9 September 2021

Capital & Regional plc

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

Half Year Results to 30 June 2021

Capital & Regional (LSE: CAL), the UK focused REIT with a portfolio of dominant in-town community shopping centres, announces its half year results to 30 June 2021.

Lawrence Hutchings, Chief Executive, comments:

“The momentum we are seeing across our business since the lifting of the third national lockdown in April has been very encouraging and led to the positive operational performance we are able to report today, reinforcing our belief in our Community Centres strategy and the quality of our real estate and platform.

“Footfall at our community centres has once again significantly outperformed the wider market with a noticeable trend of consumers spending more and visiting slightly less. We have continued to see strong levels of leasing throughout the entire first half, with volumes comparable with H1 2019, supported by our increased focus on new, start up and independent retailers. This initiative also ensures our centres are tailored to the requirements of their communities and has helped us maintain occupancy at 90%, achieve rent and ERV premia, and make significant progress on re-leasing our three former Debenhams stores

“Unlocking further value from the portfolio through a mix of uses is another key initiative where we have made good progress, with the planning consent for our Walthamstow residential project taking us one step closer to a significant capital receipt. Our confidence in the potential to unlock further value from high density residential and use diversification across our asset base has encouraged us to enter into a ground breaking partnership agreement with Far East Consortium (FEC) to explore opportunities across both our businesses.

“Accepting the further fall in valuations during the period, current market dynamics in the sector as well as the wider economy provide cause for optimism that the investment market may be starting to stabilise. This, allied with the relative outperformance of our Investment Assets and the improving operational performance, provide the necessary base for making longer term strategic decisions and determining the best approach for addressing debt levels. We appreciate the continued support from our lenders who we liaise closely with on our different non-recourse facilities, extending waivers as they are required and working towards longer term resolutions on a facility by facility basis.

“As we emerge from 18 months of unprecedented challenges we are increasingly confident that a shared need from consumers and retailers for well-located, accessible retail and services with affordable occupancy costs, is highly supportive of our community centre strategy and our belief in the 15 minute neighbourhood.

“I would like to thank all of our stakeholders for their continued support especially our dedicated team who continue to work tirelessly to ensure our centres, which form an essential part of community infrastructure are safe places to visit.”

Significant operational impact of Covid-19 mitigated by community centre strategy

- Our ongoing strategic focus on non-discretionary goods and services continued to alleviate the impact of the pandemic in the period, which included a full national lockdown from 6 January 2021 to 12 April 2021
- 99% of leased units are back open and trading with all seven of the Company's community shopping centres remaining open to some degree throughout the pandemic.
- Occupancy remained robust at 90% at 30 June 2021 (December 2020: 92%).
- Footfall outperformed the national index by 9.1%, with 18.3 million visits across the portfolio in the first half of 2021. While footfall continued to be significantly impacted by COVID-19 and slower to recover post lockdown, sales have bounced back at a higher rate reflecting more efficient use of visits.
- 83% of rent due in respect of the 2021 year to the end of August has now been collected, a further 13% improvement on the update provided on 25 June 2021.
- 54 new lettings and renewals achieved during the period at a combined average premium to previous rent and ERV. This compares to 24 and 44 deals respectively in the equivalent 2020 and 2019 periods.
- Over 30 lettings and renewals have been completed since 30 June 2021.
- Net Rental Income (NRI) reduced by £1.8 million to £13.4 million (June 2020: £15.2[1] million), largely as a result of COVID-19, driving a reduction in Adjusted Profit to £2.3 million (June 2020: £4.6 million).
- IFRS loss for the period of £41.3 million due primarily to a 7.5% fall in like-for-like property valuations (June 2020: 16% fall in property valuations and loss of £115.5 million).
- Significant momentum with Walthamstow residential and commercial extension, with planning documentation now agreed and release of formal consent imminent.
- Good progress on leasing the three units vacated by Debenhams, with contracts completed or with terms agreed:
    - Agreed lettings to create Job Centres in part of the Debenhams units at Blackburn and Ilford.
    - Agreed terms with a national retailer to relocate into middle floor of Debenhams unit at Ilford.
    - Temporary letting of entirety of Debenhams unit in Luton on flexible, medium term basis.
- Snozone Profit for the period of £1.3 million (June 2020: loss of £0.4 million) due to enforced closure of UK operations until 12 April 2021. Results supported by £2.5 million recovery under pandemic insurance policy and VAT reclaim of £1.4 million. Ski slope operation at Xanadú, Madrid fully integrated and rebranded as Snozone following February 2021 acquisition.

Maintaining significant cash reserves and flexibility

- As at 30 June 2021 the Group had total cash on balance sheet of c. £75 million, of which £56.8 million was maintained centrally outside of the collateral of any of the debt facilities, equivalent to more than one year's Contracted Rent
- Net Asset Value per share and EPRA NTA per share, at 113p and 117p respectively (December 2020: 150p and 158p respectively)
- Net LTV has increased to 72% (30 December 2020: 65%) or 61% excluding Managed Assets (30 December 2020: 56%)
- Signed extensions of covenant waivers on The Mall and Ilford to January 2022 and April 2022, respectively. Terms agreed on an extension to Luton waiver until January 2022.

	6 months to June 2021	6 months to June 2020	Year to Dec 2020
Net Rental Income [1]	**£13.4m**	£15.2m	£34.1m
Adjusted Profit [2]	**£2.3m**	£4.6m	£10.3m
Adjusted Earnings per share [2]	**2.1p**	4.4p	9.5p
IFRS Loss for the period	**£(41.3)m**	£(115.5)m	£(203.4)m
Basic earnings per share	**(36.9)p**	(111.0)p	(188.3)p
Net Asset Value (NAV) per share	**113p**	229p	150p
EPRA NTA per share	**117p**	236p	158p
Group net debt	**£348.0m**	£348.2m	£345.1m
Net debt to property value			
- Investment Assets and Central Operations[3]	**61%**	49%	56%
- Total	**72%**	57%	65%

Notes

1 Comparatives for the six months to 30 June 2020 have been restated for the amended approach to IFRS 16 adoption as recognised in the financial statements for the year ending 30 December 2020. Variable lease payments which should not have been recognised as a liability under IFRS 16 have now been expensed as incurred. As a result Cost of Sales in the comparative has increased by £1 million (and hence NRI reduced), offset by an equivalent reduction in finance costs.

2 Adjusted Profit and Adjusted Earnings per share are as defined in the Glossary. Adjusted Profit incorporates profits from operating activities and excludes revaluation of properties and financial instruments, gains or losses on disposal, exceptional items and other defined terms. A reconciliation to the equivalent EPRA and statutory measures is provided in Notes 3 and 6 to the condensed financial statements.

3 *Change in reporting segments*

The Group has made a change to its reportable segments for this period reflecting the position of its shopping centre assets.

The Group has split out what was previously called Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. Shopping Centres – Investment Assets incorporating the centres at Ilford and within The Mall loan facility, namely Blackburn, Maidstone, Walthamstow and Wood Green. These represent the asset pools where the Group retains net equity and is focused on long term solutions for the loan positions potentially involving the investment of further capital in some shape or form.

'Shopping Centres – Managed Assets' incorporates Hemel Hempstead and Luton where the current debt values in the non-recourse SPV structures exceed the respective property value and therefore the Group has negative equity and hence the future position of the investments is uncertain. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, insufficient. In agreement with and at the request of the various lenders, the Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders.

Investment Assets and Central Operations includes the Group's Property Management and Snozone businesses.

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 Adjusted Profit, Adjusted Earnings per share and the industry best practice EPRA (European Public Real Estate Association) performance measures, which have been updated during the year, are not defined under IFRS, so they are termed 'Alternative Performance Measures' (APMs). Management use these measures to monitor the Group's financial performance alongside IFRS measures because they help illustrate the underlying 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. A reconciliation to the equivalent statutory measures is provided in Notes 6 and 13 to the condensed financial statements.

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Notes to editors:

About Capital & Regional

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

Capital & Regional owns seven shopping centres in Blackburn, Hemel Hempstead, Ilford, Luton, Maidstone, Walthamstow and Wood Green. Capital & Regional manages these assets through its in-house expert property and asset management platform.

For further information see capreg.com.

South African secondary listing

Capital & Regional maintains a primary listing on the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE) in South Africa. At 30 June 2021, 6,110,782 of the Company's total of 111,819,626 shares were held on the South African register representing 5.5% of the total issued share capital. Java Capital act as JSE Sponsor for the Group.

Forward looking statements

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

Operating review

Impact of COVID-19

All seven of the Company's community shopping centres have remained open and trading within restrictions since the start of the pandemic in early 2020, providing essential services to the communities we serve and in line with our Community Centre strategy. While restrictions on trading, including a full national lockdown for half of the period (from 6 January 2021 until 12 April 2021), have inevitably had a pervasive impact upon operating and financial metrics, it remains clear that our offer is now more relevant than ever as a number of structural trends that were already under way in the retail industry have accelerated rapidly. Our strategic focus on local community centres providing non-discretionary and essential goods and services has mitigated the worst of the impact and provides the business with a sound platform for navigating the future.

Our overriding priority during this time has been the health, safety and protection of our colleagues, guests and customers and at all times we have been rigorously following the latest official government guidelines and advice across our portfolio. Precautionary measures we have taken include:

- Enhanced deep cleaning, sanitising stations at key locations and PPE for all centre employees;
- Arrows and signage in common areas to encourage directional flow and a one-way system, as well as providing distancing reminders;
- Limiting numbers of people in guest facilities, escalators, stairs and lifts at any one time;
- Removal of most public seating to discourage congregation and close contact; and
- Using social media platforms to inform the community of quieter times for visiting to support our vulnerable guests.

Access to our centres has been closely monitored through additional staff and existing footfall technology. When restrictions have been in place, we have carefully controlled visitor capacity to maintain social distancing and to protect visitors, occupiers and staff.

On 12 April 2021, the lifting of restrictions enabling non-essential retailers to open again saw a significant increase in the number of tenants re-opening from approximately 30% to rapidly over 95%. As at 30 June 2021, 99% of leased units were open and trading. Overall occupancy has been impacted by Covid-19 although remains robust at 89.7% as at 30 June 2021.

Operational performance

Up until 12 April 2021, the date on which non-essential retailers were able to re-open, approximately one third of leased units were open and trading and footfall was at approximately 30% of the equivalent weeks in 2019. In the 20 weeks since the full re-opening, footfall was approximately 70% of the corresponding weeks in 2019. The need to maintain social distancing placed restrictions upon capacity at peak times, however anecdotal evidence from our retailers suggests that while footfall has been slower to recover, sales have bounced back at a higher rate reflecting more efficient use of visits.

