£23.5m
Adjusted Profit [1]	**£12.7m**	£10.3m
Adjusted Earnings per share [1]	**6.8p**	6.2p
IFRS Profit for the period	**£3.7m**	£12.1m
Basic earnings per share	**2.0p**	7.3p
EPRA cost ratio (excluding vacancy costs) [1]	**39.1%**	37.8%
Net Administrative Expenses to Gross Rent	**23.5%**	22.4%
Investment Returns		
Net Asset Value	**£202.0m**	£179.1m
Net Asset Value (NAV) per share	**90p**	106p
EPRA NTA per share [1]	**88p**	103p
Proposed Final Dividend per share [2]	**2.95p**	2.75p
Total Dividend per share [2]	**5.70p**	5.25p
Financing		
Group net debt	**£162.7m**	£130.9m
Group net debt to property value	**43.6%**	40.6%
EPRA LTV	**45.4%**	44.0%
Average maturity of Group debt [3]	**4.1 years**	4.5 years
Cost of Group debt (weighted average) [3]	**4.25%**	3.58%

[1] Adjusted Profit is as defined in the Glossary. A reconciliation to the statutory result is provided further below. EPRA figures and a reconciliation to EPRA EPS are shown in Note 5 to the Financial Statements. The calculation of EPRA cost ratio is provided in the EPRA performance measures section.

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

[3] Assuming exercise of all extension options. Reflects loan amendments signed post year end. Cost of Group debt reflects revised cost of Ilford debt effective from 8 March 2024.

[4] 2022 comparative figures have been restated for a prior year adjustment to service charge income and expenditure recognised in the period. There is no change to Profit.

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 non-cash long-term incentive awards and 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 £1.1 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 6 to the condensed financial statements.
Like-for-like amounts	Like-for-like amounts are presented as they measure operating performance adjusted to remove the impact of properties that were only owned for part of the relevant periods. For the purposes of comparison of capital values, this will also include assets owned at the previous period end but not necessarily throughout the prior period. In the current year like-for-like comparisons have been used to adjust for the impact of the Gyle acquisition in 2023 and the disposal of The Mall, Blackburn and the Walthamstow residential receipt in 2022.
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 4 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 2a to the condensed financial statements.

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

Amounts in £m	**Year to December 2023**	Year to December 2022
Net Rental Income	**23.9**	23.5
Net interest payable	**(7.4)**	(9.3)
Snozone (indoor ski operation) EBITDA	**2.3**	1.4
External management fees	**1.9**	3.3
Central operating costs (including central interest)	**(6.6)**	(7.0)
Variable overhead	**(1.4)**	(1.6)
Adjusted Profit [1]	**12.7**	10.3
Adjusted Earnings per share (pence) [1]	**6.8p**	6.2p
Reconciliation of Adjusted Profit to statutory result		
Adjusted Profit	**12.7**	10.3
Property revaluation	**(8.1)**	(19.6)
(Loss)/profit on disposal	**(0.3)**	1.5
Snozone depreciation and amortisation	**(2.2)**	(2.1)
Snozone notional interest (net of rent expense in EBITDA)	**0.8**	0.8
(Loss)/gain on financial instruments	**(2.0)**	1.1
Corporation Tax credit	**3.6**	0.3
Long Term incentives	**(0.8)**	(0.5)
Gain on discounted loan purchase (net of costs)	**-**	12.5
Write up following Luton deconsolidation	**-**	6.8
Other items (including transaction costs)	**-**	1.0
Profit for the period	**3.7**	12.1

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

Adjusted Profit – December 2023: £12.7 million (December 2022: £10.3 million)

Net Rental Income (NRI) increased to £23.9 million (December 2022: £23.5 million) reflecting the net impact of the acquisition of Gyle in Edinburgh in September 2023 (NRI contribution of £1.5 million) less the loss of NRI from the sale of Blackburn which completed in August 2022 (NRI contribution of £2.7 million in 2022). On a like for like basis adjusting for these balances NRI increased by 5% reflecting improved occupancy which was higher for most of the period until the impact of the Wilko administration took effect in the final quarter of the year, and improved car park profitability which increased by £0.2 million to £3.1 million.

Net interest payable has fallen from the prior year, reflecting the repayment of £60 million of debt in The Mall loan facility during 2022 that was skewed towards the second half of the year. Interest payable is expected to increase in 2024 as the swap on the £39 million Ilford loan expired at the original maturity in March 2024. We have acquired an interest rate cap to cap the all-in cost of debt on the facility at 5.50%.

Snozone EBITDA at £2.3 million (December 2022: £1.4 million) as noted has benefited from its first full year of trading unimpacted by Covid since 2019 and the improved contribution of Snozone Madrid.

External Management Fees of £1.9 million (December 2022: £3.3 million) break down between Asset and Property Management fees on external properties (Redditch and Luton) of £0.8 million and Property Management fees on the Group's Investment Assets of £1.1 million (as these are charged to the Service Charge). The Group's involvement in Luton ceased following the sale in March 2023. The Group's involvement in Redditch ceased in September 2023 when the asset changed ownership.

Central operating costs £6.6 million (December 2022 - £7.0 million) and *Variable overheads* £1.3 million (30 December 2022 - £1.6 million). Central costs are lower than the prior year reflecting cost saving initiatives implemented which deliver approximately 10% savings on an annualised basis after inflation. These include utilising technology to drive operational efficiencies and the selective use of outsourcing. Further initiatives are in progress or planned to deliver a similar saving in 2024. Our EPRA cost ratio (excluding vacancy costs) increased marginally from 2022 due to the net impact of the loss of Management Fees not being fully offset by the reduction in Central Costs. The impact of pro-rating for a full year of Gyle would be to reduce the EPRA cost ratio (excluding vacancy costs) to approximately 36.4%.

Adjusted earnings per share for the period were 6.8 pence per share (December 2022: 6.2 pence) reflecting the improvement in Adjusted Profit partially offset by the higher number of shares in issue primarily as a result of the £25 million equity raise that completed in September 2023 to part finance the acquisition of the Gyle.

