CAPITAL & REGIONAL

Annual Report and Accounts
for the year ended in 30 December 2023

Enhancing community centres with

expertise & innovation.

Introduction

Our Community Centres

Capital & Regional is a UK-focused retail property REIT specialising in community shopping centres that provide needs-based, non-discretionary and value-orientated retail goods and services.

Our centres are more than just shopping centres, they are platforms for social, cultural and commercial prosperity. Our centres are tailored to the unique needs and aspirations of the local communities and form a fundamental part of the community ecosystem.

Capital & Regional has a demonstrated track record of delivering value-enhancing retail and leisure asset management opportunities across its portfolio of tailored and centrally located community shopping centres.

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

Our Behaviours and Principles

What we do is transformational.

We turn space into platforms for social, culture and commercial prosperity.

Platforms are the foundation from which people can stand, reach and grow – and the building blocks of an ecosystem.

Social prosperity: from NHS services to local community cohesion, support and services. Our centres offer this.

Commercial prosperity: our work is fundamental to local, regional and national economies. We empower business growth, create jobs and enrich lives.

Cultural prosperity: from CRATE to Snozone to the Identity School of Acting, cultural experiences increase our community members' quality of life.

View our
Corporate Website
capreg.com

Find out more about our
Pathway to Net Zero Report
capreg.com/esg/environmental-sustainability/pathway-to-net-zero

Highlights

Revenue[1]

2023 **£59.0m**
2022 £56.8m

Net rental income

2023 **£23.9m**
2022 £23.5m

Adjusted Profit

2023 **£12.7m**
2022 £10.3m

Adjusted Earnings per share

2023 **6.8p**
2022 6.2p

IFRS Profit for the period

2023 **£3.7m**
2022 £12.1m

Basic Earnings per share

2023 **2.0p**
2022 7.3p

Total dividends per share

2023 **5.70p**
2022 5.25p

Net Asset Value (NAV) per share

2023 **90p**
2022 106p

EPRA NTA per share

2023 **88p**
2022 103p

Group net debt

2023 **£162.7m**
2022 £130.9m

Net debt to property value

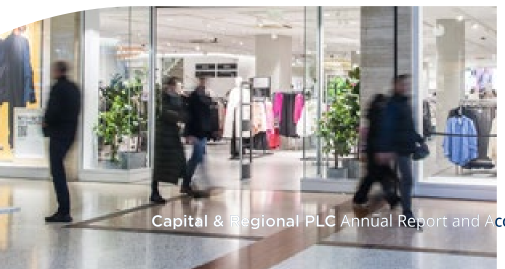
2023 **43.6%**
2022 40.6%

Read more about
Key performance indicators
on pages 30–32

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

Use of Alternative Performance Measures (APMs)

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



Contents

Our Community Strategy Drives Operational Performance

Our steadfast commitment to non-discretionary, value-oriented, local retail and services is a driving force behind our operational performance, ensuring the wellbeing of our communities.

Recovery and Growth in Operational Performance

99.2%

Rent collection in line with historic pre-Covid levels (2022: 97.6% at time of Year End results)

86

New lettings and renewals achieved during the year at a combined average premium of 6.8% to previous rent (2022: 80)

+1.5%

Footfall amounting to 86.7% of pre-Covid levels, with 44.5 million shopper visits

93.4%

Occupancy steady with the marginal decline due to Wilko administration (December 2022: 94.1%)

£23.9m

Net rental Income showing an increase driven primarily by improved occupancy and rent collection (2022: £23.5m)

Continued progression with our Capex programme with investments expected to produce a yield on cost in line with our 8% to 9% target

£16.0m

Total net amount invested by the Group during 2023

£5.3m

Invested into ongoing works for the new 20,000 sq ft NHS facility due to open in Spring 2024 at Ilford

£0.6m

Invested to create the new The Bridge food court which successfully opened in June 2023

£4.8m

Invested in the new 35,000 sq ft TK Maxx anchor unit that opened in November 2023 at Ilford

Progressing with our ESG commitments

100%

Scope 3 onsite data collected during the period

8%

Total reduced energy consumption compared to 2022

12,627

Trees planted between C&R and Snozone, offsetting 403 tons of CO_2

141

Charities supported

Gyle

The £40m acquisition of Gyle Shopping Centre marks the first step towards rescaling our business and fully leveraging our proven skills and management expertise.

Read more about Key performance indicators on pages 30–32

Why we Exist

We exist to protect and progress the essentials of community life. We are more than non-discretionary retail, we are spaces for communities to gather. We are the local shopping centre where toddlers have their first meal out, where teens embark on their first jobs, where the older generation come for support and interaction.

We are connection, love, belonging, play, education, participation, knowledge, support, culture, experiences, hope and understanding.

So what does this mean for who we think we are? We are a growth company. We invigorate culture, we fuel commerce and we impact society

- We incubate and inspire businesses to grow.
- Through our investments and support, we grow community spirit and drive social cohesion.
- As a leader in our field, we aspire to help our people grow as individuals and professionals.
- We are there for families through generations: supporting growth through every life stage.

In the world we currently live in, we have an increasingly important role. And to deliver on this role and thrive in a modern world we must operate consistently at our best and beyond. To be relevant, impactful, world-class and united.

We have four core principles and twelve behaviours that help us to do that and how we do things:

Bring The World In

Because our world is made richer from worlds beyond:

- Get out there to experience different perspectives.
- Bring fresh ideas to the table.
- Embrace people from all walks of life.

Uplift The Everyday

Because a little magic and a lot of energy go a long way:

- Go beyond the expected to surprise and delight.
- Understand and respond to what people want and need.
- Celebrate each other's effort, big and small.

Make It Count

Because time, money and resources are precious:

- Prioritise for impact and waste no time making it happen.
- Push ourselves to uphold world-class standards.
- Take ownership and responsibility for our actions.

Win As One

Because together we grow strong:

- Give people the space to make new mistakes and grow.
- Respect each other's strengths and learn from each other.
- Speak the honest truth to earn trust and grow stronger.

Our Community Shopping Centre Approach

Our community shopping centre approach continues to demonstrate resilience despite the persistent challenges within the retail sector. Evolving from needs-based retail, our centres create value for each of our communities and provide vibrant, diverse, and tailored space.

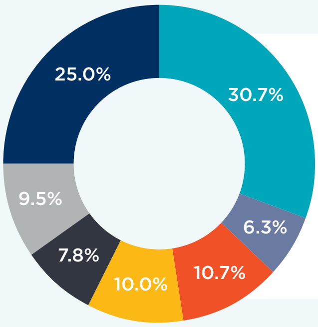
Our focus has been for our centres to provide a strong retail offer consisting of services and non-discretionary retail in locations with strong transport links. This enables us to provide a convenient and seamless experience for our guests.

The communities we serve are at the heart of everything that we do, taking care to add value at a local level to provide a strong and successful customer proposition.

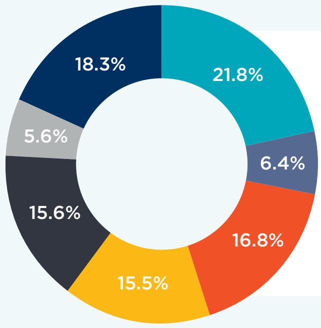
Our customer product and service offerings

We are strongly positioned to cater to our guests' fundamental and routine non-discretionary shopping requirements and services.

Change in merchandising mix since we launched our Community Shopping Centre Strategy in 2017:



2017 Customer Proposition



2023 Customer Proposition

Value Apparel | Athleisure & Footwear | Food & Grocery | Health & Beauty | Services | Home & Gifts | Others

Our difference

Our key distinction from competitors in the retail sector lies in our commitment to being more than merely a shopping destination; we are regarded as an integral part of our guests' daily routines.

01 **Dominant Community Locations**
Our centres are an essential aspect of the community; strategically located with robust transportation links, they are ideally situated to cater to the needs of local residents.

02 **Diversified Income Streams**
We prioritise a mixed-use approach, aiming to optimise our presence across retail, hospitality and service sectors.

03 **Strength of Community Links**
The strength of our community connections empowers us to address local needs swiftly and efficiently.

04 **Experienced Management**
Our management teams possess extensive expertise in the retail sector, continually enhancing their skills through the training and development programs offered by C&R.

The continued evolution of our assets

Community and local focus

Our assets are situated in local town centres, serving as integral components of the community infrastructure at the core of these neighbourhoods. Our objective is to enhance each community by addressing their everyday requirements and championing the causes that hold significance for them.

Remerchandising retail offer

In 2023, we prioritised adapting and expediting the remerchandising process towards a greater emphasis on non-discretionary retail and services.

Role of the store

Throughout 2023, we observed sustained recognition of the significance of physical stores, for both consumers and retailers alike. Despite the growth of online retail, the physical store remains a vital and dominant touchpoint for retailers to interact with our guests and foster loyalty.

And our centres remain dedicated to fulfilling the essential shopping needs and services of our guests.

Diversification of uses

Our varied retail offerings guarantees consistent foot traffic and repeated visits, resulting in high conversion rates.

Centre Characteristics

1. Dominant strategic locations in the centre of growing towns
2. Easily accessible with strong transport links
3. Densely populated local areas
4. Accretive asset management opportunities including leisure, residential, medical and office uses

Our Portfolio

Key

- Shopping centres
- Snozone

1 Gyle, Edinburgh
- Freehold partially open shopping centre on two floors
- 415,000 sq ft
- 71 lettable units
- Principal occupiers: Marks & Spencer, Morrisons, Next, Boots

2 The Mall, Maidstone
- Freehold covered shopping centre on three floors
- 500,000 sq ft
- 102 lettable units
- Principal occupiers: B&M, Matalan, PureGym, Boots, Sports Direct, Iceland, Next

3 17&Central, Walthamstow
- Leasehold covered shopping centre on two floors
- 260,000 sq ft
- 63 lettable units
- Principal occupiers: Lidl, Asda, Boots, The Gym, TK Maxx, Sports Direct

4 The Exchange, Ilford
- Predominantly freehold covered shopping centre on three floors
- 300,000 sq ft
- 83 lettable units
- Principal occupiers: Next, H&M, NHS, TK Maxx

5 The Marlowes, Hemel Hempstead
- Freehold covered shopping centre and high street parade
- 340,000 sq ft
- 90 lettable units
- Principal occupiers: B&M, Sports Direct, PureGym, Tesco Express

6 The Mall, Wood Green
- Freehold partially open shopping centre on two floors
- 540,000 sq ft
- 114 lettable units
- Principal occupiers: Primark, Lidl, H&M, Boots, TK Maxx, Travelodge, Cineworld

Snozone
- 100% subsidiary
- Largest indoor ski slope operator in the UK
- Operating in 7 Milton Keynes, 8 Yorkshire and 9 Madrid
- In existence since 2000 and has taught over four million people to ski or snowboard.

See pages 42-43 for more details.

1 Gyle, Edinburgh

Shopping centre size

In September 2023 we completed the acquisition of Gyle for £40 million, excluding acquisition costs. The shopping centre spans 415,000 sq ft and compromises of 88 retail units.

Gyle offers 2,800 free car parking spaces in a strategic location serving two affluent residential areas, alongside the bustling commercial districts of South Gyle and Edinburgh Park.

Tenant mix

Gyle is anchored by Marks & Spencer and Morrisons supermarket and is strategically located on a 50-acre site. This acquisition aligns with our long-standing community shopping centre strategy, introduced back in December 2017.

Strong transport links

Gyle stands as a thriving hub of community life. It also benefits from the convenience of a nearby tram system, connecting the airport to Edinburgh City centre, thus enhancing accessibility and driving footfall.

Centre statistics

415,000
Total sq ft

88
Retail units

2.7
Miles from airport

2,800
Car park spaces

8.6m
Footfall

6
Miles from city centre

2 The Mall, Maidstone

Shopping centre size

This freehold covered shopping centre, spans three floors and encompasses 500,000 sq ft.

Tenant mix

The Mall, Maidstone includes brands such as B&M, Matalan, PureGym, Boots, Sports Direct and Iceland.

Sustainable initiatives

At The Mall, all our electricity comes from renewable energy sources – helping us to take an even more sustainable approach as we move to the future. In terms of service to people, The Mall participates in Purple Tuesday every year to support inclusivity and accessibility for guests with disabilities. On this day, we turn off centre music to create a calm shopping environment for those with sensory issues and decorate with purple.

Centre statistics

500,000 sq ft
Total sq ft

98
Retail units

245,647
Core catchment

3 17&Central, Walthamstow

Shopping centre size

17&Central is a leasehold covered shopping centre spanning two floors and encompassing 290,000 sq ft. Our recent launch of the new food and events hall in Walthamstow, spanning 16,000 sq ft on a mezzanine level, demonstrates our dedication to enhancing community engagement by providing grab-and-go food options, a bar and versatile event spaces.

Tenant mix

17&Central has 67 lettable units with occupiers including Lidl, Asda, Boots, The Gym, TK Maxx, and Sports Direct.

Residential development

17&Central also has ongoing construction work on a residential development project. Long Harbour are on site creating 495 Build to Rent residential apartments in two towers that are scheduled to complete in 2025.

Building strong transport links

We are introducing a new Victoria Line tube station entrance and public spaces, aligning with our strategy of creating holistic and community-centric destinations.

Centre statistics

290,000
Total sq ft

67
Retail units

495
Build to Rent apartments being developed

Our Portfolio continued

4 The Exchange, Ilford

Shopping centre size
This predominantly freehold covered shopping centre spans three floors, with 310,000 sq ft and 81 lettable units. The Exchange includes principal occupiers such as the NHS, Next, H&M and TK Maxx.

Sustainable initiatives
Our commitment to sustainability is exemplified by the green initiatives within the Exchange. Through collaboration with Don't Waste, we have made commendable strides in improving recycling accuracy on-site. The Exchange was also recognised as the best large business by Ilford Business Improvement District (BID) and the council, further emphasising the centres integral role within the local community.

Investment in community healthcare facilities
In line with our continuous commitment to serve our communities, we have invested in a new 20,000 sq ft NHS facility due to open in late Spring 2024.

Centre statistics

310,000
Total sq ft

£4.8m
Investment in NHS facilities

81
Retail units

5 The Marlowes, Hemel Hempstead

Shopping centre size
A freehold covered shopping centre with a high street parade, The Marlowes occupies 320,000 sq ft and accommodates 89 lettable units.

Tenant mix
Key anchor tenants include B&M, Sports Direct, PureGym and Tesco Express. Hemel Hempstead is a strong South East commuter town located just outside of the M25. The opportunity exists to reposition this asset and potentially consolidate it with other retail properties adjoining the scheme, as part of a regeneration of the wider town centre.

Centre statistics

320,000
Total sq ft

151,837
Core catchment

89
Retail units

6 The Mall, Wood Green

Shopping centre size
A freehold partially open shopping centre spanning two floors and with 630,000 sq ft of retail space.

Tenant mix
It houses a diverse range of 106 lettable units, including prominent occupiers such as Primark, Lidl, H&M, Boots, TK Maxx, Travelodge, and Cineworld.

Food catering offering
The Bridge, opened in June 2023, is a thriving and vibrant food court, underscoring our dedication to enhancing community engagement and delivering an exceptional shopping and dining experience.

Centre statistics

630,000
Total sq ft

£12m
Investment by the NHS

106
Retail units


NOEL PARK
ROAD N22

Chairman’s Statement

David Hunter
Chairman

2023 was a year of continued progress for Capital & Regional, with retailer interest and guest numbers showing steady recovery from the challenges of the pandemic and endorsing our strategy of owning dominant community shopping centres.

With consumer confidence inevitably affected by inflation and high borrowing costs, our focus on meeting demand for non-discretionary spending stood us in good stead and, coupled with the hard work and expertise of our asset management team has allowed us to deliver the strong operational and financial results we are able to report.

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

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

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

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

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

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

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

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

We have extended the term on our Ilford debt and agreed further options to extend maturity out to the end of 2027. None of the Company’s facilities are due to expire in 2024. We have an

excellent relationship with all of our lenders and our weighted average cost of debt remains competitive at 4.25%. In addition, we hold total cash reserves of £36.3 million, providing full funding for ongoing capex projects.

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

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

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

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

David Hunter
Chairman

Read more about
Board activity during the year
on page 61

Strategic Report

The Market Backdrop

Macroeconomic trends

Community strategy delivering resilience against laboured economic recovery and continued cost-of-living pressures

Macroeconomic trend	Driving Forces & Insights	Impacts and implications for C&R
Consumer Markets	**Inflation - Tracking towards Bank of England target** Headline CPI fell by over 600bps to 4.0% at the year-end, with a notably sharp decline in the final quarter of the year, particularly driven by the previous year's energy price increases falling out of the calculation. Inflation is now more closely aligned to other major global economies, such as the Eurozone (2.4%) and the US (3.1%). While the rate remains ahead of the Bank of England's 2% target, the underlying direction of travel appears to be favourable, with wage inflation falling and a cooling labour market. However, international events continue to provide supply chain challenges and potential cost pressures into 2024. **Interest Rates – At their peak** Base rates continued to increase over 2023, hitting 5.25% in August, a 15 year high, but have subsequently remained unchanged. As inflation has started to trend towards the Bank of England target, with weak economic growth and a softening labour market, there is increasing belief that rates have now peaked and a general consensus that rates will start to come down over 2024. That said, there remains divergence of opinion in terms of when cuts can be expected and how many. **Housing market – Debt servicing pressures on income** Unsurprisingly, house prices have softened in response to increased interest rates and other general cost-of-living pressures. Prices were on average estimated to have decreased by 2.1% over the year to November 2023. Current mortgage rate offers, while coming off their recent peaks, remain more than double the five-year average ahead of the first increases in base rates in 2021, directly impacting disposable income for new mortgagees and those coming off historic fixed rates, of which there are 1.6million in 2024. Private renters saw rents increase by 6.2% in the year to November 2023, the highest rate since records began in 2016. **Consumer confidence and spending – Remaining resilient** Retail spending has remained relatively resilient, with total projected retail market growth of 4.3% over 2023, albeit at lower volumes. At a sector level, the strongest growth was seen in the food and grocery sector at 8.3%, while non-food growth was materially more subdued at just 0.8%. Food and grocery now accounts for 48.1% of total retail market share, compared to 44.7% in 2019. This sector has taken market share from all other retail sub-sectors. Consumer confidence levels continue to show improvement with January 2024's GfK measure reaching its highest level of confidence in the general economic situation in over two years, as sentiment adjusts to improving metrics in most key economic indicators. Household confidence levels have also improved, with personal finance outlook now in essentially neutral territory.	• Cost-of-living pressures are causing consumers to move down the retail pricing architecture, most obviously illustrated through the continued growth of the discount supermarkets. This requires alignment of goods and service provision to reflect a community's spending dynamic and an ability to flex creatively. • Inflationary pressures feed through to shopping centre operational running costs, particularly the impact of wage inflation and utility costs, impacting occupier profitability and unit affordability. Retail and leisure occupiers are focused on their occupational cost base, often seeking to secure cost certainty through passing risk onto owners.

Our Response

Despite inflationary pressures starting to tail off, the cost of living for households remains materially higher than a year ago. As a consequence, consumers are focusing on value for money and cutting back on discretionary spending.

Our community merchandising strategy remains focused on everyday needs and services, anchored, where possible, by grocery offers. As consumers move down the retail pricing architecture, our centres' mix of goods and services are well placed to offer increasing relevance to our shoppers and enhanced resilience in the more testing economic environment.

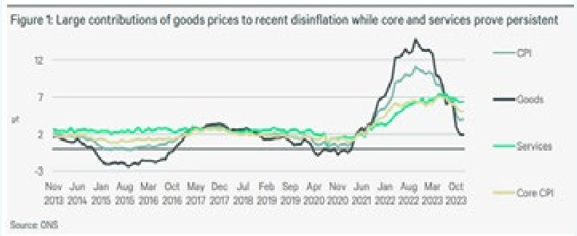
Our key merchandising pillars centred around grocery, health and beauty, and fashion basics have all seen year-on-year growth in sales, driven principally by physical destinations. We will continue to adopt a focused approach to leasing to ensure our occupancy decisions are best aligned to our consumers everyday demands, in so doing, providing occupational and income resilience.

While we expect inflationary and interest rate pressures to ease into 2024, underlying cost-of-living increases will remain a drag on disposable income. Consequently, we expect consumers to remain value conscious and principally focused on everyday needs as we move into 2024.

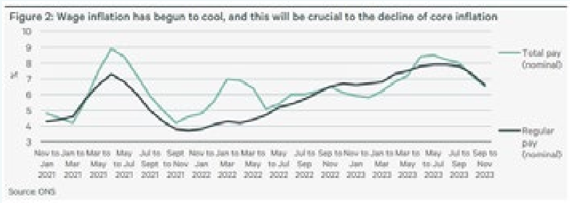
We continually look at opportunities to generate new and additional consumer spending at our retail destinations. This is principally achieved through disciplined asset management initiatives that improve our occupier base and tenant mix relevance but can at times extend to unlocking more radical development opportunities. The residential site at Walthamstow is a standout example of this latter opportunity, with our developer partner, Long Harbour, bringing forward 495 Build to Rent apartments, which will radically increase the residential population on our doorstep and available spend.

Supporting Data & Insights

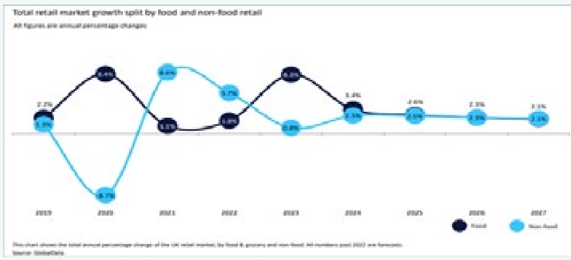
CBRE chart from ONS showing goods price disinflation



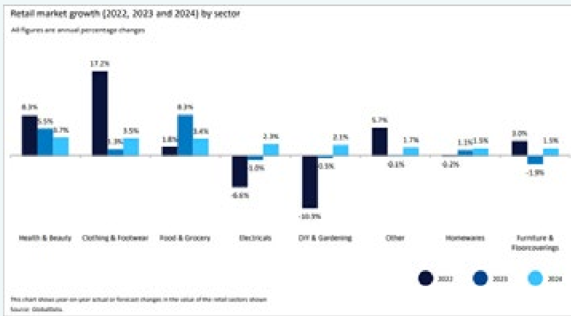
CBRE chart from ONS showing wage inflation cooling



Global Data – food/non food split



Global Data – Sector performance 2022/2023



The Market Backdrop continued

Macroeconomic trend	Driving Forces & Insights	Impacts and implications for C&R
Investment Markets	**Retail estate returns - Retail outperformance** Real estate generally has experienced a weak year against a backdrop of challenging economic factors. Overall cross-sector investment volumes are projected to be 50% down on 2022 levels. In comparison, the retail sector has remained relatively resilient, with total volumes at £6.2billion only 2% lower than the previous year. The impact of higher interest rates has led to an expansion in investment yields across all sectors and consequent downward pressure in values, as investors recalibrate returns to the new higher interest rate environment. Shopping centres have not been immune from this resetting, however, the impact has been less significant, with yields already at historically elevated levels. Total Returns for the year to October 2023, as reported by MSCI, show All Property Returns at -7.9%, with Retail at -4.3%, outperforming Industrial and Offices at – 7.2% and -16.0% respectively. Within Retail, Shopping Centres are the only sub-sector delivering a positive Total Return over the year, with the strong income return from high yields, offsetting further modest capital value declines over the year. **Shopping centre market – A muted year** A stronger second half to the year, but overall 2023 was a relatively quiet year for shopping centre volumes. 44 schemes, totalling a combined asset value of £1.12 billion transacted over the year, representing the lowest volume of transactions by both amount and number since 2020. Average lot size remained broadly consistent at £25.4 million, representing an average capital value of £82 per sqft. A further 12 schemes were under offer at a combined quoting value of £211 million. A lack of availability of debt continues to stifle any meaningful recovery in the shopping centre market, with private equity investors notably absent and active buyers largely being opportunistic in nature and proceeding on a full equity basis, consequently limiting lot sizes and overall deal volumes. Bank-motivated sales continued to represent a material proportion of transactions, at 39% of total transaction volumes, although this was down from 2022, in part due to lenders focus switching to other sectors, where value adjustments are now bringing lending covenants under pressure. Informed buyers remain extremely discerning and focused on underlying scheme fundamentals (occupancy, affordable rents, PPM requirements being key factors). There is an increasing divergence in pricing (and investment performance) between centres that have a clear functional purpose, with market dominance, and those centres that do not and are essentially no longer considered fit for purpose.	• Risks to asset values are greater in an environment where the buyer pool is opportunistic in nature and where return hurdles have to be achieved in the absence of debt leverage. • Availability of debt will affect refinancing strategies for existing assets and new acquisition strategies. Loan to Value profiles will also have a bearing on refinancing abilities. • Environmental considerations and specifically expenditure required to meet future compliance targets is becoming a more explicit pricing consideration. • Our valuers look carefully at the sustainability of our centre income and the potential to maintain and grow income. The ability to demonstrate stable income and the profitable remerchandising or repurposing of floor space are essential components in defending and differentiating valuations.

Our Response

We have proactively repositioned our portfolio of shopping centres, with a predominant weighting towards London which has historically shown greater performance resilience. This continues to remain the case, with the portfolio valuation remaining stable (like for like valuation up 2.6% in 2023), supported by improvements in both valued income and ERV, reflecting our disciplined approach to leasing and asset management initiatives, focussing on areas that we can control to provide an optimal position to offer protection against wider market trends and a platform to maximise upside where possible.

Against a backdrop of modest market yield expansion over 2023, our portfolio yield profile has remained stable in aggregate, with a like for like NIY of 7.25% and NEY of 8.55%. Our yield profiles are reflective of both our ability to deliver viable leasing and asset enhancements, with rental levels supported by a range of uses, from both retail and beyond; and the potential to generate and extract value from our site ownerships, which typically represent prime locations in the heart of vibrant town centres.

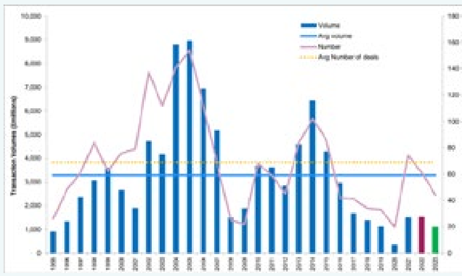
With weakness in the investment markets and a limited buyer pool, we have seen opportunities to acquire assets at attractive pricing levels, with the potential to grow income and value from a low base. Our acquisition of Gyle, Edinburgh illustrates our disciplined approach to asset selection, with a clear focus on community tenant mix, location fundamentals, trade dominance and building condition / flexibility. This acquisition strengthens our overall asset base, delivering immediate accretion to earnings, with strong potential to deliver asset enhancing initiatives from an asset that has been acquired at approximately 15% of its peak valuation.

We continue to be proactive and prudent in our debt management, against a backdrop of limited open market refinancing opportunities. We secured debt to support our acquisition of Gyle from the incumbent lender at a 40% loan to value attachment point at a competitive rate of 6.50%, which is fixed for five years with no early repayment penalty. Our main Mall debt facility with Nuveen has no refinancing event for four years and we have proactively worked with our other lenders to ensure our facilities align with our asset management programmes on each asset.

Supporting Data & Insights

Knight Frank – Total Returns Chart

Savills – Shopping Centre Transactions Slide



Strategic Report

Macroeconomic trend	Driving Forces & Insights	Impacts and implications for C&R
Occupational Markets	**Online Sales – Understanding the importance of the Store** As the retail economy has emerged from Covid, there has been a clearer understanding of the importance of the role of the store in a multi-channel retailing environment and a noticeable shift in the growth profile between offline and online. Total online sales as a proportion of total retail sales stood at 28.3% at the end of 2023, maintaining a broadly consistent profile since the middle of 2021, suggesting a maturing of the growth curve and an emerging equilibrium with the physical store. Over 2023, growth in online retail flatlined, whereas offline delivered growth of 5.6% over the year. This follows a 9.9% decline in online in 2022, where physical retail grew by 9.1%. Online impact continues to vary materially across sectors. Non-food online penetration has settled at around 34% of the total non-food market, whereas food continues to be far more physically dominant, with online penetration settling at a much lower 11%. Offline food sales have also seen much stronger year on year growth, delivering a 9.4% uplift over 2023, with online spend unchanged. Health & Beauty and Homeware sub-sectors have also seen strong physical store growth, with online sales declining. **Retail Failures – Occupier Resilience** Despite the cost of living challenges faced by the consumer, retail trading remained robust, with retail failures at their lowest level since 2015 and the third lowest since 2007. 61 companies accounting for 971 stores failed over the year. The most notable failure was Wilko, with a portfolio of 408 stores, although this was perhaps not a surprise, with persistent rumours over a number of years, with the business facing stiff competition from more focused and better capitalised businesses like B&M and The Range. Other notable retail failure included Paperchase, Cath Kidston, and Hotter Shoes. Continuing the theme seen in 2022, greater insolvency concerns remain focused around the pure play online retailers. There was also a range of failures across prestige fashion and sports cycling - Wiggle being a notable high profile failure – suggesting consumers are tightening their discretionary spending habits in light of wider cost of living pressures. The cinema sector also remains an area of concern, having struggled to recover post Covid. Consolidation appears a likely outcome during 2024.	• While the impact of online is now stabilising, many retail destinations are now faced with excess retail floorspace. There is a stark divergence between those locations where alternative retail opportunities or profitable re-purposing to different uses are credible, and which, as a consequence, have a secure future; and those locations where there is fundamentally excess floor space, with no alternative use prospects. • Clarity of purpose is essential for all retail destinations. Occupiers increasingly recognise the value of destinations with clear functional purpose, be that community everyday needs or regionally dominant comparison centres, and the impact clarity provides to their own trading proposition. • Costs of re-merchandising and lost income through the releasing / reconfiguration process can be a material drag on asset performance, requiring a proactive and creative approach to achieve swift releasing.