In total there were 18.3 million shopper visits across the portfolio in the first half of 2021. This is 8.7% lower than the prior year on a like for like basis, but outperforms the national index by 9.1%, further reflecting the relative strength of the relevant and convenience based offering we have been strategically building over the last number of years.

Car park income in the first six months of the year was £2.3 million, 12.5% lower than the same period in 2020.

Rent collection

81% of rent in respect of the first half of the year has now been collected. Rent collection for the 2021 year to date, including monthly invoices up to August, is running at 83%, an improvement of 13% since we updated the market in late June 2021. The table below provides further detail.

	Rent collection 6m to 30 June 2021		Rent collection 9m to 30 September 2021	
	£m		**£m**	
Rent collected	21.4	81.2%	30.5	82.6%
Payment plans	0.7	2.7%	1.3	3.4%
Total collected and deferred	22.1	83.9%	31.8	86.0%
Outstanding	2.5	9.6%	3.4	9.3%
Bad Debt	0.1	0.5%	0.1	0.3%
Rent concessions	1.6	6.0%	1.6	4.4%
Total billed	**26.3**	**100%**	**37.0**	**100%**

All data up to end of August 2021.

Rent collection for the year ended 30 December 2020 has now reached 88%.

New lettings, renewals and rent reviews

Despite the significantly disrupted trading environment we completed 54 new lettings and renewals during the period, at a combined average premium to previous rent of 36.3%[1]; more than the 44 deals in the equivalent period in 2019 and the 24 completed in the equivalent period in 2020. This increase in deal volumes is an outcome of the investment into our in-house leasing platform to target local independent operators, through which we have, to a greater extent, been able to utilise space that has not previously been income producing, while also expanding our offering of essential local services.

Highlights of leasing activity in the first half of 2021 include a new letting to the Department for Work and Pensions, which will open a Job Centre at Walthamstow, and new health and beauty clinics to different independent local operators at Luton, Walthamstow and Wood Green.

Moving into the second half of the year, we are encouraged by the strength of our leasing pipeline and have completed more than 30 deals since 30 June 2021, including additional Job Centres at Ilford and Blackburn and, following our partnership agreement announced in March, a deal with REEF Technology ("REEF") for dark kitchens and last mile logistics at Wood Green. These are the first deals signed under our agreement with REEF that will allow us to enhance future portfolio income by transforming underutilised elements of two of the Company's car parks into mixed-use neighbourhood hubs that provide locally curated goods, services and experiences.

We continue to progress discussions with the NHS for a new purpose-built community healthcare facility at The Exchange, Ilford and have initial interest in similar initiatives at two of our other centres demonstrating the important role our centres continue to play in the daily life of their local environments.

	6 months to June 2021
New Lettings	
Number of new lettings	30
Rent from new lettings (£m)	£1.1m
Renewals settled	
Renewals settled	24
Total resulting annual rent (£m)	£0.3m
Combined new lettings and renewals	
Comparison to previous rent[1]	+36.3%
Comparison to ERV at December 2020[1]	+19.3%

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

Impact of CVAs / administrations

We are making good progress with our plans to lease the space vacated following the closure of the three Debenhams stores in our portfolio in March 2021. These include dividing up the Ilford unit across its three floors in order to appeal to a wider range of occupiers which facilitated both the creation of a 22,000 sq ft Job Centre, and the Company having agreed terms with a major national retailer which wants to relocate from elsewhere in the centre to take the middle floor. We have also signed contracts on a Job Centre which will open in part of the Debenhams unit at Blackburn, taking up approximately 15,000 sq ft of the space, and at Luton we have signed a letting of the entire space, covering costs with a turnover top-up, to VFM, a furniture operator.

Rental income and occupancy

	30 June 2021	30 December 2020	30 June 2020
Contracted rent (£m)	**51.1**	53.1	57.9
Passing rent (£m)	**50.2**	51.7	57.1
Occupancy (%)	**89.7%**	92.1%	95.0%

Occupancy has remained robust at 89.7%, with the small overall reduction from 30 December 2020 largely comprising the vacancy of the three Debenhams units. This will improve by approximately 2% with the completion of the new lettings at Blackburn, Ilford and Luton in the former Debenhams space.

The small impact on occupancy flowed through to contracted and passing rent which decreased by approximately 2.2% and 1.6% respectively from the equivalent December 2020 balances, on a like-for-like basis, excluding the sale of the Edmonds Parade block in Hemel Hempstead.

Capital expenditure investment

In light of the COVID-19 pandemic and balance sheet pressures, we have focused capital expenditure on those projects driving immediate income returns, or those with strategic priority. In total £4.0 million was invested in the first six months of the year, with the primary projects being the creation of a new Lidl unit at Luton (£1.6 million in the period); progression of the Walthamstow residential opportunity (£0.9 million); and car park upgrade works in relation to the introduction of REEF at Luton and Wood Green (£0.5 million). The rebuild of the part of the Walthamstow scheme affected by the fire in July 2019 completed in Q1 2021 including the creation of a new mezzanine food court level. We expect the final insurance position to be settled in the second half of 2021.

Walthamstow residential opportunity

We have achieved a number of notable milestones towards securing the residential development in Walthamstow. Having achieved a local authority resolution to grant planning consent in January, the application has now been formally ratified by the Greater London Authority. This has allowed us to conclude the section 106 planning obligations negotiations, the documentation for which is now in an agreed form, and which includes an agreed form draft of the formal planning Decision Notice. Legal engrossments are now in circulation, with completion imminent, which will then trigger the release of the formal planning consent. In parallel, we continue to work to conclude the Development Agreement and new Headlease with London Borough of Waltham Forest and to discharge the remaining contractual pre-conditions with Long Harbour to crystalise the c. £20 million land receipt and start on site around the year end.

Strategic residential development partnership

We are pleased to announce in parallel with the interim results that we have signed an exclusivity agreement with a subsidiary of Far East Consortium International Limited (FEC) to work together to identify and develop new residential opportunities across the Group's portfolio of shopping centres. This follows on from the successful disposal of a land plot at Wood Green and the existing Walthamstow residential opportunity.

FEC is an international real estate conglomerate listed in Hong Kong, active across Australia, Singapore, Hong Kong and the UK, with a strong track record in residential development. FEC will bring specialist expertise to assess opportunities at pace and work up deliverable residential development scenarios. While the primary aim of the partnership is to facilitate projects that will enhance asset value and/or generate potential land receipts for Capital & Regional, it will also assess where community retail and services might be added to FEC's existing portfolio and pipeline, as well as seek new projects where the collective expertise and resources of the partnership could be utilised.

Snozone

Snozone was unable to trade in the UK in the period until Government restrictions changed on 12 April 2021, halting operations for the peak trading period of the first quarter of the year. The need to maintain social distancing restrictions, which only lifted after the end of the period on 19 July 2021, limited slope capacity to approximately half. Trading was further impacted by Snozone restaurants not being able to trade and clothing hire not being offered during the period. However, slope usage bounced back positively in the period from 12 April 2021 to 30 June 2021 when it was approximately 90% of the equivalent weeks in 2019. Results for the period were supported by the receipt of a £2.5 million insurance payment under a pandemic insurance policy that the business has maintained since 2017. Snozone also received a £1.4 million rebate of VAT following a favourable ruling over the treatment of revenue related to lift passes that will also have an ongoing benefit of approximately £0.25 million per annum. A renegotiation and extension of the Snozone leases on its Castleford and Milton Keynes sites has reduced the annual cash payments by approximately £0.35 million.

In February 2021, Snozone took over the operations of the ski slope in the Xanadú Shopping Centre in Madrid, acquiring the operating entities for a nominal value of €2. The slope in Madrid has traded throughout the period although social distancing restrictions in Spain have also impacted upon slope capacity and the ability to offer a full range of services.

Snozone's profit for the period was £1.3 million (June 2020: loss of £0.4 million). At the Adjusted Profit level the result was £nil (June 2020: loss of £0.4 million) after primarily excluding the £1.4 million VAT rebate received. Snozone Adjusted Profit is adversely impacted further relative to 2020 as a result of the renegotiated Castleford and Milton Keynes leases which under IFRS 16 result in an increased depreciation and amortisation charge to £1.4 million (June 2020: £1.1 million) despite the annual cash rent significantly reducing.

FINANCIAL REVIEW

	Six months to June 2021	Six months to June 2020[1]	Year to Dec 2020
Profitability			
Statutory Revenue	**£34.1m**	£36.5m	£72.7m
Net Rental Income (NRI)	**£13.4m**	£15.2m	£34.1m
Adjusted Profit [2]	**£2.3m**	£4.6m	£10.3m
Adjusted Earnings per share [2]	**2.1p**	4.4p	9.5p
IFRS (Loss)/Profit for the period	**£(41.3)m**	£(115.5)m	£(203.4)m
Basic earnings per share	**(36.9)p**	(111.0)p	(188.3)p
EPRA cost ratio (excluding vacancy costs) [2]	**45.4%**	43.6%	41.0%
Net Administrative Expenses to Gross Rent	**21.8%**	16.7%	20.2%
Net Assets			
Net Asset Value (NAV) per share	**113p**	229p	150p
EPRA NTA per share	**117p**	236p	158p
Financing			
Group net debt	**£348.0m**	£348.2m	£345.1m
Group net debt to property value	**72%**	57%	65%
Average maturity of Group debt [3]	**4.1 years**	4.9 years	4.4 years
Cost of Group debt	**3.34%**	3.41%	3.41%

[1] Comparatives for six months to 30 June 2020 have been restated for the amended approach to IFRS 16 adoption as recognised in the financial statements for the year ending 30 December 2020.

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

[3] Assuming exercise of all extension options.

Use of Alternative Performance Measures (APMs)

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

Alternative performance measure used	**Rationale**
Adjusted Profit	Adjusted Profit is used as it is considered by management to provide the best indication of the extent to which dividend payments are supported by underlying profits. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments, non-cash charges in respect of share-based payments and exceptional one-off items. The key differences from 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 exceptional items where EPRA is prescriptive. 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 this period like-for-like metrics have been adjusted for the disposal of the Edmonds Parade asset within Hemel Hempstead which completed on 7 June 2021.
Net Rent or Net Rental Income (NRI)	Net Rental Income is rental income from properties, less property and management costs (excluding performance fees). It is a standard industry measure. A reconciliation to statutory turnover is provided in Note 4 to the condensed financial statements.