IFRS profit for the period – 30 December 2023: £3.7 million (December 2022: £12.1 million)

The key items reconciling between IFRS profit for the period and the Adjusted Profit of £12.7 million are:

- Property revaluation loss of £8.1 million (December 2022: loss of £19.6 million). Although property values increased by 2.6% over the year on a like for like basis this was less than the net £16.0 million invested in Capital Expenditure during the year. The £8.1 million revaluation loss includes £3.0 million of Stamp Duty and other purchasers' costs in respect of the Gyle acquisition.
- £1.4 million of adjustments relating to Snozone reconciling between the EBITDA measure used for Adjusted Profit and IFRS Profit for the year. As noted above, we used EBITDA as this removes the profiling element of IFRS 16 and therefore provides a measure of Snozone's trading performance excluding this.
- A loss of £2.0 million on financial instruments being the movement from the revaluation of the Ilford interest rate swap and Gyle interest rate cap (30 December 2022: gain of £1.1 million).
- A net tax credit of £3.6 million (30 December 2022: £0.3 million). £1.2 million relates to the release of provision for tax in lieu of paying dividends which is no longer required following the resumption of dividend payments and expectation of the firm having met its minimum PID requirement for prior years. £2.5 million relates to the recognition of a Deferred Tax asset in respect of income losses that are now anticipated to be utilised in future years reflecting the improved profitability of Snozone and the other elements of the Group that sit outside of the REIT structure.
- £0.8 million (December 2022: £0.5 million) relating to share-based payments being the non-cash element of the Group Combined Incentive Plan for executives and LTIP retention awards for staff members.

In 2022, IFRS profit benefited from a £12.5 million gain (after costs) on the discounted purchase of the Group's Hemel Hempstead loan facility and 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.

The profit for the year has resulted in NAV of £202.0 million and EPRA Net Tangible Assets of £201.2 million, an increase of £22.9 million (12.8%) and £23.8 million (13.4%) compared to the December 2022 amounts of £179.1 million and £177.4 million, respectively. Basic NAV per share and EPRA NTA per share were 90p and 88p respectively (December 2022: 106p and 103p respectively), the decrease is due to the higher number of shares in issue primarily as a result of the £25 million equity raise completed in September 2023.

Property portfolio valuation

The valuation of the portfolio at December 2023 was £372.8 million. On a like for like basis, excluding Gyle, the portfolio increased by £8.45 million or 2.6% over the year. The Net Initial Yields and Net Equivalent Yields for the portfolio remained broadly constant on a like for like basis, 7.25% and 8.55% respectively for 30 December 2023 compared to 7.23% and 8.59% respectively as at December 2022. We have seen a £1.6 million or 4.0% increase in the valuation of Gyle at December 2023 to £41.6 million from the £40.0 million paid on acquisition in September 2023, driven primarily by the six leasing transactions completed in the period from acquisition to the year end.

Property at independent valuation	**30 December 2023**			30 December 2022		
	£m	NIY %	NEY %	£m	NIY %	NEY %
Maidstone	31.5	11.90%	11.66%	32.65	11.28%	11.49%
Walthamstow	77.7	6.84%	7.00%	80.0	5.97%	7.00%
Wood Green	149.5	7.13%	7.28%	144.0	7.55%	7.38%
Hemel Hempstead	9.2	9.57%	17.40%	10.5	14.49%	17.49%
Ilford	63.3	5.65%	7.90%	55.6	5.04%	7.79%
Gyle, Edinburgh	41.6	11.92%	10.13%	-	-	-
Total	372.8	7.80%	8.79%	322.75	7.23%	8.59%
Total like for like (excluding Gyle)	331.2	7.25%	8.55%			

Acquisition of Gyle, Edinburgh

On 9 August 2023 the Group entered into an agreement to acquire Gyle shopping centre in Edinburgh for a consideration of £40 million, excluding acquisition costs. The acquisition completed on 6 September 2023.

The consideration was financed through a new debt facility of £16 million, £25 million of proceeds received pursuant to a fully underwritten equity raise and existing funds held by the Company. The asset was acquired at a net initial yield of 13.51% that is expected to rebase to around 12%.

Disposal of The Mall, Luton

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

Financing

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

	Debt[1]	Cash[2]	**Net debt**	Loan to value[3]	Net loan to value[3]	Current interest rate	Fixed	Duration to loan expiry[4]	Duration with extensions[4]
30 December 2023	**£m**	£m	**£m**	%	%	%	%	Years	Years
The Mall	**140.0**	(10.2)	**129.8**	54.1%	50.2%	3.45%	100	3.1	4.1
Hemel Hempstead	**4.0**	(0.5)	**3.5**	43.5%	38.0%	11.06%	-	1.5	3.5
Ilford	**39.0**	(3.9)	**35.1**	61.6%	55.5%	5.50%[4]	100	1.7	4.0
Gyle, Edinburgh	**16.0**	(2.6)	**13.4**	38.5%	32.2%	6.50%	100	4.7	4.7
Central Cash	**-**	(19.1)	**(19.1)**	-	-	-	-	-	-
Total	**199.0**	(36.3)	**162.7**	53.4%	43.6%	3.71%	97.8	2.9	4.1

[1] Excluding unamortised issue costs.
[2] Excluding cash beneficially owned by tenants.
[3] Debt and net debt divided by investment property at valuation.
[4] Reflects loan amendments signed post 30 December 2023. Ilford interest rate reflects revised cost effective from 8 March 2024.

The Mall

Following the £60 million of repayments made during 2022 the Mall facility now consists of a single £140 million fixed rate loan at 3.45%, held with TIAA. The loan matures in January 2027 but has a one-year conditional extension option.

Hemel Hempstead

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

Ilford

The Group has a £39 million facility secured on the Ilford Exchange shopping centre with Dekabank Deutsche Girozentrale. The original facility was due to mature in March 2024 but the Group has secured an extension to September 2025 along with two further conditional extension options to further extend maturity to the end of December 2026 and 2027, respectively.

On commencement of the new extended term the margin is 300 basis points. The Group has acquired an interest rate cap to hedge the maximum all in cost at 5.50% until the current maturity of September 2025.

Gyle, Edinburgh

To part fund the acquisition of Gyle in Edinburgh the Group drew a new debt facility of £16 million in September 2023, arranged by Morgan Stanley. The loan matures in September 2028. The loan is at a margin of 275 basis points. The total all in cost of debt has been hedged at a maximum of 6.50% for the duration of the loan via an interest rate cap.

Going Concern

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

At 30 December 2023, the Group had total cash at bank on balance sheet of £36.3 million. Of which £17.8 million was held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and downside scenarios that have been modelled for at least the period of the next 18 months that is considered for going concern purposes.

In respect of the £140 million Mall debt the Group is currently compliant with all covenant tests on the facility. The covenants reverted back to those set in the original loan agreement signed in January 2017 following the expiry of the two year period of covenant waivers agreed as part of the November 2021 loan restructure. On the Ilford £39 million facility, as well as extending the loan maturity to September 2025 and agreeing further loan extension options out to December 2027 the Group have agreed various improvements to covenant terms that run until the new maturity and beyond if the extension options are triggered. On Hemel Hempstead the Group has agreed a waiver of all covenants on the £4 million loan facility until maturity in July 2025 related to injecting new capital into the vehicle to support the re-letting of the Wilko unit to B&M. The Group has also agreed an option to extend maturity by one or two years. The Group signed a new £16 million loan facility in September 2023 to part finance the acquisition of Gyle in Edinburgh.