Our Response

Our assets continue to offer a platform for our retail customers to trade profitably, with low costs of occupation in quality town centre community locations remaining a key differentiator.

Our retailers are able to maximise their multi-channel offers, benefitting from our locations, which are easily accessible by car or a range of public transport alternatives. Shoppers can quickly and cost-effectively satisfy click and collect and return needs, with the performance benefits that a physical store offers in enhancing a retailers online proposition now well understood and established.

We have not been immune to retailer failures during the year, although in line with wider market trends, we have seen limited distress over the year, reflective of our value orientated, everyday needs based proposition. The failure of Wilko was an unwelcome event, with the business exposed to three rent producing stores. However, through our dedicated in-house leasing function, we have secured new leases with B&M across all stores, securing a new, well capitalised retailer, providing a better value variety offer that remains fully aligned with our community mix strategy.

Our assets have seen a significant benefit from the business rates revaluation, which took effect from April 2023. All assets have seen reductions in rateable values, generally in the region of 30-40%, with London assets seeing slightly lower reductions. With the abolition of transitional phasing arrangements, retailers will see the immediate and full benefit of the rates reductions, which allied with our low average rents, reinforces affordability for our occupiers and offers resilience in the face of other cost of business pressures.

Supporting Data & Insights

Knight Frank – Retail Vacancy Rate

Centre for Retail Research – No of Store Closures

Review 2007-2024

	Businesses Failing	No. Stores Affected	No. Employees Affected
2024 (to 12th February)	11	360	8,288
2023 (12 months)	81	871	20,643
2022 (12 months)	49	2,338	34,907
2021 (12 months)	19	1,758	26,274
2020 (12 months)	54	5,214	109,407
2019 (12 months)	43	2,051	46,506
2018 (12 months)	43	2,594	46,314
2017 (12 months)	44	1,383	12,225
2016 (12 months)	30	1,504	26,111
2015 (12 months)	29	728	6,845
2014 (12 months)	43	1,314	12,335
2013 (12 months)	49	2,500	25,140
2012 (12 months)	54	3,951	48,142
2011 (12 months)	31	2,469	24,545
2010 (12 months)	28	844	10,930
2009 (12 months)	37	5,536	26,688
2008 (12 months)	54	5,793	74,539
2007 (12 months)	25	1,600	14,083

ONS – Internet sales as a % of total retail sales

Strategic Report

The Market Backdrop continued

Macroeconomic trend	Driving Forces & Insights	Impacts and implications for C&R
Occupational Markets	**Occupational Costs – Business Rates reset offsetting other cost pressures** The business rates revaluation, which came into effect in April 2023, delivered material occupational cost savings to retail and hospitality occupiers in the vast majority of locations across the UK. On average the sector saw a 10% reduction in rateable values, but in many locations the benefit was 30-35%. Combined with the added benefits of a freeze in the Uniform Business Rate multiplier; the abolition of downward transitional relief; and the extension of retail and hospitality reliefs, retailers saw the full benefit of the rates reductions immediately. The significant cashflow benefit from business rates reductions has helped to offset other cost pressures felt by retailers. Most notably, retailers have had to absorb the Increases to the National Living Wage. Not only has this affected direct employment costs for retailers, it has also added pressure to shopping centre service charges, where soft service provisions (cleaning and security) have seen material increases in wage levels. Additionally, utility costs, while now down from their peak, continue to remain materially higher than the typical levels seen prior to the energy crisis. **Vacancy Levels – Stable but divergence in destinations** Vacancy rates finished the year at a UK average of 15.3%, down from the peak of close to 16% at the back end of 2021. A consistent downward trend over the first half of the year was interrupted by the failure of Wilko in August, bringing significant floor space to the market, although it has been encouraging to see good demand from the likes of B&M and The Range, albeit focused on the better locations. Despite this blip to occupancy the general trend at the year end continued to show improvement. The headline vacancy rate masks a wide-ranging divergence of occupancy levels across the retail landscape. Shopping centres and retail destinations that have a clear purpose, dominate their market and are not oversized are typically trading with much lower vacancy levels than the national average and showing occupational improvement. In contrast, weaker destinations that do not meet these fundamental criteria are trading at much higher vacancy levels, and in many cases are no longer fit for purpose as retail destinations and require radical repurposing.	Former department stores / major anchor stores have been the greatest insolvency failures in recent years, requiring creativity to re-merchandise and often requiring capex-hungry reconfiguration. Awareness and knowledge of use beyond retail is essential. Material reductions in business rates, benefitting the majority of retail and leisure occupiers, will provide an immediate and direct benefit to retailer profitability, improving trading resilience. This will provide greater ability to defend rental values and, in areas of maximum competitive tension for floorspace, an opportunity to take some savings through into rent.

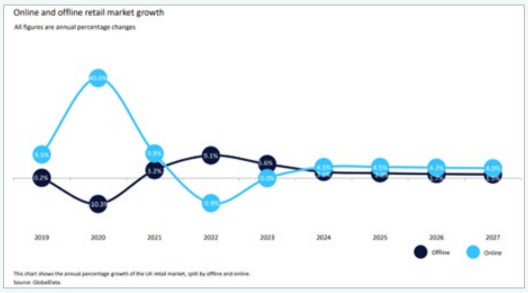
Our Response

We have had another active year of leasing and renewal activity, completing more than 90 transactions over the year, securing approximately £4 million of rent. We have maintained high levels of occupancy, with a portfolio economic occupancy rate of 93.4% at the year end. We are disciplined in our approach to leasing, ensuring occupier selection aligns with our community strategy merchandising pillars.

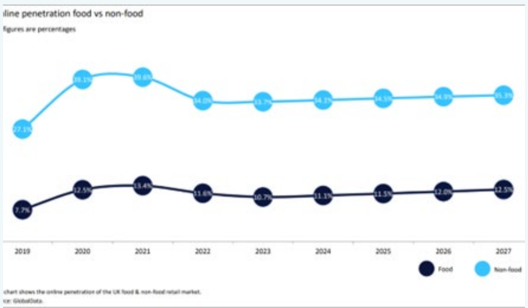
We continue to make progress in rationalising our floor space and introducing a wider mix of uses to broaden our income base and widen our shopper appeal. Initiatives such as the new NHS primary care facility in Ilford have consolidated historically challenging tertiary floor space into a destination offer on a long-term lease contract. At Wood Green, we have proactively taken back a dated WH Smith unit, which we are splitting to provide additional catering and leisure facilities. Finally, we have relocated TK Maxx in Ilford into a level of the former Debenhams space, creating a greatly enhanced retail anchor, and in so doing, unlocking the opportunity to create a new trading mall to benefit from the new Elizabeth Line station directly opposite our main scheme entrance.

Supporting Data & Insights

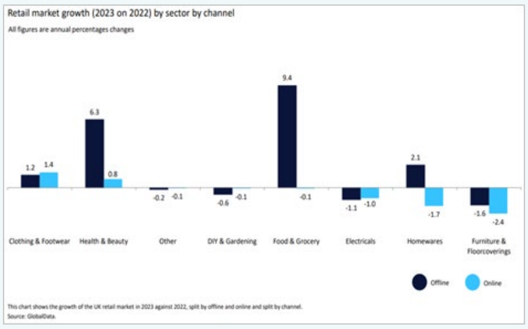
Global Data – Online and offline growth (p18)



Global Data – Food v Non-food online penetration (p19)



Global Data – 2023 Sector Growth by Channel (p22)



Strategic Report

Our Business Model

Our community centre approach is embedded into our Key Activities and our ESG commitment.

Key resources

01 Experienced and agile management

Through our expert management platform, we aim to cultivate sustainable income and enhance capital value growth by merging proactive asset management with operational proficiency.

02 Strong capital structure

We have maintained our focus on preserving cash, holding each asset with the objective of fostering sustainable income growth.

Once asset masterplans have been effectively implemented and future returns are projected to diminish, we proactively explore opportunities to reallocate capital, enabling us to reinvest in assets with higher growth prospects.

03 Close relationships with communities

By leveraging partnerships with research and benchmarking firms such as CACI, in conjunction with insights from our centre teams who maintain regular engagement with retailers and local communities, we ensure our continued relevance to the communities in which we operate.

04 Diversified income streams

We adapt our Community proposition offer and expedite remerchandising efforts towards the transition from discretionary to non-discretionary retail and services.

Key activities

Assess the product offering against local needs and expectations

Establish strategic and comprehensive 3-5 year asset masterplans for each centre

Engage specialist teams to ensure accelerated delivery with focus on optimal performance

Post-implementation reviews to refine process and to inform future decision-making

Our impact

Our culture underpinned by our principles: Bring the World In, Uplift the Everyday, Make It Count and Win As One.

Identify the right assets.

Community shopping centres are our core strength. Assets that align with our potential investment criteria are typically those that underperform within their catchment area but present significant opportunities for asset management.

Underpinned by our ESG focus and our principles:

Our environment

Our people

Our community

Read more about ESG on pages 62 - 107

Value creation

Shareholders

Through investments in diversified income streams and fostering strong connections with our communities, our aim is to drive long-term sustainable growth, ultimately leading to sustained shareholder returns through dividend payments. As a UK REIT, this is an essential component.

Retailer customers and occupiers

We deliver value to our stakeholders by harnessing our experienced management platform, complemented by frequent, repeat foot traffic, high conversion rates, and competitive occupier costs.

Our employees

At Capital & Regional, we foster a performance-driven culture by cultivating a dynamic and positive work environment. We prioritise providing our staff with opportunities to excel in their careers and encourage continuous development through training opportunities.

Read more about our employees in the Our Stakeholders section on page 58

Communities and guests

In essence, our business model offers appealing retail and leisure environments that are continuously evolving to enrich the experience of our guests. We are deeply committed to crafting lively community hubs for our guests while also creating local employment opportunities.

Our suppliers

We cultivate long lasting partnerships with a diverse array of suppliers to fortify our business and gain a competitive advantage.

Strategy
Long term strategy

The significance of our centres within local communities has become increasingly evident.

Despite the challenges posed by the current cost of living crisis, the resilience of our centres within the community has remained steadfast. This bolsters our confidence in our overarching community-centric strategy.

Define

Define and own the community shopping centre category in the UK, guided by consumer insight and consistent with global best practice.

Focus

We have focused our business and resources around repositioning and re-purposing spaces to incorporate new stores and uses that reflect the demands of the communities that we serve.

Position

Our assets sit at the heart of their local communities. Typically located adjacent to local transport hubs enabling easy access via public transport as well as available car parking.

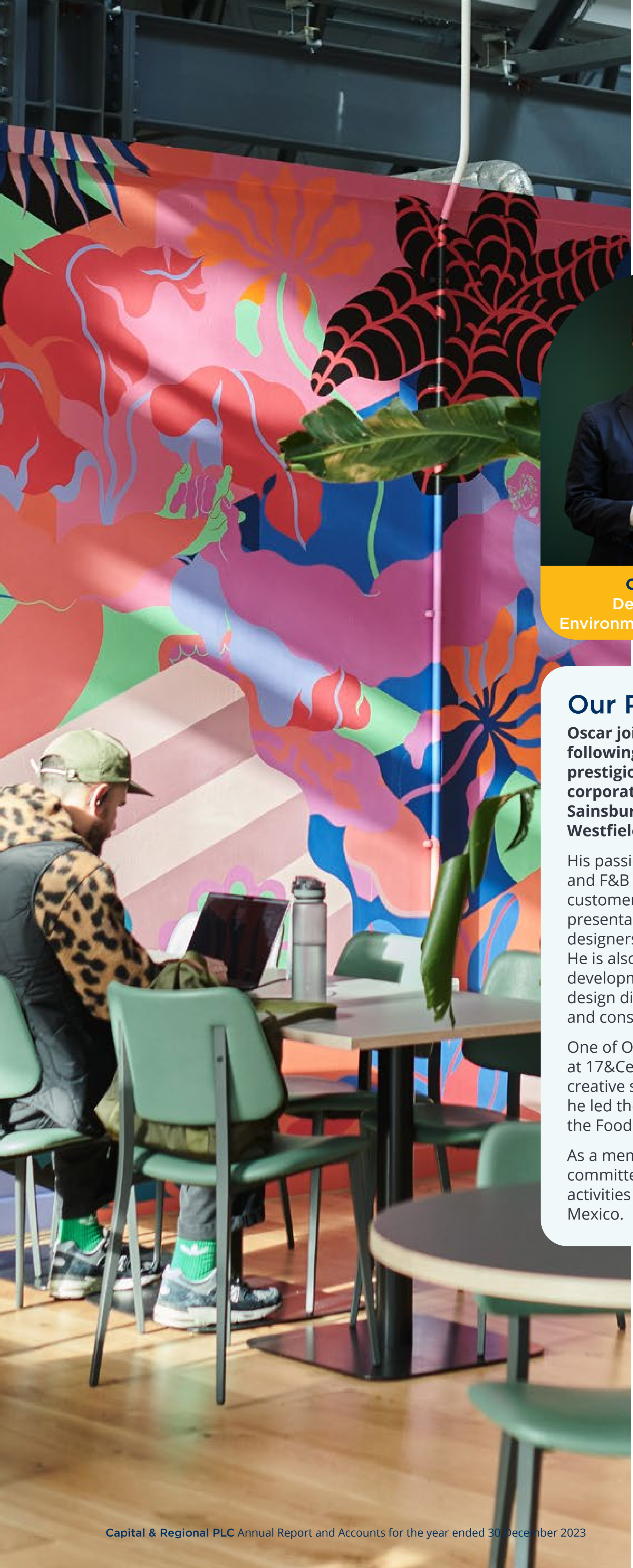
Enhance

The right offer drives footfall and dwell time, boosting retailer sales and thus increasing demand, improving rental income, property values and consequently revenue and shareholder returns.

Our vision

We turn space into platforms for social, cultural and commercial prosperity.

- Platforms are the foundation from which people can stand, reach and grow – and the building blocks of an ecosystem.
- Social prosperity: from NHS services to local community cohesion and support. We offer this.
- Cultural prosperity: from CRATE to Snozone to The Identity School of Acting. Cultural experiences increase our community members' quality of life.
- Commercial prosperity: our work is fundamental to local, regional and national economies. Empowering business growth, creating jobs and enriching lives.



Oscar Miranda
Design Manager
Environmental & Retail

Our People

Oscar joined Capital & Regional in 2021 following a successful career working at prestigious design studios and a number of corporate organisations such as Starbucks, Sainsbury's and Unibail-Rodamco-Westfield.

His passion and wealth of experience in retail and F&B design allows Oscar to work with our customers to achieve the best possible store presentation by working closely with their designers or producing proposals himself. He is also involved in centre environment development projects where he sets the design direction working with design agencies and consultants from various disciplines.

One of Oscar's recent key projects was CRATE at 17&Central. Working with the selected creative studio and coordinating stakeholders, he led the delivery of the design concept for the Food Hall.

As a member of the Diversity & Inclusion committee, he enjoys organising out of office activities and sharing the culture of his native Mexico.

Strategy

Define

Overview
We define and assess our community shopping centre offer across three key aspects:

- Physical attributes such as the centre's location, size, dominance, and accessibility, including local transport links and parking facilities.
- Products and services encompassing the retail mix, grocery offerings, leisure options, service provisions, and the overall quality of facilities.
- Distinguishing our centres to transcend beyond a mere retail destination involves various factors, including the robustness of community connections, the tailored nature of our offerings to each guest, our commitment to sustainability, and our role as a preferred local employer.

Progress
2023 was a busy year for the business. The sale of The Mall, Luton and Kingfisher Redditch and the acquisition of Gyle has enabled the business to now focus on further re-merchandising and investment in its portfolio.

The substantial decrease in debt levels and the stabilisation of the operating environment have empowered us to allocate investments into our portfolio through several pivotal capital expenditure projects. These initiatives will not only enhance the merchandising mix within our centres but also yield a substantial increase in income.

Future Focus
Continue to elevate our centres by concentrating on the five fundamental pillars of our defined winning tenant mix. These pillars are:

- Grocery
- Health and wellness
- Services
- Quick service restaurants
- Value apparel

We aim to establish valuable physical spaces that effectively cater to the needs of both our retail customers and guests within the community. We strive to offer convenient, low-friction fulfilment while fostering high levels of guest engagement.

Focus

Overview:
Our centres lie at the core of our operations. We concentrate our business and resources on empowering a robust management platform and operational structure. This enables us to make timely, responsive, and optimal decisions in executing our comprehensive community centre strategy.

Progress:
The implementation and advancement of key systems within the finance and property investment departments initiated in 2020 and has extended through 2023. The investment in technology has played a pivotal role in enhancing efficiencies in producing essential management information, thereby boosting productivity, and enabling more informed decision-making and faster execution.

We are dedicating resources to bolster our leasing capability and are augmenting our team with diverse skill sets. We are actively recruiting individuals from non-traditional real estate backgrounds who are engaged in sourcing retailers within our local trade areas. These efforts are aligned with our research and data-driven understanding of the needs and preferences of our local communities.

Future Focus:
Our people and systems form the backbone of our business. We continuously evaluate opportunities for investment in our in-house management platform, our personnel, and our systems and data insights. This ongoing investment is critical to successfully executing and expanding our community strategy.

Position

Overview:
We are confident that both our retailers and our communities have clear expectations regarding what they desire from their Community Centres, emphasising a robust mix of everyday essentials including:

- Grocery, pharmacy and general merchandise;
- Catering options covering express food, great coffee and casual dining;
- Personal services including health, beauty, dry cleaners, shoe repairs; and
- Everyday value fashion, childrenswear, and leisure.

We aim for our centres to be the primary destination for residents for their shopping needs, underscoring the importance of ensuring their experiences are both convenient and enjoyable.

Progress:
We have made strides this year by persistently refining the composition of our shopping centres through proactive re-merchandising. Our emphasis for 2023 has been on reconfiguring existing spaces to ensure that any new retailers align closely with the needs of the local community.

We have seen significant growth in the health and beauty sector across our centres, highlighted by the expansion of the new diagnostics centre at Wood Green and the ongoing development of the NHS Community Health Centre in Ilford. Additionally, our centres boast market-leading pharmacy brands among our top occupiers. This trend reinforces health and beauty as one of our largest and fastest-growing income sectors.

We have completed a number of lettings in the "Grab and Go" food space with options relevant to the local community.

We've seen success in a number of lettings across our food spaces with options tailored to the demographics of the local community. This includes:

- The opening of CRATE Walthamstow in July 2023.
- The opening of "The Bridge" food concept at The Mall Wood Green.

Future Focus:
Our leasing strategy remains closely aligned with our community-oriented merchandising pillars. Our ongoing priority is to pursue remerchandising and repositioning initiatives aimed at minimising our portfolio's exposure to at-risk categories, particularly fast fashion and department stores.

We are actively focused on repurposing these spaces to accommodate new stores that better serve the needs of the community. We are committed to nurturing the growth of the next generation of independent retailers and take pride in the support and guidance we offer them through our investments.

Collaborating with these retailers encourages us to adopt new perspectives and approaches to our operations. We will maintain a cautious approach to the projects we choose to invest in, carefully balancing prudent capital management with a commitment to those endeavours that promise optimal performance.

Enhance

Overview:
A compelling retail offer attracts footfall and prolongs dwell time, enhancing retailer sales and bolstering leasing demand. This, in turn, leads to improved rental income, increased property values, and ultimately, enhanced revenue and shareholder returns.

Progress:
We have continued to work across our existing portfolio to unlock potential sales opportunities and reinvest the generated capital into redevelopment initiatives across our schemes.

2023 highlights include:

- The acquisition of Gyle, Edinburgh.
- Redefining food catering in community shopping centres through projects such as CRATE and The Bridge
- The expansion of the Wood Green Community Diagnostic Centre.
- The continuation of the comprehensive masterplan for redeveloping the Exchange in Ilford. These initiatives are expected to result in significant enhancements to the net operating income, overall merchandising mix, and customer proposition.

Future Focus:
Our people and resources are critical to the delivery of our community shopping centre strategy. We will aim to maximise the value of our assets through capital expenditure investment programmes planned to deliver a capital return over and above the income enhancement

Strategy in Action

Community Health Care Services

Health Care and Medical Services

We continue to see great success with The Wood Green Community Diagnostic Centre, providing hospital services on the high street, allowing patients to be seen quicker and closer to home.

Having completed the building works in November 2023, the CDC has expanded from one floor to two and now offers imaging facilities, MRI and CT scanning, alongside x-ray, ultrasound, ophthalmology and blood tests.

The new services bolster the offering at Wood Green and assist in addressing national diagnostic care shortages. Since opening its doors the CDC has provided 65,000 diagnostic tests to patients across North Central London. The CDC shows huge progress in helping to combat local health inequalities, with 75% of those attending the centre living in one of the three areas of Haringey with the greatest deprivation. And in early 2024, the CDC will start to receive referrals making access to healthcare more accessible to all.

Ilford Exchange Community Health Centre

We have converted 20,000 sq ft of space at Exchange into a state-of-the-art health and care centre located in the heart of Ilford.

The Ilford Exchange Health Centre, set to open in Spring 2024, will provide additional capacity for GP services to address the increasing local demand for healthcare services.

The Health Centre will also offer blood testing, podiatry services, care for those with long term conditions, mental health support, children's services and adult social care.

In addition to offering essential services for the community, the anchor site will serve as a catalyst for driving footfall traffic to and throughout the centre. This presents opportunities to strategically merchandise around the centre with complementary health-related offerings.

Our People

Hayley joined Capital & Regional in July 2022 and brings with her over 10 years' experience of working in credit management. She manages all aspects of the rent and service charge collection across the portfolio.

Hayley's role involves working closely with other departments internally and directly with our retailers to manage Capital & Regional's credit exposure. She is passionate about process improvement and has driven increased automation within the collection cycle through the use of automated statements and direct debits.

Hayley has overseen a strong recovery from the disruption of Covid-19 delivering rent collection for the 2023 financial year of 99.2% and working closely with many of our retailer customers to agree payment plans to recover debts from the Covid period in a manageable way.

Hayley obtained her level 5 MCICM in Credit Management in 2023 and is currently working towards her Level 7 FCICM qualification.

Hayley Leach
Head of Credit

Food Catering

CRATE at 17&Central

CRATE at 17&Central opened in July 2023 and provides a vibrant food hall concept spanning 16,000 sq ft, that acts as a hub for Walthamstow residents.

Having recognised the demand for more multi-purpose and interactive spaces as well as the need for more food options, we are delighted to have expanded our offerings to meet the community needs.

With eight independent and diverse food operators, communal dining space, leisure and entertainment, the CRATE facility perfectly aligns with our community strategy.

The Bridge at The Mall, Wood Green

The Bridge at The Mall Wood Green took a 1,200 sq. ft space, previously occupied by a single tenant, and transformed it into a lively food hall with six unique, independent food operators.

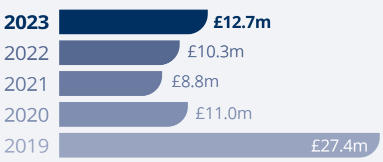
Open in June 2023, The Bridge offers mouthwatering Middle Eastern, Indian and Asian cuisine alongside grab and go selection from centre favourite, Moodog. Described as a food lovers haven, The Bridge has been well received by our guests and serves as prime example of our community strategy in action.

Key Performance Indicators

Financial

Adjusted Profit [1, 2]

£12.7m



Why we use this as an indicator

Adjusted Profit seeks to track the recurring profits of the business which is the key driver for dividend payments.

How this links to our strategy

We target delivering a strong and sustainable income return.

Progress during the year

The improvement in Adjusted Profit of £2.4 million or 23.3% reflects the underlying performance of the business in improving occupancy and rent collection alongside a positive trading performance from Snozone and the impact of acquiring Gyle shopping centre in September 2023, partially offset by the loss of income from the sale of The Mall, Blackburn in August 2022.

Link to strategy

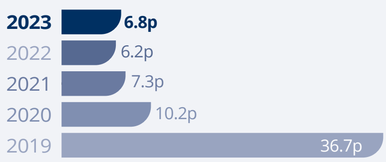
Enhance

Link to risks

2 9

Adjusted profit per share [1, 2]

6.8p



Why we use this as an indicator?

Adjusted Profit seeks to track the recurring profits of the business which is the key driver for dividend payments. Assessing this on a per share basis reflects both underlying profitability and any changes in the Group's shareholding structure, such as the raising of new equity.

How this links to our strategy

We target delivering a strong and sustainable income return.

Progress during the year

Adjusted Profit per share improved by 0.6p. This reflected the improvement in Adjusted Profit partially offset by the higher number of shares in issue, primarily as a result of the £25 million share issue completed in September 2023 to partly fund the acquisition of Gyle.

Link to strategy

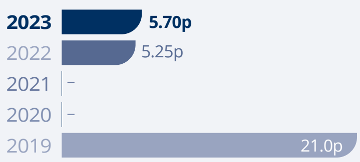
Enhance

Link to risks

2 9

Dividend per share

5.70p



Why we use this as an indicator?

This is the cash return to be delivered to investors in respect of the year under review.

How this links to our strategy

Dividends are a key element of shareholder returns. We aim to preserve strong income return to shareholders and meet our requirements under the REIT regime, balanced with managing cash within the business to fund investment in capital expenditure and mitigate the impact on leverage.

Progress during the year

The increase in dividend reflects the improvement in underlying Adjusted Profit per share.

Link to strategy

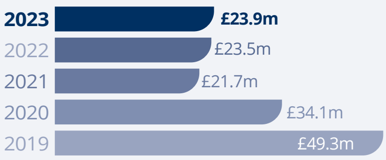
Enhance

Link to risks

2 4 9

Net rental income[1]

£23.9m



Why we use this as an indicator?
This is the key driver of Adjusted Profit.

How this links to our strategy
Net Rental Income is the most critical component of our Adjusted Profit and the source for maintaining a strong and sustainable income return.

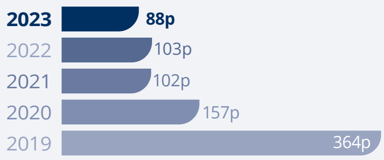
Progress during the year
Net Rental Income improved by £0.4 million to £23.9 million. This reflects a 5% improvement in underlying like for like NRI and the impacts of the Gyle acquisition and Blackburn sales in September 2023 and August 2022 respectively.

Link to strategy
Position, Focus

Link to risks
2 6 9

EPRA net tangible assets per share

88p



Why we use this as an indicator?
This is a measure of the movement in the underlying value of assets and liabilities underpinning the value of a share.

How this links to our strategy
We aim to maximise the value of our assets. Our capital expenditure investment programme is planned to deliver a capital return over and above the income enhancement.

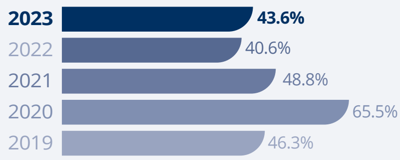
Progress during the year
EPRA NTA decreased by 15p on 2023. This primarily reflects the impact of the higher number of shares in issue driven by the £25 million equity raise that completed in September to part fund the Gyle acquisition.

Link to strategy
Position & Enhance

Link to risks
1 2

Net debt to property value

43.6%



Why we use this as an indicator?
We aim to manage our balance sheet effectively with the appropriate level of gearing.

How this links to our strategy
Having the appropriate level of gearing is important to effectively manage our business through the property cycle.

Progress during the year
Net debt to property value increased to 43.6% primarily reflecting the Group's investment of central cash into Capital Expenditure.

Link to strategy
Enhance

Link to risks
1 2 3

Key

1. Property Investment Market Risks
2. Impact of Economic Environment
3. Treasury Risk
4. Tax & Regulatory Risks
5. People & Skills
6. Development Risk
7. Business Disruption from a Major Incident
8. Environmental, Social & Governance
9. Customer & Changing Consumer Trends
10. IT & Cyber Security
11. Climate Related
12. Health & Safety

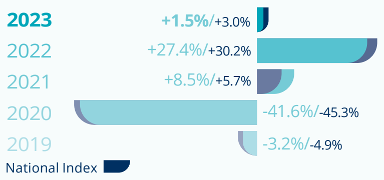
1. Adjusted Profit, Adjusted Earnings per share, Net Rental Income, Net Debt and the Snozone EBITDA metric are as defined in the Glossary. Adjusted Profit incorporates profits from operating activities and excludes revaluation of properties and financial instruments, gains or losses on disposal, and other non-operational items. A reconciliation to the equivalent EPRA and statutory measures is provided in Note 9 to the financial statements.

Key Performance Indicators continued

Non-financial

Footfall

+1.5%



Why we use this as an indicator?
Footfall is an important measure of a centre's popularity with guests. Occupiers use this measure as a key part of their decision-making process. The Company's footfall data is provided by ShopperTrak analytics and the National Benchmark is an aggregation of UK shopping centres and other similar retail venues. Footfall measures the number of shopper visits via cameras positioned at the entrances to the centres.

How this links to our strategy
Footfall performance provides an indication of the relevance and attractiveness of our centres, influencing occupier demand and future letting performance.

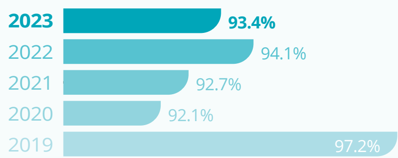
Progress during the year
Footfall across portfolio during 2023 was 1.5% higher than in 2022. Footfall continued the general trend of an improving recovery to pre-pandemic levels with the whole year representing levels equivalent to 87.3% of 2019, compared to 84.3% for the first six months. Footfall was marginally behind the National Index with the impact of the Wilko administration in Q4 being the largest factor influencing this given the relative exposure of the Group's portfolio.