FINANCIAL REVIEW

Reporting Segments

The Group has made a change to its reportable segments for this period reflecting the position of its shopping centre investments and mirroring how information is being reported to the Board.

As a result, it has split out what was previously referred to as Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. Shopping Centres – Investment Assets incorporates the centres at Ilford and within The Mall loan facility, namely Blackburn, Maidstone, Walthamstow and Wood Green. These represent the asset pools where the Group retains net equity and is focused on long term solutions for the loan positions potentially involving the investment of further capital.

Shopping Centres – Managed Assets incorporates Hemel Hempstead and Luton where the current loan balances in the non-recourse SPV structures exceed the respective property values and therefore the Group has negative equity and the substance of the Group's involvement is as a Manager and the future position of the assets is uncertain. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, insufficient. In agreement with and at the request of the various lenders, the Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders.

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

Amounts in £m	**Six months to June 2021**	Six months to June 2020[1]	Year to December 2020
Shopping Centres – Investment Assets	**4.4**	4.3	8.7
Shopping Centres – Managed Assets	**0.4**	2.5	7.8
Snozone profit/(loss) (indoor ski operation)	**-**	(0.4)	(2.4)
Investment income	**-**	-	0.1
Net central operating costs	**(2.5)**	(1.8)	(3.9)
Current Year Tax credit	**-**	-	0.2
Adjusted Profit	**2.3**	4.6	10.3
Adjusted Earnings per share (pence)[2]	**2.1p**	4.4p	9.5p
Reconciliation of Adjusted Profit to statutory result			
Adjusted Profit	**2.3**	4.6	10.3
Property revaluation	**(42.4)**	(115.7)	(208.3)
(Loss)/Profit on disposal	**(1.2)**	0.4	0.4
(Loss)/Gain on financial instruments	**3.5**	(5.5)	(5.0)
Corporation tax in lieu of dividends	**(3.6)**	-	-
Other items	**0.1**	0.7	(0.8)
Loss for the period	**(41.3)**	(115.5)	(203.4)

[1] Comparatives for six months to 30 June 2020 have been restated for the amended approach to IFRS 16 adoption as recognised in the financial statements for the year ending 30 December 2020.

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

Adjusted Profit – 30 June 2021: £2.3 million (30 June 2020: £4.6 million)

Contribution from Shopping Centres – Investment Assets was £4.4 million (30 June 2020: £4.3 million) marginally ahead of the prior period.

Contribution from Shopping Centres – Managed Assets recorded a profit of £0.4 million in the six month period (30 June 2020: profit £2.5 million). The Hemel Hempstead loss of £0.1 million (30 June 2020: profit of £0.1 million) reflects the impact of higher running vacancy following a large proportion of the scheme being vacated for the proposed cinema development, which was terminated in a strategic decision as a result of the Covid pandemic. The Luton contribution fell from £2.3 million to £0.5 million reflecting the impact of the M&S unit being vacant, after the agreement of a surrender premium in H2 2020, and the Debenhams unit ceasing to trade. This will improve in the second half of the year once the new Lidl supermarket created from the former M&S space opens in October and with the letting of the Debenhams unit to VFM furniture.

Snozone at the Adjusted Profit level recorded £nil (30 June 2020: loss of £0.4 million). Snozone was unable to trade in the UK until the 12 April 2021 and social distancing requirements restricted the breadth of services that could be offered for the rest of the period, although results were supported by the benefit of a £2.5 million pandemic insurance payment.

Net central operating costs were £2.5 million, compared to £1.8 million in the prior year reflecting some timing differences, a reduction in cost in the prior period relating to the Board taking a temporary pay reduction and assumed variable overhead accruals, which were nil in the prior year. There is also a repositioning of costs from NRI as a result of more leasing activity being undertaken in-house with less reliance on external agencies.

Adjusted Earnings per Share for the period were 2.1 pence (30 June 2020: 4.4 pence).

IFRS loss for the period – 30 June 2021: £41.3 million (30 June 2020: Loss of £115.5 million)

The overall loss for the period of £41.3 million was primarily driven by the decline in property valuations by £42.4 million detailed further below.

Net Asset Value

The valuation of the portfolio at 30 June 2021 was £482.7 million, a 7.5% decline on 30 December 2020 adjusting for the sale of Edmonds Parade within Hemel Hempstead. This is approximately half the level of decline experienced in the two six month periods in 2020.

The Group's Investment assets proved relatively more robust, declining by 6.4% versus 11.3% for the Group's Managed Assets, the latter adjusted for the sale of Edmonds Parade.

Property portfolio valuation

Property at independent valuation	**30 June 2021**			30 December 2020		
	£m	NIY %	NEY %	£m	NIY %	NEY %
Blackburn	38.8	11.61	13.26	40.6	13.17%	12.23%
Maidstone	43.0	10.97	10.97	46.0	10.67%	10.75%
Walthamstow	100.4	5.79	6.62	106.6	5.17%	6.15%
Wood Green	147.7	7.33	6.92	158.0	6.71%	6.43%
Ilford	54.8	4.60	8.03	60.0	5.30%	7.49%
Investment Assets	384.7	7.45%	8.59%	411.2	7.28%	7.99%
Luton	84.0	9.59	10.49	92.5	9.8%	9.50%
Hemel Hempstead	14.0	11.24	16.58	23.3	10.00%	12.69%
Managed Assets	98.0	9.81%	12.09%	**115.8**	9.80%	10.65%
Total	482.7	7.96%	9.38%	**527.0**	**7.88%**	**8.63%**

This resulted in NAV of £126.7 million and EPRA Net Tangible Assets of £131.6 million compared to December 2020 amounts of £167.8 million and £176.7 million respectively. Basic NAV per share and EPRA NTA per share were 113p and 117p respectively, representing declines of 37p and 41p respectively (December 2020: 150p and 158p respectively).

Dividend and tax

In light of the continuing level of uncertainty and desire to maximise cash flexibility, the Group has taken the decision not to declare an Interim dividend.

A UK REIT is expected to pay dividends (PIDs) of at least 90 per cent of its taxable profits from its UK property rental business by the first anniversary of each accounting date. The Group had a balance of approximately £7.6 million to pay in distributions before the end of 2020 in order to meet its REIT distribution requirements for the financial year ending 2019 however HMRC granted an extension to this deadline to run until 30 December 2021. The Group also has an estimated PID balance of £11.2 million for the financial year ending 2020 that is also due to be distributed by 30 December 2021. If this also remains unpaid at 30 December 2021 there is a total estimated shortfall of unpaid PIDs by 31 December 2021 of £18.8 million. The Group had anticipated that it would be treated as having met the minimum REIT requirement by virtue of facing a legal impediment to paying a dividend as a result of the Group's REIT entities not having sufficient distributable reserves. However following detailed correspondence with HMRC on this matter they have confirmed that in their opinion these provisions are not applicable as, in the absence of additional regulations provided for in the legislation, they are applicable only to companies subject to UK company law. Therefore they do not apply to the Group's REIT entities which are not subject to UK company law being registered Jersey companies.

Consequently if no further distributions are made by 30 December 2021 the Group will be required to settle Corporate Tax on the total PID balances for 2019 and 2020, which remain unpaid at 30 December 2021. This effectively ensures that a similar amount of tax is accounted for on the REIT profits at Group level rather than through the withholding tax that would have been applied at shareholder level if the distributions had been made. The corporation tax is estimated at approximately £3.7 million, being 19% of the estimated £18.8 million and accrued interest, and this amount has been provided for at 30 June 2021 as a prior year adjustment to tax.

Financing

The Group has four non-recourse asset secured loan facilities that each sit within their own ring-fenced special purpose vehicle (SPV) structure. Funding costs of 3.34% are substantially fixed and secured over the medium term with a weighted average 3.7 years to maturity at 30 June 2021, extending to 4.1 years if the remaining one year extension on part of The Mall facility is exercised.

The fall in valuations resulted in net debt to value increasing to 61% in respect of Investment Assets and Central Operations (December 2020: 56%) or 72% for the total group (December 2020: 65%).

30 June 2021	**Debt[1]** £m	Cash[2] £m	**Net debt** £m	Loan to value [3] %	Net debt to value[3] %	Average interest rate %	Fixed %	Duration to loan expiry Years	Duration with extensions Years
Investment Assets									
The Mall	265.0	(7.9)	257.1	80%	78%	3.61	100	4.4	5.1
Ilford	39.0	(2.8)	36.2	71%	66%	2.76	100	2.7	2.7
Central cash (incl. Snozone)	-	(56.8)	(56.8)	n/a	n/a	n/a	n/a	n/a	n/a
Investment assets + Central	**304.0**	**(67.5)**	**236.5**	**79%**	**61%**	**3.50**		**4.2**	**4.8**
Managed Assets									
Hemel Hempstead	23.0	(0.6)	22.4	164%	160%	2.03	100	1.6	1.6
Luton	96.5	(7.4)	89.1	115%	106%	3.14	100	2.5	2.5
Total	**423.5**	**(75.5)**	**348.0**	**88%**	**72%**	**3.34**	**100**	**3.7**	**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.

From the proceeds of the December 2019 equity raise, the Group had initially earmarked £50 million to pay down debt and has to date only utilised £5 million of this sum, leaving a balance of £45 million (effectively within the £56.8 million of Group cash included in the table above). The Group had previously been in discussions with lenders about utilising a proportion of the remaining funds to voluntarily pay down its four non-recourse debt facilities in the early part of 2020, but when it became clear how significant the disruption caused by Covid-19 would be, we took the decision to place such discussions on hold. Our priority since then has been to focus our efforts on supporting our assets and on ensuring the continued stability and therefore flexibility of the Group to continue to respond to the volatility and acceleration in structural change in the sector.

Management has undertaken actions to improve the preservation of cash within the business while this period of uncertainty persists. These actions include rationing capital expenditure projects to only those that immediately drive income improvements, or are of strategic importance, and suspending the dividend until such time as markets stabilise.

The position of the Group's individual loan facilities is as follows:

Investment Assets

On The Mall facility (Blackburn, Maidstone, Walthamstow, Wood Green), at our request, the lenders have granted a waiver of all financial covenants until the Interest Payment Date (IPD) at the end of January 2022. The additional waiver period permits the Group to continue to advance discussions with the lenders regarding a long-term solution for this facility, concurrent with an eventual stabilisation following the disruption to both operations and valuations caused by COVID-19.

On Ilford, we have secured a waiver of all financial covenants until the April 2022 IPD in return for the Group funding from central cash landlord works and incentives to facilitate the creation of a Job Centre in part of the former Debenhams unit. We have also agreed outline terms on a longer term modification of the covenants until at least the end of 2022 to facilitate the proposed major asset management initiatives at the asset, being the planned medical centre and the re-letting of the remainder of the Debenhams anchor unit, which, if they proceed, the Group will partially fund from central cash.