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

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection to 90%, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a significant downturn in expected trading could impact cashflows. The Group has also considered a 15% reduction in property valuations both from the Group's 30 December 2023 valuations and valuations undertaken by the Group's respective lenders.

The combination of the cash maintained on the Group's balance sheet and actions available within Management's control provides sufficient contingency to cover all of the various downside sensitivities modelled in combination to the most adverse end of the scenarios modelled. At the most adverse end the Group would need to take some additional measures to preserve cash involving some combination of reducing or deferring Capital Expenditure and/or reducing dividend payments or utilising a Scrip option.

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 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 the two-year period to December 2025. The 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. The Ilford and Hemel facilities both mature during this two year period however each has conditional extension options available to the Group which would extend maturity to beyond December 2026.

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 2025.

Dividend

The Directors recommend a final dividend of 2.95 pence per share. This will result in a fully covered total distribution for the year ended 30 December 2023 equivalent to 5.70 pence per share (2022: 5.25 pence per share). 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) on 3 June 2024, the final dividend will be paid on Friday, 7 June 2024. The key dates are set out as below:

- Confirmation of ZAR equivalent dividend and Scrip dividend pricing Tuesday, 2 April 2024
- Last day to trade on Johannesburg Stock Exchange (JSE) Tuesday, 9 April 2024
- Shares trade *ex*-dividend on the JSE Wednesday, 10 April 2024
- Shares trade *ex*-dividend on the London Stock Exchange (LSE) Thursday, 11 April 2024
- Record date for LSE and JSE and last election for Scrip Friday, 12 April 2024
- Annual General Meeting Monday, 3 June 2024
- Results of Scrip dividend announced on or about Tuesday, 4 June 2024
- Dividend payment date Friday, 7 June 2024

South African shareholders are advised that the final dividend will be regarded as a foreign dividend. Further details relating to Withholding Tax for shareholders on the South African register were provided within the announcement detailing the currency conversion rate on Tuesday, 2 April 2024.

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 2023 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 2023.

Principal risks at 30 December 2023
A review was carried out for the 30 December 2023 year end. Amongst the main factors considered were the cost of living pressures being experienced by consumers within the UK combined with the impact on consumers, businesses and the Company of the higher interest rate environment. Other matters considered were the continued evolution of the UK retail market as online sales have generally settled back into a stable or in some cases declining pattern from the disruption of the Covid-19 pandemic.

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 2023.

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 experienced external valuers who understand the specific properties and whose output is reviewed and challenged by internal specialists with key assumptions benchmarked to industry indices and comparable transactional evidence. 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 recent 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. Use of tax specialists to outsource compliance and advisory tax matters. 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 business' 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 specialists 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 of CVAs to both write off arrears and reset lease agreement terms.	Strong location and dominance of shopping centres in high density urban locations. 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 focused 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.

Consolidated income statement

For the year to 30 December 2023

	Note	Unaudited 2023 £m	2022 Restated[1] £m
Continuing operations			
Revenue	3	**59.0**	56.8
Gain on expected credit losses		**0.1**	0.4
Cost of sales		**(31.5)**	(29.0)
Gross profit		**27.6**	28.2
Administrative costs		**(9.9)**	(10.9)
Loss on revaluation of investment properties	6a	**(8.1)**	(19.6)
Other (losses) and gains		**(0.1)**	15.6
Profit on ordinary activities before financing		**9.5**	13.3
Finance income		**0.5**	1.1
Finance costs		**(9.9)**	(9.4)
Profit before tax		**0.1**	5.0
Tax	4a	**3.6**	0.3
Profit for the year from continuing operations		**3.7**	5.3
Profit for the period from period from discontinued operations		**-**	6.8
Profit for the year	2a	**3.7**	12.1
Continuing operations			
Basic earnings per share		**2.0p**	3.2p
Diluted earnings per share		**1.9p**	3.2p
Continuing and discontinued operations			
Basic earnings per share	5a	**2.0p**	7.3p
Diluted earnings per share	5a	**1.9p**	7.2p
EPRA earnings per share			
EPRA basic earnings per share	5a	**5.6p**	5.3p
EPRA diluted earnings per share	5a	**5.5p**	5.3p

Consolidated statement of comprehensive income

For the year to 30 December 2023

	Unaudited £m	2022 £m
Profit for the year	**3.7**	**12.1**
Other comprehensive income	**-**	**-**
Total comprehensive income for the year	**3.7**	**12.1**

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 these financial statements. EPRA earnings and EPRA EPS are shown in Note 5 to these condensed financial statements. EPRA net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV) are shown in Note 12 to these condensed financial statements. We consider EPRA NTA to be the most relevant measure for our business.

[1] 2022 comparative figures have been restated for a prior year adjustment to service charge income and expenditure recognised in the period. There is no change to Profit.

Consolidated balance sheet
At 30 December 2023

	Note	Unaudited 2023 £m	2022 Restated[1] £m
Non-current assets			
Investment properties	6	**369.6**	320.1
Plant and equipment		**3.5**	1.8
Right of use assets	7	**20.1**	21.6
Receivables	8	**7.8**	8.5
Deferred tax	4c	**3.6**	1.1
Total non-current assets		**404.6**	353.1
Current assets			
Receivables	8	**16.5**	12.3
Cash and cash equivalents	9	**38.2**	55.5
Total current assets		**54.7**	67.8
Total assets	2b	**459.3**	420.9
Current liabilities			
Trade and other payables		**(30.2)**	(28.9)
Current tax		**-**	(1.0)
Lease liabilities		**(3.1)**	(3.0)
Bank loans	10	**(42.7)**	-
Total current liabilities		**(76.0)**	(32.9)
Net current (liabilities)/assets		**(21.3)**	34.9
Non-current liabilities			
Bank loans	10	**(155.0)**	(181.8)
Other payables		**(0.3)**	-
Lease liabilities		**(26.0)**	(27.1)
Total non-current liabilities		**(181.3)**	(208.9)
Total liabilities	2b	**(257.3)**	(241.8)
Net assets		**202.0**	179.1
Equity			
Share capital		**22.5**	16.9
Share premium		**24.6**	1.7
Merger reserve		**60.3**	60.3
Own shares reserve		**(0.2)**	-
Retained earnings		**94.8**	100.2
Equity shareholders' funds		**202.0**	179.1
Basic net assets per share		**89.8p**	105.9p
EPRA net reinstatement value per share	12	**87.9p**	103.4p
EPRA net tangible assets per share	12	**87.9p**	103.4p
EPRA net disposal value per share	12	**93.5p**	115.1p

[1] 2022 comparative figures have been restated to exclude from trade receivable amounts invoiced but due after the balance sheet date.