Link to Strategy
Define & Position

Link to risks
2 9

Occupancy

93.4%



Why we use this as an indicator?
We aim to optimise the occupancy of our centres as attracting and retaining the right mix of occupiers will enhance the trading environment.

How this links to our strategy
Occupancy has a direct impact on the profitability of our schemes and also influences footfall and occupier demand.

Progress during the year
Occupancy at the year-end was impacted by the administration of Wilko which was the driver of this falling by 70 basis points during the period or by 90 basis points on a like for like basis. However, the letting of the three Wilko units to B&M that completed post year end are worth approximately 140 basis points to Occupancy.

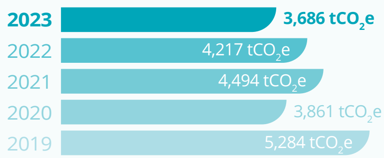
Link to Strategy
Define & Position

Link to risks
2 5 9

Measures are all as at the respective year end, Occupancy is defined within the Glossary.

Total Carbon Emissions
Total Scope 1 & Scope 2 tCO_2e*

3,686 tCO_2e



Why we use this as an indicator?
Total Carbon Emissions is a key measure to ensure we are minimising the negative impact of our assets on the environment.

How this links to our strategy
In order to truly embody our ESG values it's imperative that we lead in sustainability within our communities. Continuing to reduce our carbon emissions plays an integral role in this and assists us in our progress toward our goal of net zero by 2040.

Progress during the year
We reduced our carbon emissions across the UK portfolio by 35 % in 2023 compared to 2019. One of the main drivers of this is a steady reduction in energy consumption, through targeted reduction of gas usage across the assets, initiatives to reduce electricity use and the use of solar panels.

Link to Strategy
Define & Position

Link to risks
2 8

*these figures are in relation to UK based assets only

Key

1. Property Investment Market Risks
2. Impact of Economic Environment
3. Treasury Risk
4. Tax & Regulatory Risks
5. People & Skills
6. Development Risk
7. Business Disruption from a Major Incident
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9. Customer & Changing Consumer Trends
10. IT & Cyber Security
11. Climate Related
12. Health & Safety

Supporting our internal communities: Diversity and Inclusion

We need a diverse range of voices, abilities and viewpoints to help us to continue growing, innovating and adapting our business to meet the demands of the communities we serve. To do this we actively foster an environment where every employee is respected and empowered to contribute to their full potential without encountering harassment and discrimination.

Our Diversity and Inclusion (D&I) Committee, plays a pivotal role in helping us to build a diverse and inclusive workforce. In 2023, the D&I Committee ran several events to further develop our thinking on diversity, equity, and inclusion. This included our employees and guest speakers courageously shared their personal experiences and insights on sensitive topics such as race and sexuality.

Other key highlights from 2023 included attending events celebrating local LGBTQI+ artists, internal campaigns and educational pieces around Black History Month, Developmental Language Disorder Day, Stroke Awareness, Race Equality Week and Mental Health Awareness, among others, to raise our awareness of these important topics.

Chief Executive's Statement

Lawrence Hutchings
Chief Executive

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

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

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

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

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

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

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

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

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

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

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

Read more about
Board activity during the year
on page 61

despite the resilient operational and occupational markets.

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

Consumer confidence and retailer performance

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

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

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

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

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

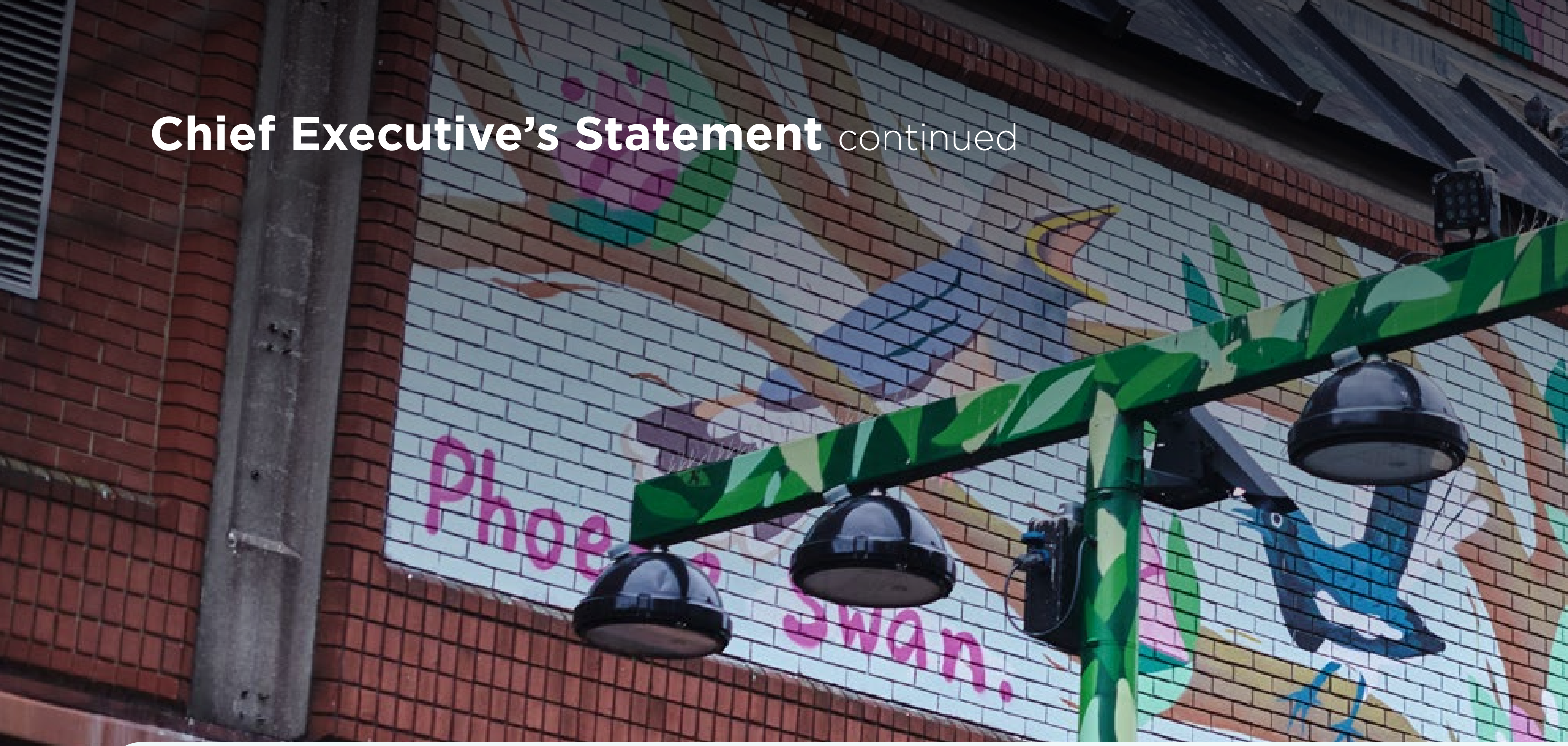
Structural changes in retailing

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

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

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

Inflation has had a significant impact on the cost of doing business as a retailer. Increases in staff costs and petrol, and therefore



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

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

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

Leasing and occupancy

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

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

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

Sustainability

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

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

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

We are active in providing pathways for small and start up retailers to locate in our centres. We support retail entrepreneurs through the business planning, store design, pre and post opening period and it is great to see some of these businesses

go on to grow into multiple location retailers following their first successful store within our centres.

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

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

Looking forward – our focus for the next 12 months

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

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

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

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

Lawrence Hutchings
Chief Executive

Operating Review

New lettings, renewals and rent reviews[1]

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

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

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

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

1. Includes transactions for Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green for both years.
2. For lettings and renewals (excluding development deals and CVA variations) with a term of 1 year or longer which do not include turnover rent.

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

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

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

Rental income and occupancy

	12 months to December 2023	12 months to December 2022
Occupancy (%)	**93.4%**	94.1%
Contracted rent (£m)	**37.0**	31.5
Passing rent (£m)	**35.6**	30.5

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

Contracted and passing rent have increased by approximately 17.5% and 16.7%, respectively as a result of the Gyle acquisition. On a like for like basis, the metrics have fallen by 2.9% and 3.6%, respectively. This is primarily driven by the loss of £0.7 million of Wilko income. The Group has received notice from the Department of Work and Pensions that they will vacate their two Job Centre units during 2024 as part of a wider consolidation of their estate, having expanded significantly in the wake of the Covid pandemic. We are in active discussions with multiple occupiers to re-let the space which represented approximately £0.8 million of contracted rent at 30 December 2023.

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

Operational performance

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

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

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

Business rates

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

Rent Collection[1]

99.2% of rent in respect of 2023 has now been collected, representing a performance at or above pre-pandemic levels:

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

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

Capital expenditure investment

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

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

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

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

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

Walthamstow residential

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

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

Shopping Centre ESG

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

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

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

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

Snozone

600k

Annual paying guests

About Snozone

Snozone operate three indoor real snow centres in Madrid, Yorkshire and Milton Keynes. Our venues offer a wide range of activities for skiing and snowboarding as well as family sledging fun.

We also own and operate two fully licensed restaurants - the “Alpine Kitchen” - adjacent to our slopes. We have full meeting room facilities at our venues and excel in offering teambuilding activities for business groups, facilitating product launches, celebratory dinners and hosting children’s parties.

Snozone has an industry-leading educational programme which supports the school curriculum for children learning outside the classroom. This consists of giving accreditation for the Duke of Edinburgh Bronze Award, being assessors for the snow sport components of GCSE and A Level Sport and a host of other bespoke activities which are designed to support and develop confidence and resilience in young people.

We are also three-time winners of the UK School Travel Awards for Best Sporting Venue, winning in 2017, 2021 and 2022.

We are passionate about offering sport for all and are the only European operator to both own and manage a Disability Snow school. We are an accredited Disability Confident Employer and partner with the charity Sense (the charity for deafblind adults and children) to make snow sports fully accessible.

We operate with 100% renewable energy at our venues and have reduced our carbon footprint significantly since 2019 through focused management practices.

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

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

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

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

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

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

Snozone ESG

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

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

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

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

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

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

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

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

Financial Review

Stuart Wetherly
Group Finance Director

We have delivered a strong year of growth with like-for-like Net Rental Income improving by 5%, helping to drive a 9.7% increase in our Adjusted Earnings per share.

	12 months to December 2023	12 months to December 2022
Profitability		
Statutory Revenue	**£59.0m**	£56.8m[4]
Net Rental Income (NRI)	**£23.9m**	£23.5m
Adjusted Profit [1]	**£12.7m**	£10.3m
Adjusted Earnings per share [1]	**6.8p**	6.2p
IFRS Profit for the period	**£3.7m**	£12.1m
Basic earnings per share	**2.0p**	7.3p
EPRA cost ratio (excluding vacancy costs) [1]	**39.1%**	37.8%
Net Administrative Expenses to Gross Rent	**23.5%**	22.4%
Investment Returns		
Net Asset Value	**£202.0m**	£179.1m
Net Asset Value (NAV) per share	**90p**	106p
EPRA NTA per share [1]	**88p**	103p
Proposed Final Dividend per share [2]	**2.95p**	2.75p
Total Dividend per share [2]	**5.70p**	5.25p
Financing		
Group net debt	**£162.7m**	£130.9m
Group net debt to property value	**43.6%**	40.6%
EPRA LTV	**45.4%**	44.0%
Average maturity of Group debt [3]	**4.1 years**	4.5 years
Cost of Group debt (weighted average) [3]	**4.25%**	3.58%

1. Adjusted Profit is as defined in the Glossary. A reconciliation to the statutory result is provided further below. EPRA figures and a reconciliation to EPRA EPS are shown in Note 9 to the Financial Statements. The calculation of EPRA cost ratio is provided in the EPRA performance measures section.
2. Represents dividends declared post period end but related to the period in question.
3. Assuming exercise of all extension options. Reflects loan amendments signed post year end. Cost of Group debt reflects revised cost of Ilford debt effective from 8 March 2024.
4. 2022 comparative figures have been restated for a prior year adjustment to service charge income and expenditure recognised in the period. There is no change to Profit.

Use of Alternative Performance Measures (APMs)

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

Alternative performance measure used	Rationale
Adjusted Profit	Adjusted Profit is used as it is considered by management to provide the best indication of trading profits and hence the ability of the business to fund dividend payments. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments, charges in respect of non-cash long-term incentive awards and non-operational one-off items. Adjusted Profit includes EBITDA from Snozone (see definition further below). This was a change implemented in 2021 arising from the adoption of IFRS 16 and the signing of new lease agreements on Snozone's two UK sites. We considered that the combination of these two factors meant that Snozone's statutory profit no longer alone provides a full reflection of Snozone's trading performance and hence introduced this additional Alternative Performance Measure. The key differences between Adjusted Profit and EPRA earnings, an industry standard comparable measure, relates to the exclusion of non-cash charges in respect of share-based payments and adjustments in respect of Snozone as detailed above. In the current year we have excluded from our Adjusted Profit a £1.1 million tax credit as it relates to prior years but this is included within the EPRA metric. Adjusted Earnings per share is Adjusted Profit divided by the weighted average number of shares in issue during the year excluding own shares held. A reconciliation of Adjusted Profit to the equivalent EPRA and statutory measures is provided in Note 9 to the financial statements.

Financial Review continued

Alternative performance measure used	Rationale
Like-for-like amounts	Like-for-like amounts are presented as they measure operating performance adjusted to remove the impact of properties that were only owned for part of the relevant periods. For the purposes of comparison of capital values, this will also include assets owned at the previous period end but not necessarily throughout the prior period. In the current year like-for-like comparisons have been used to adjust the Gyle acquisition in 2023 and the disposal of The Mall, Blackburn and the Walthamstow residential receipt both in 2022
Net Debt	Net debt is borrowings, excluding unamortised issue costs, less cash at bank. Cash excludes cash held on behalf of third parties (e.g. in respect of service charges or rent deposits).
Net debt to property value	Net debt to property value is debt less cash and cash equivalents divided by the property value.
Net Rent or Net Rental Income (NRI)	Net Rental Income is rental income from properties, less provisions for expected credit losses, property and management costs. It is a standard industry measure. A reconciliation to statutory turnover is provided in Note 3 to the financial statements.
Snozone EBITDA	Snozone EBITDA is based on net profit. It excludes Depreciation, Amortisation, (notional) Interest, Tax and non-operational one-off items. It includes rent expense, based on contractual payments adjusted for rent free periods. This provides a measure of Snozone trading performance which removes the profiling impact of IFRS 16 that would otherwise see a significantly higher charge in early years of a lease and significantly lower net charge in later years. A reconciliation to the IFRS net profit is included within Note 2a to the financial statements.

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

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

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

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

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

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

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

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

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

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

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

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

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

In 2022, IFRS profit benefited from a £12.5 million gain (after costs) on the discounted purchase of the Group's Hemel Hempstead loan facility and a £6.8 million gain in the Group's Net Asset Value on the deconsolidation of Luton due to it previously sitting as a liability on the Group's balance sheet.

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

Property portfolio valuation

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

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

Acquisition of Gyle, Edinburgh

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

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

Disposal of The Mall, Luton

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

Financing

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

	Debt[1]	Cash[2]	Net debt	Loan to value [3]	Net loan to value[3]	Current interest rate	Fixed	Duration to loan expiry[4]	Duration with extensions[4]
30 December 2023	£m	£m	£m	%	%	%	%	Years	Years
The Mall	140.0	(10.2)	129.8	54.1%	50.2%	3.45%	100	3.1	4.1
Hemel Hempstead	4.0	(0.5)	3.5	43.5%	38.0%	11.06%	-	1.5	3.5
Ilford	39.0	(3.9)	35.1	61.6%	55.5%	5.50%	100	1.7	4.0
Gyle, Edinburgh	16.0	(2.6)	13.4	38.5%	32.2%	6.50%	100	4.7	4.7
Central Cash	-	(19.1)	(19.1)	-	-	-	-	-	-
Total	199.0	(36.3)	162.7	53.4%	43.6%	4.25%	97.8	2.9	4.1

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

Financial Review continued

The Mall

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

Hemel Hempstead

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

Ilford

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

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

Gyle, Edinburgh

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

Going Concern

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

At 30 December 2023, the Group had total cash at bank on balance sheet of £36.3 million. Of which £17.8 million was held centrally outside of secured loan arrangements (excluding cash held by Snozone). This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and downside scenarios that have been modelled for at least the period of the next 18 months to 30 June 2025 that is considered for going concern purposes.

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

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

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

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

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

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

Viability Statement

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

The Board conducted this review for the two-year period to December 2025. The period is covered by the Group's annual budget and business planning process. It includes sensitivity analysis to consider adverse scenarios, that could be caused by the principal risks and uncertainties outlined in the Managing Risk section below. This incorporated the impact on cash and covenant compliance of further significant falls in property valuations or property income. The Ilford and Hemel facilities both mature during this two year period however each has conditional extension options available to the Group which would extend maturity to beyond December 2026.

The considerations made by the Directors in concluding on viability mirror those considered within the Going Concern conclusion as documented above. Based on this and the resources and actions available the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2025.

Managing Risk

Risk management approach

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

Risk management process

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

At every half year and year end, the members of senior leadership undertake a comprehensive risk and controls review involving interviews with relevant management teams. This considers a review of both the existing identified risks and any new or emerging risks that may have been identified during the period. The output of this process is an updated risk map and internal control matrix for each component of the business, which is then amalgamated into the Group risk map and matrix that is reviewed by the senior leadership team. Formal submission is then made to the Audit Committee for review, before going to the Board for final sign off. The process for the half year and full year 2023 review forms the basis for the disclosures made below.

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

This risk matrix is also used in performing our annual assessment of the material financial, operational and compliance controls that mitigate the key risks identified. Each control is assessed or tested for evidence of its effectiveness. The review concluded that all such material controls were operating effectively during 2023.

Principal risks at 30 December 2023

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

The review concluded that while as a result of these combined factors the profile of some risks, including economic environment, property investment market risks and Treasury risks had changed, the ultimate nature of them had not and therefore the principal risks to the Group broadly remain unchanged at 30 December 2023.

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

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

Managing Risk continued

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

Risk	Impact	Mitigation
6. Development risk		
The costs involved with development projects overrunning and delays leading to extended completion times past expected deadlines. The threat to the Group's property assets of competing in town and out of town retail and leisure schemes.	Increased costs and reputational damage which may lead to planned value not being realised. Competition with other schemes may reduce footfall and reduce tenant demand for space and effect the levels of rents that can feasibly be achieved.	Use of experienced external project coordinators to oversee developments with staged execution to key milestones and updates to be monitored by steering committees with the Group. Implemented well defined approval processes for new development projects and guidance provided for setting key milestones. Partnered with external agencies to raise awareness of new planning proposals, which are fought, as necessary, in accordance with relevant planning laws. Maintain close working relationships with local councils and promote willingness to support the community. Maintain the flexibility to invest in marketing strategies to continue relevance in the market.
7. Business disruption from a major incident		
Major incidents occur at any of the business' sites having a significant impact upon trading. This includes specific incidents to a centre or trading location or a situation such as Covid-19 that impacts trading on a national scale.	Such events could cause a reduction in earnings and additional costs. Exposure to reputational damage if the business acts, or is perceived to have acted, in a negligent manner. The pandemic has had a significant impact on customer behaviour and habits. There is a risk that consumer habits have permanently changed and will impact business KPIs, such as footfall and leasing.	Trained operational personnel at all sites and documented major incident procedures. Regular update meetings on operational procedures reflecting current threats and major incident testing runs. Regular liaison with the police and environmental health officers. Insurance for business disruption and rebuild is always maintained across the portfolio. Disaster recovery sites have been mapped and are maintained in the event of immediate needs.
8. Environmental, Social & Governance		
The Group's activities may have an adverse impact on the environment and the communities in which we operate. Health and safety incidents could cause death or serious injury. A risk that centres or specific retailers are identified as a 'hotspot' for Covid-19 transmission.	Failure to act on environmental and social issues could lead to reputational damage, deterioration in relationships with customers and communities and limit investment opportunities. Failure to comply with relevant regulations could result in financial exposure. Health and safety incidents could result in reputational damage, financial liability for the Group and potentially criminal liability for the directors.	Issues and actions considered by the Board, through regular reports from the ESG Committee and its designated sub committees. Appointed ESG specialists to assist the business in mapping out its ESG roadmap and key milestones. Specialist health and safety consultancy support in place with internal bespoke health and safety system to enable incident reporting and monitoring. EPC rating certificates are completed across the portfolio.

Managing Risk continued

Risk	Impact	Mitigation
9. Customers & changing consumer trends		
Further migration towards online shopping, multi-channel retailing, and increased spending on leisure may adversely impact consumer footfall in shopping centres. Increased use of CVAs by retailers as a means of restructuring or cost reduction.	Changes in consumer shopping habits towards online shopping and home delivery could reduce footfall and therefore potentially reduce tenant demand and the levels of rents which can be achieved. Financial loss from tenants use of CVAs to both write off arrears and reset lease agreement terms.	Strong location and dominance of shopping centres in high density urban locations. Strength of the community shopping experience with tailored relevance to the local community. Concentration on convenience and value offer which is less impacted by online presence. Increasing provision of "Click & Collect" within our centres. Maintaining positive retailer relationships and providing for honest and open dialogue. Monitoring key business metrics such as footfall, retail trends and shopping behaviour.
10. IT & Cybersecurity		
Failure of, or, as a result of malicious attack on, the Group's information technology hardware and software systems. Failure to continually keep up with best practice and invest in new technology.	Loss of operating capacity, business time or reputational damage. Data breaches resulting in reputational damage, fines or regulatory penalties.	IT Security Governance Policy in place aligned with ISO27001. Ongoing investment in technology infrastructure with key IT applications hosted offsite. Systems in place to prevent and react to malicious attack. Regular penetration testing carried out by a specialist security company. Cyber Essentials Plus certified. Information security training programmes in place to regularly upskill all employees. A strong password policy is in place to keep employees safe. Maintenance of a disaster recovery site in the event of critical systems failures.

Risk	Impact	Mitigation
11. Climate-related		
In light of the introduction of TCFD Disclosure requirements, the impact of climate change has become a Board level issue. As a result of COP26, the world stage is focused on combatting climate change and businesses that fall behind on their efforts to mitigate their effect on the climate run the risk of becoming non-investable.	The Group's failure to act on environmental issues could lead to reputational damage, deterioration in customer and community relationships, or limit investment opportunities. Climate-related risks extend to the global supply chain, business disruption from extreme weather events. Failure to comply with regulations could result in financial exposure.	Environmental policy in place and consistent with ISO14001. Management of and compliance with the Carbon Reduction Commitment and compliance with the Carbon Trust. Engaged with external agency, JLL, to assist with setting out framework to assess climate related risks. Separate risk matrix on climate-related risks feeds into Group risk review and ESG Committee reporting to the Board. Nominated individual from SLT to take oversight responsibility of climate-related issues. Board has oversight of TCFD climate-related goals and targets through quarterly ESG reporting.
12. Health & Safety		
The risk that the Group's staff, customers or guests suffer illness, injury or fatality at one of the Group's operations.	If found to be as a result of failing processes or negligence the Group and/or individuals in management positions could face criminal charges, financial loss and reputational damage.	Regular risk assessments. Sharing of information with local Health & Safety Executive. Capacity limits agreed with Health & Safety Executive and reviewed with external lawyers. Training for staff by Health & Safety Consultancy. Insurance review meetings with insurance brokers.

Our Stakeholders

With a focus on shopping centres with a community focus, inevitably our stakeholders are at the heart of our strategy and business model. Setting our strategic outlook and, in turn, ensuring our long term success as a business relies on engaging with all our stakeholders to understand their changing needs. Decisions made by the Board will not always satisfy the broad and varied desires of the Group's stakeholders, as at times, the interests and impacts of our stakeholder groups conflict. The Board aligns decision-making to the Company's purpose, values and strategy. The Board remains committed to considering the impact of key decisions on the Group's stakeholder groups and to ensure open dialogue.

Section 172 Statement

The Board has regard to the matters set out in Section 172(1) of the Companies Act 2006 when performing its duties under Section 172 to promote the success of the Company. When making decisions, the Board pays due regard to: the likely consequences of decisions in the long-term as the strategy of the Group is focused on medium to long term returns and, as such, the long term is firmly within the sights of the Board when all material decisions are made; the interests of stakeholders, the impact actions have on the communities in which we operate and the environment (see more on this within the ESG Report on pages 62–107); maintaining high standards of business conduct through ensuring good governance is instilled from a top-down approach (see more of this in our governance report on pages 121–165); and acting fairly at all times.

Our key stakeholders, how we engage with them and consider their needs and concerns is outlined below:

Our People

What matters

- Opportunities for career and personal development
- Fair and equitable pay and benefits
- An inclusive and diverse environment with a respectful corporate culture
- Open and transparent communication
- To share their views and have their voice heard in decision-making

How we engage

- Intranet; all-staff emails; regular CEO updates and regular townhall meetings
- Posters and communications
- Whistleblowing procedures
- Employee surveys that provide option for further clarification of needs and desires
- Wellbeing Committees
- Regular one-to-one performance reviews between line manager and employee to ensure career personal satisfaction
- Compulsory Health & Safety eLearning training modules completed by all staff.

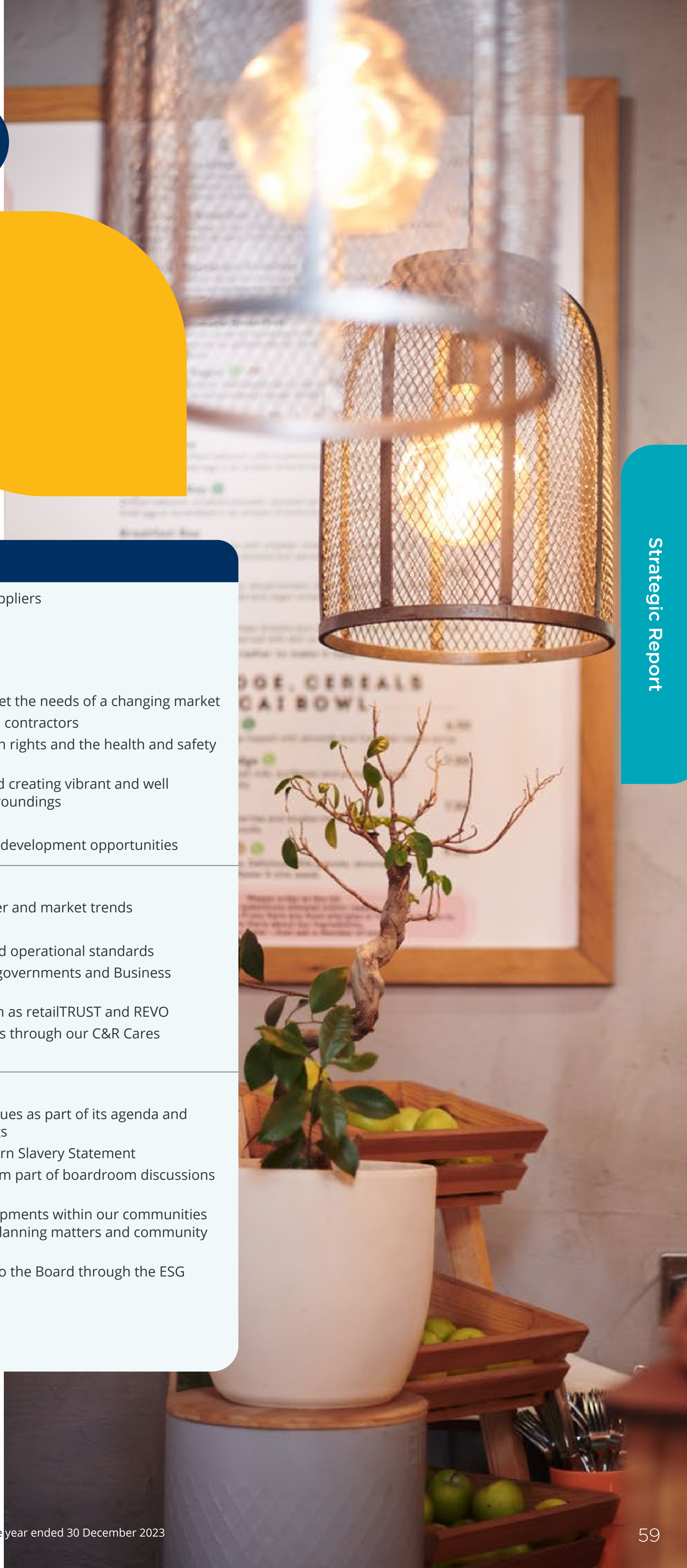
Designated NED, Laura Whyte who receives regular updates direct from the Employee Voice and D&I Committee members.

How we respond

- The Board receives periodic reports on a range of people matters
- Board members regularly visit the Company's support office and other locations to meet with staff at all levels in the organisation
- The Board reviews employee engagement through employee surveys and follows up the actions taken
- The Board considers the impact on current employees when making strategic decisions

Employees	Male	Female	Total
Directors	6	2	8
Senior Leadership Team	4	3	7
Senior Leadership Team direct reports	11	11	22
Employees – Support Office	12	12	24
Employees – Shopping Centres	13	25	38
Employees – Snozone	203	166	369

Read more about how we engage with our people on pages 80-85



Our Community

Our retailer customers, our guests and our suppliers

What matters

- Outstanding customer service
- Affordable rents and service charge
- Centres that drive footfall and adapt to meet the needs of a changing market
- Prompt and fair payments to suppliers and contractors
- Ethical and fair dealings that protect human rights and the health and safety of our customers, guests and suppliers
- Having a positive impact on local areas, and creating vibrant and well maintained centres that enhance their surroundings
- Supporting employment in the community
- Open communication and engagement on development opportunities

How we engage

- Investment in data to understand consumer and market trends
- Regular visitor surveys
- Regular audits of facilities management and operational standards
- Strong engagement with local and central governments and Business Improvement Districts
- Partnering with industry organisations such as retailTRUST and REVO
- Supporting local charities and organisations through our C&R Cares programme.