Managed Assets

The Group classifies its interest in the Hemel Hempstead and Luton shopping centres as Managed Assets as the current property valuations are lower than the outstanding debt amounts and hence the Group does not presently record any equity value in the two assets. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, insufficient. In agreement with and at the request of the respective lenders, the Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders.

The sale of the Edmonds Parade block at Hemel Hempstead completed on 7 June 2021 and delivered net proceeds of approximately £4.5 million of which £3.9 million was used to reduce the carrying amount of the loan facility to £23.0 million. We have been notified by the lender on Hemel Hempstead that it is in the final stages of selling the loan as part of a portfolio of other unrelated debt facilities. Financial covenants on the loan facility are currently deferred until the October IPD. We intend to continue our constructive engagement with the lender, or any successor lender, to assess whether it is in the Group's interest to retain an ongoing involvement in relation to the asset.

On the Luton loan facility we have agreed terms on a further extension to the waiver until the January 2022 IPD. We have advanced our discussions with the lender about (a) resetting the covenant position, (b) enacting certain modifications to the loan agreement and (c) agreeing the scope of the Group's Asset Management activities in return for instituting a mechanism to apply surplus cash generated at the asset to the gradual reduction of the loan balance. The Group anticipates that this arrangement will be formalised to facilitate a stabilisation of the operating performance of the asset, whilst broader strategic alternatives are evaluated.

Going Concern

Under the UK Corporate Governance Code, the Board needs to assess whether the financial statements should be prepared on a Going Concern basis. In making its assessment of Going Concern, the Group has considered the general risk environment and specifically the impact on the business of the significant disruption arising from Covid-19 as well as the acceleration of the structural trends that were already under way in the retail industry.

The valuation of the Group's property portfolio fell from £527.0 million at 30 December 2020 to £482.7 million at 30 June 2021. As asset valuations have come under pressure, the Group's net debt to property value ratio has, consequently, increased. Our lenders have recognised the unprecedented nature of this situation and have demonstrated their support by granting a series of short-term waivers since the start of pandemic in respect of covenants which would otherwise have been breached. Management remain in regular dialogue with lenders to agree the most appropriate way forward on a facility by facility basis.

At 30 June 2021 the Group had total cash on balance sheet of approximately £75 million, which is equivalent to more than the Group's annual Contracted Rent. Of this, £56.8 million was centrally held and free of any restrictions. This provides a significant cash contingency to cover any disruption to operations for an extended period of time.

The Group's four asset backed loan facilities are ring-fenced within their own SPV structures with no recourse to Capital & Regional plc and no cross-default provisions. Each loan facility has bespoke covenants as outlined in the Covenant information section. All facilities provide the Group with the opportunity to cure breaches of financial covenants or provide for the eventual surrender of assets, without any recourse to the rest of the Group, should the directors choose not to cure in the event that the lenders do not grant further covenant modifications. Covenants in respect of minimum interest cover ratios, both projected and historic, are tested quarterly. The lenders have discretion to test loan to value covenants by independent valuations. The Group has secured short term waivers or deferrals for all income covenants covering the first half of the year and up to at least the respective October 2021 or January 2022 Interest Payment Dates and are in constructive and detailed dialogue with the respective lenders on agreeing longer term solutions as detailed in the Financing section above. The earliest contractual maturity on any of the Group's asset backed loan facilities is February 2023.

Hemel and Luton, classified as the Group's Managed Assets, are now in a negative equity position which means that The Mall and Ilford (the Group's Investment Assets) combined assets make up substantively all of the Group's Net Asset Value excluding the central cash balance maintained by the Group at 30 June 2021. In respect of The Mall and Ilford, which form the Group's Investment assets, the central cash balance maintained by the Group at 30 June 2021, in addition to available cash within the relevant structures at 30 June 2021, provides sufficient funds to remedy the loan to value covenants if values fell by up to a further approximate 10% across these assets by reference to the June 2021 valuations or by less than 5% with reference to bank valuations undertaken in the period. This is if the Directors chose to take the approach of curing the facilities without any further covenant relaxation.

The Group's presentation of its Managed Assets as a separate operating segment provide disclosure of what the financial contribution of these assets is on the Group's results and provide an indication of what the impact would be if further waivers are not agreed and the respective lenders elect to enforce their security and hence the entities no longer form part of the Group.

In making its assessment of Going Concern, the Group is required to consider the position in a reasonable worst case scenario extending out for a period of at least 12 months. The Group has considered within this further falls in property valuations of more than 10% versus the 30 June 2021 valuations allied to the potential operational disruption in the event that further national lockdowns or Government restrictions are put in place. There are combinations of these downside scenarios that would result in the cure amount required for the Group's Investment Assets under either Loan to Value or Interest Cover Ratio covenants being in excess of the cash that would be immediately available to the Group. While the Group would expect the lenders to provide waivers or otherwise demonstrate sufficient flexibility to avoid the facilities defaulting there is no guarantee of this and as a consequence a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, such that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have considered this material uncertainty 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. These include but are not limited to: the potential disposal of assets either in whole or part; the opportunity to crystallise value on the Walthamstow residential development; and the potential raising of additional funds. The Board remains committed to consider and exploring all options to maximise shareholder and stakeholder value

In conclusion having due regard to all of the above matters and given the ongoing discussions with the Group's lenders including expectations over continuing to obtain waivers to the extent that they are required and after making appropriate enquiries including considerations of the impact of Covid-19 and sensitivities, 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.

Outlook

Notwithstanding the further fall in valuations during the period, current market dynamics in the sector as well as the wider economy provide cause for optimism that the Investment market may be starting to stabilise. This, allied with the relative outperformance of our Investment Assets and the improving operational performance, provide the necessary base for making longer term strategic decisions and determining the best approach for addressing debt levels. We appreciate the continued support from our lenders who we liaise closely with on our different non-recourse facilities, extending waivers as they are required and working towards longer term resolutions on a facility by facility basis.

As we emerge from 18 months unprecedented challenges we are increasingly confident that a shared need from consumers and retailers for well-located, accessible retail and services with affordable occupancy costs, is highly supportive of our Community Centre strategy and our belief in the 15 minute neighbourhood.

Principal risks and uncertainties

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

A detailed explanation of the principal risks and uncertainties was included on pages 34 to 38 of the Group's 2020 Annual Report. A further review was carried out for the 30 June 2021 half year. Amongst the main factors considered were the ongoing impact of the Covid-19 pandemic and the continuing structural changes to UK retail as well as the position of the Group's debt facilities and sensitivity analysis undertaken as detailed in the Going Concern section. The review concluded that while as a result of these combined factors the profile of some risks, including property investment market risks, Treasury risk and the impact of the economic environment, had changed, the ultimate nature of them had not and therefore the principal risks to the Group remain those disclosed in the 2020 Annual Report. These have been summarised below.

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

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

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

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

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

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

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

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

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

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

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

Responsibility statement

The directors confirm that to the best of their knowledge:

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

By order of the Board

Lawrence Hutchings
Chief Executive
8 September 2021

Stuart Wetherly
Group Finance Director
8 September 2021

INDEPENDENT REVIEW REPORT TO CAPITAL & REGIONAL PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union.

Our responsibility

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

Scope of review

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

Material uncertainty related to going concern

We draw attention to note 2 in the condensed set of financial statements, which indicates that in combinations of downside scenarios prepared by management the cure amount required for the Group's Investment Assets under either Loan to Value or Interest Cover Ratio covenants could be in excess of the cash that would be immediately available to the Group. The Group does not have waivers in respect of these covenants for at least 12 months from the date of this report. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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

Deloitte LLP
Statutory Auditor
London, United Kingdom
8 September 2021

Condensed consolidated income statement

For the six months to 30 June 2021

	Note	**Unaudited Six months to 30 June 2021**	Unaudited Six months to 30 June 2020 Restated	Audited Year to 30 December 2020
		£m	£m	£m
Continuing operations				
Revenue	3b, 4	**34.1**	36.5	72.7
Other income		**2.5**	-	-
Expected credit loss		**(3.2)**	(4.5)	(7.3)
Cost of sales		**(17.1)**	(14.3)	(27.9)
Gross profit		**16.3**	17.7	37.5
Administrative costs		**(5.3)**	(5.4)	(12.0)
Loss on revaluation of investment properties	3a, 7a	**(42.4)**	(115.7)	(208.3)
Other gains and losses		**(1.3)**	1.6	1.6
Loss on ordinary activities before financing		**(32.7)**	(101.8)	(181.2)
Finance income		**3.4**	0.3	0.4
Finance costs		**(8.6)**	(14.0)	(22.8)
Loss before tax		**(37.9)**	(115.5)	(203.6)
Tax	5	**(3.4)**	-	0.2
Loss for the period		**(41.3)**	(115.5)	(203.4)
Basic earnings per share	6	**(36.9)p**	(111.0)p	(188.3)p
Diluted earnings per share	6	**(36.9)p**	(111.0)p	(188.3)p
EPRA basic earnings per share	6	**(0.1)p**	5.1p	9.2p
EPRA diluted earnings per share	6	**(0.1)p**	5.1p	9.2p

Condensed consolidated statement of comprehensive income

For the six months to 30 June 2021

	Unaudited six months to 30 June 2021	Unaudited six months to 30 June 2020 Restated	Audited Year to 30 December 2020
	£m	£m	£m
Loss for the period	**(41.3)**	**(115.5)**	(203.4)
Other comprehensive income	**-**	**-**	-
Total comprehensive income for the period	**(41.3)**	**(115.5)**	(203.4)

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

The EPRA alternative performance measures used throughout this announcement are industry best practice performance measures established by the European Public Real Estate Association (EPRA). These reflect the updated guidance issued by EPRA in October 2019. They are defined in the Glossary to these financial statements. EPRA Earnings and EPRA EPS are shown in Note 6 to these condensed financial statements. EPRA net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV) are shown in Note 13 to these condensed financial statements. We consider EPRA NTA to be the most relevant measure for our business.