Consolidated statement of changes in equity

For the year to 30 December 2023

	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 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, including scrip	-	-	-	-	-	(4.0)	(4.0)
Shares issued, net of costs	0.4	1.7	-	-	-	-	2.1
Balance at 30 December 2022	**16.9**	**1.7**	**60.3**	**-**	**-**	**100.2**	**179.1**
Profit for the year	-	-	-	-	-	3.7	3.7
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	**-**	3.7	3.7
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.7	0.7
Dividends paid, including scrip	-	-	-	-	-	(9.4)	(9.4)
Shares issued, net of costs	5.6	22.9	-	-	-	-	28.5
Other movements	-	-	-	-	(0.2)	(0.4)	(0.6)
Balance at 30 December 2023 - unaudited	**22.5**	**24.6**	**60.3**	**-**	**(0.2)**	**94.8**	**202.0**

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.

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 reserves from share premium and the capital redemption reserve to retained earnings.

Consolidated cash flow statement
For the year to 30 December 2023

	Note	**Unaudited 2023 £m**	2022 £m
Operating activities			
Net cash from operations	11	**20.1**	25.3
Interest paid		**(6.6)**	(8.0)
Interest received		**0.5**	-
Income tax paid		**-**	(0.1)
Cash flows from operating activities		**14.0**	17.2
Investing activities			
Disposal of investment properties	6	**-**	59.1
Purchase of plant and equipment		**(2.0)**	(0.7)
Acquisition costs relating to investment properties		**(43.0)**	-
Capital expenditure on investment properties		**(18.7)**	(10.6)
Cash flows from investing activities		**(63.7)**	47.8
Financing activities			
Dividends paid (net of scrip) including withholding tax		**(5.2)**	(1.2)
Bank loans drawn down	10	**16.0**	4.0
Bank loans repaid		**-**	(70.8)
Loan arrangement costs		**(0.6)**	(1.6)
Derivatives purchased		**(1.3)**	-
Issue of ordinary shares		**25.0**	-
Costs of share issue		**(1.1)**	-
Fixed payments under head leases		**(0.4)**	(0.4)
Cash flows from financing activities		**32.4**	(70.0)
Net decrease in cash and cash equivalents		**(17.3)**	(5.0)
Cash and cash equivalents at the beginning of the year		**55.5**	58.5
Cash and cash equivalents at the end of the year		**38.2**	53.5
Transfer from assets classified as held for sale		**-**	2.0
Cash and cash equivalents excluding assets classified as held for sale	9	**38.2**	55.5

Notes to the condensed financial statements

For the year to 30 December 2023

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 audited statutory accounts for the years ended 30 December 2023 or 2022.Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The auditor has not yet reported on those accounts and their reports on those accounts are anticipated to be unqualified.

Basis of accounting
While the financial information included in this 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.

Prior year restatement

The Group’s accounting policy has been amended in the year to state that recognition of a trade receivable requires payment to be due in accordance with the billing schedule set out in the lease contract, and not solely the issue of an invoice. In applying this treatment the Group has restated the 2022 results for a prior year adjustment. This restatement derecognises the trade receivable for invoices issued and unsettled at 30 December 2022 but not due for payment until after that date. The impact of this change is set out below. The impact on Profit and Net Asset Value is £nil. We have not provided a restated balance sheet for the year ended 30 December 2021 on the basis we do not consider it to have a material effect given there is no impact on Profit or Net Asset Value.

	30 December 2022 £m	30 December 2021 £m
Receivables	(2.1)	(3.1)
Trade and other payables	2.1	3.1

In addition a prior year restatement has been made in respect of the service chare income and expenditure recognised in 2022, the impact of which is a £3.8 million reduction in Revenue and a corresponding £3.8 million reduction in Cost of Sales. The impact on Profit is £nil.

A prior year restatement has been made to the right of use assets for a remeasurement of the Snozone leases. The impact is to increase both cost and depreciation by £3 million. There is no impact on the carrying value.

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:

- Amendment to IFRS 16 – Leases: Lease liability in a sale and leaseback
- Amendment to IAS 1 – Classification of Liabilities as Current or Non-Current
- Amendments to IAS 7 – Statement of cash flows and IFRS 7 Financial Instruments: Disclosures: Supplier finance Agreement
- Amendments to IAS 21 – The effects of changes in foreign exchange rates lack of exchangeability

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 judgements 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, 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 2023, the Group had total cash at bank on balance sheet of £36.3 million (2022: £52.1 million). Of which £17.8 million (2022: £28 million) was held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and downside scenarios that have been modelled for at least the period of the next 18 months that is considered for going concern purposes. The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities.

Loan facilities overview
Mall facility (£140 million): This facility finances properties in Maidstone, Walthamstow, and Wood Green. The Group remains compliant with all covenant tests on the loan facility. The covenants reverted in November 2023 to the original terms set in the January 2017 loan agreement after the expiration of a two-year period of covenant waivers agreed as part of the November 2021 loan restructure.
Ilford facility (£39 million): Significant enhancements have been made to the loan agreement, including an extension of the loan maturity to September 2025 and the addition of further loan extension options until December 2027. Additionally, various improvements have been agreed upon regarding covenant terms, effective until the new maturity date and potentially beyond if extension options are exercised.
Hemel Hempstead facility (£4 million): The Group has secured a waiver of all covenant requirements on the £4 million loan facility until maturity in July 2025. Furthermore, the Group has an option to extend the maturity by one or two years subject to meeting specified covenant tests.

1 Significant Accounting Policies (continued)

New facility for Gyle (£16 million): In September 2023, the Group entered into a new £16 million loan facility to partially finance the acquisition of Gyle property in Edinburgh.

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

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection to 90%, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a significant downturn in expected trading could impact cashflows. The Group has also considered a 15% reduction in property valuations both from the Group's 30 December 2023 valuations and valuations undertaken by the Group's respective lenders.

The combination of the cash maintained on the Group's balance sheet and actions available within Management's control provides sufficient contingency to cover all of the various downside sensitivities modelled in combination to the most adverse end of the scenarios modelled. At the most adverse end the Group would need to take some additional measures to preserve cash involving some combination of reducing or deferring Capital Expenditure and/or reducing dividend payments or utilising a Scrip option.