How we respond

- The Board's ESG Committee discuss key issues as part of its agenda and provides regular updates at Board meetings
- The Board reviews and approves the Modern Slavery Statement
- Changing consumer and market trends form part of boardroom discussions and decision-making
- The Board reviews and approves all developments within our communities and receives regular updates on ongoing planning matters and community outreach programmes
- All Health & Safety incidents are reported to the Board through the ESG Committee

Read more about how we engage with our community on pages 86-95

Our Stakeholders continued

Our shareholders and business partners

What matters

- Robust financial accounts
- Delivering income and capital growth
- Dividend payments
- ESG performance

How we engage

- AGMs, results presentations and investor events
- One-to-one meetings with management and, by request the Chairman and Senior Independent Director

How we respond

- Review and act on regular reports from analysts and advisors
- Feedback from shareholder meetings is shared with the Board and forms part of boardroom discussions

Read more about how we engage with our shareholders on pages 128-129

The Environment

What matters

- Awareness of the environmental impact of our activities
- Reduction of CO_2 emissions and energy and water consumption
- Reducing waste, in particular plastic waste, and diverting waste from landfill

How we engage

- Develop and implement various sustainability schemes across our centres
- Engage with our retailers to increase awareness and education
- Member of the Better Building Partnership
- Signatory to the Climate Change Commitment

How we respond

- The Board's ESG Committee discuss key environmental issues as part of its agenda and provides regular updates at Board meetings.
- Environmental issues form part of our boardroom discussions

Read more about how we engage with our environment on pages 72-79

Principal decisions

Property transactions

During the year, the key decision made by the Board was to proceed with the acquisition of Gyle shopping centre in Edinburgh, funded by a £25 million equity raise.

In August 2022, the Group exchanged contracts for the acquisition of Gyle shopping centre in Edinburgh for £40 million and the acquisition completed in September 2023. As part of the transaction the Group secured a new £16 million five year debt facility provided by the vendors. In considering whether to proceed with the proposed acquisition the Board considered the trade off between growing the Company and being accretive to Adjusted Profit per Share versus the dilutive impact that issuing shares at a discount to Net Asset Value would have to Net Asset Value per share and a marginal increase to the Group's Net Loan to Value ratio.

Consideration of stakeholders

In respect of the Gyle acquisition the Board gave consideration to the views of shareholders and the balance between focus on Income and Dividends versus Net Asset Value. The Board considered that while conscious of the dilutive impact on Net Asset Value per share that as a REIT focused on growing recurring earnings the benefits of enhancing Adjusted Profit per Share and hence Dividends allied with the benefit of increasing the Group's scale the Group should proceed with the transaction.

In consideration of shareholders the Board were conscious of structuring the equity raise in a form such that all shareholders were able to participate on a fully pre-emptive basis.

Dividend payments

During the year the Board have set the level of dividend payments following the resumption in the second half of 2022. The Board discussed the level of dividend payments within the parameters of its dividend policy of paying at least 90% of the Group's EPRA profits and meeting its minimum PID requirement under the REIT regime.

Consideration of stakeholders

The Board discussed various options for setting the dividend and settled on the level of 5.70p per share for the year. The Board considered this to provide a strong dividend yield for shareholders, a 7.3% improvement on 2022 and being approximately 1.3 times covered by the Group's Adjusted Profit for the year.

The Board concluded to offer a Scrip option for both the interim and final dividends providing opportunity for shareholders to take the dividend by way of an additional issue of shares. This provided shareholders with optionality and helped partially mitigate the impact of dividend payments upon the Company's cash reserves and net debt position.

This Strategic report has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

Stuart Wetherly
Group Finance Director and Company Secretary

30 April 2024

ESG Report


Central

ESG Report

Introduction

Focus and momentum were key themes for 2023, driving our environmental, social and governance (ESG) agenda forward to ensure Capital & Regional (C&R) continue to inspire our stakeholders.

In the face of another year with a challenging economic backdrop, we stand proud of our achievements. We continued to encourage our staff to champion efficiency throughout our shopping centres and Snozone locations to drive down operational costs, significantly reducing consumption across the majority of our utilities. Recognising the strain of the cost-of-living crisis on our employees, their wellbeing continues to be a key priority by offering support and valuable resources to help them navigate these challenges.

Embracing our pivotal role as a central connection point, we have shown our unwavering dedication to the communities we serve by maintaining comfortable and inclusive environments at our assets as we expand our portfolio and hope to intensify these efforts with the acquisition of Gyle in Edinburgh.

Within this report, we highlight our ESG achievements and reaffirm our commitment to building a sustainable future for our staff, partners, and the communities we care about.

Gyle acquisition

In a challenging economic environment, we demonstrated resilience and took our first steps towards rescaling our business. Gyle is a well-established community shopping centre in Edinburgh, anchored by recognised brands including Marks & Spencer and Morrisons.

Many factors went into the acquisition of this centre, and our ESG strategy and due diligence process contributed heavily to our final decision. For example, the centre's approximately 40-acres of surface car parking provides significant potential for electric vehicle charging and onsite solar generation, and the onsite bus station already promotes public transport access.

In 2024, we will undertake capital investments in line with our portfolio standards at Gyle and listen to the needs of the local people and businesses to embed the asset in the community infrastructure.

Our reporting boundaries

The information within this ESG Report reflects the year ending 30 December 2023. Our business consists of six shopping centres and three Snozone centres. As part of our commitment to transparent reporting, we disclose data based on asset type, differentiating between shopping centres and Snozone locations. While C&R predominantly operates within the UK, we have one Snozone centre in Madrid, Spain.

C&R maintains operational control over the energy, water, and waste disposal in common areas and shared services within the shopping centres. Our shopping centre tenants have autonomy over their respective areas as we do not sub-meter energy or water consumption. As a tenant within a larger leisure scheme, Snozone has operational control over energy and water consumption, whilst waste management is the responsibility of the landlord and is outside our direct control.

C&R scores 81% on CSRHub

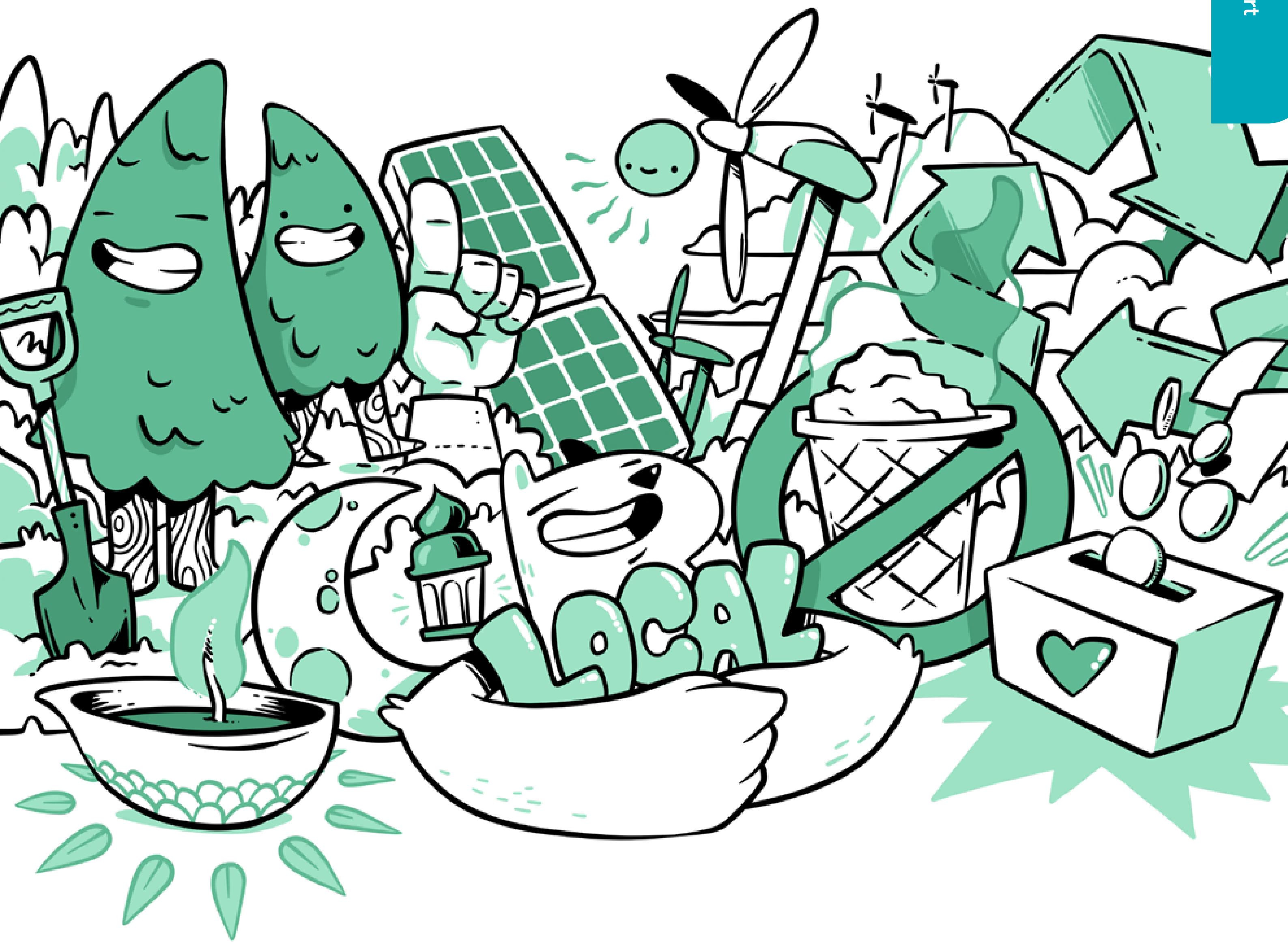
The CSRHub utilises data from 10 socially responsible investment analysis firms and over 600 diverse sources, including NGOs, government agencies, news feeds, and social networking groups, to generate an ESG performance score for companies. We received a year end score of 81%, which tracks moderately ahead of our peer group.

Our ESG strategy

Our purpose is to invest in, manage and enhance retail property by creating dynamic environments tailored to the local communities. To do this successfully, sustainability is embedded within our core business strategy and guided by five objectives (outlined below) through our integrated ESG strategy.

The strategy has three pillars, each with its own goals and measurable annual targets: Environment, People, and Communities. These seek to minimise the negative impact of our assets on the environment; provide a superior experience to our people; and respond to the unique needs of our local communities. This is all while upholding our commitment to shareholders and operating as a successful business.

The strategy is designed to address the unique needs of our business and stakeholders, underpinned by clear policies and procedures to distil sustainable thinking throughout all business activities.



Strategy & 2023 highlights

Leading in **Sustainability** within our communities

- To take an active lead in developing and delivering sustainability within our communities
- To continue to identify sustainable practices to manage our buildings responsibly
- To develop cultural ways of working that are obsessive about waste, recycling and reducing our carbon footprint
- To play our part in an effective response to the urgent threat of climate change, aligning with the 2015 Paris Agreement commitments
- To reach net zero by 2040

Our ESG Strategy

Environment

We had another successful year regarding our environmental performance, surpassing almost all of our annual utility reduction targets, further embedding operational excellence within our procedures, and achieving substantial emissions reductions compared to 2022 as well as our 2019 baseline.

35%
reduction in scope 1 & 2 emissions since 2019 (location-based)

8%
reduction in energy consumption since 2022

EPC B
achieved for The Mall Maidstone, The Mall Wood Green and Snozone Yorkshire

12,500+
trees planted by Snozone

People

Our people are at the core of our business, and our focus has been on engaging them through a renewed purpose, inclusive culture, commitment to wellness, and training and development opportunities.

2,000+
hours of training and development completed across our business

74%
team retention at Snozone

91%
of respondents to our diversity and inclusion survey say we have cultivated an inclusive and welcoming environment

0%
gender managerial gap across C&R

Community

We pride ourselves on connecting with our communities, reinforcing our support to local charities, contributing to important causes, providing inclusive experiences, and bringing people together.

£331,000
raised in total for charities and community groups

293
community groups and charities supported

102%
participation growth in disability snow sports lessons

22%
increase in Snozone's school programme


Morrisons
Since 1899
MORRISONS

External Initiatives and Benchmarks

We are a member of the Better Buildings Partnership (BBP), which facilitates collaboration between property owners and real estate investors to drive the industry's sustainability transition. Our shopping centre business is a signatory to the BBP Climate Commitment, and in 2024, we will publish our Climate Adaptation Plan.

We report in line with the Task Force on Climate-related Financial Disclosures (TCFD) to effectively manage our material climate-related risks and opportunities and support informed investment decision-making (see our 2023 disclosure on pages 108-119).

Aligning with external initiatives and benchmarks

Since 2018, C&R has been participating in GRESB, the world's leading ESG benchmark for real estate and infrastructure, helping investors make informed decisions. In 2023, we received two stars, scoring 73 out of 100, a three point increase compared to 2022 and we are focused on implementing measures to further increase our score in 2024.

The United Nations (UN) Sustainable Development Goals (SDGs) is a comprehensive international framework that aims to tackle pressing global challenges and promote sustainable development. C&R's ESG strategy takes a direct and proactive approach in contributing to the achievement of seven specific SDGs.

The European Public Real Estate Association (EPRA) is a non-profit organisation which promotes transparency, best practices, and standardisation between the European listed real estate sector and investors. As EPRA members, we report in line with EPRA's Sustainability Best Practices Recommendations (sBPR) reporting guidelines.

Realising the Ambitions of the UN SDGs

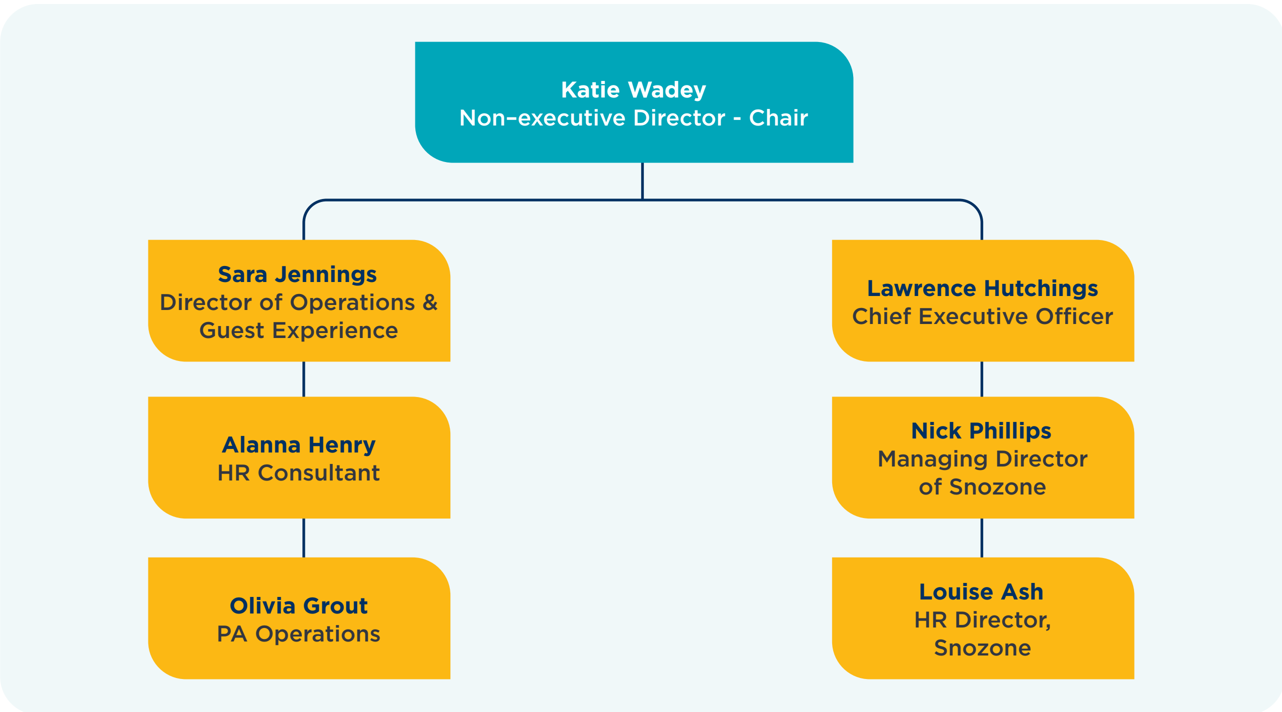
SDG	Summary
1	**We will help to eliminate poverty in all its forms, everywhere** by ensuring our staff are supported through the current cost-of-living crisis, implementing our national minimum wage (NMW) policy and working with third-party suppliers to do the same, promoting positive financial management and offering tools like Wagestream, a financial management platform, to our Snozone employees, providing upskilling and job opportunities to local communities, and fundraising for charities that support ending poverty and homelessness.
3	**We will promote wellbeing for everyone** through a suite of policies and procedures encompassing health and safety, wellbeing and mental health and human rights, nurturing a wellness culture for employees, and providing space for accessible public health services by partnering with the NHS.
4	**We will support lifelong learning opportunities** by providing education to the local community through the Community Wheel of Support initiative in our shopping centres, Snozone's status as a three-time winner of the School Travel awards for 'Best Sporting Venue' for children learning outside the classroom, and our comprehensive employee training programme.
5	**We will promote gender equality and empower all women and girls** through Snozone's female-first marketing approach, tailored recruitment and support for Sports England's This Girl Can campaign, upholding diversity policies and zero-tolerance towards all forms of violence, and monitoring gender balance performance data.
8	**We will promote sustainable economic growth and decent work for all** through our Modern Slavery Champion Programme, which spreads awareness across our business about modern slavery and hidden labour exploitation, supporting local start-ups and small businesses to thrive in our centres, helping local charities who work with disadvantaged members of society, offering apprenticeships, and developing career mentoring initiatives for youth in our communities.
11	**We will provide inclusive, safe and resilient spaces for all** by managing our buildings responsibly and embedding them in the community fabric, operating inclusively such as through Snozone's long-term partnership with Sense and their Disability Confident Employer status, and maintaining access to public spaces to promote wellbeing and community cohesion.
13	**We will take urgent action to combat our contribution to the climate crisis** by transitioning to net zero carbon, executing best practices in energy, water and waste management, continually reviewing the capital investment plan for each venue and centre, working with tenants to achieve mutual environmental performance gains, and spearheading green community initiatives.

Governing ESG

C&R's ESG strategy is governed by our ESG Committee, who is responsible for ensuring accountability, its implementation across the business, and identifying opportunities where ESG can be further integrated into operations. The Committee meets quarterly to receive updates on activities and progress against targets and is supported by three subcommittees, each responsible for monitoring progress against the targets of the strategic pillars.

Sara Jennings, Director of Operations & Guest Experience, and Nick Philips, Managing Director of Snozone, lead our ESG activities at the asset level through close collaboration with onsite managers and teams. In recent years, C&R has put in motion a widespread culture shift that has fostered a sense of responsibility, particularly amongst operations teams, of the role every individual can play in realising our sustainability goals to provide a superior offering.

To ensure accountability and engagement with our ESG strategy, ESG is on the agenda in all Senior Leadership Team (SLT) meetings and every employee has defined ESG objectives, specific to their team and seniority level. ESG is also part of our communications strategy, internally and externally, including dedicated website pages, signage in shopping centres, and frequent updates in investor presentations.



Creating value for our stakeholders

Our stakeholders	How we engage them	Issues that are important
Our shareholders	Results presentations, roadshow meetings, AGM, Group ESG meetings, ad hoc meetings, requests and email correspondence, Capital Markets Days and asset tours, attendance at investor conferences	Financial and operational results, awards, retail and property market perspectives, potential growth opportunities and/or corporate activity, environmental performance, social contribution, governance compliance
Our employees	Staff Pulse Engagement Surveys, ESG staff training, ESG Officers, business-wide town halls with internal updates and guest speakers, monthly Employee Voice meetings and 24/7 anonymous feedback platform, coaching and mentoring programme	ESG, health and wellbeing, community support, leadership and line management training
Our suppliers	Tendering, appointment and monitoring against defined capital and revenue project scopes, regular performance review meetings	Values and vision, community relevance, local employment, sustainability credentials, cost-effectiveness, performance
Our retail customers and occupiers	Marketing boards, website, engagement with agents, onsite meetings, social media, business exposure onsite, local authorities and investment	Identifying the right location, demographic, leasing, term and budget, branding and fit-out of their unit, footfall
Our communities and guests	Websites, social media, marketing events, loyalty card, emails	Consumer marketing campaigns, ESG, charity and community support, new retailer openings
Local authorities	Ad hoc interactions between varying levels, charitable support, headlease engagement where local authorities are our freehold partners	Planning applications, headlease administration, town centre master planning, Business Improvement Districts, business rates, town centre marketing/event support, key stakeholder interactions

Environment

2023 reflects an extremely successful year for C&R's environmental performance, particularly regarding our energy consumption.

We surpassed all our annual utility reduction targets, with the exception of water for shopping centres (explained in more detail on page 78), improving our efficiency levels compared to 2022 as well as our baseline year of 2019. This was amidst a challenging economic climate that is placing a higher scrutiny on spending as well as significant development and refurbishment activity within our shopping centre portfolio.

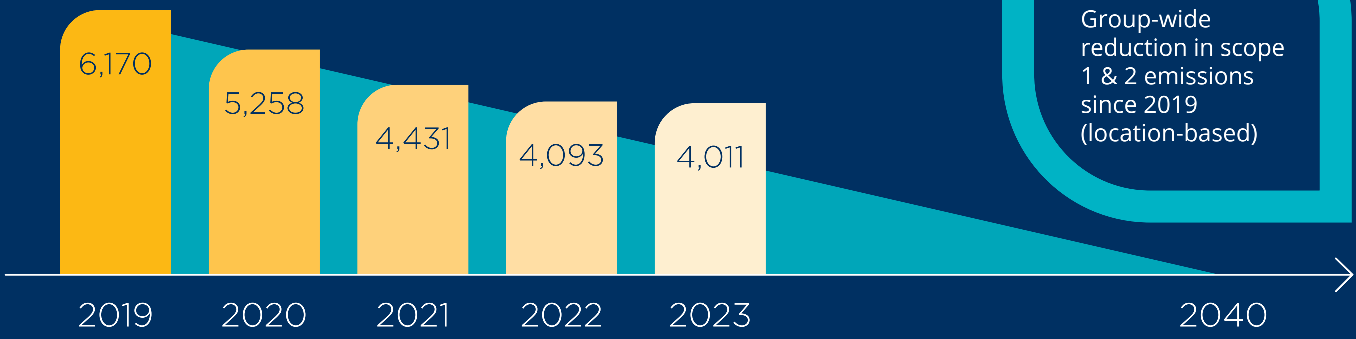
These achievements are a result of our ongoing efforts to bring environmental considerations front and centre throughout the property lifecycle, from acquisition and fit-outs to planned maintenance and property management. As an owner and operator of retail and leisure assets, we have a duty to be a responsible landlord for our retailers, visitors and local communities, ensuring that we manage the resources we use and produce in a sustainable way. This elevated way of thinking can be seen in our recent acquisition of Gyle, where we evaluated the acquisition through the lens of environmental risks and opportunities, identifying the asset's potential to create value and at what cost to the business considering the asset's unique characteristics.

As we look ahead, and in the context of an ageing portfolio, the focus will remain on delivering our net zero carbon pathways, implementing environmental improvements through design, retrofit, maintenance and monitoring activities, whilst driving productive partnerships and conversations with occupiers to mutually reach our ambitions.

We are contributing to the following SDGs:

- **35%** reduction in scope 1 and 2 emissions across the Group compared to the 2019 baseline
- **EPC B** achieved for The Mall Maidstone and The Mall Wood Green
- **BREEAM Very Good** awarded to The Mall Wood Green
- **£250,000** invested in three new blast cooler units at Snozone's Milton Keynes venue, saving approximately 200,000 kwh a year
- **18%** reduction in Snozone's water use compared to the 2019 baseline year
- **Zero** waste to landfill achieved in shopping centres since 2018.
- **23,681 trees** planted by Snozone through our partnership with Tree-Nation since 2021

Net zero by 2040 roadmap



35%
Group-wide reduction in scope 1 & 2 emissions since 2019 (location-based)

Embodied carbon

- Define and introduce sustainable refurbishment guidelines for major and minor refurbishments
- Conduct whole-life carbon and climate risk assessments for all refurbishment and fit outs

Operational Carbon

- Implement occupier engagement strategy and scale up the use of green lease clauses
- Improve data accuracy and coverage
- Embed net zero criteria into the pre-acquisition process
- Integrate findings of asset level audits into existing multi-year carbon reduction plans for each asset, and extend plans to incorporate asset-level climate risk information
- Complete LED lighting upgrades in Gyle
- Continued investment in new plant and equipment
- Achieve 80% reduction in operational carbon (scope 1 & 2) by 2036

2023 PROGRESS

- Reduced scope 1 & 2 emissions by 35% since 2019 (location-based)
- 100% of assets equipped with LED lamping, excluding Gyle
- Developed green lease clauses for inclusion within renewals and new lease contracts
- Embedded ESG into acquisition due diligence check list and occupier engagement processes
- 100% of occupier data sourced
- £250,000 invested in three new blast cooler units

Onsite generation

- Onsite renewable energy strategy in development
- Solar PV installation

2023 PROGRESS

- PV feasibility study conducted on select shopping centres

Renewable energy procurement

- Work with occupiers to increase high-quality renewable energy procurement

2023 PROGRESS

- 100% electricity consumption from renewable sources

Offsetting

- Develop a carbon offsetting strategy
- Plant a further 9,000 trees in partnership with Tree-Nation by the end of 2023

2023 PROGRESS

- 23,681 trees planted by Snozone since 2021, reforesting 24 hectares
- 2,282 tCO_2 offset to date

*Emissions figures are location-based and reflect our like-for-like portfolio, which excludes the acquisition of Gyle in 2023

Environment

Shopping centres will be net zero carbon by 2040

The scope of our shopping centres' net zero pathway is aligned with the BBP Climate Commitment and the UK Green Building Council's (UKGBC) definition of net zero. It covers our scope 1 and 2 emissions as well as scope 3 emissions relating to embodied carbon from refurbishments and fit-outs, occupiers' energy consumption and other measured emission sources. The pathway prioritises the necessary emission reductions up to 2040 and beyond, in line with best practices such as the Carbon Risk Real Estate Monitor (CRREM) and the forthcoming UK Net Zero Carbon Buildings Standard, supported by a clear and actionable implementation plan, designed with all stages of the property lifecycle in mind. In 2024, we will recalculate our CRREM pathways to align with the most recent changes to our portfolio. Asset interventions recommended by the framework will provide insight as we continue to develop our future plans. Read our pathway to net zero carbon for more information.

Our development strategy favours refurbishing existing assets and fit-outs rather than building on greenfield sites, and so we actively scope opportunities to minimise the embodied carbon associated with these activities. As the emissions associated with operating buildings decrease, embodied carbon – meaning the emissions associated with materials and construction processes throughout the whole lifecycle of a building – will account for a larger part of a building's carbon footprint in the future.

Our Net Zero Carbon Committees across each of our centres govern the progress of our pathway through the management of interventions, monitoring performance and opportunities, increasing occupier engagement, and planning EPC performance improvements. Their focus is centred on the Net Zero Carbon Committee Wheel of Delivery's 12 target areas such as ESG training, green leases, refurbishments, and water and waste management. Each centre's Committee updates are presented quarterly to the Board by our ESG Committee to monitor and discuss progress.

We report our emissions in line with the Greenhouse Gas (GHG) Protocol and in 2023, shopping centres achieved a 72% reduction in scope 1 emissions and a 31% reduction in scope 2 emissions (market-based) compared to the 2019 baseline. This is equivalent to 1,253 tCO_2e. We have also achieved a decrease in our scope 1 and 2 GHG emissions intensity of 38%, reflecting a 0.4 $kgCO_2e/ft2$ decrease since 2019 (location-based). Additionally, 100% of our landlord electricity consumption is sourced from renewables.

Energy efficiency

Our net zero carbon pathway prioritises reductions in energy consumption to reduce our scope 1 and 2 emissions. In 2023, our focus has been on quick wins that collectively have a big impact. Efficiency improvements result from the hard work of onsite staff who understand the benefits of environmental improvements, effectively implementing our policies, and proactively seeking opportunities to reduce our consumption through operational efficiencies.

As such, we surpassed our annual target for electricity in 2023, reducing our consumption by 3% compared to 2022 and 15% compared to the 2019 baseline. Measures to achieve this included the continued roll-out of our LED lighting replacement programme, which is now complete across the portfolio with the exception of Gyle, our recently acquired centre.

Regarding gas, we substantially outperformed our annual targets realising a 15% reduction compared to our consumption in 2022 and a 72% reduction compared to 2019. This is largely due to the removal of gas from The Mall Wood Green as part of our lease with the NHS, where we capitalised on the opportunity to replace the boiler with a new air handling unit (AHU), incorporating a split DX system, heat pumps and a thermal recovery wheel to further increase efficiency.

In 2024, we will work towards gaining complete visibility of our energy usage to avoid wastage and improve efficiencies through the implementation of circuit-level monitoring on all landlord-controlled energy meters. As a first step, we will install the sensors at two pilot sites. The sensors will monitor the flow of energy, and then transmit data every 10 seconds to our cloud-based monitoring platform.

Occupier engagement

Across our shopping centres, we have 462 diverse occupiers, whose energy consumption accounted for approximately 70% of our total emissions in 2023. This relates to the energy occupiers use for activities such as lighting or heating their stores. As this energy use is outside of C&R's direct control, reducing it relies on regular and constructive engagement through our occupier engagement strategy. The strategy includes net zero carbon audits, sustainability training and upskilling for both our team and occupiers, as well as the implementation of engagement initiatives.