Condensed consolidated balance sheet

At 30 June 2021

	Note	**Unaudited 30 June 2021 £m**	Audited 30 December 2020 £m
Non-current assets			
Investment properties	7	**492.4**	536.1
Plant and equipment		**2.5**	2.5
Right of use assets	8	**25.3**	12.2
Fixed asset investments		**0.6**	0.9
Receivables	9	**13.7**	14.2
Total non-current assets		**534.5**	565.9
Current assets			
Receivables	9	**31.8**	21.3
Cash and cash equivalents	10	**78.7**	84.1
Total current assets		**110.5**	105.4
Total assets		**645.0**	671.3
Current liabilities			
Trade and other payables		**(35.8)**	(30.9)
Current tax	5	**(3.7)**	-
Total current liabilities		**(39.5)**	(30.9)
Net current assets		**71.0**	74.5
Non-current liabilities			
Bank loans	11	**(420.6)**	(423.9)
Other payables		**(0.7)**	(0.2)
Derivatives		**(4.9)**	(8.9)
Obligations under finance leases		**(52.6)**	(39.6)
Total non-current liabilities		**(478.8)**	(472.6)
Total liabilities		**(518.3)**	(503.5)
Net assets		**126.7**	167.8
Equity			
Share capital		**11.2**	11.2
Share premium		**244.3**	244.3
Other reserves		**60.3**	60.3
Capital redemption reserve		**4.4**	4.4
Own shares held		**-**	-
Retained deficit		**(193.5)**	(152.4)
Equity shareholders' funds		**126.7**	167.8
Basic net assets per share		**113.3p**	150.1p
EPRA net reinstatement value per share	13	**117.4p**	157.6p
EPRA net tangible assets per share	13	**117.4p**	157.6p
EPRA net disposal value per share	13	**107.7p**	139.4p

Condensed consolidated statement of changes in equity

For the six months to 30 June 2021

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Own shares held	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 30 December 2019 (Audited)	**10.4**	**238.0**	**60.3**	**4.4**	**-**	**62.0**	**375.1**
Loss for the period	-	-	-	-	-	(115.5)	(115.5)
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	**(115.5)**	**(115.5)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.2	0.2
Dividends paid, net of scrip (note 15)	-	-	-	-	-	(4.3)	(4.3)
Shares issued, net of costs	0.8	6.3	-	-	-	(7.1)	-
Balance at 30 June 2020 (unaudited)	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(64.7)**	**255.5**
Loss for the period	-	-	-	-	-	(87.9)	(87.9)
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	**(87.9)**	**(87.9)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.2	0.2
Balance at 30 December 2020 (unaudited)	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(152.4)**	**167.8**
Loss for the period	-	-	-	-	-	**(41.3)**	**(41.3)**
Other comprehensive result for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(41.3)	(41.3)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.2	0.2
Balance at 30 June 2021 (unaudited)	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(193.5)**	**126.7**

Condensed consolidated cash flow statement

For the six months to 30 June 2021

	Note	**Unaudited Six months to 30 June 2021 £m**	Unaudited Six months to 30 June 2020 Restated[1] £m	Audited Year to 30 December 2020 £m
Operating activities				
Net cash from operations	12	**6.7**	(3.3)	17.9
Distributions received from investments including German B-note		**0.2**	1.6	1.5
Interest paid		**(7.5)**	(7.2)	(14.3)
Interest received		**0.1**	0.1	0.2
Cash flows from operating activities		**(0.5)**	(8.8)	5.3
Investing activities				
Disposals		**4.2**	5.0	4.9
Purchase of plant and equipment		**(0.2)**	(0.3)	(0.8)
Capital expenditure on investment properties		**(4.3)**	(5.7)	(15.6)
Cash flows from investing activities		**(0.3)**	(1.0)	(11.5)
Financing activities				
Dividends paid (net of Scrip) including withholding tax		**-**	(3.3)	(4.2)
Bank loans repaid		**(3.9)**	-	-
Issue of ordinary shares		**-**	-	-
Fixed payment under head leases		**(0.7)**	(0.7)	(1.4)
Cash flows from financing activities		**(4.6)**	(4.0)	(5.6)
Net decrease in cash and cash equivalents		**(5.4)**	(13.8)	(11.8)
Cash and cash equivalents at the beginning of the period		**84.1**	95.9	95.9
Cash and cash equivalents at the end of the period	10	**78.7**	82.1	84.1

[1]Numbers have been restated to present £0.7m of fixed payments payable under head leases within Financing activities rather than Net cash from operations

Notes to the condensed financial statements

For the six months to 30 June 2021

1 General information

The comparative information included for the year ended 30 December 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

2 Accounting policies

Basis of preparation

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

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

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

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

The Half-Year Report was approved by the Board on 8 September 2021.

Going concern

Under the UK Corporate Governance Code, the Board needs to assess whether the financial statements should be prepared on a Going Concern basis. In making its assessment of Going Concern, the Group has considered the general risk environment and specifically the impact on the business of the significant disruption arising from Covid-19 as well as the acceleration of the structural trends that were already under way in the retail industry.

The valuation of the Group's property portfolio fell from £527.0 million at 30 December 2020 to £482.7 million at 30 June 2021. As asset valuations have come under pressure, the Group's net debt to property value ratio has, consequently, increased. Our lenders have recognised the unprecedented nature of this situation and have demonstrated their support by granting a series of short-term waivers since the start of pandemic in respect of covenants which would otherwise have been breached. Management remain in regular dialogue with lenders to agree the most appropriate way forward on a facility by facility basis.

At 30 June 2021 the Group had total cash on balance sheet of approximately £75 million, which is equivalent to more than the Group's annual Contracted Rent. Of this, £56.8 million was centrally held and free of any restrictions. This provides a significant cash contingency to cover any disruption to operations for an extended period of time.

The Group's four asset backed loan facilities are ring-fenced within their own SPV structures with no recourse to Capital & Regional plc and no cross-default provisions. Each loan facility has bespoke covenants as outlined in the Covenant information section. All facilities provide the Group with the opportunity to cure breaches of financial covenants or provide for the eventual surrender of assets, without any recourse to the rest of the Group, should the directors choose not to cure in the event that the lenders do not grant further covenant modifications. Covenants in respect of minimum interest cover ratios, both projected and historic, are tested quarterly. The lenders have discretion to test loan to value covenants by independent valuations. The Group has secured short term waivers or deferrals for all income covenants covering the first half of the year and up to at least the respective October 2021 or January 2022 Interest Payment Dates and are in constructive and detailed dialogue with the respective lenders on agreeing longer term solutions as detailed in the Financing section above. The earliest contractual maturity on any of the Group's asset backed loan facilities is February 2023.

Hemel and Luton, classified as the Group's Managed Assets, are now in a negative equity position which means that The Mall and Ilford (the Group's Investment Assets) combined assets make up substantively all of the Group's Net Asset Value excluding the central cash balance maintained by the Group at 30 June 2021. In respect of The Mall and Ilford, which form the Group's Investment assets, the central cash balance maintained by the Group at 30 June 2021, in addition to available cash within the relevant structures at 30 June 2021, provides sufficient funds to remedy the loan to value covenants if values fell by up to a further approximate 10% across these assets by reference to the June 2021 valuations or by less than 5% with reference to bank valuations undertaken in the period. This is if the Directors chose to take the approach of curing the facilities without any further covenant relaxation.

The Group's presentation of its Managed Assets as a separate operating segment provide disclosure of what the financial contribution of these assets is on the Group's results and provide an indication of what the impact would be if further waivers are not agreed and the respective lenders elect to enforce their security and hence the entities no longer form part of the Group.

2 Accounting policies (continued)

Going concern (continued)

In making its assessment of Going Concern, the Group is required to consider the position in a reasonable worst case scenario extending out for a period of at least 12 months. The Group has considered within this further falls in property valuations of more than 10% versus the 30 June 2021 valuations allied to the potential operational disruption in the event that further national lockdowns or Government restrictions are put in place. There are combinations of these downside scenarios that would result in the cure amount required for the Group's Investment Assets under either Loan to Value or Interest Cover Ratio covenants being in excess of the cash that would be immediately available to the Group. While the Group would expect the lenders to provide waivers or otherwise demonstrate sufficient flexibility to avoid the facilities defaulting there is no guarantee of this and as a consequence a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, such that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have considered this material uncertainty 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. These include but are not limited to: the potential disposal of assets either in whole or part; the opportunity to crystallise value on the Walthamstow residential development; and the potential raising of additional funds. The Board remains committed to consider and exploring all options to maximise shareholder and stakeholder value

In conclusion having due regard to all of the above matters and given the ongoing discussions with the Group's lenders including expectations over continuing to obtain waivers to the extent that they are required and after making appropriate enquiries including considerations of the impact of Covid-19 and sensitivities, 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.

Key judgements and sources of estimation uncertainty
The preparation of financial statements requires the Directors to make estimates that may affect the reported amounts of assets and liabilities, income and expenses. The key sources of estimation uncertainty are as reported in the annual audited financial statements for the year ended 30 December 2020 with the exception of those below, there are no key judgements impacting the financial statements.

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

The investment property valuation contains a number of assumptions upon which the valuation of the Group's properties as at 30 June 2021 was based. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, the condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards UK 2014 (revised April 2015).

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

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

Change in accounting policies
The condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in the notes to the Group's annual financial statements for the year ended 30 December 2020. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

During the period the Directors identified that the previous half year financial statements included variable lease payments which should not have been recognised as a liability under IFRS 16, but should have been expensed as incurred. As a result of this cost of sales has increased by £1.0m, finance costs have reduced by £1.0m. There has been no change to the loss for the period or net assets. Basic and diluted earnings per share have not changed.

Negative goodwill arising from the purchase of Snowzone Madrid has been recognised in the period. This has been credited to the income statement in administrative expenses. Further details can be obtained from note 16.

3 Operating segments

3a Operating segment performance

The Group's has made a change to its reportable segments for this period reflecting the position of its shopping centre investments. The Group has split out what was previously called Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. This reflects the fact that management consider these groups separately in operating decisions. Shopping Centres – Investment Assets incorporating the centres at Ilford and within The Mall loan facility, namely Blackburn, Maidstone, Walthamstow and Wood Green. These represent the asset pools where the Group retains net equity and is focused on long term solutions for the loan positions potentially involving the investment of further capital in some shape or form. Shopping Centres – Managed Assets incorporates Hemel Hempstead and Luton where the current debt values in the non-recourse SPV structures exceed the respective property value and therefore the Group has negative equity and hence the future position of the investments is uncertain. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, is insufficient. In agreement with and at the request of the various lenders, the Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders.

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.