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 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

The Group's operating segments are Shopping Centres, Snozone and Group/Central. Shopping Centres includes the results of the Group's centres at Ilford and Hemel Hempstead (from 11 April 2022 being the date an agreement to buy back its loan was reached) and those centres within The Mall loan facility, namely Blackburn (until it was sold on 9 August 2022), Maidstone, Walthamstow and Wood Green. It also includes the results of Gyle shopping centre in Edinburgh from the date of acquisition on 6 September 2023.
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 the Group's Shopping Centres, 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 Leisure EBITDA. Leisure 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 2023	Note	Shopping Centres £m	Snozone £m	Group/ Central £m	**Total £m**
Rental income from external sources	2b	34.7	-	-	**34.7**
Property and void costs[1]		(10.8)	-	-	**(10.8)**
Net rental income		23.9	-	-	**23.9**
Interest income				0.5	**0.5**
Interest expense		(7.9)	-	-	**(7.9)**
Snozone income/Management fees[2]	2b	-	14.9	1.9	**16.8**
Management expenses		-	(12.6)	(6.3)	**(18.9)**
Depreciation		-	-	(0.3)	**(0.3)**
Variable overhead		-	-	(1.4)	**(1.4)**
Adjusted Profit/(loss)		16.0	2.3	(5.6)	**12.7**
Revaluation of properties		(8.1)	-	-	**(8.1)**
Loss on disposal/transaction costs		(0.3)	-	-	**(0.3)**
Snozone depreciation and amortisation		-	(2.2)	-	**(2.2)**
Notional interest (net of rent expense within EBITDA)		-	0.8	-	**0.8**
Loss on financial instruments		(2.0)	-	-	**(2.0)**
Long-term incentives		-	-	(0.8)	**(0.8)**
Tax credit		-	(0.3)	3.9	**3.6**
Profit/(loss)		5.6	0.6	(2.5)	**3.7**
Total assets	2b	408.5	26.0	24.8	**459.3**
Total liabilities	2b	(225.2)	(28.8)	(3.3)	**(257.3)**
Net assets/(liabilities)		183.3	(2.8)	21.5	**202.0**

[1] Includes expected credit loss.
[2] Asset management fees of £2.3 million charged from the Group’s Capital & Regional Property Management entity to wholly owned assets have been excluded from the table above as they are eliminated within the Group consolidation.

2a Operating segments (continued)

Year to 30 December 2022 (restated)[5]	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	2b	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]	2b	-	-	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		-	-	-	(0.5)	**(0.5)**
Tax credit		-	-	-	0.3	**0.3**
Other items[3]		1.6	6.8	-	(0.6)	**7.8**
Gain on debt repurchase[4]		12.5	-	-	-	**12.5**
Profit/(loss)		11.3	6.8	0.1	(6.1)	**12.1**
Total assets	2b	363.4	-	27.1	30.4	420.9
Total liabilities	2b	(208.5)	-	(28.9)	(4.4)	(241.8)
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 as they are eliminated within the Group consolidation.
[3] Other Items includes the £6.8 million gain on the deconsolidation of Luton.
[4] £12.5 million gain on repurchase of Hemel Hempstead debt at a discount.
[5] 2022 comparative figures have been restated to exclude from trade receivables amounts invoiced but due after the balance sheet date.

2b Reconciliations of reportable revenue, assets and liabilities

Revenue and other income	Note	Year to 30 December 2023 £m	Year to 30 December 2022 Restated[1] £m
Rental income from external sources	2a	**34.7**	34.7
Service charge income		**8.2**	6.7
Management fees	2a	**1.9**	3.4
Other income		**0.1**	-
Snozone income	2a	**14.9**	13.0
Revenue for reportable segments		**59.8**	57.8
Elimination of inter-segment revenue		**(0.8)**	(1.0)
Revenue and other income per consolidated income statement	3	**59.0**	56.8
Revenue and other income by country			
UK		**55.0**	**53.3**
Spain		**4.0**	**3.5**
Revenue and other income per consolidated income statement		**59.0**	**56.8**

[1] 2022 comparative figures have been restated for a prior year adjustment to service charge income and expenditure recognised in the period.

	Note	2023 £m	2022 Restated[1] £m
Assets			
Investment assets		**408.5**	363.4
Snozone		**26.0**	27.1
Group/Central		**24.8**	30.4
Total assets of reportable segments and Group assets	2a	**459.3**	420.9
Liabilities			
Investment assets		**(225.2)**	(208.5)
Snozone		**(28.8)**	(28.9)
Group/Central		**(3.3)**	(4.4)
Total liabilities of reportable segments and Group liabilities	2a	**(257.3)**	(241.8)
Net assets by country			
UK		**200.4**	177.8
Spain		**1.6**	1.3
Group net assets		**202.0**	179.1

[1] 2022 comparative figures have been restated to exclude from trade receivable amounts invoiced but due after the balance sheet date.

3 Revenue

	Note	Year to 30 December 2023 £m	Year to 30 December 2022 Restated[1] £m
Gross rental income		**27.2**	26.7
Car Park and ancillary income		**7.5**	8.0
Income from external sources	2a	**34.7**	34.7
Service charge income	2b	**8.2**	6.7
External management fees		**1.1**	2.4
Other income		**0.1**	-
Snozone income	2a		
- Slope Revenue		**12.8**	11.1
- Ancillary Revenue		**2.1**	1.9
		14.9	13.0
Revenue and other income per consolidated income statement	2b	**59.0**	56.8

External 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.

[1] 2022 comparative figures have been restated for a prior year adjustment to service charge income and expenditure recognised in the period.

4 Tax

4a Tax credit/(charge)

	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Current tax		
UK corporation tax	**-**	(0.4)
Adjustments in respect of prior years	**1.0**	0.4
Total current tax credit	**1.0**	-
Deferred tax		
Prior year adjustments	**-**	-
Origination and reversal of temporary timing differences	**2.6**	0.3
Total deferred tax	**2.6**	0.3
Total tax credit	**3.6**	0.3

Of the total tax charge, £nil (2022: £nil) relates to items included in other comprehensive income.

4b Tax credit/(charge) reconciliation

	Note	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Profit before tax on continuing operations		**0.1**	5.0
Expected tax charge at 23.52% (2022: 19%)		**-**	(1.0)
REIT exempt income and gains		**(0.2)**	2.1
Non-allowable expenses and non-taxable items		**(1.3)**	(1.4)
Excess tax losses		**0.7**	-
Prior year adjustments		**1.0**	0.4
Effect of tax rate change on deferred tax		**3.4**	0.2
Actual tax credit	4a	**3.6**	0.3

4c Deferred tax

The Finance Act 2021 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 consolidated financial statements is 23.52% (30 December 2022: 19%).

The Group has recognised a deferred tax asset of £3.6 million (30 December 2022: £1.1 million). The group has recognised deferred tax assets for the non-REIT profit entities in respect of head lease payments, capital allowances and certain residual tax losses carried forward to the extent that future matching taxable profits are expected to arise.