In 2023, we continued to progress in embedding ESG within occupier engagement processes. For example, ESG is on the agenda in every commercial team meeting, and mandatory ESG-focused questions have been implanted into the leasing process before the deal can proceed. This ensures that ESG information for each lease and unit is available on our reporting system for employees to access when needed.

Owing to more stringent UK regulations, EPC ratings are a top priority for C&R and are included as a key target area in our Net Zero Carbon Pathway Wheel of Delivery. EPC ratings are available to Leasing Executives via our EPC Management dashboard to ensure they have sight of the unit's performance during lease expiration, renewals, and lettings. The EPC ratings are also included within internal KPIs and in the deals submitted to our SLT for approval, as well as the heads of terms when the commercials are agreed. Once agreed, the team ensures the certificate is adhered to during the lease through regular checks and has implemented the same checks for existing leases. If units are found to not be in line with the required EPC standards, we engage with retailers to help improve their performance, capitalising on key touch points such as if they choose to expand along with lease renewals. Additionally, when units become vacant, we improve their energy performance as needed through measures such as the installation of LED lighting. This not only brings the unit in line with our standards and UK regulations but helps to attract occupiers through the provision of efficient spaces.

During renewals and new leases, we have begun adding green lease clauses where feasible to encourage collaboration and more sustainable practices. For example, our intention is for all new leases to allow the landlord to obtain an EPC, share tenants' energy use on an annual basis, comply with C&R's ESG policies, support energy efficiency improvements of landlord plant and machinery under the service charge, and implement enhanced regulation on waste management.

With diverse occupiers, the support required from C&R to realise improvements can vary quite substantially. With 32% characterised as independent, more extensive engagement is often required from C&R in the form of education and upskilling on topics such as environmental regulation and cost-saving benefits as well as capital investments, where feasible. To support them, we provide fit-out guidelines that must be complied with and commercial and operations teams consult extensively with occupiers to ensure they understand the requirements included within the guidelines and how to implement them. These shop fit design criteria cover topics such as mechanical and electrical specifications, sprinkler systems, interior design, construction, and ongoing maintenance requirements. We are also in the process of updating these guidelines to include a series of sustainability initiatives, covering best practice retail fit-out and operation. New measures cover key ESG aspects, including efficient water, waste and energy management, the health and wellbeing of guests and employees, as well as accessible and inclusive design.

Managing these scope 3 emissions effectively also relies on collecting occupiers' energy data so we can measure and track progress, have meaningful conversations and identify areas where interventions should be made. In 2022, we successfully collected 69% of occupiers' energy use data across the portfolio, leveraging our onsite relationships. However, this was extremely challenging considering the extensive engagement required and is an issue being faced across the industry. In 2023, we sought to improve this process, partnering with Arbnco to source the data directly from occupiers' energy meters. As a result, we were able to source 100% of occupier energy data in 2023. Currently, this data is not available at the individual occupier level but is collated into groups of four due to data protection regulations. Nevertheless, this is invaluable information for C&R, helping us to analyse these emissions on a quarterly basis and undertake credible scope 3 reporting.

Sara Jennings
Director of Operations & Guest Experience

2023 was another successful year for Capital & Regional on our pathway to net zero carbon.

With sustainability, energy efficiency and community support at the heart of our business, our teams have been working hard to continue to find ways to integrate ESG into all aspects of our everyday, to transform our operations.

Across the business, we recognise that the positive steps we take, the plans we implement now, will make huge impacts on the communities that we serve for generations to come.

Environment

Delivering invaluable spaces with the NHS

Since 2021, C&R has been collaborating with the NHS to bring exceptional spaces to our local communities. For example, the Community Diagnostic Centre (CDC) in The Mall Wood Green, the first in the country to be located in a shopping centre, provides critical diagnostic services to the local neighbourhood. In 2023, the project won the Asset Management Initiative category at the REVO Awards, with a vision to shape retail to create meaningful places. This was due to the project assisting in addressing national diagnostic care shortages.

A second NHS project at The Exchange, Ilford is nearing completion and will open in late Spring 2024.

Snozone will be net zero carbon by 2040

Snozone's net zero pathway, informed by the GHG Protocol, consists of a comprehensive annual capital investment programme to decarbonise our portfolio with the aim of achieving net zero by 2040. We recognise the impact of our operations on the environment and are committed to minimising our carbon footprint.

We report our emissions in line with the GHG Protocol, and in 2023 reduced our scope 1 emissions by 25% and scope 2 emissions (location-based) by 32% compared to the 2019 baseline. This is equivalent to a combined reduction of 894 tCO_2e. We have also achieved a decrease in our scope 1 and 2 GHG emissions intensity of 31%, reflecting an 8.1 $kgCO_2e$/ft2 decrease since 2019 (location-based). Additionally, 100% of Snozone's electricity consumption is REGO certified, sourced from renewable sources and contains no biomass.

Energy efficiency

Snozone continued to make substantial decarbonisation investments in 2023, helping us to considerably surpass our energy reduction targets for the year. We reduced our electricity consumption by 11% versus the prior year and by 16% against 2019. Gas consumption reduced by 15% compared to 2022 and by 25% against 2019. In 2024, we have targets to achieve a further 5% reduction in both electricity and gas use compared to 2023.

The nature of Snozone's business activities, which includes making snow and maintaining it at minus 3°C, requires a notable amount of energy consumption so we have a laser focus to operate as efficiently as possible. Our rolling capital investment programme over the past five years has been wholly geared towards decarbonisation, and we are currently in the second year of a four-year plan to improve the efficiency of our key plant output. In 2023, this included investing £250,000 in three new blast cooler units at our Milton Keynes venue, which will save approximately 200,000 kWh of electricity a year. Not only are the blast coolers more energy efficient, but they also regulate temperature outflows to a superior standard than previously. This means that we generate less power now to maintain the required temperatures.

We also acquired bespoke Voltage Optimisers at our Yorkshire and Madrid venues, which regularise power flow, contributing to a material consumption reduction. These optimisers ensure that the plant and machinery are only supplied with the power they need, thus eliminating over-usage drawn from the grid. In 2024, the optimisers will be installed at our Milton Keynes venue.

We further improved the insulation of our ski slopes throughout 2023 across all venues. With the buildings where Snozone venues are located now over 20 years old, insulation needs to be replaced on a rolling basis to maintain optimal efficiency. Using 3D scanners, we pinpoint areas where energy could be escaping and then renew or replace insulating materials to retain more cold air temperatures, ultimately reducing demand for the chiller motors and, therefore, energy consumption. All Snozone venues are now fully fitted with LED lighting and the Group undertook a de-lamping project in 2023 to remove unnecessary lighting, thus also aiding the overall reductions in consumption.

Scope 3 emissions

Snozone operates two fully licensed restaurants in the UK - The Alpine Kitchen. Our coffee provider delivers their supplies in electric vehicles and their product comes in biodegradable packets, and our soft drinks supplier delivers all soft beverages in 100% recyclable glass bottles.

Through improved automation of our ordering and a robust planned preventative maintenance schedule, supply chain visitation to the venues has reduced by about 30% compared with 2022, thus aiding a reduction in scope 3 emissions.

Regarding employee travel, we offer team members the option to join our Cycle to Work programme, a salary sacrifice scheme that promotes commuting via bike.

Building certifications

Snozone venues have EPC ratings of B in Madrid, B in Yorkshire, and C in Milton Keynes and these ratings reflect how much more efficient we are than comparable businesses in our sector – often ranging from a C to an F. In 2024, our focus will be on achieving an EPC B for our Milton Keynes venue.

From 1 April 2023, EPC rating regulations tightened, requiring all existing leases to achieve a minimum EPC rating of E. At the end of 2023, 96.8% of EPCs for our shopping centre units are rated E or above, with 70.6% rated as C or above. The remaining 3.2% accounts for retail shell units that are not currently in scope for a rating. In 2023, we established an EPC Management dashboard using Power BI, which allows us to monitor EPC regulations and capex requirements to establish required actions, improve ratings through fit-out design, and implement an active management plan per centre. Our focus in 2024 will be to monitor the EPC Management Plan per centre and compare the portfolio results with sector and national averages for comparable buildings.

At the centre level, as a result of our energy efficiency efforts in 2023, we improved our EPC ratings for The Mall Maidstone and The Mall Wood Green. Together with 17&Central, Walthamstow, these three centres have EPC B ratings. Only two centres – The Exchange, Ilford and The Marlowes, Hemel – have EPC D ratings. Beyond EPCs, we are also looking to industry-leading sustainability certifications such as BREEAM, recognising their value in providing assurance to stakeholders of the centres' environmental credentials whilst identifying recommendations to inform our net zero carbon pathway. In 2023, we began assessing our assets against BREEAM, prioritising our largest shopping centre, The Mall Wood Green, and achieving BREEAM Very Good. Assessments of our remaining five owned shopping centres are underway and will be completed in 2024, along with the development of a long-term roadmap to implement resulting recommendations.

Pilar Cruceta
Head of Reception at Snozone Madrid

Our People

I started as a receptionist at our venue in 2003 and shortly became head of reception, a post I've held ever since, and I love working here. Solar panels have had a tremendous impact on electricity costs, which have been significantly reduced by around 40% since the installation was completed, enabling us to re-invest in other utility-saving initiatives.

What I like the most about Snozone is the commitment of the company and colleagues. There is always a positive atmosphere and a desire to make the company better. Adapting to changes that C&R introduced when they acquired us has been easy because of the way we were communicated with, and this has continued, making us feel super valued.

Environment

Renewable procurement and onsite generation

Shopping centres' landlord electricity is 100% renewable and REGO certified. However, the transition to renewable gas has proved slower and more challenging, particularly considering our Food & Beverage (F&B) occupiers and their higher reliance on gas sources.

Snozone's electricity is 100% renewable and 100% traceable, sourced from the Hornsea North Sea wind farm for our UK venues, about 90 miles from our Yorkshire venue. In Madrid, 68% of power is sourced from a mixture of solar, wind and nuclear energy, with the remaining 32% supplied by 1,600 of our own solar panels.

For both asset types, we continue to investigate opportunities to increase onsite renewable energy. For our shopping centres, we are working through a feasibility study on implementing solar PV at select assets.

Nature and offsetting

C&R wants to contribute to a nature-positive future by helping to restore ecosystems and supporting biodiversity to flourish. At the same time, even when undertaking the maximum efforts to reduce emissions, we expect there will be a proportion of unavoidable emissions for which carbon offsets may need to be used.

One of the ways we do this is by helping to mitigate the alarming rates of global deforestation. In 2021, Snozone partnered with Tree-Nation, a credible worldwide tree-planting scheme, which creates biodiversity in areas of the world where it's needed. Since the partnership began, we have planted 23,681 trees in Africa, reforesting 24 hectares. This also helps Snozone offset its carbon emissions, with 2,282 tCO_2 offset to date. In 2023, we outperformed our target to plant 9,000 trees, planting over 12,500, and by the end of 2024, we have a goal to reach 32,000 since the partnership began.

In practice, one tree is planted for every 38,000 visits to our website, thus rendering our website 100% carbon neutral. We also plant two trees for every guest who joins our Snozone membership scheme and for every second lesson that is booked on our learning to ski or snowboard lesson pathway, which is a key part of our offering.

Ilford InGreen action day

The team from The Exchange, Ilford joined community partners at the Ilford InGreen action day to help clear up key areas of the town centre. This included litter picking around the High Road and giving the garden at VHP Hindu Centre of Ilford and Vine Court Church a makeover with some new plant beds. The group collected over 15 bags of rubbish, pulled dozens of weeds, planted over 20 new plants and had a combined step count of over 125,000 steps.

One of the ways our shopping centres foster biodiversity is through the introduction of beehives. We previously introduced these at The Mall Luton on the rooftop and in 2023, we installed two bee hotels in the garden next to the bus lane at The Mall Maidstone, which are also present at The Mall Wood Green and Gyle. These will help structure the nests of solitary bees, mimicking the national cavities that bees would use, such as holes in wood or hollow planet steps.

Water

For shopping centres, water consumption increased by 14% in 2023 compared to 2022 and 3% against the 2019 baseline. The increase is due to the major works that took place, including the introduction of the Crate Food Hall and residential works in 17& Central, Walthamstow, the NHS CDC in The Mall Wood Green, and the NHS Health Centre in The Exchange, Ilford. We also experienced significant water loss in The Exchange, Ilford due to a contractor incident onsite. In the latter part of 2023, we installed smart water meters to receive more accurate and real-time data that can focus our interventions, and we have set a target to reduce water consumption by 10% compared to 2023.

Snozone's water-consuming activities largely consist of creating snow as well as our kitchens and bathrooms. Through an improvement to ways of working, Snozone reduced its water consumption by 13% versus 2022 and by 18% compared to the 2019 baseline year. This is due to effective snow management, which reduces the need for more water to be used. Building on this, we have set a target in 2024 to achieve a further 10% reduction in water use compared to 2023.

Waste

Across the shopping centre portfolio, zero waste goes to landfill with 33% of waste recycled and 67% recovered in 2023. Nevertheless, together with our partner Don't Waste we continue to integrate ways to scale up and enhance our circular economy practices at the shopping centre level. In 2023, this included introducing two new recycling streams for wood and scrap metal. We also conducted two retailer engagement sessions aimed at enhancing waste management practices within the centre. These sessions were designed to educate retailers on the importance of waste segregation and recycling, with a specific focus on coffee bean waste recycling.

Other centre initiatives included a Love Not Landfill campaign ran by 17&Central Walthamstow with ReLondon, installing a clothes recycling bank in the shopping centre. This was to encourage our guests to give their pre-loved clothes and textiles a second chance and reduce the amount of clothing taken to landfill. At The Exchange, Ilford, we ran a summer campaign consisting of fun activities, events, crafts, entertainment and competitions, all based around the theme of helping to save our planet. Activities included a life-size inflatable whale theatre performance focused on plastic pollution in the ocean, a Bjorn the Bear performance focused on climate change, a recycling demonstration workshop, a smoothie bike challenge, and a vintage fashion pop-up market.

According to Don't Waste, which meticulously tracks and records all site waste data per grade, category and treatment method, our waste practices in 2023 saved over 2.3 million m^3CO_2, almost 4.5 million kWh of energy, 8,639 trees, and over 13.2 million litres of water.

Snozone venues eliminated all single-use plastics from our restaurants in 2021 and this now extends to clothing and merchandise in our onsite gift and equipment shops, achieved through our long-standing relationships with suppliers. As a tenant, waste management falls under the responsibility of Snozone's landlords and is therefore outside of our direct control. Nevertheless, Snozone implements effective waste segregation practices, with defined bins for general, food, plastic, and paper. Snozone also has ESG Officers at each venue who help with waste reduction initiatives such as encouraging the use of recycling bins and reducing printer paper. The Food & Beverage managers in our Alpine Kitchen restaurants also pay close attention to ordering products through an integrated stock and order system, as well as portion control through adherence to menu specifications to reduce food waste.

Climate risk

Human-induced climate change is causing shifts in weather patterns across the world and is projected to intensify in the coming years. We are already experiencing the impact of these events first-hand, leading to disruption in our shopping centres. As we play a crucial role in our local communities, climate-related centre disruptions can limit the public's access to vital products and services and can have adverse effects on the health and wellbeing of our guests and staff. We are working to ensure we have the policies and procedures in place to address climate-related risks and mitigate their negative consequences.

Partnering with experts, we have critically analysed our governance of climate-related considerations and assessed our climate-related risks and opportunities via a quantitative modelling assessment featuring multiple climate scenarios and time horizons. This enabled us to develop a comprehensive understanding of our exposure to climate-related physical and transition risks that could present material financial impacts on our business.

In 2023, we strengthened our Group's climate resilience and alignment with the BBP Climate Commitment by developing our Climate Adaptation Plan. This comprehensive plan serves as a toolkit and management framework for navigating a world increasingly affected by climate-related impacts. To ensure effective execution, senior members of our team have been assigned formal oversight responsibilities for the distinct elements of the plan.

Our evolving climate resilience strategy is actively shaping our management approach to climate-related risks. Furthermore, it is helping identify beneficial opportunities, such as reducing operational costs and capital expenditure whilst increasing revenues and asset values. For example, we implemented Voltage Optimiser equipment at our Snozone venues to weatherproof the assets and regulate their power supply. By embedding climate-related risks and an adaptative strategy into our overall strategic approach, we have positioned ourselves to make informed decisions regarding financial planning and investment choices throughout the lifecycles of our existing and targeted assets. This enables us to proactively manage and mitigate risks associated with climate change, ensuring the long-term resilience and sustainability of our portfolio. To learn more about our climate risk management, see pages 108–119 for our third response to the Task Force on Climate-related Financial Disclosures (TCFD).

Catriona Baillie
Marketing Manager, The Mall Wood Green

Our People

Catriona joined Capital & Regional in 2021 as Marketing Manager at The Mall Wood Green. Previously, Catriona enjoyed a successful career with JLL and intu Properties, working on local and national shopping centre marketing campaigns as well as corporate responsibility initiatives, which is how she developed her strong interest in ESG.

Catriona's role in Wood Green focuses on delivering the centre's Community Wheel of Support strategy: liaising with stakeholders to improve the local area, working with charities on events, and developing campaigns to support local arts, culture, diversity, accessibility, and sustainability. The centre's partnership with North London Samaritans has been a key success.

Catriona leads the group marketing meetings, supporting the centre marketing managers to work collaboratively and share best practice to deliver results. As a member of the ESG subcommittee, Catriona is passionate about communicating the centres' wide-ranging impact and achievements and has spearheaded several successful award bids including Revos, Sceptres and a prestigious Health Service Journal Award for the Wood Green Community Diagnostic Centre.

Catriona enjoys the broad nature of the role, with a typical week encompassing everything from supporting a retailer with a new store opening, creating content for the centre's digital channels, devising a new guest experience and volunteering with a local charity. The Mall Wood Green offers Catriona an opportunity to diversify her marketing skills as the centre is home to a range of F&B, leisure, and services alongside traditional retail.

People

At the core of our business lies the strength of our team. We are promoting a culture of empowerment that enables our colleagues to thrive in their careers and reach their full potential.

The success of our business relies on the staff that carry out our day-to-day operations, so we make it our mission to offer a workplace that provides support, thrives on diversity and inclusivity, and has open communication between our SLT and the rest of the business. Through our various staff surveys, we encourage employee feedback so we can respond swiftly and effectively to their needs and concerns, whether it's regarding our physical workplace, benefits, or training and education programmes.

A new purpose for 2023

This year, we partnered with venturethree, an independent brand consultant, to elevate C&R's culture and launch four new principles that encapsulate our ethos, set a clear direction for the company and act as a compass for decision-making and behaviour. Our employees' participation was integral, as their insight and feedback fed into our final outputs. The four principles seek to build on C&R's unique identity, further cementing our intentions through clear communication to ensure everyone is working towards the same goals. They also serve as a powerful tool for recruiting and retaining talent, as when employees understand and align with a company's culture this can reap dividends for their satisfaction, productivity, and C&R's success.

We are contributing to the following SDGs:

- **Four** new cultural principles launched
- **7.7/10** average score achieved for shopping centres' employee engagement pulse survey
- **86%** satisfaction rate amongst Snozone employees
- **74%** retention rate of core Snozone staff vs. a 47% national leisure sector average
- **0%** gender managerial gap across C&R
- **89%** of respondents to our D&I survey strongly believe we cultivate a workplace environment that is inclusive and welcoming to individuals of all backgrounds
- **79%** of Snozone employees gained an accreditation or certification
- **10-point** increase achieved on the Work Health Index

‘Bring the World In’ by embracing different cultures and perspectives, which in turn, enables C&R to consider new, rich ideas.

‘Make it Count’ by placing a priority on impact, pushing ourselves to higher standards and taking ownership of our actions.

‘Uplift the Everyday’ by celebrating each other’s victories and understanding and responding to the needs of others.

‘Win as One’ by giving people the space to grow, learning from each other’s strengths, and sharing honesty to earn trust.

Employee engagement

At C&R, employee engagement is used to monitor the success of our programmes and sentiment regarding our culture, from career development and training opportunities to management and our processes. It also provides mechanisms for which staff can share their feedback with us so we can take action to evolve in line with their expectations. We firmly believe that engaging our teams means engaging our guests and retailers to provide an outstanding experience.

Since the creation of our Employee Voice Committee and our online tool that allows employees to submit anonymous feedback anytime, day or night, it has become a trusted platform where staff feel comfortable to openly share their opinions and feed into our business decisions. One new initiative conducted in 2023, was our Tree of Positivity in C&R’s support office and shopping centres. We displayed Christmas tree gift tags with a QR code, giving employees the opportunity to share how their colleagues were positively impacting them, and 27 individuals were celebrated through this initiative. This speaks to our culture and goes a long way towards helping our people feel valued for their thoughtful actions.

Our annual pulse engagement survey for shopping centres and the support office, independently completed with the Happiness Index, received an 95% response rate and an average 7.7 score out of 10, which is above the industry average of 7. We have used the results to develop an action plan with our Diversity and Inclusion and Employee Voice Committees to address how we can improve the delivery of our initiatives, support our community strategy, and innovate our communication systems. We are pleased with this result and are aiming to maintain our 95% response rate in 2024.

Snozone employees’ satisfaction within the workplace is assessed through a bi-annual survey, which measures ‘top box satisfaction’ (i.e. those team members who are ‘very satisfied or ‘extremely satisfied’ in their place of work). In 2023, the aggregated score was 86%. Engagement and satisfaction are also reflected through our impressive overall retention rate of 74% (excluding seasonal workers) against a national leisure sector average of 47%, according to the UK Office for National Statistics. Further to this, 25% of our team members have over five years of continued service.

People

C&R's office relocation

Acting on employee feedback from our 2022 staff survey, in 2023, we relocated our support office to the Strand in London, providing a new vibrant and collaborative workspace. The new location is in a lively area with excellent amenities and transport links, making it easy for staff to access everything London has to offer. ESG was a key consideration when selecting the new office, where the location, energy efficiency of the space and waste management were top priorities. We are also continuing to work with the landlord to achieve further ESG improvements, such as the implementation of food waste segregation, in line with C&R's standards. From a wellness perspective, we have included extra standing desks and employees have access to green space via an outdoor balcony. To bring the rich culture of C&R's local communities into our new space, we also commissioned a local artist to create murals in our meeting rooms to brighten and inspire.

Diversity and inclusion

Effectively serving C&R's communities requires diverse voices, skills, and perspectives so our business can grow, innovate and evolve in line with the needs of our guests and retailers. This means fostering an environment where all individuals feel valued and can contribute to their full potential, free of harassment and discrimination.

Our Diversity and Inclusion (D&I) Committee, responsible for building a diverse and inclusive workforce, ran several events in 2023 to further develop our thinking on diversity, equity, and inclusion. For example, "Get Comfortable with the Uncomfortable" video series featured employees and guest speakers who courageously shared their personal experiences and insights on sensitive topics such as race and sexuality. Other events included attending Pride's Got Talent at the Adelphi Theatre, which celebrated LGBT+ artists. We also published several educational pieces around Black History Month, Developmental Language Disorder Day, Stroke Awareness, Race Equality Week, Mental Health Awareness, and more to bring attention to these topics.

In 2023, Snozone maintained our status as a Disability Confident Employer for the fourth consecutive year, with 9% of our workforce represented by team members with a registered disability or mental impairment. With this in mind, we were approached in February 2023 by the Shaw Trust, an equal opportunity charity, to provide a four-week placement to a teenager with cerebral palsy, and we hope to offer more opportunities like this in the future.

To further track our progress, we conduct an annual D&I survey with our support office and shopping centre teams. In 2023, we received a positive response from staff, with the majority of the responses stating that C&R is a diverse and inclusive company. Proudly, 91% of respondents strongly believe we cultivate a workplace environment that is inclusive and welcoming to individuals of all backgrounds, regardless of age, race, religion, sexual orientation, or disability. We use the feedback from this

To monitor and track our progress, we set annual KPIs focused on gender, pay and ethnicity. In 2023:

- **0%** gender managerial gap across C&R
- **25.8%** mean Gender Pay Gap Across Mall People and CRPM
- **2.8%** mean gender pay gap for Snozone
- **18%** ethnic representation in Snozone's workforce

survey to inspire ideas for future initiatives and identify ways we can improve and maintain our D&I efforts.

Career development and training

We place significant emphasis on providing our people with the tools they need to succeed, adapt to today's evolving trends and challenges, and achieve their career ambitions. We do this by offering a multitude of training and career development programmes.

Performance appraisals are completed at the beginning of each year to review employees' performance over the previous year and agree on objectives for the year ahead, with 86% of employee performance reviews completed in 2023. As well as a formal mid-year review, monthly conversations are scheduled between line managers and their direct reports to regularly discuss progress against employees' personal development plans, where employees agree on the development and training support that they require. This includes accredited training as well as leadership mentoring, coaching, and courses, where supportive.

In 2023, we offered a comprehensive Line Management training course for 10 employees, incorporating both coaching and mentoring support alongside formal modular learning. The training covered four key modules including how to deliver performance through people, motivating teams effectively, accountability and difficult conversations, and the line manager as a coach. Reinforced by learning circles to embed education, coaching, and Senior Leadership Team mentorship, the programme advanced the participants' management capabilities and received positive feedback.

Across our centres and the support office, 1,872 hours of training and development were completed in 2023. This includes mandatory IT training, with 61% of staff completing all 11 sessions. The sessions covered topics such as phishing, security, personal data handling, privacy, and the UK Whistleblower Act. We also launched a new in-house training programme based on staff feedback. We developed two sessions that leveraged the expertise in our business to provide training on frequently used software programmes, including Voyager, our property and accounting platform, and Excel.

Building on the ESG training delivered to our shopping centre teams and support office in 2022, we will be implementing bespoke ESG training programmes across the entire workforce in 2024. Delivering the objectives of C&R's ESG Strategy requires creating awareness amongst staff of the individual role they can play as well as equipping them with the skills to implement the strategy effectively.

Snozone's training programme is geared towards the dual importance of developing our team members in skills that will add value to them and their future - with accredited and certified training - and in disciplines that will add value to the business. We measure the success of our efforts via our Knowledge Achieved through Training (KAT) KPI, with 79% of our workforce gaining an accreditation or certification in 2023. These subject matters range from BASI Adaptive coaching qualifications and barista training to mental health awareness training and first aid and sales training. In addition, the management team at the venues undertake a structured 'Coaching for High performance' workshop each year. All employees have bi-annual appraisals, where targets and objectives are also set for the forthcoming year. This provides an opportunity for employees to have meaningful conversations about their development and future within Snozone. As a result, we have supported our team members into more senior roles. Currently, 18% of our management team has come through our internal pathway. In addition, each year, team members are inducted into the Snozone Hall of Fame. Employees usually qualify for a nomination after a five-year period of consecutive service and must visibly uphold our values.

Humphrey Mwanza
General Manager
The Marlowes,
Hemel Hempstead

Our People

Humphrey joined the business as a General Manager in May 2019, following a successful 20-year career holding various roles within the retail fashion industry.

Humphrey thrives on delivering results through people, by engaging and supporting his team to ensure guest and customer experience is always at the heart of the everyday. Through his wealth of retail experience and industry knowledge, he works closely with our retail customers, Dacorum local council and wider community stakeholders.

In supporting the wider Hemel Hempstead retail community, Humphrey chairs the Hemel Business Improvement District Board focusing on driving footfall and ensuring a clean and safe environment and is the Director of The Hemel Garden Community Board at Dacorum Borough Council, supporting regeneration, town planning and community initiatives for the wider success of the town.

Humphrey is a member of the Employee Voice and Diversity and Inclusion Committee ensuring employees feel valued and experience psychological safety regardless of our differences.

People

Recognising employees going the extra mile

In our shopping centres, we have an ongoing programme that recognises our team members for their hard work and going the extra mile (GEM) attitude. The GEM staff awards look to recognise those team members who have shown tremendous acts of kindness and overall work effort.

Since the start of the initiative in 2018, we are proud to have a growing number of rare GEMs in our teams throughout the centres, having recognised our staff 695 times. Their consistent hard work makes all the difference to our guests, other team members and our business. For example, 50% of staff completed the WorldHost customer service training, and as a result allows us to maintain our status as a WorldHost Recognised Business. In addition to our GEM awards, we hosted our National Sparkle Awards in November, where we honoured the following team members for having truly gone above and beyond the call of duty:

Alina Barbu from The Exchange, Ilford

Akua Asantewa from 17&Central, Walthamstow

Johnson Asamoah from The Mall, Wood Green

Rachel Killick from The Mall, Maidstone

Zeny O'Hara from The Marlowes, Hemel Hempstead

As part of the Sparkle programme, we are proud to have recognised 75 staff members for their inspiring efforts in 2023. The overall winner of the Sparkle Awards 2023 was Johnson Asamoah from The Mall Wood Green.

Having delivered customer service training to around 100 colleagues within Capital & Regional, I have been incredibly impressed by the organisational-wide focus on meeting and exceeding guests' needs and expectations. I've worked with many businesses and can honestly say that the GEM programme offers a fantastic means to recognise and reward colleagues who go that extra mile to delight their guests. The Sparkle Awards in November provided a platform to formally recognise these achievements and underline the consistent commitment shown across the organisation at all levels to offer excellent customer service to every visitor."

Phil Raynsford, WorldHost, Senior Trainer

Health, safety and wellbeing

We have robust health and safety policies and procedures in place, which set standards across the business whilst safeguarding our employees, visitors and retailers. These policies undergo regular reviews to ensure their effectiveness and relevance. In the event of an incident, we take appropriate actions to address the situation and implement measures to prevent its recurrence in the future.