		Shopping Centres - Investment Assets	Shopping Centres – Managed Assets	Snozone	Group/ Central	**Total**
Six months to 30 June 2021 (Unaudited)	Note	£m	£m	£m	£m	**£m**
Rental income from external sources	3b	16.9	7.4	-	-	**24.3**
Property and void costs[1]		(7.0)	(3.9)	-	-	**(10.9)**
Net rental income		**9.9**	**3.5**	**-**	**-**	**13.4**
Net interest expense		(5.5)	(3.1)	(0.3)	0.3	**(8.6)**
Snozone income/Management fees[2]	3b	-	-	4.8	1.2	**6.0**
Snozone/Management expenses		-	-	(3.3)	(3.3)	**(6.6)**
Depreciation		-	-	(1.4)	(0.3)	**(1.7)**
Current year tax		-	-	0.2	-	**0.2**
Variable overhead (excluding non-cash items)		-	-	-	(0.4)	**(0.4)**
Adjusted Profit/(loss)		**4.4**	**0.4**	**-**	**(2.5)**	**2.3**
Revaluation of properties		(27.6)	(14.8)	-	-	**(42.4)**
Loss on disposal		-	(1.2)	-	-	**(1.2)**
Profit on financial instruments		2.0	1.5	-	-	**3.5**
Share-based payments		-	-	-	(0.2)	**(0.2)**
Prior period tax[3]		-	-	1.3	(3.6)	**(2.3)**
Other items		-	-	-	(1.0)	**(1.0)**
(Loss)/profit		(21.2)	(14.1)	1.3	(7.3)	**(41.3)**
Total assets	3b	416.9	132.2	29.7	66.2	**645.0**
Total liabilities	3b	(328.7)	(150.3)	(29.7)	(9.6)	**(518.3)**
Net assets/(liabilities)		88.2	(18.1)	-	56.6	**126.7**

[1]Includes expected credit loss.

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

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

3 Operating segments (continued)

3a Operating segment performance

Six months to 30 June 2020 (Unaudited)	Note	Shopping Centres - Investment Assets Restated £m	Shopping Centres – Managed Assets Restated	Snozone £m	Group/ Central £m	**Total £m**
Rental income from external sources	3b	17.5	8.6	-	-	**26.1**
Property and void costs[1]		(7.8)	(3.1)	-	-	**(10.9)**
Net rental income		9.7	5.5	-	-	**15.2**
Net interest expense		(5.4)	(3.0)	(0.3)	0.2	**(8.5)**
Snozone income/Management fees[2]	3b	-	-	3.4	1.2	**4.6**
Snozone/Management expenses		-	-	(2.4)	(2.9)	**(5.3)**
Investment income		-	-	-	-	**-**
Depreciation		-	-	(1.1)	(0.2)	**(1.3)**
Variable overhead (excluding non-cash items)		-	-	-	(0.1)	**(0.1)**
Adjusted Profit/(loss)		4.3	2.5	(0.4)	(1.8)	**4.6**
Revaluation of properties		(74.4)	(41.3)	-	-	**(115.7)**
Profit on disposal		0.4	-	-	-	**0.4**
Loss on financial instruments		(3.1)	(2.4)	-	-	**(5.5)**
Share-based payments		-	-	-	(0.2)	**(0.2)**
Other items		-	-	-	0.9	**0.9**
Loss		(72.8)	(41.2)	(0.4)	(1.1)	**(115.5)**
Total assets	3b	503.2	174.1	15.4	68.5	**761.2**
Total liabilities	3b	(333.0)	(155.9)	(15.2)	(1.6)	**(505.7)**
Net assets		170.2	18.2	0.2	66.9	**255.5**

[1]Includes expected credit loss.

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

3 Operating segments (continued)

3a Operating segment performance

Year to 30 December 2020 (Audited)	Note	Shopping Centres - Investment Assets £m	Shopping Centres – Managed Assets[3]	Snozone £m	Group/ Central £m	**Total £m**
Rental income from external sources	3b	36.0	19.6	-	-	**55.6**
Property and void costs[1]		(15.8)	(5.7)	-	-	**(21.5)**
Net rental income		20.2	13.9	-	-	**34.1**
Net interest expense		(11.5)	(6.1)	(0.5)	0.6	**(17.5)**
Snozone income/Management fees[2]	3b	-	-	4.6	2.3	**6.9**
Management expenses		-	-	(4.3)	(6.5)	**(10.8)**
Investment income		-	-	-	0.1	**0.1**
Depreciation		-	-	(2.2)	(0.5)	**(2.7)**
Current Tax		-	-	-	0.2	**0.2**
Variable overhead (excluding non-cash items)		-	-	-	-	**-**
Adjusted Profit/(loss)		8.7	7.8	(2.4)	(3.8)	**10.3**
Revaluation of properties		(137.6)	(70.7)	-	-	**(208.3)**
Profit on disposal		0.4	-	-	-	**0.4**
Loss on financial instruments		(2.8)	(2.2)	-	-	**(5.0)**
Share-based payments		-	-	-	(0.4)	**(0.4)**
Other items		-	-	-	(0.4)	**(0.4)**
Loss		(131.3)	(65.1)	(2.4)	(4.6)	**(203.4)**
Total assets	3b	440.4	150.5	14.3	66.1	**671.3**
Total liabilities	3b	(329.4)	(153.5)	(16.0)	(4.6)	**(503.5)**
Net assets/(liabilities)		111.0	(3.0)	(1.7)	61.5	**167.8**

[1]Includes expected credit loss.

[2] Asset management fees of £3.6 million charged from the Group's Capital & Regional Property Management entity to Wholly-owned assets have been excluded from the table above.

[3] Includes the benefit of £4 million of surrender premiums received during the period.

3b Reconciliations of reportable revenue, assets and liabilities

Revenue	Note	**Unaudited Six months to 30 June 2021 £m**	Unaudited Six months 30 June 2020 £m	Audited Year to 30 December 2020 £m
Rental income from external sources including associates	3a	**21.8**	26.1	55.6
Other revenue		**2.5**	-	-
Service charge income		**7.0**	6.6	11.7
Management fees	3a	**1.2**	1.2	2.3
Snozone income	3a	**4.8**	3.4	4.6
Revenue for reportable segments		**37.3**	37.3	74.2
Elimination of inter-segment revenue		**(0.7)**	(0.8)	(1.5)
Revenue per consolidated income statement		**36.6**	36.5	72.7

Revenue by country			
UK	32.6	36.5	72.7
Spain	1.5	-	-
Revenue per consolidated income statement	34.1	36.5	72.7

3 Operating segments (continued)

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

	Unaudited Six months to 30 June 2021	Unaudited Six months to 30 June **2020**	Audited Year to 30 December **2020**
Assets	**£m**	**£m**	**£m**
Wholly-owned assets	**549.1**	**677.3**	590.9
Snozone	**29.7**	**15.4**	14.3
Group/Central	**66.2**	**68.5**	66.1
Total assets of reportable segments and Group assets	**645.0**	**761.2**	671.3
Liabilities			
Wholly-owned assets	**(479.0)**	**(488.9)**	(482.9)
Snozone	**(29.7)**	**(15.2)**	(16.0)
Group/Central	**(9.6)**	**(1.6)**	(4.6)
Total liabilities of reportable segments and Group liabilities	**(518.3)**	**(505.7)**	(503.5)
Net assets by country			
UK	126.1	254.7	166.9
Germany	0.6	0.8	0.9
Group net assets	126.7	255.5	167.8

4 Revenue

Statutory	Note	**Unaudited Six months to 30 June 2021 £m**	Unaudited Six months to 30 June 2020 £m	Audited Year to 30 December 2020 £m
Gross rental income		**20.7**	22.6	43.5
Car park and other ancillary income		**3.6**	3.5	12.1
Rental income from external sources		**24.3**	26.1	55.6
Service charge income		**7.0**	6.6	11.7
External management fees		**0.5**	0.4	0.8
Snozone income		**2.3**	3.4	4.6
Revenue per consolidated income statement – continuing operations		**34.1**	36.5	72.7

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

5 Tax

Tax (charge)/credit	**Unaudited Six months to 30 June 2021 £m**	Unaudited Six months to 30 June 2020 £m	Audited Year to 30 December 2020 £m
UK corporation tax	**-**	-	-
Adjustments in respect of prior years	**(3.7)**	-	-
Total current tax charge	**(3.7)**	-	-
Deferred tax	**0.3**	-	0.2
Total tax (charge)/credit	**(3.4)**	-	0.2

5 Tax (continued)

Tax (charge)/credit reconciliation	**Unaudited Six months to 30 June 2021 £m**	Unaudited Six months to 30 June 2020 £m	Audited Year to 30 December 2020 £m
Loss before tax on continuing operations	**(37.9)**	(115.5)	**(203.6)**
Loss multiplied by the UK corporation tax rate of 19% (30 June 2020 and 30 December 2020: 19%)	**7.2**	21.9	**38.7**
REIT exempt income and gains	**(7.0)**	(21.8)	**(38.0)**
Non-allowable expenses and non-taxable items	**(0.2)**	(0.2)	**0.1**
Excess tax losses	**0.2**	0.1	**(0.6)**
Current tax prior year adjustment	**(3.7)**	-	**-**
Effect of rate change on deferred tax	**0.1**	-	**-**
Total tax (charge)/credit – continuing operations	**(3.4)**	-	**0.2**

Finance Act 2020 enacted provisions maintaining the main UK corporation tax rate at 19% for the years starting 1 April 2020 and 1 April 2021. On 10 June 2021 Finance Act 2021 received Royal Assent and enacted provisions maintaining the main corporation tax rate at 19% for the year commencing 1 April 2022 and increasing the rate to 25% for the year commencing 1 April 2023. Consequently the UK corporation tax rate at which deferred tax is booked in the financial statements is 25% (2020:19%).

The Group has recognised a deferred tax asset of £0.5 million (30 December 2020: £0.2 million). The Group has recognised a deferred tax asset for the non-REIT entities in respect of head lease payments and capital allowances to the extent that future matching 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 £21.4 million (30 December 2020: £22.5 million) of unused UK revenue tax losses and £0.5 million (30 December 2020: £nil) of unused Spanish revenue losses. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profit streams and other reasons which may restrict the utilisation of the losses. The Group has unused capital losses of £24.9 million (30 December 2020: £24.9 million) that are available for offset against future gains but similarly no deferred tax has been recognised in respect of these losses owing to the unpredictability of future capital gains and other reasons which may restrict the utilisation of the losses. The losses do not have an expiry date.