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

The Group has £20 million (30 December 2022: £12.1 million) of unused revenue tax losses, all of which are in the UK. A deferred tax asset has been recognised in respect of £9.1 million of these losses (30 December 2022: £nil) where the Group considers it is sufficiently certain taxable profits will arise to utilise the losses. A deferred tax asset has not been recognised on the remaining £11 million of those losses due to restrictions on the utilisation of these losses. The Group also has unused capital losses of £24.2 million (30 December 2022: £24.2 million) that are available for offset against future gains. 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 unused revenue and capital 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 2023			Year to 30 December 2022		
	Note	**Profit**	**EPRA**	**Adjusted Profit**	Loss	EPRA	Adjusted Profit
Profit (£m)							
Profit for the year		**3.7**	**3.7**	**3.7**	12.1	12.1	12.1
Revaluation loss on investment properties (net of tax)	5b	**-**	**8.1**	**8.1**	-	19.6	19.6
Loss/(profit) on disposal (net of tax)	5b	**-**	**0.3**	**0.3**	-	(1.5)	(1.5)
Changes in fair value of financial instruments	5b	**-**	**2.0**	**2.0**	-	(1.1)	(1.1)
Share-based payments	2a	**-**	**-**	**0.8**	-	-	0.5
Tax		-	**(3.6)**	**(3.6)**	-	-	-
Other items[1]		**-**	**-**	**1.4**	-	(20.3)	(19.3)
Profit (£m)		**3.7**	**10.5**	**12.7**	12.1	8.8	10.3
Earnings per share (pence)		**2.0**	**5.6**	**6.8**	7.3	5.3	6.2
Diluted earnings per share (pence)		**1.9**	**5.5**	**6.6**	7.2	5.3	6.1

[1] Other Items in 2023 includes the adjustments for Leisure EBITDA. In 2022 it includes the £12.5 million gain on repurchase of Hemel Hempstead debt at a discount and £6.8 million gain on the deconsolidation of Luton, in addition to the adjustments for Leisure EBITDA.

None of the current year earnings (2022: £6.8 million) related to discontinued operations.

Weighted average number of shares (m)	**Year to 30 December 2023**	Year to 30 December 2022
Ordinary shares in issue	**188.1**	166.3
Own shares held	**(0.4)**	-
Basic	**187.7**	166.3
Dilutive contingently issuable shares and share options	**3.9**	2.4
Diluted	**191.6**	168.7

At the end of the year, the Group had nil (2022: 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.

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 2023		Year to 30 December 2022	
	Basic	**Diluted**	Basic	Diluted
Profit (£m)				
Profit for the year	**3.7**	**3.7**	12.1	12.1
Revaluation loss on investment properties (including tax)	**8.1**	**8.1**	19.6	19.6
Loss/(profit) on disposal (net of tax)	**0.3**	**0.3**	(1.5)	(1.5)
Other items	**-**	**-**	(20.3)	(20.3)
Headline earnings	**12.1**	**12.1**	9.9	9.9
Weighted average number of shares (m)				
Ordinary shares in issue	**188.1**	**188.1**	166.3	166.3
Own shares held	**(0.4)**	**(0.4)**	-	-
Dilutive contingently issuable shares and share options	**-**	**3.9**	-	2.4
	187.7	**191.6**	166.3	168.7
Headline Earnings per share (pence) Basic/Diluted	**6.4**	**6.3**	6.0	5.9

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 2021		**227.1**	**149.3**	**376.4**
Capital expenditure (excluding capital contributions)		3.2	5.8	**9.0**
Disposal[1]		-	(54.9)	**(54.9)**
Valuation deficit[2]		(3.8)	(16.2)	**(20.0)**
Remeasurement of head lease		-	(0.6)	**(0.6)**
Transfer from held for sale		10.2	-	**10.2**
At 30 December 2022		**236.7**	**83.4**	**320.1**
Capital expenditure (excluding capital contributions)		13.0	1.5	**14.5**
Acquisition		43.0	-	**43.0**
Valuation deficit[2]		(4.0)	(4.0)	**(8.0)**
At 30 December 2023		**288.7**	**80.9**	**369.6**

[1] This represents the net book value including tenant incentives.
[2] £(8.1) million per Income statement (2022: £(19.6) million) and Note 2a includes letting fee amortisation adjustment of £0.1 million (2022: £(0.4) million).

On 18 May 2022 the Group completed the acquisition of its debt in respect of the Marlowes shopping centre in Hemel Hempstead, as a result the Freehold property was transferred back from held for sale.

On 23 May 2022 the Group exchanged contracts for the sale of The Mall, Blackburn to the retail arm of the Adhan Group of Companies for £40 million, representing a premium to the December 2021 valuation of £38.2 million. The sale completed on 9 August 2022 delivering cash proceeds of £39.4 million.

As part of the agreement to run a consensual sale process, changes to the constitution of the Luton entities were made effective from 23 May 2022, including the appointment of an independent director with specific rights regarding the sale process. The effective loss of control that they triggered resulted in the Group deconsolidating its interest in Luton from that date. The sale of The Mall Luton and its corporate structure completed on 16 March 2023.

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 was remeasured as a result of an extension of the lease term effective 23 June 2022.

On 9 August 2023 the Group entered into an agreement to acquire the Gyle shopping centre in Edinburgh for a total acquisition consideration of £40 million, excluding costs. The acquisition completed on 6 September 2023.

6 Investment properties (continued)

6b Property assets summary

	30 December 2023	30 December 2022
	£m	£m
Investment properties at fair value as reported by the valuer	**372.8**	322.8
Add back of lease liabilities	**5.4**	5.4
Unamortised tenant incentives on investment properties	**(8.6)**	(8.1)
IFRS Property Value	**369.6**	320.1

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 2023 were carried out on all of the gross property assets detailed in the table above. The fair value was £372.8 million (2022: £322.8 million). External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 December 2023 were carried out by independent qualified professional valuers from CBRE Limited experienced in UK shopping centre valuations, in accordance with Royal Institute of Chartered Surveyors (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 the Financial Statements. The table below summarises the key unobservable inputs used in the valuation of the Group’s wholly owned investment properties at 30 December 2023:

	Estimated rental value £ per sq ft			Equivalent yield %		
Market Value £m	Low	Weighted averaged	High	Low	Weighted averaged	High
372.8	**15.11**	**15.91**	**16.71**	**7.00**	**8.86**	**17.40**

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
14.6	**(15.3)**	**(12.5)**	**12.4**	**(23.8)**	**26.2**

Impact on valuations of 100bps change in equivalent yield	
Increase	Decrease
£m	£m
(44.5)	**57.0**

7 Leases

Right of use Assets	30 December 2023 £m	30 December 2022 £m
Cost		
At 31 December 2022	**25.1**	28.9
Prior year remeasurement	**-**	(3.0)
Additions	**0.6**	-
Disposals	**(0.8)**	-
Remeasurement	**(0.2)**	(0.8)
At 30 December 2023	**24.7**	25.1
Accumulated depreciation		
At 31 December 2022	**(3.5)**	(4.4)
Prior year remeasurement	**-**	3.0
Charge for the year	**(2.0)**	(2.1)
Disposals	**0.9**	-
At 30 December 2023	**(4.6)**	(3.5)
Carrying value		
At 30 December 2023	**20.1**	21.6

[1] 2022 comparative figures have been restated for a £3 million prior year adjustment to the Snozone leases. The adjustment has no impact on the net book value as at 30 December 2022 or 30 December 2023.