As well as setting annual KPIs, we also take part in the Work Health Index, which evaluates our policies, provisions and practices regarding employees' health and productivity across four areas (Work, Live, Move, and Thrive). We experienced an impressive 10-point increase compared to 2022, and the benchmark also enables us to compare our performance with other organisations. We scored 76 against an average score of 52 across all businesses. In all four areas, we scored above the sector average, reflecting our proactive approach to anticipating potential health challenges within our workforce. Our higher score in 2023 was due to improvements in several areas including maternity pay, increasing our employer pension contributions above statutory requirements, introducing a Cycle to Work scheme, provisions of mental health first aiders, facilitating regular Employee Voice forum meetings, and benefits provided by the office relocation.

This year, we updated our shopping centres' health and safety policy, redefined roles and responsibilities, and evolved our procedures to ensure we are incorporating comprehensive approaches to health and safety management. As part of this, we introduced a tailored training programme that specifically addresses the changes made to the policy and encompasses various topics such as fire safety awareness, slips, trips and falls prevention, and manual handling. In 2023, 100% of our workforce completed the training.

We strengthened and expanded our long-standing relationship with the Retail Trust, a charitable organisation that helps care for and protect people who work in retail. Staff can register for the programme for free and unlock wellness support such as physical wellbeing advice, mental health assistance, career development guidance, and online therapy. It also includes financial advice, retail discounts and rewards schemes, which assist staff through the cost-of-living crisis. To support physical wellness, we offer a Cycle to Work scheme to all C&R employees.

Wellbeing calendar

To prioritise wellness, our Employee Voice Committee developed a wellness calendar filled with tips and challenges to promote physical and mental wellness amongst our teams throughout the year. Challenges included drinking two litres of water, stretching, and practicing mindfulness techniques.

Supporting employees' financial wellbeing

As well as paying 6% above the 2023 minimum wage for all non-managerial employees, Snozone was an early adopter of Wagestream, a financial wellbeing platform, widely used in the retail, leisure, and hospitality industries. The platform enables our team to manage their earned income throughout the month linked to registered hours worked, instead of having to wait until pay day to access their wages. The initiative allows hourly workers to manage their monthly expenses and take out up to 50% and no more than £1,000 of their pay before payday. This helps to lessen reliance on credit cards and the resulting interest rates that could be incurred, with the app also providing savings accounts. Snozone has received overwhelmingly positive feedback, with 60% of its staff using this tool.

In each of our shopping centres, we also launched a new health and safety awareness campaign. As part of this, teams have been proactively monitoring weather forecasts for high winds and storms so we can mitigate potential risks and protect guests and team members from adverse conditions. Alongside this, as a precautionary measure, all our centres conducted visual assessments of external signage, considering patterns of high winds experienced in previous years. Furthermore, in 2023, all our centres were awarded gold in the UK Department of Developmental Services (DDS) audits, which demonstrates our strong commitment to health and safety for our team and guests, in addition to our new health and safety policy and training.

Given the nature of our business where velocity and gradient meet, skiing and snowboarding are sports that can also lend themselves to a degree of risk. This is at the forefront of Snozone's approach both with how the sports are taught and how the snow parks are shaped. Checks are rigorous and are performed four times a day across all venues.

Snozone carry out two independent and random audits each year conducted by health and safety provider, Citation. Testament to our approach, our venues achieved exceptional scores, with 98% for our UK venues and 97.5% for Madrid, with zero critical points. These results reflect our steadfast dedication to maintaining a safe working environment for our team members and guests. In addition, all ski and snowboard coaches must be first aid qualified before they are permitted to coach guests.

Community

Enhancing our role in the community is part of our DNA, to create tailored inclusive spaces where the community can meet and experience as well as access the services they need.

To have a positive impact within the communities where we operate and increase footfall to our assets, we focus on cohesion, cultural appreciation, inclusivity, youth education, environmental awareness, supporting local charities and economic inclusion. Our success relies on understanding the unique needs of each catchment area, as well as trusted partnerships with local organisations who help us to deliver on and scale up our ambitions. To track our progress, both shopping centres and Snozone track KPIs and set annual targets, with progress overseen by the Community Committee.

Community Wheel of Support

Community impact made by our shopping centre assets is guided by a Community Wheel of Support initiative, which actively assists locally-led projects through six potential areas. To encourage action from our centre teams, we set nine KPIs, each with a defined target level for 2023, which are then cascaded down to the centre level. Each centre is responsible for defining the needs of its stakeholders and the local organisations they should engage with in relation to the six areas of impact. At the start of the year, each centre defines the specific actions they pledge to achieve and the desired impact.

In 2023, we exceeded all but one KPI regarding volunteering hours. Some key highlights include supporting over 150 community groups, hosting 112 community events, providing almost £151,000 in community investment through sponsorships and donations, and fundraising over £46,000 through C&R Cares. Most impressively, we significantly exceeded our support for community services, including ShopMobility, Electric Umbrella, The Marlowes' Dementia Hub and the Record Shop, which totalled almost £180,000. Examples of projects for each of the six groups are included in the graphic below.

The Marlowes worked alongside the local Hemel Business Improvement District by attending 12 meetings to help improve overall town centre footfall and make it a safer place for the community.

The Mall Wood Green hosted RecFest, a free musical festival, with 60+ local, emerging artists showcasing their music.

Over 465 volunteering hours were spent supporting the community across all shopping centres.

The Exchange, Ilford worked alongside Barkingside Arts with neurodiverse artists to create inclusive activities for neurodiverse children.

The Mall Wood Green partnered with North London Samaritans as its charity of the year, raising £4,000 through events such as Mental Health Awareness week.

17&Central introduced circular economy initiatives including a book swap zone and a new donation station.

We are contributing to the following SDGs:

- **£46,195** raised through C&R Cares
- **£179,798** donated to supporting community services.
- **293** different charities and community groups supported
- **465** hours of volunteering
- **Over 250** free ski and snowboard lessons offered to women and girls by Snozone
- **2,056** disability snow school adaptive lessons provided by Snozone
- **£2,000** raised for Snozone's charity partner, SENSE
- **+700** schools participated in Snozone's education programme to date

Working with The Good Economy Partnership on impact management

We worked with The Good Economy Partnership in 2023 to conduct a social impact assessment across our shopping centre portfolio to measure and quantify the positive and negative impact we have on people and the planet. The assessment informed C&R's social impact goal, which is to maximise the potential of retail and leisure assets by creating locations where people want to be, businesses thrive, and local communities flourish.

Starting in 2024, we will implement a three-year framework to achieve this goal, driven by five objectives:

- Curate thriving destinations that meet local needs
- Form quality partnerships to maximise impact
- Act as a responsible and inclusive landlord and business
- Provide meaningful community and charity support
- Make a positive contribution to the natural capital and low carbon agendas.

Each objective has a set of metrics to be achieved at the centre, portfolio and/or corporate level so we can prove and improve our level of impact creation.

2023 Community contributions

£331,000
raised in 2023

293
charities and community groups supported

Education

700
affiliated schools across Snozone venues

900
school uniforms donated for children in need

382
books donated to The Children's Book Project for disadvantaged children

Inclusivity & accessibility

2,000
adaptive ski lessons offered across Snozone locations

250
free ski lessons for women and girls

14,000
people have accessed essential services through Wood Green CDC

Community events

112
community events hosted throughout our shopping centres

60+
local artists showcased at The Mall Wood Green

3
community projects shortlisted for REVO awards

Fundraising & donations

£180,000
in support for community services

£150,945
in community investments through sponsorships and donations

£46,195
raised through C&R cares

£30,000
in donations from our Christmas Grottos

£4,000
raised for mental health services during Mental Health Awareness Week

£2,000
raised for Snozone's charity partner SENSE

Community

Step Now partnership

Since 2021, we have partnered with Step Now, an organisation that seeks to provide opportunities for disadvantaged young people. So far, we have hosted eight students, welcoming them to our support offices to meet with our teams to learn about each department's responsibilities. They have the chance to job shadow to understand specific roles across the business and attend a site visit to one of our centres, which includes a tour to provide firsthand experience of day-to-day operations. They have also visited Snozone where they took part in an interactive session with the directors to understand how Snozone operates as a commercial business, to assist them with their business knowledge and support their NVQ learning.

Charitable fundraising and volunteering

Through the collective efforts of our shopping centres in 2023, we supported 140 charities and 153 community groups, providing £150,945 in community investment and 465 hours of volunteering. Not only do our charitable events and giving activities increase footfall at our assets, but they also help shape each centre's identity in the community, providing a place for people to connect with each other through supporting important causes. Examples of the many events and initiatives that took place throughout 2023 are detailed below:

Donation hubs

- In collaboration with the Ilford Business Improvement District and local charities, The Exchange became a hub for the town's first pre-loved school uniform sale. The drive received over 800 donations and over 250 people attended the sale, resulting in over £400 raised for local charity, Saint Francis Hospice.
- Our team at The Mall, Maidstone transformed an existing food bank donation point into a school uniform bank, receiving over 100 donations, which were then distributed to the community through a local charity, Making a Difference in Maidstone.
- 17&Central launched a donation station, designed by local artist Sean Rodrigo, who created a depiction of the Walthamstow Town Hall using over 100 individual 3D custom-designed parts. The station serves as an engaging place for guests to donate items such as food, clothes, gifts, and toys to those in need.

Children in need

- 17 & Central, The Mall, Wood Green and The Mall, Maidstone joined forces with the charity, The Children's Book Project, to help collect books for disadvantaged children. Collection points were placed in each centre to encourage shoppers to support, with 382 books donated to the charity as a result.
- At The Mall, Wood Green, the Little Flame Cadets and the London Ambulance Service came together to raise money for Children in Need. Captured by the BBC, guests had the opportunity to meet Pudsey Bear and his friend, Blush, with an impressive £1,675 raised. The significance of this fundraising effort goes beyond the financial contribution, as the cadets - despite living with various disabilities - gained valuable work experience through their volunteering on the day

Community cohesion

- The Marlowes, Hemel started Our Dementia Hub in partnership with the Alzheimer's Society on the first Wednesday of every month, providing a safe space for people to receive support, engage in conversations, and receive guidance on safeguarding issues.
- The Mall, Wood Green held a Brew Monday event with the North London Samaritans on the third Monday of January 2023, which is often regarded as 'Blue Monday' and known as the most challenging day of the year. The event aimed to spread positivity by providing a welcoming space for members of the community to come together over a 'brew' and have conversations. Our team of volunteers spent two hours connecting with guests, directing 20 people to essential support services.

In line with our emphasis on inclusion, Snozone continued our partnership with Sense, the charity for deafblind children and adults, with whom we have partnered since 2014. Through a calendar of events at the venues, we continue to bring much-needed awareness to the charity. In 2023, we introduced a 'donation station' at our Yorkshire venue, which allows team members and guests to donate clothing, books and other items.

Celebrating diverse cultures

With our assets located in areas of the UK with high levels of diversity, we proudly serve individuals from a multitude of cultures and backgrounds. Every year, we look to cater to a variety of cultural events to promote a safe space for our local patrons and embed the centres into community life.

In April 2023, 17&Central hosted its first-ever Community Iftar, working with local charity partner PL84U AL-SUFFA and Waltham Forest Council. The free event sought to bring people of all faiths together as a celebration of diversity, building a sense of community and togetherness. To host the event, the shopping centre reopened after trading hours on a Sunday. While charity partners decorated the centre, staff volunteers ensured the smooth operation of the event and guest health and safety.

In local MP Stella Creasy's words,

"Truly Walthamstow means welcome and tonight showed how!"

The central space was utilised to create a welcoming atmosphere for 250 guests, who were offered water and dates on arrival. We had local Imams lead a congregational prayer, Nasheed performances (devotional acapella poetry) and a delicious vegetarian meal sponsored by local partners and the Council.

The event was also graced by several dignitaries, including Dr Debbie Weekes-Bernard, London's Deputy Mayor for Communities and Social Justice, who tweeted shortly afterwards, "Was wonderful to attend the Community Iftar tonight at the 17&Central shopping centre in Walthamstow. Huge thanks to the amazing Saira & team @ PL84U_Al_Suffa & to @wfcouncil & @17andCentral for the opportunity to connect & reflect with my local community."

Testament to its success, the centre, event, and its partners were shortlisted in the Community Initiative category for the REVO Awards.

Strategic Report

Gifting at the Grottos

The festive season continues to be a difficult time of year for many families across the UK. In 2023, our centres went above and beyond to raise money, and support the community while giving our guests a magical experience:

- 17&Central raised £6,829 at their Christmas Grotto for the Walthamstow Toy Library, their charity of the year
- The Mall, Wood Green raised £1,754 from their Christmas Grotto for the North London Samaritans and donated new toys to the Salvation Army for local families
- The Mall, Maidstone in partnership with the Maidstone Borough Council, ran a Christmas Family Appeal to collect donated gifts, decorations, toys and food items for local families in need. In total, 800 people donated to the hub, amounting to a remarkable £16,000
- The Marlowes, Hemel raised £5,000 from their Christmas Grotto in donations for the British Heart Foundation, their charity of the year. The centre also hosted a 'Fill Santa's Sleigh' Challenge, with donations split between three charities: The Lions, Sebby's Corner and Herts Young Homeless

- Gyle worked in partnership with Cash For Kids for Mission Christmas, an initiative that served over 22,072 children across Edinburgh, the Lothians, Fife and Falkirk, raised over £450,000 in cash donations and generated over £900,000 worth of gifts.

Community

326 Youth Hub

The Mall Maidstone introduced the 326 Youth Hub in partnership with Maidstone Borough Council and Maidstone Business Improvement District. This vibrant space aims to provide a wide range of activities and opportunities for young people, catering to their diverse interests and creating a sense of belonging. In addition to recreational activities, the Youth Hub facilitates informal engagement with professionals such as youth workers and health professionals, helping to build resilience and develop life skills. The opening of the hub was preceded by a message from Alessia Russo, a Maidstone native and England national footballer. The Youth Hub's establishment is a response to increasing rates of youth violence, mental health concerns, and suicides nationwide, with a focus on creating a safe and supportive environment for young individuals. Open on weekdays from 3pm to 6pm and all day on Saturday, the 326 Youth Hub provides a space where young people can thrive, grow, and enjoy a secure haven amid the challenges they face.

Angus Blackwood, Snow sports Manager, Snozone Yorkshire

Our People

Snozone's education experiences develop children's learning outside of the classroom, which allows them to develop skills that they may not learn anywhere else. We combine physical education, social learning and, at times, academic learning, which you simply cannot do elsewhere, to the high level and standards we deliver. We reach out and invite many schools via parents' evenings and by our sales teams staying in regular contact with the principal decision-makers in schools. This allows us to speak to them about other education experiences such as the Duke of Edinburgh Bronze Award, GCSE assessments, and the Polar Experience. The feedback we receive is so positive which is why we have been awarded the School Travel Award multiple times over the past seven years. This is voted for by Schools and Teachers and we are so proud of the achievements, and we are constantly working to improve our experiences year on year. This is what makes us special!

The coronation of King Charles III

Our shopping centres enthusiastically joined the festivities honouring King Charles III during the coronation weekend. They showcased art installations, organised craft activities, and hosted entertaining events. In celebration of this momentous occasion, The Marlowes, Hemel shopping centre had a time capsule competition, with a Year 5 student from Cambersbury Primary School, winning the top prize of £1,000 for their time capsule.

Shaping young minds

Snozone has established a wide-ranging education programme over the years that continues to succeed. Our UK venues are accreditation centres for the snow sports components of GCSE and A-level Physical Education, meaning that our school affiliates do not have to go abroad at great expense to get their students qualified. Participation in these assessments grew by 22% compared to 2022.

We are also an accredited centre for the Duke of Edinburgh Bronze Award, providing skiing and snowboarding assessments as part of the award.

In addition, we offer a bespoke course for children and students called 'The Polar Experience'. This programme helps develop resilience, teamwork, self-awareness, and confidence through an on-slope problem-solving challenge with a classroom session to conclude. In addition, we provide award-winning School Holiday Camps that support the school curriculum by accentuating good citizenship, offering off-slope modules such as a certificated first aid course for children called Mini Medics and British sign language lessons, which are all delivered by our dedicated teams. Our Spanish coaches also provide conversational Spanish language lessons over Zoom for UK school children during our holiday camps as part of our off-snow activities.

The combination of all our educational initiatives led us to be voted the Best Sporting Venue at the School Travel Awards in 2017, 2021 and 2022. This is a prestigious award, and in the past, nominees in our category have included Wembley Stadium, Manchester City, the National Football Museum, Tottenham Hotspur FC, Twickenham, and Wimbledon. In 2022, we were awarded the quality kite mark by the Council for Learning Outside the Classroom. This kite mark recognises businesses and organisations that can provide educational experiences to the same standard or higher as those taught in the classroom environment. We retained this kite mark with distinction last year. The Council for Learning Outside the Classroom is funded by the Department for Education.

Since the acquisition of the Madrid venue in 2021, we have been developing a solid school programme at the venue to compliment the already successful activities that the team undertake there, similarly supporting the school curriculum.

In our shopping centres, we connect with local partners to provide learning opportunities for young people in the community and run various education-focused initiatives and events throughout the year for our visitors to attend. At The Mall Wood Green, 2023 saw the second year of the centre's participation in London's Young Careers Network, working with Reed in Partnership to deliver work experience and other career opportunities for young people in the local area. Being part of the network enabled us to share ideas and learn from other partners with more experience in this area and troubleshoot the process of working with schools with the aim that we develop our own relationships with them to drive the programme in the future. Over the summer, three students joined us for work experience from St Thomas More and Highbury Grove schools. This experience allowed the students to get involved and gain insights into all aspects of the centre's operations including content creation, retailer liaison, website audits, reporting and raising money at their own charity stalls.

For younger students, The Marlowes, Hemel launched Marley's Little Library. There is a growing epidemic in the UK surrounding access to books, with one in three disadvantaged children having fewer than ten books of their own at home. This community library provides easy access to books for all local children, where they can read them at the centre, take a book home, swap books, or donate old ones.

Environmental awareness in the community

As an integral part of the communities we serve, it is essential that we take a leading role in promoting sustainable living and helping people build their own resilience to environmental challenges. As such, our shopping centres organise various events to raise awareness on topics such as recycling and biodiversity.

For example, the Big Recycling Hunt, held at The Marlowes, Hemel, featured remarkable sculptures made entirely from recycled materials by local children. In attendance was the Mayor Councillor, William Allen, with the event showcasing the power of community collaboration and the importance of responsible waste management.

Our team in The Exchange, Ilford organised the Young Guardians of the Planet event, inviting children to engage with various animals, learn about recycling and create their own plant pots and bird feeders using cardboard tubes. 17&Central's #FixItDontDitchIt event took place as part of Repair Week in March, with local artist, Sean Rodriguez, holding a live repair workshop, advising shoppers on possible repair solutions and creating parts using a 3D printer. The centre also collaborated with Love Not Landfill to install a clothes recycling bank, encouraging visitors to give their clothes and once-loved textiles a second chance and reduce the amount of clothing taken to landfill.

In partnership with Maidstone Borough Council, The Mall Maidstone hosted the Eco Hub for 17 days over the summer. This initiative aimed to support the local community in living more sustainably, saving money, and reducing their carbon footprint. The Eco Hub proved to be hugely successful, with 1,926 visitors, 18 volunteers and 24 local organisations taking part. In total, 17 events took place, including People Planet Pastry, a business sustainability workshop, the Green Doctors Bill Surgery, where guests could get free, impartial advice and support to save energy and reduce bills, and a talk from Kent Wildlife Trust on projects and 2030 goals. In recognition of its success, The Mall Maidstone was shortlisted in the Best Local Authority/ Private Sector Partnership category at the REVO Awards for its work with Maidstone Borough Council.

Local independent businesses

At C&R, we pride ourselves on giving local, diverse and independent businesses a place to see their business grow. Independents currently account for approximately 32% of our occupiers, and our centres provide an environment where they have access to a strong guest base as well as onsite teams who are ready to support them with education and upskilling. Examples of these include:

- 2023 saw the launch of Gül Hanımın Mutfağı, a Turkish frozen food retailer that took the leap from operating out of a family kitchen to a bricks-and-mortar location in Wood Green's Market Hall. Having enjoyed some success purely via word of mouth and social media, the team is now building a thriving customer base for their authentic home-cooked food.
- 2023 also saw the opening of The Bridge, which boasts five independent F&B tenants. A notable success is Apna Adda, an Indian Street Food operator, which scaled its business from a small kiosk in central London to a second location in The Mall Wood Green's new food court. The Bridge is also home to Bowl, a second business for owner Ziggy Aung, whose café Moodog has operated in The Mall, Wood Green for many years. His new venture has branched out into a Southeast Asian menu, which our guests really enjoy.

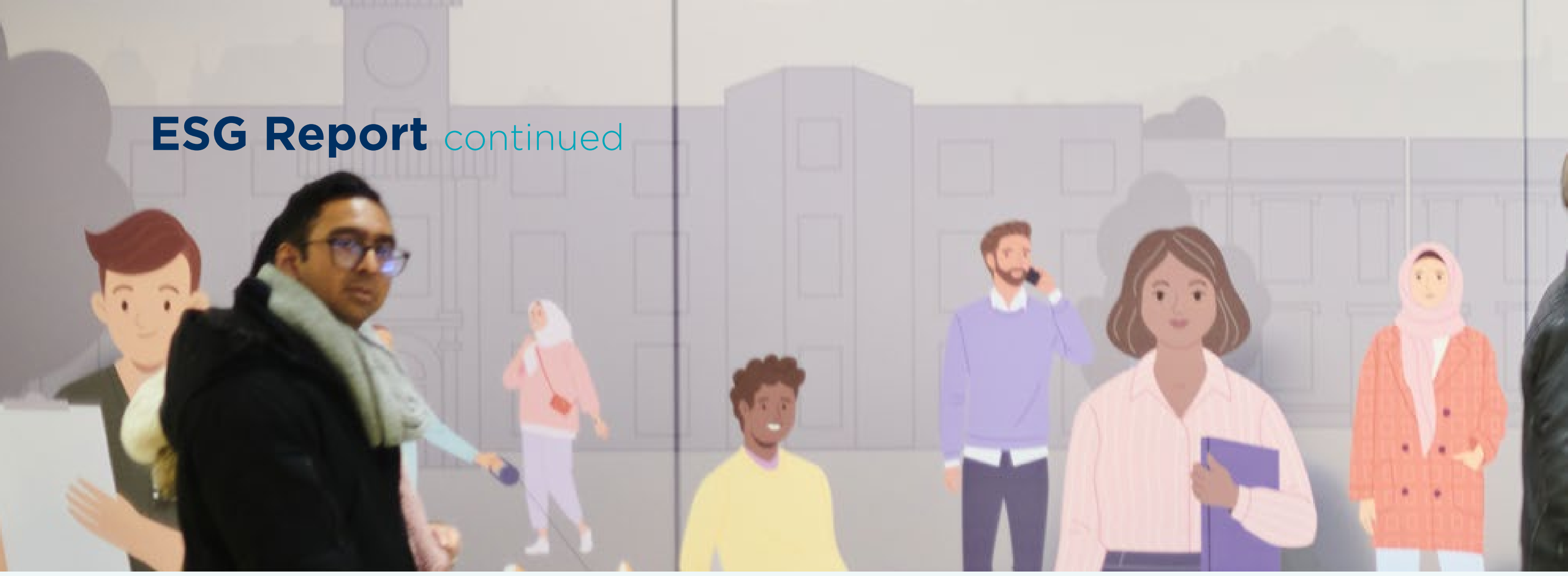
Strategic Report

Guest experience at Snozone

A key tool for measuring guest satisfaction is online reviews on Google and TripAdvisor. Our UK venues have a combined 92% (Very good to Excellent) rating, with over 6,500 reviews. In 2023, we were once again awarded the "Travelers Choice" kite mark by TripAdvisor for the fourth year in a row in the UK. Meanwhile, our efforts in Madrid have seen our score rise from 63% on acquisition to an impressive 79% in 2023.

The majority of our marketing activity and community outreach now takes place online and engagement across all our social platforms increased by 13% compared to 2022.

Our successful approach to the guest experience is driven by the 'Snozone Brand Standards', which exist to provide both a productive defined way of working and consistency in delivery, strengthening our position in the leisure sector and keeping us at number one in the marketplace.



- 17&Central welcomed one such start-up, Hanoi Kitchen, into our food and leisure space. Having scoured the streets of Hanoi and tasted every dish along the way, Nigel and Paula persuaded their favourite street food traders to teach them the very best Vietnamese street eat recipes, and their recipes strike the perfect balance between hot, spicy, fresh, and fragrant.

In 2023, we completed significant updates to CRATE at 17&Central, creating a vibrant, chic, and welcoming space where members of the community can gather, enjoy a coffee, and indulge in delicious food. As part of the refit process, we set a target of achieving an EPC rating of B by utilising renewable energy, natural lighting and increasing greenery, which we formally achieved in 2023. A key focus of our CRATE update was to replace chain offerings with exciting independent food choices, from Yorkshire Burrito, with their on-the-go Sunday roast wrapped in a Yorkshire pudding, to This is Molo, providing seafood street food with wine pairings for the perfect date night. We support these independent local vendors in establishing their businesses and providing them with everything they need to succeed, from initial business planning and store design to launch and marketing support. This space has now blossomed into a beloved meeting place, with mothers with prams accounting for an impressive 30% of footfall. We take pride in the warm and inclusive environment that brings local people together through several means, including classes, Ted Talks, live music from local and emerging artists, as well as an open plan space for community groups to come together, socialise and build connections.

When we say "sport for all" we mean "sport for all"

In 2023, we welcomed several guests to Snozone with FASD (Fetal Alcohol Spectrum Disorder) following a post from a parent who shared their visit on the UK FASD Facebook page, highlighting the positive experience of their Snozone visit. FASD can display physical conditions but is mostly behavioural and could be a hidden disability. Our 1:1 approach with our disability-aware and trained instructors, and the welcoming attitude of our team, were noted as providing an inclusive experience for people living with FASD.

Inclusive spaces

C&R values people's differences and offering welcoming retail and leisure spaces means ensuring that our assets and experiences are inclusive and accessible to all people.

With a primary catchment area in both the UK and Madrid that extends up to an hour and thirty minutes and a secondary reach of up to four hours, Snozone serves a huge community. As such, our commitment to diversity and inclusion is visible on and off the slopes. Snozone is an accredited Disability Confident Employer, 20% of our coaches are trained in adaptive coaching, and all our venues are fitted to provide accessibility. We are the only European operator to own and self-manage a Disability Snow School, and in 2023, we proudly welcomed and tutored over 2,000 guests in the UK and Spain who have physical disabilities or mental impairments, significantly outperforming our annual target and achieving a marked increase of 102% compared to 2022. We also performed further outreach in our communities throughout the year, delivering talks to

Our People

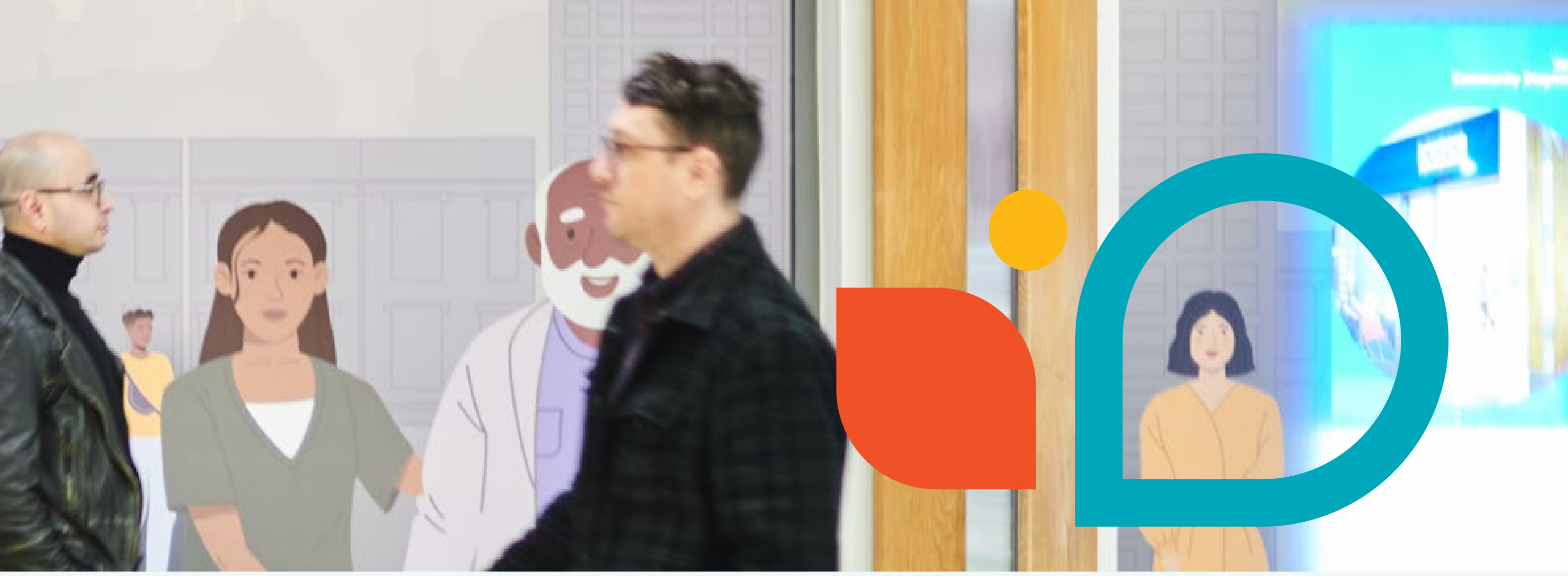
I have been working at Snozone for four years as a receptionist. Throughout the year, over 500,000 guests pass through our doors!