A UK REIT is expected to pay dividends (PIDs) of at least 90 per cent of its taxable profits from its UK property rental business by the first anniversary of each accounting date. The Group had a balance of approximately £7.6 million to pay in distributions before the end of 2020 in order to meet its REIT distribution requirements for the financial year ending 2019 however HMRC granted an extension to this deadline to run until 30 December 2021. No further extension to the payment date is available in respect of 2019 due to the statutory deadline for closure of that period by 30 December 2021. The Group also has an estimated PID balance of £11.2 million for the financial year ending 2020 that is also due to be distributed by 30 December 2021. If this also remains unpaid at 30 December 2021 there is a total estimated shortfall of unpaid PIDs by 31 December 2021 of £18.8 million.

The Group had anticipated that it would be treated as having met the minimum REIT requirement by virtue of facing a legal impediment to paying a dividend as a result of the REIT entities not having sufficient distributable reserves. However, following detailed correspondence with HMRC on this matter they have confirmed that in their opinion these provisions are not applicable as, in the absence of additional regulations provided for in the legislation, they are applicable only to companies subject to UK company law. Therefore they do not apply to the Group's REIT entities which are not subject to UK company law being registered Jersey companies.

Consequently if no further distributions are made by 30 December 2021 the Group will be required to settle corporation tax on the total PID balances for 2019 and 2020, which remain unpaid at 30 December 2020. This effectively ensures that a similar amount of tax is accounted for on the REIT profits at Group level rather than through the witholding tax that would have been applied at shareholder level if the distributions had been made. The corporation tax is estimated at approximately £3.7 million being 19% of the estimated £18.8 million and accrued interest. The Group remains in dialogue with HMRC regarding a possible extension to the payment date for the 2020 PID as the relevant statutory deadline for closure of the relevant tax returns is 30 December 2022. However, as these discussions are currently ongoing the Group has provided for the tax of £3.6 million at 30 June 2021 on both the 2019 and 2020 unpaid PID balances as a prior year adjustment to tax.

6 Earnings per share

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

	Note	**Six months to 30 June 2021 (unaudited)**			Six months to 30 June 2020 (unaudited)			Year to 30 December 2020 (audited)		
		Loss	**EPRA**	**Adjusted Profit**	Loss restated	EPRA restated	Adjusted Profit restated	Loss	EPRA	Adjusted Profit
Profit/(Loss) (£m)										
Loss for the year		**(41.3)**	**(41.3)**	**(41.3)**	(115.5)	(115.5)	(115.5)	(203.4)	(203.4)	(203.4)
Revaluation loss on investment properties (net of tax)	3a	**-**	**42.4**	**42.4**	-	115.7	115.7	-	208.3	208.3
Loss/(Profit) on disposal (net of tax)	3a	**-**	**1.2**	**1.2**	-	(0.4)	(0.4)	-	(0.4)	(0.4)
Changes in fair value of financial instruments	3a	**-**	**(3.5)**	**(3.5)**	-	5.5	5.5	-	5.0	5.0
Share-based payments	3a	**-**	**-**	**0.2**	-	-	0.2	-	-	0.4
Tax charge		**-**	**-**	**2.3**	-	-	-	-	-	-
Negative goodwill		**-**	**(0.3)**	**(0.3)**	-	-	-	-	-	-
Other items		**-**	**1.3**	**1.3**	-	-	(0.9)	-	0.4	0.4
(Loss)/Profit		**(41.3)**	**(0.2)**	**2.3**	(115.5)	5.3	4.6	(203.4)	9.9	10.3
Earnings per share		**(36.9)p**	**(0.1)p**	**2.1p**	(111.0)p	5.1p	4.4p	(188.3)p	9.2p	9.5p
Diluted earnings per share		**(36.9)p**	**(0.1)p**	**2.1p**	(111.0)p	5.1p	4.4p	(188.3)p	9.2p	9.5p

None of the current or prior year earnings related to discontinued operations.

Weighted average number of shares (m)	**Six months to 30 June 2021 (Unaudited)**	Six months to 30 June 2020 (Unaudited)	Year to 30 December 2020 (Audited)
Ordinary shares in issue	**111.8**	104.1	108.0
Own shares held	**-**	-	-
Basic	**111.8**	104.1	108.0
Dilutive contingently issuable shares and share options	**0.3**	0.3	0.3
Diluted	**112.1**	104.4	108.3

At the end of the period, the Group had 335,016 (30 December 2020: 343,049) additional share options and contingently issuable shares granted under share-based payment schemes that could potentially dilute basic earnings per share in the future but which have not been included in the calculation because they are not dilutive or the performance conditions for vesting were not met based on the position at 30 June 2021.

Headline earnings per share

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

	Six months to 30 June 2021 (Unaudited)		Six months to 30 June 2020 (Unaudited)		Year to 30 December 2020 (Audited)	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Profit/(Loss) (£m)						
Loss for the period	**(41.3)**	**(41.3)**	(115.5)	(115.5)	(203.4)	(203.4)
Revaluation of investment properties (net of tax)	**42.4**	**42.4**	115.7	115.7	208.3	208.3
Loss/(profit) on disposal of investment properties (net of tax)	**1.2**	**1.2**	(0.4)	(0.4)	(0.4)	(0.4)
Other items	**1.3**	**1.3**	-	-	0.4	0.4
Headline earnings	**3.6**	**3.6**	(0.2)	(0.2)	4.9	4.9
Weighted average number of shares (m)						
Ordinary shares in issue	**111.8**	**111.8**	104.1	104.1	108.0	108.0
Own shares held	**-**	**-**	-	-	-	-
Dilutive contingently issuable shares and share options	**-**	**0.3**	-	0.3	-	0.3
	111.8	**112.1**	104.1	104.4	108.0	108.3
Headline Earnings per share	**3.2p**	**3.2p**	(0.2)p	(0.2)p	4.6p	4.5p

7 Investment properties

7a Wholly-owned properties

	Freehold investment properties	Leasehold investment properties	**Total property assets**
	£m	£m	**£m**
Cost or valuation			
At 30 December 2020 (Audited)	280.1	256.0	**536.1**
Disposal	(5.3)	-	**(5.3)**
Capital expenditure	0.7	3.3	**4.0**
Valuation deficit	(31.2)	(11.2)	**(42.4)**
At 30 June 2021 (Unaudited)	**244.3**	**248.1**	**491.9**

During the period the Group sold a parade of properties at Hemel Hempstead known as Edmonds Parade and Stephyns Chambers. These properties had a value of £5.3m. A loss on disposal of £1.2m has been recognised in the accounts in relation to this sale.

7b Property assets summary

	Unaudited 30 June 2021 £m	Audited 30 December 2020 £m
Wholly-owned investment properties at fair value	**482.7**	527.0
Head leases treated as finance leases on investment properties	**25.6**	25.3
Unamortised tenant incentives on investment properties	**(15.9)**	(16.2)
IFRS Property Value	**492.4**	536.1

7c Valuations

External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 June 2021 were carried out by independent qualified professional valuers from CBRE Limited and Knight Frank LLP in accordance with RICS standards. These valuers are not connected with the Group and their fees are charged on a fixed basis that is not dependent on the outcome of the valuations.

Real estate valuations are complex and derived from data that is not widely publicly available and involves a degree of judgement. For these reasons, the valuations are classified as Level 3 in the fair value hierarchy as defined by IFRS 13. The valuations are sensitive to changes in rent profile and yields.

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

	Impact on valuations of 5% change in estimated rental value		Impact on valuations of 25bps change in equivalent yield		Impact on valuations of 50bps change in equivalent yield	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m	£m	£m
	19.3	(18.3)	15.7	(14.2)	32.1	(27.6)

	Impact on valuations of 100bps change in equivalent yield	
	Increase	Decrease
	£m	£m
	68.6	(52.5)

8 Leases

Right of use Assets	Buildings £m
Cost	
At 30 December 2020 (Audited)	14.4
Additions	3.4
Remeasurement	10.9
At 30 June 2021 (Unaudited)	28.7
Accumulated depreciation	
At 30 December 2020 (Audited)	2.1
Charge for the year	1.3
At 30 June 2021 (Unaudited)	3.4
Carrying value	
At 30 June 2021 (Unaudited)	**25.3**
At 30 December 2020 (Audited)	12.2

Lease commitments relate to the leasing of the Group's registered office and the leases of the Snozone business on its Basingstoke, Castleford and Milton Keynes sites. During the period the group has signed amendments to the lease agreements for the Castleford and Milton Keynes sites within its Snozone business, resulting in the remeasurement of the right of use asset and the related lease liability. Additions for the year relate to the lease acquired on acquisition of Snowzone Madrid.

9 Receivables

	Unaudited 30 June 2021 £m	Audited 30 December 2020 £m
Amounts falling due after one year:		
Financial assets		
Deferred tax	**0.5**	0.2
	0.5	0.2
Non-financial assets		
Unamortised tenant incentives	**3.6**	3.8
Unamortised rent free periods	**9.6**	10.2
	13.7	14.2
Amounts falling due within one year:		
Financial assets		
Trade receivables (net of allowances)	**16.2**	14.7
Other receivables	**6.0**	2.7
Accrued income	**1.6**	0.2
Non-derivative financial assets	**23.8**	17.6
Non-financial assets		
Prepayments	**5.3**	1.5
Unamortised tenant incentives	**0.7**	0.8
Unamortised rent free periods	**2.0**	1.4
	31.8	21.3

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

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

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

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

9 Receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Not past due	1-30 days	31-60 days	61-90 days	>90 days	Total
30 June 2021 (Unaudited)						
Expected credit loss rate (%)	8.3	16.1	17.1	54.4	35.6	25.4[1]
Estimated total gross carrying amount at default (£'m)	6.8	0.6	3.6	1.1	11.7	23.8
Lifetime ECL (£'m)	(0.6)	(0.1)	(0.6)	(0.6)	(4.2)	(6.1)
Adjustment for forward looking estimate	(1.5)	-	-	-	-	(1.5)
Total expected credit loss	**(2.1)**	**(0.1)**	**(0.6)**	**(0.6)**	**(4.2)**	**(7.6)**
30 December 2020 (Audited)						
Expected credit loss rate (%)	5.8	16.3	17.1	50.3	34.2	24.8[1]
Estimated total gross carrying amount at default (£'m)	3.1	7.6	0.6	1.3	10.4	23.0
Lifetime ECL (£'m)	(0.2)	(1.2)	(0.1)	(0.6)	(3.6)	(5.7)
Adjustment for forward looking estimate	(2.7)	-	-	-	-	(2.7)
Total expected credit loss	**(2.9)**	**(1.2)**	**(0.1)**	**(0.6)**	**(3.6)**	**(8.4)**

[1] This represents the total lifetime expected credit loss as a percentage of total group receivables

10 Cash and cash equivalents

	Unaudited 30 June 2021 £m	Audited 30 December 2020 £m
Cash at bank	**75.5**	82.4
Restricted security disposals held in rent accounts	**0.6**	0.6
Other restricted balances	**2.6**	1.1
Total cash and cash equivalents	**78.7**	84.1

Included within the total figure is £13.2m of partially restricted funds held in lender controlled accounts (Dec 2020: £7.5m).