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 31 December 2022, and in 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 former registered office lease of one year to July 2023 and in 2023 acquired a lease to January 2027 on its new registered office.

8 Receivables

	30 December 2023	30 December 2022 Restated[1]
	£m	£m
Non current:		
Financial assets		
Interest rate swap	**0.5**	1.7
Non current financial assets	**0.5**	1.7
Non-financial assets		
Unamortised tenant incentives	**2.7**	2.1
Unamortised rent free periods	**4.6**	4.7
Non current non-financial assets	**7.3**	6.8
	7.8	8.5
Current:		
Financial assets		
Trade receivables (net of allowances)	**4.3**	5.6
Other receivables[2]	**3.8**	-
Accrued income	**1.9**	1.5
Interest rate cap	**0.3**	-
Current financial assets	**10.3**	7.1
Non-financial assets		
Prepayments	**4.9**	4.0
Unamortised tenant incentives	**0.5**	0.5
Unamortised rent free periods	**0.8**	0.7
Current non-financial assets	**6.2**	5.2
	16.5	12.3

[1] 2022 comparative figures have been restated to exclude from trade receivables amounts invoiced but due after the balance sheet date.
[2] Other receivables in 2023 includes £3.6 million receivable from the freeholder of 17&Central Walthamstow in respect of capital expenditure projects.

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 over the period since 30 December 2020 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.

8 Receivables (continued)

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 2023 £m	30 December 2022 £m
Cash at bank and in hand	**36.3**	52.1
Security deposits held in rent accounts	**1.0**	0.8
Other restricted balances	**0.9**	2.6
	38.2	55.5

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 £17.8 million was held on short term deposit and immediately available free of any restrictions or conditions at the year end date (30 December 2022: £28.1 million). The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities. All of the above amounts at 30 December 2023 were held in Sterling other than £0.7 million which was held in South African Rand (30 December 2022: £nil) and £0.4 million held in Euros (30 December 2022: £0.6 million).

Restricted balances include service charge funds held on behalf of our tenants.

10 Bank loans

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	**30 December 2023 £m**	30 December 2022 £m
Secured		
Fixed and swapped loans	**179.0**	179.0
Variable rate loans	**20.0**	4.0
Total borrowings before costs	**199.0**	183.0
Unamortised issue costs	**(1.3)**	(1.2)
Total borrowings after costs	**197.7**	181.8
Analysis of total borrowings after costs		
Current	**42.7**	-
Non-current	**155.0**	181.8
Total borrowings after costs	**197.7**	181.8

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 debt matures in July 2025 with options to extend for a further one or two years agreed a part of a package that included a waiver of all covenants until original maturity in July 2025 that was agreed in February 2024. The facility is shown as current at 30 December 2023 given there was a technical breach of a covenant as at that date driven by the administration of Wilko which was then subsequently waived.

On 6 September 2023 the Group drew down a new £16 million facility arranged by Morgan Stanley with a margin of 2.75%. The group also acquired a derivative to cap the floating element at 3.75%. The facility was used to part fund acquisition of Gyle shopping centre in Edinburgh.

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

	£m
Secured bank loans at 30 December 2022	**183.0**
Drawdown of new Gyle loan facility	**16.0**
	199.0

On 8 March 2024 the Group signed an extension to its £39 million facility on the Ilford Exchange shopping centre with Dekabank Deutsche Girozentrale. The agreement extends maturity to September 2025 and provides two further conditional extension options to further extend maturity to the end of December 2026 and 2027, respectively. On commencement of the new extended term the margin is 300 basis points. The Group has acquired an interest rate cap to hedge the maximum all in cost at 5.50% until the current maturity of September 2025. The facility is shown as current at 30 December 2023 as the extension was signed after the year end.

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.

11 Reconciliation of net cash from operations

	Note	**2023**	2022
		£m	£m
Profit for the year		**3.7**	12.1
Adjusted for:			
Income tax credit	4a	**(3.6)**	(0.3)
Finance income		**(0.5)**	(1.1)
Finance expense		**9.9**	9.4
Finance lease costs (head lease)		**(0.4)**	(0.3)
Loss on revaluation of wholly owned properties	6a	**8.1**	19.6
Depreciation of other fixed assets		**0.7**	0.3
Snozone interest and amortisation		**3.0**	-
Snozone rental payments		**(2.1)**	-
Other gains		**0.1**	(22.4)
(Increase)/decrease in receivables		**(0.9)**	4.5
Increase in payables		**1.4**	3.0
Non-cash movement relating to share-based payments		**0.7**	0.5
Net cash from operations		**20.1**	25.3

12 Net assets per share

	30 Dec 2023				**30 Dec 2022**			
	Basic NAV £m	**EPRA NRV £m**	**EPRA NTA £m**	**EPRA NDV £m**	**Basic NAV £m**	**EPRA NRV £m**	**EPRA NTA £m**	**EPRA NDV £m**
IFRS Equity attributable to shareholders	**202.0**	**202.0**	**202.0**	**202.0**	179.1	179.1	179.1	179.1
Exclude fair value of financial instruments	**-**	**(0.8)**	**(0.8)**	-	-	(1.7)	(1.7)	-
Include fair value of fixed interest rate debt	-	-	-	**11.9**	-	-	-	18.4
Net asset value	**202.0**	**201.2**	**201.2**	**213.92**	179.1	177.4	177.4	197.5
Number of shares	**224.9**	**-**	**-**	**-**	169.2	-	-	-
Fully diluted number of shares	**-**	**228.8**	**228.8**	**228.8**	-	171.6	171.6	171.6
Net asset value per share	**89.8**	**87.9**	**87.9**	**93.5**	105.9	103.4	103.4	115.1

The number of ordinary shares issued and fully paid at 30 December 2023 was 224,906,731 (30 December 2022:169,191,918). There have been no changes to the number of shares from 30 December 2023 to the date of this annual report.

13 Dividends

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

	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Interim dividend per share for year ended 30 December 2022 of 2.5p	**-**	4.1
Final dividend for year ended 30 December 2022 of 2.75p	**4.7**	-
Interim dividend per share for year ended 30 December 2023 of 2.75p	**4.8**	-
Amounts recognised as distributions to equity holders in the year	**9.5**	**4.1**
Proposed final dividend for year ended 30 December 2023 of 2.95p	**6.6**	-

14 Ultimate controlling party

Growthpoint Properties Limited (“Growthpoint”) holds 68.1% 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.

15 Events after the balance sheet date

On 23 February 2024 the Group agreed a waiver of all financial covenants on its £4 million Hemel Hempstead loan facility until maturity in July 2025. The Group also secured an option to extend the maturity by one or two years subject to meeting specified covenant tests.