I'm particularly passionate about what we do for disability snow sports - we offer skiing and snowboarding for all abilities - and we never say 'no' to anyone who would like to learn. We have trained coaches and special equipment to deliver outstanding lessons.

What I enjoy the most about working at Snozone are the people I'm surrounded by. They are amazing and our regular guests always bring a smile to my face!

I also enjoy hosting our fantastic children's birthday parties - we offer the best activities in the best location with fantastic food of course!

Fara Zamir,
Receptionist, Milton Keynes



schools about the benefits of fitness and how snow sports can support a healthy lifestyle. We aimed to reach guests who otherwise may not have attended our venues due to the perceived barriers to entry in snow sports.

As well as our long-term partnership with the charity Sense, Snozone supports the sunflower lanyard scheme, which aims to provide a subtle way to signify that someone has a hidden disability such as Crohn's disease or diabetes and might need extra help. At our venues, our teams are trained in various capacities to appropriately approach, engage and assist guests by wearing the lanyard that signifies this.

Snozone lead the sector in enabling women and girls to engage in or return to sport and, therefore, an active lifestyle through avidly supporting Sport England's This Girl Can campaign and has been doing so since its inception in 2015. Several factors prevent women and girls from adhering to and participating in sport, ranging from how it is taught and by whom to a host of social pressures, and this is hugely disproportionate to men and boys. We strongly believe in contributing to address these disparities, starting with a focused recruitment campaign to increase the number of female coaches throughout the Group.

On International Women's Day in 2023, we provided 250 free ski and snowboard lessons to women and girls, as we do each year, and continue to pay special attention to improving their adherence throughout their lesson pathway to keep them engaged in either alpine discipline. Demonstrating the success of our approach, we achieved above-average retention rates, with 1,200 lessons being realised throughout the learning journey.

Within our shopping centres, we implement initiatives such as Quiet Hour, where lighting is dimmed, no music is playing and there are no PA announcements. This provides a less daunting experience for those who can find loud noises and bright lights overwhelming. We also offer sensory backpacks including ear protectors and sensory toys.

For events, our teams pay particular attention to guests who may require tailored or extra support. For example, during the summer, The Marlowes, Hemel hosted Immersive Globe sessions every Tuesday for four weeks. The onsite team was made aware of one guest with specific sensory needs, and so priority was given to them to participate in a smaller group. In addition, the centre's Christmas Grotto offered SEN sessions, designed for people with special needs, autism or sensory needs, every Sunday. These took place prior to the shops opening and with a reduced noise level. Furthermore, Electric Umbrella at The Marlowes, Hemel offer a workshop for those with learning difficulties to learn a new skill by upcycling musical instruments and The Exchange Ilford works alongside Barkingside Art Club to run inclusive Kids' Club activities for children on the autism spectrum.

Wood Green Community Diagnostic Centre (CDC)

In March 2023, C&R's partnership with the Whittington Health NHS Trust was recognised at the HSJ Partnership Awards, where the CDC was awarded the 'Best Consultancy Partnership'. The awards acknowledge and honour the most effective partnerships, innovative projects, and collaborations in the UK health system.

Since opening in 2022, the CDC has welcomed over 14,000 people, offering essential services including ultrasounds, X-rays, MRIs, CT scans as well as blood work and GP services. Located on the ground floor of The Mall Wood Green, the location was chosen due to its strong transport links, providing much-needed access to diagnostic services for this community, as well as a shorter or easier journey than travelling to a hospital for these tests. In the years following the pandemic, community access to NHS services has suffered, with some waitlists for diagnostic tests extending to two and a half years, therefore this partnership addresses a critical challenge head on.

Jonathan Gardner, Director of Strategy, Development and Corporate Affairs at Whittington Health said, "This award recognises the collaborative efforts and dedication of our teams and our partner, Capital & Regional. I am proud that we are delivering NHS services differently. By bringing diagnostic tests into the heart of Haringey, we are reaching a population that has been underserved and tackling the health inequalities that residents face. To be chosen among the other incredible nominees is a wonderful achievement."

EPRA Sustainability Performance Measures (Environmental)

Impact Area	EPRA Code	Measurement Unit	Performance measure	Indicator	Boundaries
Energy	Elec-Abs, Elec- LFL	annual kWh	Total electricity consumption, Like-for-like total electricity consumption	Electricity	C&R shared areas
					Tenant obtained
					Total C&R obtained
					% from renewable sources (C&R obtained)
	Fuel-Abs, Fuel-LFL	annual kWh	Total fuel consumption, Like-for-like total fuel consumption	Fuels	C&R shared areas
					Tenant obtained
					Total C&R obtained
					% from renewable sources (C&R obtained)
	Energy-Int	annual kWh per ft^2	Building energy intensity	Energy Intensity	Total C&R obtained
Greenhouse Gas Emissions (GHG)	GHG-Dir-Abs & LFL	tCO_2e	Total direct GHG emissions	Direct	Scope 1
			Total indirect GHG emissions	Indirect	Scope 2 - Location based
					Scope 2 - Market based
					Scope 3 (incl. Tenant usage (2023), T&D (2023), water, waste)
	GHG-Int	kg CO_2e/ft^2/ year	GHG emissions intensity from building energy consumption	Scope 1 and Scope 2	1.20
				Scope 1, Scope 2 & Scope 3	2.94
Water	Water-Abs, Water-LFL	annual cubic metres (m3)	Total water consumption, Like-for-like total water consumption	Water	Total C&R obtained
	Water-Int	annual cubic metres (m3)/ ft2	Building water intensity	Water	Total C&R obtained
Waste	Waste-Abs, Waste-LFL	annual metric tonnes and proportion by disposal route	Total weight of waste by disposal route, Like-for-like total weight of waste by disposal route	Waste	Total amount (tonnes)
					% non-hazardous waste
					% hazardous waste
				Waste disposal route	Reuse
					Recycling
					Composting
					Materials Recovery Facility
					Incineration w/ energy recovery
					Incineration w/out energy recovery
					Landfill w/ energy recovery
					Landfill w/out energy recovery

	Total Portfolio				Performance by asset type											
	Absolute performance (Abs)		Like-for-like performance (LFL)		Shopping Centres				Snozone				Support Office			
					Absolute		Like-for-like		Absolute		Like-for-like		Absolute		Like-for-like	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	9,188,645	12,133,428	6,890,613	7,299,266	9,188,645	12,133,428	6,890,613	7,299,266	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	8,635,721	9,673,357	8,622,087	9,673,357	13,634	-	-	-	8,558,708	9,599,032	8,558,708	9,599,032	63,379	74,325	63,379	74,325
	17,824,365	21,806,785	15,512,699	16,972,623	9,202,279	12,133,428	6,890,613	7,299,266	8,558,708	9,599,032	8,558,708	9,599,032	63,379	74,325	63,379	74,325
	99.9%	44%	99.9%	57%	100%	0.01%	100%	0.01%	100%	100%	100%	100%	41%	0%	41%	0%
	1,062,636	1,660,685	535,986	893,612	1,062,636	1,660,685	535,986	893,612	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	1,178,351	1,386,232	1,178,351	1,386,232	-	-	-	-	1,178,351	1,386,232	1,178,351	1,386,232	n/a	n/a	n/a	n/a
	2,240,987	3,046,917	1,714,337	2,279,844	1,062,636	1,660,685	535,986	893,612	1,178,351	1,386,232	1,178,351	1,386,232	n/a	n/a	n/a	n/a
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a
	5.868	5.326	7.193	8.038	3.108	3.033	3.260	3.596	87.949	99.224	87.949	99.224	10.265	9.291	10.265	12.037
	410	556	314	416	194	303	98	163	216	253	216	253	n/a	n/a	n/a	n/a
	3,686	4,217	3,209	3,282	1,900	2,346	1,424	1,411	1,772	1,856	1,772	1,856	13	14	13	14
	8	n/a	8	n/a	0	n/a	0	n/a	0	n/a	0	n/a	8	n/a	8	n/a
	5,969	77	5,320	57	5,811	73	5,162	53	157	4	157	4	1	n/a	1	n/a
	1.02	1.47	1.54	0.63	0.58	0.67	0.69	17.96	19.05	17.96	19.05	2.132	2	2		
	1.04	3.69	1.57	2.39	0.60	2.93	0.71	19.37	19.09	19.37	19.09	2.292	2	2		
	92,622	93,968	86,386	78,103	68,630	66,542	62,395	50,677	23,992	27,426	23,992	27,426	n/a	n/a	n/a	n/a
	0.027	0.020	0.036	0.033	0.021	0.015	0.027	0.022	0.217	0.248	0.217	0.248	n/a	n/a	n/a	n/a
	2,426	2,983	2,090	2,131	2,426	2,983	2,090	2,131	-	-	-	-	-	-	-	-
	100%	n/a	100%	n/a	100%	n/a	100%	n/a	-	-	-	-	-	-	-	-
	0%	n/a	0%	n/a	0%	n/a	0%	n/a	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	731	1,793	570	1,276	731	1,793	570	1,276	-	-	-	-	-	-	-	-
	66	70	55	56	66	70	55	56	-	-	-	-	-	-	-	-
	441	136	401	54	441	136	401	54	-	-	-	-	-	-	-	-
	1,136	984	1,064	745	1,136	984	1,064	745	-	-	-	-	-	-	-	-
	52	-	-	-	52	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	EPRA Sustainability Performance Measures (Environmental)				
Impact Area	**EPRA Code**	**Measurement Unit**	**Performance measure**	**Indicator**	**Boundaries**
Certified Assets	**Cert-tot**	**% of portfolio**	**Type and number of sustainability certified assets**	**EPC**	% of portfolio with an EPC certificate
		Level of certification			A/B
					C
					D
					E
					F/G
					Unrated
					Outdated

	EPRA Sustainability Performance Measures (Social & Governance)					Total Portfolio
Impact Area	**EPRA Code**	**Measurement Unit**	**Performance measure**	**Indicator**	**Boundaries**	**2023**
Diversity	Diversity-Emp	% of employees	Employee gender diversity	Gender	% of women on the board	25%
					% of men on the board	75%
					% of women in executive management	43%
					% of men in executive management	57%
	Diversity-Pay	% pay gap	Gender pay ratio	Gender	All employees, rate of women to men	0.77:1
Development & Turnover	EMP-Training	average hours	Employee training and development	Training	All employees	39
	EMP-Dev	% of employees	Employee performance appraisals	Appraisals	All employees	86.08%
	Emp-Turnover	Total no. of new hires	New hires and turnover	New hires	All employees	16
		New hire rate (%)				19%
		Total no. of leavers		Employee turnover	All employees	19
		Turnover rate (%)			Excluding TUPE	22.60%
					Including TUPE	45.65%

Total Portfolio				Performance by asset type											
				Shopping Centres				Snozone				Support Office			
Absolute performance (Abs)		Like-for-like performance (LFL)		Absolute		Like-for-like		Absolute		Like-for-like		Absolute		Like-for-like	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
78%	79%	68%	69%	78%	79%	67%	69%	100%	100%	100%	100%	100%	100%	100%	100%
205	205	119	119	202	202	116	116	2	2	2	2	1	1	1	1
155	158	90	90	154	157	87	89	1	1	1	1	-	-	-	-
80	84	49	52	80	84	49	52	-	-	-	-	-	-	-	-
22	22	7	7	22	22	7	7	-	-	-	-	-	-	-	-
10	10	6	6	10	10	6	6	-	-	-	-	-	-	-	-
58	58	57	57	58	58	57	57	-	-	-	-	-	-	-	-
75	68	71	66	75	68	71	66	-	-	-	-	-	-	-	-

	EPRA Sustainability Performance Measures (Social & Governance)					Total Portfolio
Impact Area	EPRA Code	Measurement Unit	Performance measure	Indicator	Boundaries	2023
Health and safety	H&S-Emp	Days per employee	Employee health & safety	Injury rate	All employees	0
		Days per employee		Lost day rate	All employees	0
		Days per employee		Absentee rate	All employees	0
		Total no.		Work-related fatalities	All employees	0
	H&S-Asset	%	Asset health & safety assessments	Assets	Shopping Centres	100%
					Support Office	100%
	H&S-Comp	Total no.	Asset health & safety compliance	Incidents	All assets	0
Community	Comty-Eng	%	Community engagement, impact assessments and development programs	Assets	All assets	100%
Governance	Gov-Board	Total no.	Composition of the highest governance body	Board members	Executive members	2
					Independent/ non-executive members	5
		Average years		Tenure	Board Members	4.6
		Total no.		Board members	Competencies relating to environmental and social topics	2
	Gov-Select	Narrative	Process for nominating and selecting the highest governance body		Narrative on process	
	Gov-Col	Narrative	Process for managing conflicts of interest		Narrative on process	

Strategic Report

Streamlined Energy and Carbon Reporting (SECR)

	Like-for-Like 2019	2020	2021	2022	2023	2019 vs 2023% Change
Scope 1 - Direct GHG emissions from controlled operations						
Natural Gas						
Like-for-Like Energy Consumption (kWh)						
Centres (exc.Gyle)	3,182,995	3,423,739	1,914,160	1,051,263	**893,819**	-72%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	1,566,474	1,202,557	992,421	1,386,232	**1,178,351**	-25%
Natural Gas Total (kWh)	**4,749,468**	**4,626,296**	**2,906,581**	**2,437,494**	**2,072,170**	**-56%**
Natural Gas-Gyle (kWh)	N/A	N/A	N/A	145,954	**168,817**	N/A
Like-for-Like Emissions (tCO$_2$e)						
Centres	585	630	351	192	**164**	-72%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	288	221	182	253	**216**	-25%
Scope 1 Total (tCO$_2$e)	**873**	**851**	**532**	**445**	**379**	**-57%**
Natural Gas-Gyle (tCO$_2$e)	N/A	N/A	N/A	27	**31**	N/A
Scope 2 - Indirect GHG emissions from the use of purchased electricity, heat or steam						
Purchased Electricity						
Like-for-Like Energy Consumption (kWh)						
Centres (exc. Gyle)	10,479,378	9,147,580	8,638,501	9,193,590	**8,919,371**	-15%
Support Office	96,096	96,096	96,096	74,325	**63,379**	-34%
Snozone[1]	10,148,750	9,654,856	9,626,091	9,599,032	**8,558,708**	-16%
Purchased Electricity Total (kWh)	**20,724,224**	**18,898,532**	**18,360,689**	**18,866,947**	**17,541,457**	**-15%**
Purchased Electricity - Gyle only (kWh)	N/A	N/A	N/A	257,742	**257,591**	N/A
Like-for-Like Emissions (tCO$_2$e)						
Centres (exc. Gyle)	2,679	2,133	1,834	1,778	**1,847**	-31%
Support Office	25	22	20	14	**13**	-47%
Snozone	2,594	2,252	2,044	1,856	**1,772**	-32%
Scope 2 Total (tCO$_2$e) - Location based	**5,297**	**4,407**	**3,899**	**3,648**	**3,632**	**-31%**
Scope 2 Total (tCO 2 e) - Market based[2]	*N/A*	*N/A*	*N/A*	*N/A*	**8**	*N/A*
Scope 2 (tCO 2 e) - Location based - Gyle only	N/A	N/A	N/A	50	**53**	N/A
Scope 2 (tCO 2 e) - Market based - Gyle only	*N/A*	*N/A*	*N/A*	*0*	**0**	*N/A*
Like-for-Like Renewable Electricity[3]						
Solar PV Generation (kWh) (exc. Madrid[1])	9,861	4,290	6,160	746	**11,683**	18%

1. Madrid's electricity figure includes the energy generated by our on site Solar PV installation. Given the nature of reporting in Spain, the % split generated by on venue solar is not separated. Snozone have opted to report all electricity usage here, the manufacturer has estimated this at 32% of the quantum.
2. Market Based Scope 2 emissions is a newly reported value for 2023. Market based emissions takes into account any REGO certificates our sites hold proving the electricity purchased is from a renewable source and can therefore have a zero emissions factor applied to it.
3. Renewable energy is generated through Solar PV installed at Walthamstow Centre. The centre has been generating its own energy in 2023 and 2022 following repair of the system in 2021. The total generated in 2022 is thought to be more than the stated 746 kWh but this cannot be confirmed due to issues with the metering data for this time period. The issue has now been resolved and the 2023 total is accurate. The Madrid solar PV should also be included here, however, as the first asterisk (*) above states, this split was unavailable at the time of writing.
4. Previously only the water usage in m3 has been reported. 2023 is the first year emissions data has also been included for water in this report.

	Like-for-Like					
	2019	2020	2021	2022	**2023**	2019 vs 2023% Change
Scope 3 - Indirect emissions that are a consequence of C&R's actions, but the source is not owned/controlled, and are not classed as Scope 2						
Like-for-Like Tenant Natural Gas (newly reported for 2023)						
Natural Gas Consumption (kWh)	N/A	N/A	N/A	N/A	**3,840,716**	N/A
Natural Gas Emissions (tCO_2e)	N/A	N/A	N/A	N/A	**703**	N/A
Natural Gas Consumption - Gyle Only (kWh)	N/A	N/A	N/A	N/A	**552,822**	N/A
Natural Gas Emissions - Gyle Only (tCO_2e)	N/A	N/A	N/A	N/A	**101**	N/A
Like-for-Like Tenant Electricity (newly reported for 2023)						
Electricity Consumption (kWh)	N/A	N/A	N/A	N/A	**19,009,559**	N/A
Electricity Emissions (tCO_2e)	N/A	N/A	N/A	N/A	**3,936**	N/A
Electricity Consumption - Gyle Only (kWh)	N/A	N/A	N/A	N/A	**2,200,561**	N/A
Electricity Emissions - Gyle Only (tCO_2e)	N/A	N/A	N/A	N/A	**456**	N/A
Like-for-Like Electricity Transmission & Distribution (tCO_2e) (newly reported for 2023)						
Centres (exc. Gyle)	N/A	N/A	N/A	N/A	**160**	N/A
Centres Tenants	N/A	N/A	N/A	N/A	**341**	N/A
Support Office	N/A	N/A	N/A	N/A	**1**	N/A
Snozone	N/A	N/A	N/A	N/A	**153**	N/A
T&D Emissions Total (tCO_2e)	**N/A**	**N/A**	**N/A**	**N/A**	**656**	**N/A**
T&D Emissions - Gyle Only (tCO_2e)	N/A	N/A	N/A	N/A	**44**	N/A
Water Usage (reported for Centres from 2023)						
Like-for-Like Water Consumption (m^3)						
Centres (exc. Gyle)	64,520	41,766	50,346	58,731	**66,767**	3%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	29,311	23,656	22,995	27,426	**23,992**	-18%
Water Total (m3)	**93,830**	**65,421**	**73,340**	**86,156**	**90,758**	**-3%**
Water Total - Gyle only (m^3)	N/A	N/A	N/A	304	**1,863**	N/A
Like-for-Like Emissions (tCO_2e)						
Centres (exc. Gyle)	22	14	8	9	**12**	-46%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	10	8	3	4	**4**	-58%
Water Emissions Total (tCO_2e)	**32**	**23**	**11**	**13**	**16**	**-50%**
Water Emissions - Gyle only (tCO_2e)	N/A	N/A	N/A	0	**0**	N/A
Waste Disposal (newly reported for Centres for 2023)						
Like-for-Like Waste Generated (tonnes)						
Centres (exc. Gyle)	N/A	N/A	N/A	N/A	**2,318**	N/A
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	N/A	N/A	N/A	N/A	**N/A**	N/A
Waste Total (tonnes)	**N/A**	**N/A**	**N/A**	**N/A**	**2,318**	**N/A**
Waste Total - Gyle only (tonnes)	N/A	N/A	N/A	N/A	**108**	N/A
Like-for-Like Emissions (tCO_2e)						
Centres	N/A	N/A	N/A	N/A	**56**	N/A
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	N/A	N/A	N/A	N/A	**N/A**	N/A
Waste Emissions Total (tCO_2e)	**N/A**	**N/A**	**N/A**	**N/A**	**56**	**N/A**
Waste Emissions - Gyle Only (tCO_2e)	N/A	N/A	N/A	N/A	**2**	N/A

Streamlined Energy and Carbon Reporting (SECR) continued

	Like-for-Like					
	2019	2020	2021	2022	**2023**	2019 vs 2023% Change
Total Scope 1, 2 & 3 Emissions						
Scope 1 (tCO_2e)	873	851	532	445	**379**	-57%
Scope 2 (tCO_2e) - Location Based	5,297	4,407	3,899	3,648	**3,632**	-31%
Scope 2 (tCO_2e) - Market Based	N/A	N/A	N/A	N/A	**8**	N/A
Scope 3 (tCO_2e)	32	23	11	13	**5,367**	16527%
Total Emissions (Location Based, exc. Gyle) (tCO_2e)	**6,203**	**5,281**	**4,442**	**4,106**	**9,378**	**51%**
Total Emissions (Location Based) - Gyle Only (tCO_2e)	N/A	N/A	N/A	77	**687**	N/A
Total Emissions (Market Based, exc. Gyle) (tCO_2e)	**N/A**	**N/A**	**N/A**	**N/A**	**5,754**	**N/A**
Total Emissions (Market Based) - Gyle Only (tCO_2e)	N/A	N/A	N/A	N/A	**634**	N/A

Intensity Ratio						
Like-for-Like Scope 1 and 2 ($kgCO_2e$/sqft)						
Centres (exc. Gyle)	1.03	0.87	0.69	0.62	**0.63**	-38%
Support Office	3.98	3.63	3.30	2.33	**2.13**	-47%
Snozone	26.03	22.34	20.10	19.05	**17.96**	-31%
Group Total intensity ($kgCO_2e$/sqft)	**1.88**	**1.60**	**1.35**	**1.24**	**1.22**	**-35%**
Total intensity - Gyle Only ($kgCO_2e$/sqft)	N/A	N/A	N/A	0.58	**0.64**	N/A
Like-for-Like Scope 1, 2 and 3 ($kgCO_2e$/sqft) - (reported for Centres from 2023)						
Centres (exc. Gyle)	N/A	N/A	N/A	N/A	**2**	N/A
Support Office	N/A	N/A	N/A	N/A	**2**	N/A
Snozone	N/A	N/A	N/A	N/A	**19**	N/A
Group Total intensity ($kgCO_2e$/sqft)	**N/A**	**N/A**	**N/A**	**N/A**	**3**	**N/A**
Total intensity - Gyle Only ($kgCO_2e$/sqft)	N/A	N/A	N/A	N/A	**1**	N/A

	Absolute					
	2019	2020	2021	2022	**2023**	2019 vs 2023% Change
Scope 1 - Direct GHG emissions from controlled operations						
Natural Gas						
Absolute Energy Consumption (kWh)						
Centres	4,556,731	4,629,788	2,329,556	1,660,685	**1,062,636**	-77%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	1,566,474	1,202,557	992,421	1,386,232	**1,178,351**	-25%
Natural Gas Total (kWh)	**6,123,205**	**5,832,346**	**3,321,977**	**3,046,917**	**2,240,988**	**-63%**
Natural Gas Total - UK only (kWh)	6,123,205	5,832,346	3,321,977	3,046,917	**2,240,988**	-63%
Absolute Emissions (tCO_2e)						
Centres	838	851	427	303	**194**	-77%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	288	221	182	253	**216**	-25%
Scope 1 Total (tCO_2e)	**1,126**	**1,072**	**608**	**556**	**410**	**-64%**
Natural Gas Total - UK only (tCO_2e)	1,126	1,072	608	556	**410**	-64%

	Absolute					
	2019	2020	2021	2022	**2023**	2019 vs 2023% Change
Scope 2 - Indirect GHG emissions from the use of purchased electricity, heat or steam						
Purchased Electricity						
Absolute Energy Consumption (kWh)						
Centres	16,012,429	12,705,437	12,023,949	12,132,682	**9,176,961**	-43%
Support Office	96,096	96,096	96,096	74,325	**63,379**	-34%
Snozone[1]	4,562,865	3,754,501	9,043,071	9,599,032	**8,558,708**	88%
Purchased Electricity Total (kWh)	**20,671,390**	**16,556,035**	**21,163,117**	**21,806,039**	**17,799,048**	**-14%**
Purchased Electricity Total - UK only (kWh)	20,671,390	16,556,035	16,319,565	16,649,728	**13,571,733**	-34%
Absolute Emissions (tCO_2e)						
Centres	4,093	2,962	2,553	2,346	**1,900**	-54%
Support Office	25	22	20	14	**13**	-47%
Snozone	1,166	877	1,920	1,856	**1,772**	52%
Scope 2 Total (tCO_2e) - Location based	**5,284**	**3,861**	**4,494**	**4,217**	**3,686**	**-30%**
Scope 2 Total (tCO 2 e) - Market based[2]	*N/A*	*N/A*	*N/A*	*N/A*	**8**	*N/A*
Scope 2 Total (tCO_2e) - Location based (UK Only)	5,284	3,861	3,465	3,220	**2,810**	-47%
Scope 2 Total (tCO_2e) - Market based[2] *(UK Only)*	*N/A*	*N/A*	*N/A*	*N/A*	**8**	*N/A*
Absolute Renewable Electricity[3]						
Solar PV Generation (kWh) (excl. Madrid[1])	9,861	4,290	6,160	746	**11,683**	18%

	Absolute					
	2019	2020	2021	2022	**2023**	2019 vs 2023% Change
Scope 3 - Indirect emissions that are a consequence of C&R's actions, but the source is not owned/controlled, and are not classed as Scope 2						
Absolute Centres Tenant Natural Gas (newly reported for 2023)						
Natural Gas Consumption (kWh)	N/A	N/A	N/A	N/A	**4,393,393**	N/A
Natural Gas Emissions (tCO_2e)	N/A	N/A	N/A	N/A	**804**	N/A
Absolute Centres Tenant Electricity (newly reported for 2023)						
Electricity Consumption (kWh)	N/A	N/A	N/A	N/A	**21,210,120**	N/A
Electricity Emissions (tCO_2e)	N/A	N/A	N/A	N/A	**4,392**	N/A
Absolute Electricity Transmission & Distribution (tCO_2e) (newly reported for 2023)						
Centres	N/A	N/A	N/A	N/A	**164**	N/A
Centres Tenants	N/A	N/A	N/A	N/A	**380**	N/A
Support Office	N/A	N/A	N/A	N/A	**1**	N/A
Snozone	N/A	N/A	N/A	N/A	**153**	N/A
T&D Emissions Total (tCO_2e)	**N/A**	**N/A**	**N/A**	**N/A**	**699**	**N/A**
T&D Emissions Total - UK Only (tCO_2e)	N/A	N/A	N/A	N/A	**623**	N/A

Streamlined Energy and Carbon Reporting (SECR) continued

Water Usage (reporting includes data available)						
Absolute Water Consumption (m³)						
Centres	79,278	50,000	54,085	66,542	**68,630**	-13%
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	29,311	23,656	21,733	27,426	**23,992**	-18%
Water Total (m³)	**108,589**	**73,656**	**75,818**	**93,968**	**92,622**	**-15%**
Water Total - UK only (m³)	108,589	73,656	62,771	78,796	**78,905**	-27%
Absolute Emissions (tCO_2e)[4]						
Centres	N/A	N/A	N/A	N/A	**12**	N/A
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	N/A	N/A	N/A	N/A	**4**	N/A
Water Emissions Total (tCO_2e)	**N/A**	**N/A**	**N/A**	**N/A**	**16**	**N/A**
Water Emissions Total - UK only (tCO_2e)	N/A	N/A	N/A	N/A	**14**	N/A

Waste Disposal (newly reported for Centres for 2023)						
Absolute Waste Generated (tonnes)						
Centres	N/A	N/A	N/A	N/A	**2,426**	N/A
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	N/A	N/A	N/A	N/A	**N/A**	N/A
Waste Total (tonnes)	**N/A**	**N/A**	**N/A**	**N/A**	**2,426**	**N/A**
Absolute Emissions (tCO_2e)						
Centres	N/A	N/A	N/A	N/A	**58**	N/A
Support Office	N/A	N/A	N/A	N/A	**N/A**	N/A
Snozone	N/A	N/A	N/A	N/A	**N/A**	N/A
Waste Emissions Total (tCO_2e)	**N/A**	**N/A**	**N/A**	**N/A**	**58**	**N/A**

1. Madrid's electricity figure includes the energy generated by our on site Solar PV installation. Given the nature of reporting in Spain, the % split generated by on venue solar is not separated. Snozone have opted to report all electricity usage here, the manufacturer has estimated this at 32% of the quantum.
2. Market Based Scope 2 emissions is a newly reported value for 2023. Market based emissions takes into account any REGO certificates our sites hold proving the electricity purchased is from a renewable source and can therefore have a zero emissions factor applied to it.
3. Renewable energy is generated through Solar PV installed at Walthamstow Centre. The centre has been generating its own energy in 2023 and 2022 following repair of the system in 2021. The total generated in 2022 is thought to be more than the stated 746 kWh but this cannot be confirmed due to issues with the metering data for this time period. The issue has now been resolved and the 2023 total is accurate. The Madrid solar PV should also be included here, however, as the first asterisk (*) above states, this split was unavailable at the time of writing.
4. Previously only the water usage in m3 has been reported. 2023 is the first year emissions data has also been included for water in this report.