11 Borrowings

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

Borrowings at amortised cost	**Unaudited 30 June 2021 £m**	Audited 30 December 2020 £m
Secured		
Fixed and swapped bank loans	**423.5**	427.4
Total borrowings before costs	**423.5**	427.4
Unamortised issue costs	**(2.9)**	(3.5)
Total borrowings after costs	**420.6**	423.9
Analysis of total borrowings after costs		
Current	**-**	-
Non-current	**420.6**	423.9
Total borrowings after costs	**420.6**	423.9

The fair value of total borrowings before costs as at 30 June 2021 was £429.5 million (30 December 2020: £438.9 million). The Group did not have any undrawn committed facilities at 30 June 2021 (30 December 2020: £22 million).

11 Borrowings (continued)

Interest rate and currency profile of borrowings

	Note	**Unaudited 30 June 2021 £m**	Audited 30 December 2020 £m
Fixed and swapped rate borrowings			
Between 2% and 3%		**62.0**	**39.0**
Between 3% and 4%		**361.5**	**388.4**
		423.5	**427.4**
Variable rate borrowings		**-**	**-**
		423.5	**427.4**

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

	Unaudited 30 June 2021 £m	Audited 30 December 2020 £m
Interest rate swaps	**(4.9)**	(8.9)
	(4.9)	(8.9)

12 Notes to the cash flow statement

	Unaudited Six months to 30 June 2021 £m	Unaudited Six months to 30 June 2020 Restated £m	Audited Year to 30 December 2020 £m
Loss for the period	**(41.3)**	(115.5)	(203.4)
Adjusted for:			
Income tax charge	**3.4**	-	(0.2)
Finance income	**(3.4)**	(0.3)	(0.4)
Finance expense	**8.6**	9.3	22.8
Loss on financial instruments	**3.5**	5.5	-
Finance lease costs	**(0.8)**	(1.6)	(0.2)
Loss on revaluation of wholly-owned properties	**42.4**	115.7	208.3
Depreciation of other fixed assets	**1.7**	1.3	2.7
Other gains and losses	**1.3**	(1.6)	(1.6)
Increase in receivables	**(15.5)**	(20.1)	(4.9)
(Decrease)/increase in expected credit loss	**(0.8)**	7.0	-
Increase/(decrease) in payables	**7.4**	(3.2)	(5.6)
Non-cash movement relating to share-based payments	**0.2**	0.2	0.4
Net cash from operations	**6.7**	(3.3)	17.9

13 Net assets per share

	30 June 2021 (Unaudited)			**30 Dec 2020 (Audited)**		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	**EPRA NRV £m**	**EPRA NTA £m**	**EPRA NDV £m**
IFRS Equity attributable to shareholders	**126.7**	**126.7**	**126.7**	167.8	167.8	167.8
Exclude fair value of financial instruments	4.9	4.9	-	8.9	8.9	-
Include fair value of fixed interest rate debt	-	-	(6.0)	-	-	(11.5)
Net asset value	**131.6**	**131.6**	**120.7**	176.7	176.7	156.3
Fully diluted number of shares	112.1	112.1	112.1	112.1	112.1	112.1
Net asset value per share	**117.4p**	**117.4p**	**107.7p**	157.6p	157.6p	139.4p

The number of ordinary shares issued and fully paid at 30 June 2021 was 111,819,639 (30 December 2020: 111,819,639). There have been no changes to the number of shares from 30 June 2021 to the date of this announcement.

14 Related party transactions

There have been no material changes to, or material transactions with, related parties as described in note 29 of the annual audited financial statements for the year ended 30 December 2020.

15 Dividends

	Unaudited Six months to 30 June 2021 £m	Unaudited Six months to 30 June 2020 £m	Audited Year to 30 December 2020 £m
Final dividend per share for year ended 30 December 2019 of 11p	**-**	11.4	11.4
Amounts recognised as distributions to equity holders in the period	**-**	11.4	11.4

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

16 Acquisition of subsidiaries

Snowzone Madrid

On 9 February 2021, the Group acquired 100 per cent of the issued share capital of Snowzone SLU and Ocio y Nieve SLU, being the joint operators of Snowzone Madrid, obtaining control of Snowzone SLU and Ocio y Nieve SLU. Snowzone SLU is the operating company of Snowzone Madrid, Europe's largest indoor snow slope, Ocio y Nieve SLU is a services company that employs the workforce of Snowzone Madrid. On the 30th July Snowzone SLU and Ocio y Nieve SLU were merged. Both Snowzone SLU and Ocio y Nieve qualify as businesses as defined in IFRS 3. Snowzone Madrid was acquired to provide the group with an operating presence in continental Europe.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£'m
Inventory	0.1
Property, plant and equipment	0.3
Working capital	(0.4)
Cash	0.4
Total identifiable assets acquired and liabilities assumed	0.4
Negative Goodwill	(0.3)
Total consideration	0.1
Satisfied by:	
Cash	0.1
Total consideration transferred	0.1
Net cash outflow arising on acquisition:	
Cash consideration	(0.1)
Less: cash and cash equivalent balances acquired	0.4
	0.3

The negative goodwill of £0.3 million arising from the acquisition has been recognised in the income statement in the period.

Acquisition-related costs (included in administrative expenses) amount to £0.2 million.

Snowzone Madrid contributed £1.5 million of revenue and £0.3m loss to the Group's profit for the period between the date of acquisition and the reporting date (losses are attributable to the acquisition completing after the peak trading month of January and the fact that Snowzone Madrid has operated under severe Covid-19 restrictions up to the reporting date).

Glossary of terms

Adjusted Profit is the total of Contribution from wholly-owned assets and the Group's joint ventures and associates, the profit from Snozone and property management fees less central costs (including interest but 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 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.

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)** is the Group's share of the rental income, less property and management costs (excluding performance fees) of the Group.

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

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.

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 Combined Incentive Plan and other share schemes which are spread over the performance period.

EPRA performance measures (Not subject to review opinion)

	30 June 2021	30 June 2020	30 December 2020
EPRA earnings (£m)	**(0.2)**	5.3	9.9
EPRA earnings per share (diluted)	**(0.1)p**	5.1p	9.2p
EPRA reinstatement value (£m)	**131.6**	264.4	176.7
EPRA net reinstatement value per share	**117.4p**	236p	158p
EPRA net tangible assets (£m)	**131.6**	264.4	176.7
EPRA net tangible assets per share	**117.4p**	236p	158p
EPRA net disposal value (£m)	**120.7**	243.6	156.3
EPRA net disposal value per share	**107.7p**	217p	139p

EPRA Cost ratios

	30 June 2021	30 June 2020	30 December 2020
	£m	£m	£m
Cost of sales (adjusted for IFRS head lease differential)	**19.5**	19.7	34.7
Administrative costs	**5.3**	5.4	11.7
Service charge income	**(7.0)**	(6.6)	(11.6)
Management fees	**(0.5)**	(0.4)	(0.8)
Snozone (indoor ski operation) costs	**(1.9)**	(3.5)	(6.6)
Less inclusive lease costs recovered through rent	**(0.8)**	(1.0)	(2.5)
EPRA costs (including direct vacancy costs)	**14.6**	13.6	24.9
Direct vacancy costs	**(3.5)**	(1.6)	(3.9)
EPRA costs (excluding direct vacancy costs)	**11.1**	12.0	21.0
Gross rental income	**24.3**	26.1	55.6
Less ground rent costs	**(0.8)**	(1.0)	(1.9)
Share of joint venture & associate gross rental income less ground rent costs	**-**	-	-
Less inclusive lease costs recovered through rent	**0.8**	(1.0)	(2.5)
Gross rental income	**24.3**	24.1	51.2
EPRA cost ratio (including direct vacancy costs)	**59.8%**	56.4%	48.7%
EPRA cost ratio (excluding vacancy costs)	**45.4%**	49.8%	41.0%

Asset portfolio information (Not subject to review opinion)

At 30 June 2021

Physical data	
Number of properties	7
Number of lettable units	732
Lettable space (sq feet – million)	3.5
Valuation data	
Properties at independent valuation (£m)	482.7
Adjustments for head leases and tenant incentives (£m)	9.7
Properties as shown in the financial statements (£m)	**492.4**
Initial yield (%)	7.9
Equivalent yield (%)	9.4
Reversion (%)	8.5
Loan to value ratio (%)	88
Net debt to value ratio (%)	72
Lease length (years)	
Weighted average lease length to break (years)	4.4
Weighted average lease length to expiry (years)	6.2
Passing rent (£m) of leases expiring in:	
Six months to 30 December 2021	4.3
Year to 30 December 2022	5.8
Three years to 30 December 2025	10.4
ERV (£m) of leases expiring in:	
Six months to 30 December 2021	5.1
Year to 30 December 2022	5.6
Three years to 30 December 2025	9.3
Passing rent (£m) subject to review in:	
Six months to 30 December 2021	3.1
Year to 30 December 2022	4.5
Three years to 30 December 2025	5.8
ERV (£m) of passing rent subject to review in:	
Six months to 30 December 2021	2.6
Year to 30 December 2022	4.0
Three years to 30 December 2025	5.2
Rental Data	
Contracted rent at period end (£m)	51.6
Passing rent at period end (£m)	50.7
ERV at period end (£m per annum)	55.0
Occupancy rate (%)	89.7

Covenant information *(Unaudited)*

Facility	Borrowings £m	Default covenant	30 June 2021[1]
The Mall	**265.0**		
Loan to value		No greater than 70%	Waived
Historic interest cover		No less than 175%	Passed
Projected interest cover		No less than 150%	Waived
Luton	**96.5**		
Loan to value		No greater than 70%	Passed
Debt yield		No less than 8%	Waived
Historic interest cover		No less than 250%	Passed
Projected interest cover		No less than 200%	Waived
Hemel Hempstead	**23.0**		
Loan to gross development value		No greater than 60%	Deferred
Debt to net rent cover		No greater than 9:1	Deferred
Historic interest cover		No less than 175%	Deferred
Projected interest cover		No less than 200%	Deferred
Ilford	**39.0**		
Loan to value		No greater than 70%	Waived
Historic interest cover		No less than 225%	Waived
Projected interest cover		No less than 225%	Waived

[1] Based on July 2021 Interest Payment Date covenant tests