On 8 March 2024 the Group signed an extension to its £39 million facility on the Ilford Exchange shopping centre with Dekabank Deutsche Girozentrale. The agreement extends maturity to September 2025 and provides two further conditional extension options to further extend maturity to the end of December 2026 and 2027, respectively. On commencement of the new extended term the margin is 300 basis points. The Group has acquired an interest rate cap to hedge the maximum all in cost at 5.50% until the current maturity of September 2025.

Glossary of terms

Adjusted Profit is the total of Contribution from the Group's Shopping Centres, 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 2023

Physical data[1]	
Number of properties	6
Number of lettable units	543
Size (sq ft – million)	2,047
Valuation data	
Properties at independent valuation (£m)	372.8
Adjustments for head leases and tenant incentives (£m)	(3.2)
Properties as shown in the financial statements (£m)	369.6
Revaluation loss in the year (£m)	8.1
Initial yield	7.80%
Equivalent yield	8.79%
Reversion	12.2%
Lease length (years)	
Weighted average lease length to break	2.8
Weighted average lease length to expiry	4.7
Passing rent (£m) of leases expiring in:	
2024	5.2
2025	2.7
2026-2026	9.2
ERV (£m) of leases expiring in:	
2024	5.3
2025	2.1
2026-2026	8.7
Passing rent (£m) subject to review in:	
2024	0.8
2025	0.5
2026-2026	2.8
ERV (£m) of passing rent subject to review in:	
2024	0.8
2025	0.5
2026-2026	3.1
Rental Data	
Contracted rent (£m)	37.0
Passing rent (£m)	35.6
ERV (£m per annum)	34.5
ERV movement (like-for-like)	0.1
Occupancy	93.4%

EPRA performance measures *(Unaudited)*

As at 30 December 2023

	Note	2023	2022
EPRA earnings (£m)	5a	**10.5**	8.8
EPRA earnings per share (diluted)	5a	**5.6p**	5.3p
EPRA reinstatement value (£m)	13	**201.2**	177.4
EPRA net reinstatement value per share	13	**88p**	103p
EPRA net tangible assets (£m)	13	**201.2**	177.4
EPRA net tangible assets per share	13	**88p**	103p
EPRA net disposal value (£m)	13	**213.9**	197.5
EPRA net disposal value per share	13	**94p**	115p
EPRA LTV (see below)		**45.8%**	44.4%
EPRA cost ratio (including direct vacancy costs)		**47.6%**	48.6%
EPRA cost ratio (excluding vacancy costs)		**39.1%**	37.8%
Like-for-like ERV growth (£m)[1]		**0.1**	1.0

EPRA vacancy rate	**2023**	2022
	£m	£m
Estimated rental value of vacant space	**2.6**	2.6
Estimated rental value of whole portfolio	**34.5**	33.4
EPRA vacancy rate[2]	**7.5%**	7.7%

EPRA net initial yield and EPRA topped-up net initial yield	**2023**	2022
	£m	£m
Investment property	**372.8**	322.8
Completed property portfolio	**372.8**	322.8
Allowance for capital costs	**14.8**	16.8
Allowance for estimated purchasers' costs	**22.5**	21.9
Grossed up completed property portfolio valuation	**410.1**	361.4
Annualised cash passing rental income	**35.6**	30.5
Property outgoings	**(3.1)**	(6.7)
Annualised net rents	**32.5**	23.8
Add: notional rent expiration of rent free periods or other lease incentives	**0.5**	1.3
Topped up annualised rent	**33.0**	25.1
EPRA net initial yield	**7.9%**	6.6%
EPRA topped-up net initial yield	**8.0%**	7.0%

[1] Like-for-like ERV growth is based on the Group's portfolio of five properties with fair value of £372.8 million (2022: £322.8 million).
[2] Further analysis on occupancy is given in the Operating Review within this statement.

EPRA LTV Metric		**Proportional Consolidation**			
	Group £m	**Share of Joint Ventures £m**	**Share of Material Associates £m**	**Non-controlling Interests £m**	**Combined £m**
Loan Borrowings	**199.0**	**-**	**-**	**-**	**199.0**
Net payable	**8.2**				**8.2**
Cash and cash equivalents	**(36.3)**	**-**	**-**	**-**	**(36.3)**
Net Debt	**170.9**	**-**	**-**	**-**	**170.9**
Investment properties at fair value	**372.8**	**-**	**-**	**-**	**372.8**
Total Property Value	**372.8**	**-**	**-**	**-**	**372.8**
LTV %	**45.8%**	**-**	**-**	**-**	**45.8%**

EPRA performance measures (continued) *(Unaudited)*

As at 30 December 2023

EPRA Cost ratios	**2023 £m**	2022 £m
Cost of sales (adjusted for IFRS head lease differential)	**31.1**	32.1
Administrative costs	**9.7**	10.9
Service charge income	**(8.2)**	(10.5)
Management fees	**(1.2)**	(2.3)
Snozone (indoor ski operation) costs	**(14.0)**	(12.9)
Less inclusive lease costs recovered through rent	**(2.3)**	(1.5)
EPRA costs (including direct vacancy costs)	**15.1**	15.8
Direct vacancy costs	**(2.7)**	(3.5)
EPRA costs (excluding direct vacancy costs)	**12.4**	12.3
Gross rental income	**34.7**	34.7
Less ground rent costs	**(0.7)**	(0.7)
Less inclusive lease costs recovered through rent	**(2.3)**	(1.5)
Gross rental income	**31.7**	32.5
EPRA cost ratio (including direct vacancy costs)	**47.6%**	48.6%
EPRA cost ratio (excluding vacancy costs)	**39.1%**	37.8%

Property related capital expenditure		**2023**			**2022**		
All figures in £m	Note	**Group (excl. Joint Ventures)**	**Joint Ventures (prop. share)**	**Total Group**	**Group (excl. Joint Ventures)**	**Joint Ventures (prop. share)**	**Total Group**
Acquisitions		**43.0**	**-**	**43.0**	-	-	-
Development	6	**1.2**	**-**	**1.2**	5.8	-	5.8
Investment properties:							
Incremental letting space		**-**	**-**	**-**	-	-	-
No incremental letting space	6	**13.3**	**-**	**13.3**	3.2	-	3.2
Other		**-**	**-**	**-**	-	-	-
Total Capital expenditure	6	**57.5**	**-**	**57.5**	9.0	-	9.0
Conversion from accrual to cash basis		**5.5**	**-**	**5.5**	1.6	-	1.6
Total capital expenditure on cash basis		**63.0**	**-**	**63.0**	10.6	-	10.6

Capital tenant incentives of £1.4 million were paid during the year (2022: £0.9 million). Amortisation of £0.5 million was recognised in the income statement (2022: £0.6 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 (2022: £nil) have been capitalised as development costs during the year.