	Absolute					
	2019	2020	2021	2022	**2023**	2019 vs 2023% Change
Total Scope 1, 2 & 3 Emissions						
Scope 1 (tCO_2e)	1,126	1,072	608	556	**410**	-64%
Scope 2 (tCO_2e) - Location Based	5,284	3,861	4,494	4,217	**3,686**	-30%
Scope 2 (tCO 2 e) - Market Based	N/A	N/A	N/A	N/A	**8**	N/A
Scope 3 (tCO_2e)	N/A	N/A	N/A	N/A	**5,969**	N/A
Total Emissions (Location Based) (tCO_2e)	**6,409**	**4,934**	**5,102**	**4,773**	**10,065**	**57%**
Total Emissions (Location Based) - UK only (tCO_2e)	6,409	4,934	4,074	3,776	**9,112**	42%
Total Emissions (Market Based)[2] - (tCO_2e)	*N/A*	*N/A*	*N/A*	*N/A*	**6,387**	*N/A*
Total Emissions (Market Based)[2] - UK only (tCO_2e)	N/A	N/A	N/A	N/A	**6,309**	N/A

Intensity Ratio						
Absolute Scope 1 and 2 (Location based values) ($kgCO_2e/sqft$)						
Centres	1.03	0.80	0.62	0.58	**0.63**	-38%
Support Office	3.07	2.80	2.55	1.80	**2.13**	-31%
Snozone	18.02	13.60	19.60	19.05	**17.96**	0%
Group Total intensity ($kgCO_2e/sqft$)	**1.32**	**1.01**	**1.04**	**1.02**	**1.20**	**-9%**
Total intensity - UK Only ($kgCO_2e/sqft$)	1.32	1.01	0.84	0.81	**0.95**	-28%
Absolute Scope 1, 2 and 3 ($kgCO_2e/sqft$) (newly reported for Centres for 2023)						
Centres	N/A	N/A	N/A	N/A	**2.28**	N/A
Support Office	N/A	N/A	N/A	N/A	**2.31**	N/A
Snozone	N/A	N/A	N/A	N/A	**19.38**	N/A
Group Total intensity ($kgCO_2e/sqft$)	**N/A**	**N/A**	**N/A**	**N/A**	**2.94**	**N/A**
Total intensity - UK Only ($kgCO_2e/sqft$)	N/A	N/A	N/A	N/A	**2.69**	N/A

- Please note these values represent the best information available at the time of issue in April 2024. The values for Snozone gas usage have been updated for the previous years following improved data being made available.
- Consumption on the absolute data sets is not directly comparable year to year due to acquisitions and divestments (see list below). For example consumption has increased due to the purchase of Snozone Madrid in February 2021.
- Where N/A is stated this means data is not available. This is typically the case where data sets being reported have expanded since 2019.
- N.B. We have opted to include Scope 3 data in the 2023 annual reporting. As this is new reporting, data is excluded for 2019-2022 as Scope 3 was outwith reporting during those years.
- Absolute values include the sites within our operational control boundary for the years covering 2019 to 2023. Therefore numbers are not directly comparable for each year due to the impact of acquisitions and disposals.
- Changes to our portfolio in 2023 include:
  - **Disposals:** Redditch was sold on the 15th September 2023 and the Luton site was sold on the 16th March 2023. Therefore, no data is reported for these sites after the sold dates.
  - **Acquisitions:** The centres now include the Gyle site which was acquired by Capital and Regional on 6th of September 2023. Therefore, no data is reported for before this date.
  - **Changes:** The support office moved location in June 2023.
- Changes to our portfolio between 2019 and 2022 include:
  - **Disposals:** Blackburn was sold on the 9th August 2022.
  - **Acquisitions:** Snozone acquired the Madrid site on the 11th February 2021

Streamlined Energy and Carbon Reporting (SECR) continued

Methodology

The consumption and emissions relate to the Capital and Regional (C&R) group across the UK and Europe. "UK Only" totals have been included to ensure the compliance with the SECR requirements "to state what proportion of their energy consumption and their emissions related to emissions and energy consumption in the UK".

This report was produced in line with the Operational Control Boundary methodology within the 'GHG Reporting Protocol - Corporate Standard'. The absolute reporting includes operations for which we have control over, and a baseline year of 2019. For absolute tables, the baseline has not been adjusted for acquisitions and disposals. The Like-for-like (LFL) tables are prepared in a similar manner, but for acquisitions, do include historic estimations prior to our operational control.

We have collated the energy and utility data for each calendar year. Actual data has been used wherever possible, however, some data has been estimated. Estimated data in this report relates to 41% of the support office electricity. Some data was also estimated for Gyle in 2022. 75% of water and 4% of electricity are estimated values to provide a comparison year for LFL. The data was then provided to HDR alongside invoices for a limited verification to be completed.

The reported data and emissions represent the best information available at the time of issue in April 2024.

It should be noted that absolute Scope 1, Scope 2 and Scope 3 emissions (where stated in tCO_2e) are not directly comparable due to changes in emission factors year on year (as well as changes to the properties we operate). Emission Factors used are from the "UK Government GHG Conversion Factors for Company Reporting, 2023 v1.1" for calculating 2023 carbon emissions. Past years have used the equivalent conversion factor documents from the UK government.

Scope 1 emissions account for our total gas consumption. Emissions from emergency equipment (e.g. standby generators) have been deemed de minimis and therefore are not included in the reported figures.

Scope 2 for this report, the emissions associated with the electricity figures have been calculated using two methods as per the SECR guidelines. The primary method uses the UK grid average (location-based method). The secondary method, added in 2023, takes into account the Renewable Energy Guarantees of Origin (REGOs) certificates that our sites hold verifying the purchase of renewable energy (market-based method). The emissions associated with any renewable energy consumed has had a zero emissions factor applied as per the guidelines. For clarity, the on-site Solar PV generation has been reported separately under the Scope 2 section of the tables. This section however, does not include the Solar PV generated on the Snozone Madrid, Spain site due to the split of electricity usage between self-generation and purchased supply being unavailable at the time of writing. Therefore, the decision to over report "Purchased Electricity" was taken as a more conservative method. UK Emissions factors were used for Snozone Madrid as a Spanish equivalent was not available.

Scope 3 emissions account for third parties (e.g. centre's tenants) natural gas and electricity consumption, emissions associated with the Transmission and Distribution of all scope 2 & 3 electricity, and emissions associated with Water consumption and Waste disposal.

Consumption values from metered sources identified as fully controlled by third parties (e.g. centre's tenants) have been provided to us by Arbnco. The data for Gyle has been estimated for the tenants due to only an annual usage figure being available and our operational control only starting in September.

The Intensity Ratio we have selected is the recommended ratio for the property sector of: tonnes of CO_2e per total square foot for the group. These ratios have been reported in terms of tonnes of CO_2e for Scope 1 and 2 only, as well as for 2023 Scope 1, 2 and 3 emissions. The areas for each year represent the total square footage that was in our control during that calendar year.

In addition to the above absolute energy and emissions values, we have decided to report a Like-for-Like (LFL) table for years covering 2019 to 2023. For this LFL table the Operational Control Boundary of 2023 was used as the comparison between years. Where sites have been sold or acquired mid-year the equivalent part of the year has been reported for all years using best available data.

Energy Efficiency

During 2023, there have been several energy efficiency improvements.

- Our centres have been making a concerted effort to reduce gas consumption, in some cases down to zero in line with their Net Zero pathway interventions. For example, Wood Green no longer uses natural gas.
- Our centres have also reduced electricity consumption following the completion of the LED light replacement project.
- Due to changes in legalisation, we also have a new EPC tracking tool in place to allow targeted improvements in ratings to help ensure minimum energy efficiency standards are met.
- There is also a continued improvement in monitoring throughout the portfolio which is improving data returns.
- Snozone have undertaken five different CAPEX project to reduce Energy usage:
    a. Blast cooler replacement in Milton Keynes
    b. Glycol piping upgrade in Yorkshire
    c. De lamping project at all venues
    d. Voltage optimiser in Yorkshire
    e. Insulation project at all venues

Snozone have also engaged with Tree Nation to plant trees to offset emissions and in 2023 12,578 trees were planted.


LEKI

TCFD Disclosure

TCFD Disclosure

As part of our commitment to a leading sustainability business, we are dedicated to proactively managing our climate-related risks and publicly reporting climate-related financial information to our stakeholders.

Here we disclose the climate-related risks we have identified to the business and set out our overarching risk management approach in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with LSE Listing Rules published by the FCA in 2022, and in line with the Recommendations of TCD dated June 2017, this report complies with 11 of the 11 TCFD recommendations and recommended disclosures. This year we have begun to disclose our Scope 3 emissions as we continue to focus on improving our occupier data collection.

1 Governance

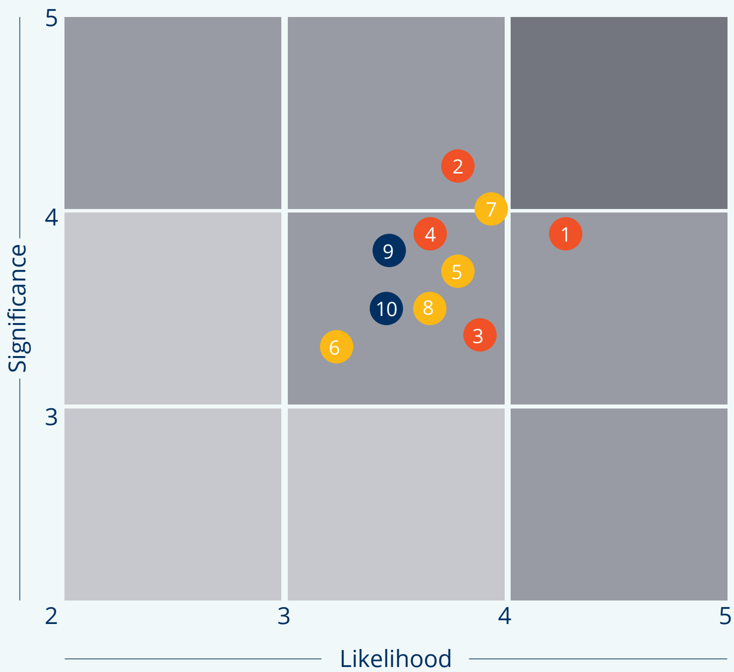
The Board's oversight of climate-related risks and opportunities

Responsibility for climate-related risk management and robust internal control processes ultimately lies with the Board, including the consideration of climate-related risks and setting the Group's risk appetite. The Board has ultimate oversight of the Environmental, Social and Governance (ESG) and Climate-related principal risk in the Group's Risk Matrix. Integrating Climate-related risks as a new principal risk highlights the Group's recognition of the material impact climate risks have on the business and the Group's ambition to actively monitor and manage these risks. The Climate-related and ESG principal risks consider a number of transition and physical climate-related risks, including management and compliance with increasingly stringent environmental policy, minimum energy efficiency requirements, carbon reduction commitments, reputational damage from inaction, and impacts of extreme weather events and climate change on our assets and their supply chain. The full list of climate-related risks considered can be seen below.

The Audit Committee supports the Board in the management of climate-related risks. The Audit Committee meets twice a year to review the effectiveness of the overall risk management strategy and internal control processes supporting our agile risk management approach. This includes reviewing the principal risks across the Risk Matrix, including the Climate-related and ESG principal risks and ensuring that climate-related risks are integrated into the risk management strategy.

The ESG Committee meets at least four times a year and has more specific responsibility for developing and monitoring climate-related risks and wider sustainability matters. The ESG Committee has direct responsibility over developing and reviewing the Group's ESG strategy across the three underpinning pillars of Environmental

Climate-related risk heatmap



Short term (2020-2029)
1. Energy decarbonisation and technology
2. Financial market uncertainty
3. Increased regulation
4. Shifting market and occupier expectation

Medium term (2030-2039)
5. Insurance challenges
6. Supply chain and resources
7. Flooding
8. Storm damage

Long term (>2040)
9. Water stress and drought
10. Heat stress

Sustainability, People & Community and Governance, and assessing and monitoring the Climate-related and ESG principal risks. The progress against climate-related targets, long-term sustainability goals and implementation or actions towards achieving these goals are overseen by the ESG Committee and reported to the board through the governance structure described below.

The ESG Committee is chaired by a non-executive member of the board. Therefore, the board has oversight of updates regarding the Group's ESG strategy and the Climate-related and ESG principal risks. As per the cadence of the ESG Committee, these updates are provided on a quarterly basis, ensuring that the Board and Audit Committee are informed of any climate-related changes in the macroeconomic, financial, and regulatory environment. To better assess and monitor climate-related risks, the Group has created a new separate Climate-related risk matrix for the Climate-related principal risk which includes a broad range of physical and transition climate-related risks. The Climate-related risk matrix feeds into Group risk review and ESG Committee reporting to the Board.

The ESG committee is chaired by a non-executive Director and three members of the Senior Leadership Team (SLT), meaning the performance towards climate-related targets and long term goals

The description and business impact of the full range of the climate-related risks that have been assessed using scenario analysis and integrated into the Climate-related principal risk and ESG strategy via our Climate-related risk matrix are detailed in the Strategy section. The process for identifying and assessing the top climate-related risks to Capital & Regional can be seen in the Risk Management section.

This year, we have advanced our oversight and management of climate-related risks and opportunities by developing and integrating a climate resilience framework and adaptation strategy to embed climate considerations into decision-making processes across the entire asset lifecycle. We developed a Climate Adaptation Plan, in alignment with the Better Buildings Partnership (BBP) requirements, with our approach utilising a range of new tools to fully embed climate adaptation into investment decisions and business processes. Activation and oversight of the Climate Adaptation Plan is headed by Sara Jennings, Director of Operations and Guest Experience, and the NZC Committee.

Management's role in assessing and managing climate-related risks and opportunities

The Senior Leadership Team (SLT) is responsible for the day-to-day operational application of the risk management strategy, including climate-related risks, and ensures that all employees are aware of their responsibilities and align with the Group's strategy. The SLT supports the Board, Audit Committee and ESG Committee in identifying and evaluating climate-related risks under the Climate-related principal risk and incorporates employee feedback into these assessments. Additionally, Sara Jennings, Director of Operations and Guest Experience, and Nick Philips, Managing Director Snozone sit on both the ESG Committee and SLT. This ensures that climate-related risks are assessed and managed throughout all levels of the organisation. The SLT is also responsible for reviewing on a deal-by-deal basis whether acquisitions and divestments align with our ESG Strategy, ensuring that climate-related risks are considered throughout the property lifecycle.

Operational Management is responsible for the implementation and maintenance of climate-related risk management procedures, as well as the identification of climate-related risks and the mitigating controls and actions required at the asset level. The Operational Management team escalate climate-related risks that are identified at the asset level to the SLT. These are assessed and integrated into the Climate-related risk matrix and escalated to the ESG Committee, Board and Audit committee as necessary.

As part of the climate risk assessment undertaken in late 2021, we conducted a detailed climate risk governance gap analysis, aligned with TCFD recommendations to understand how to best oversee and manage climate-related risks throughout our governance structures. In late 2023 we developed and began implementing our Climate Adaptation Plan, thus extending our formal governance of climate-related risks and opportunities across the investment lifecycle and enhancing our ESG Committee's and SLT's oversight and management of climate-related risks.

As part of the Climate Adaptation Plan, four adaptation tools have been developed:

1. **Climate Risk Acquisition Checklist.**
2. **Climate Resilience Framework.**
3. **Retail Technical Design Guide: Sustainable Fit-out Measures.**
4. **Climate Adaptation Conflict Tool.**

Ultimate responsibility for overseeing the integration of each tool into our investment decisions is assigned to SLT individuals, ensuring that climate-related considerations are actively addressed at key stages of an asset's lifecycle: Acquisitions, Refurbishments, Lettings & occupier engagement, Operations & property management.

Responsibility for each tool within our Climate Adaptation Plan currently follows:

- **The Climate Risk Acquisition Checklist** – James Ryman, Investment Director, and Stuart Wetherly, Group Finance Director.
- **The Climate Resilience Framework** – Daniel Fleming, Senior Development Project Manager, and Sara Jennings, Director of Operations & Guest Experience.
- **The Sustainable Fit-out Measures** –Frankie Chrysanthou, Commercial Director, Daniel Fleming, Senior Development Project Manager, and Sara Jennings, Director of Operations & Guest Experience.
- **The Climate Adaptation Conflict Tool** – Daniel Fleming, Senior Development Project Manager, and Sara Jennings, Director of Operations & Guest Experience.

A detailed overview of our Governance structure can be found in the Corporate Governance section on pages 122–133 of our 2023 Annual Report.

2 Strategy

Climate-related risks and opportunities identified over the short, medium, and long-term

Through conducting a rigorous climate risk assessment (see Risk Management), we have accurately identified the potential climate risks and opportunities facing our business. The table below outlines the key physical and transition risks we have identified over the short term (2020-2029), medium term (2030-3039) and long term (>2040). Our heightened understanding of climate risks to the Group has enabled us to embed a robust risk management process via our Climate-related risk matrix to address possible impacts proactively.

Physical and Transition Climate-related risks

<table>
<tr><th>Time horizon</th><th>Risk number</th><th>Risk</th><th>Risk description</th><th>Risk impacts</th></tr>
<tr><td rowspan="4">Short term: 2020-2029</td><td>1.</td><td>Energy decarbonisation and technology</td><td>The decarbonisation pathway demands an energy shift from fossil fuels to renewables. This will stimulate low carbon technological solutions. Existing buildings must adapt with these technologies in order to meet energy efficiency targets and reduce rising operational costs caused by changing seasonal patterns and carbon taxes</td><td rowspan="4">• Reduced asset value, ‘green premium’ vs ‘brown discount’
• Increased cost of financial capital
• Tenant default risk causing loss of income
• Capex and retrofit costs
• Increased operational costs, including impacts from increased cost of carbon</td></tr>
<tr><td>2.</td><td>Financial market uncertainty</td><td>Sustained damage from climate-related physical impacts or persistent transition-related market movements impact macroeconomic conditions and threaten the ability of firms to produce goods and services</td></tr>
<tr><td>3.</td><td>Increased regulation</td><td>Policy mandates existing building stock and developments improve efficiencies and operational practices, and embed climate resilience on-site</td></tr>
<tr><td>4.</td><td>Shifting market and occupier expectation</td><td>Markets shift to meet a growing demand for low or net zero carbon assets with on-site climate resilience embedded. Demand may also shift away from certain geographies or sectors, while changing consumer preferences could create tenant risk.</td></tr>
</table>

Time horizon	Risk number	Risk	Risk description	Risk impacts
Medium term: 2030-2039	**5.**	Insurance challenges	The physical impacts of climate change are extensive and cause the insurance industry to reassess premiums or withdraw cover	
	6.	Supply chain and resources	Physical climate impacts can cause widespread disruption to production within supply chains and cause resource prices to rise.	• Physical damage causing costly repairs and clean-up • Cost of mitigation measures • Migration away from vulnerable areas • Decline in asset value or stranded asset risk • Litigation or reputational risks if perceived to inadequately prepare for physical risks • Supply chain, distribution and regional infrastructure disruption
	7.	Flooding	Increased duration and intensity of precipitation, snow melt, and rising sea levels will exacerbate fluvial (river), pluvial (surface water) and coastal flooding	
	8.	Storm damage	Meteorological phenomena are becoming more frequent. Impacts arise from storms and heavy wind, exacerbated by changes to sea temperatures and seasonal patterns.	
Long term (>2040)	**9.**	Water stress and drought	Water becomes increasingly scarce, with supply unable to meet demand. As temperatures rise, average drought lengths could increase, with implications on water costs, supply chains and public health.	
	10.	Heat stress	Rising mean temperatures and extreme temperature highs put pressure on both people and infrastructure	

Additionally, key opportunities we have identified include:

- Harnessing low-carbon technologies and providing energy efficient buildings will provide us with the opportunity to secure premium tenants with robust sustainability strategies and enhance our asset values, footfall, and reputation. This includes additional opportunities we expect to realise as we continue to implement our Net Zero Carbon strategy.
- The Group will focus on proactively assessing and managing climate-related risks to embed resilience across our portfolio and business strategy. This will also enable us to gain a sustainable competitive advantage.

Impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning

We acknowledge that climate change will have a material impact on our business and consequently, we have enhanced our business, strategy and financial planning to account for climate-related risks, including the impact of climate-related risks on the Group’s current and future financial value. We have assessed a broad range of climate-related risks and opportunities, which we have integrated in our business strategy.

The Group places a strategic focus on assessing a broad range of climate-related risks posed to our business and assets and improve our climate risk resilience to these risks by enhancing and adapting our assets through refurbishment and energy efficiency upgrades across each stage of the property life cycle. We continue to strive towards future-proofing our new and existing assets against the physical impacts of climate change and have strategies in place to take advantage of opportunities linked to the shift to a low carbon economy.

As part of any acquisition, we would undertake building fabric, M&E, environmental and sustainability surveys, which will consider building component lifecycles and programmes for their replacement / upgrade. The outcomes will influence acquisition decisions and where a decision is taken to proceed, the findings will inform our capex allocations in line with our Net Zero Carbon pathway and the target acquisition pricing required to accommodate such capex needs within our financial performance targets.

We recognise that refurbishments are a good opportunity to undertake upgrades that deliver NZC enhancements. Refurbishments provide the opportunity to assess plant and material condition and efficiency and integrate upgrades when we prepare refurbishment specifications. Viability of initiatives can also create surplus positions above acceptable target return thresholds. These surpluses provide opportunity to widen project scopes to capture wider climate enhancing solutions that may not be a core part of a particular refurbishment or initiative but can be efficiently and cost effectively accommodated into a wider programme, where otherwise such enhancements may not have progressed.

To advance the integration of climate resilience across the investment and property lifecycle, we developed our Climate Adaptation Plan by leveraging our comprehensive understanding of our material climate-related risks. Headed by Sara Jennings, Director of Operations and Guest Experience, and the NZC Committee, it aims to proactively improve the resilience of our strategy and portfolio against potential future impacts by caused by climate change. In doing so, the Group will reduce the vulnerability of its portfolio to physical and transition climate-related risks via the identification and installation of appropriate adaptation measures using four tools developed as part of the Climate Adaptation Plan, as described below and in more detail in the Risk Management section.

1. The Climate Risk Acquisition Checklist ensures a broad range of physical and transition climate-related risks are assessed as part of the acquisition due diligence process and that asset-level resilience measures are formally considered to understand the target asset's existing adaptive capacity before confirming investment decisions. The tool is constructed of two sections: the Pre-Acquisition Requirements, and the Acquisition Checklist. The Pre-Acquisition Requirements involves two steps – step 1 is mandatory and requires the assessor to conduct a forward-looking and historic climate risk assessment. If the asset's risk level exceeds our desired threshold, step 2 is needed, using the Climate Resilience Framework to understand the existing adaptive capacity to mitigate against potential risk impacts. Subsequently, the Acquisition Checklist is leveraged to assess the target asset against a broader set of sustainability thresholds, including climate risk and resilience, to inform a final decision.
2. The Climate Resilience Framework helps evaluate existing and target assets' resilience to climate hazards, assess the effectiveness of adaptative solutions in reducing climate risk, and determine the impact of adaptative measures on vulnerability to support strategic investment and refurbishment decisions aligned with the Group's commitment to building climate resilience. The tool has five steps following an initial set of baseline questions collecting asset level information concerning the site. Step 1 involves a risk assessment that determines the climate hazard exposure of a target asset. Step 2 involves a resilience assessment that utilises collected asset-level documentation, and due diligence documentation from Step 1, to evaluate its current level of climate resilience. Step 3 combines the assessment results into one output to determine the final vulnerability and resilience rating of the target asset for each applicable hazard. Step 4 tracks the performance of assets' climate adaptation measures to monitor and measure their implementation and effectiveness using appropriate indicators. Step 5 evaluates how the existing or necessary adaptation solutions identified in the Resilience Assessment align with the existing Planned Preventative Measures (PPM) at the asset level to determine how and/or if adaptation solutions are already considered in the maintenance plans.
3. The Retail Technical Design Guide: Sustainable Fit-out Measures provides a comprehensive set of guidelines and recommendations for achieving climate resilience, energy-efficiency, and environmentally sustainable outcomes during the interior fit-out of retail units and other tenant-controlled spaces. The tool is used to support and encourage the adoption of green building practices, materials, technologies, and design strategies that increase climate resilience, minimise environmental impact, enhance occupant wellbeing, and optimise resource efficiency. There are three steps to the Guide – Step 1 involves a Design & Approval Phase whereby tenants are given the Retail Technical Design Guide and must submit a concept design in line with the guidance to the landlord. Step 2 involves a Fit-out Phase following approval of the concept design where permission is granted and the fit-out commences. Step 3 is the Open to trade Phase, it commences following completion of the fit-out whereby tenants may open to trade.
4. The Climate Adaptation Conflict Tool assists decision-makers to implement climate change adaptation solutions by evaluating the potential synergies or conflicts a climate adaptation solution may have with other sustainability goals, including climate mitigation, nature and biodiversity, community, and resource use. It is intended for use when considering the implementation of a climate adaptation measure as part of a wider refurbishment and necessary upgrades to meet minimum performance requirements or risk thresholds, or as part of a Planned Preventative Maintenance upgrades.

More detailed information can be found in our 'Climate Adaptation Plan' report on our website.

Additionally, our clear and robust net zero Carbon pathway will further improve our climate resilience and sustainability performance. In the context of the geography in which our business operates, we recognise the UK government has published a strategy which sets out policies and proposals for decarbonising all sectors of the UK economy to meet a net zero target by 2050. This strategy will introduce policies for driving transition in our sector particularly relating to the energy efficiency of buildings and electrification of heating demand.

Our net zero carbon pathway prioritises the necessary emission reductions up to 2040 and beyond, supported by a clear and actionable implementation plan, designed with all stages of the property lifecycle in mind. Read our pathway to net zero carbon for more information. Owing to more stringent UK regulations, EPC ratings are a top priority for C&R and are included as a key target area in our Net Zero Carbon Pathway Wheel of Delivery. The EPC ratings are also included within internal KPIs and in the deals submitted to our SLT for approval, as well as the heads of terms when the commercials are agreed. As part of the UK strategy for net zero carbon, the Government has stated an ambition to transition all electricity generation from fossil fuels by 2035. Decarbonising electricity is also a part of our strategy, whereby shopping centres' landlord electricity is 100% renewable and REGO certified. However, the transition to renewable gas has proved slower and more challenging, particularly considering our Food & Beverage (F&B) occupiers and their higher reliance on gas sources.

Snozone's electricity is 100% renewable and 100% traceable, sourced from the Hornsea North Sea wind farm for our UK venues, about 90 miles from our Yorkshire venue. In Madrid, 68% of power is sourced from a mixture of solar, wind and nuclear energy, with the remaining 32% supplied by 1,600 of our own solar panels.

For both asset types, we continue to investigate opportunities to increase onsite renewable energy. For our shopping centres, we are working through a feasibility study on implementing solar PV at select assets.

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our rigorous climate risk assessment enabled us to understand and assess the most material climate-related risks across the short-, medium-, and long-term time horizons outlined above. Understanding the most material climate-related risks across the time horizons has enabled us to discern the most effective climate risk mitigation measures to improve our climate risk resilience and reduce our climate risk exposure. Additionally, reducing our carbon footprint with our Net Zero Carbon pathway strategy will support the Group in effectively managing climate-related risks, most notably transition risks associated with a shift to a low-carbon economy and physical risks associated with flooding, heat stress and drought.

The scenarios we selected for our analysis were the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways RCP4.5 and RCP8.5. These are recognised climate scenarios models and align with consensus around the most likely range of average global temperature increases from now until 2100. Aligning with a 2°C or lower scenario, the RCP 4.5 scenario models a global temperature increase of 1.7°C - 3.2°C by 2100 and represents significant short-term policy action to meet the Paris Agreement. It is characterised by transition risks, although physical risks are still present with global temperature increase persisting. The RCP 8.5 scenario models a scenario where there is insufficient global policy action to meet the aims of the Paris Agreement and models a global temperature increase of 3.2°C - 5.4°C by 2100. This scenario is characterised by very severe physical climate risks, particularly in the long term. Analysing these two distinct climate scenarios has enabled us to understand a wide scope of climate-related risks and opportunities across different possible future trajectories, providing insights into what actions best support the Group's climate resilience. Furthermore, our net zero carbon strategy is aligned with CRREM 1.5°C Global and Sector Pathways. As such, we are considering a scenario whereby the transition demands are greater than the RCP4.5 and RCP8.5 climate models.

We have confidence that our approach to decarbonisation will make the business resilient to the transition risks expected with a 2°C or lower scenario. Within the RCP8.5 model as with other scenarios, is an amount of uncertainty spread over time. It is difficult to truly predict and anticipate the full magnitude of impacts associated with global temperature rises over 3°C but it is likely that there will be macroscale social and economic disruption which will be difficult to avoid. Our work on improving our resilience to the effects of such a scenario includes a focus on climate adaptation and responding to the experiences of severe weather events. For example, we have developed our response plans for our buildings and the welfare of people in reaction to weather events with hot or cold extremes, as a well as learning from specific incidents of flood risk and how they might manifest in our building archtypes. We are also planning on furthering our resilience with additional climate-related KPIs and risk management measures, such as regular legislation and regulation reviews and climate risk upskilling.

As a signatory to the BBP Climate Commitment, we developed a Climate Adaptation Plan as part of our comprehensive resilience strategy. A comprehensive resilience strategy as outlined by the BBP must demonstrate the ability to adapt to operating in a world where climate-driven disruption is more frequent and severe. We recognise that simply identifying risks is insufficient without material action, therefore, we have positioned ourselves as proactive leaders in creating and implementing our Climate Adaptation Plan.

Our Climate Adaptation Plan is designed to capture, assess, and respond to the physical and transition risks that are not already addressed by the net zero carbon pathway. The plan was developed in line with the eight requirements set out by the BBP, and is accompanied with a Climate Adaptation User Manual allowing anyone with a need to identify and implement adaptation measures in a simple and timely manner. Activating our Climate Adaptation Plan requires sign-off from Sara Jennings, Director of Operations and Guest Experience, and the NZC Committee, securing senior level buy-in.

3 Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks

We are aware that climate change poses an existential threat to not only our business and sector, but the global economy. We recognise that there is much we need to do to improve the impact of our business on the environment. As such, in 2021 we engaged with external agency, JLL, to conduct two rigorous climate scenario analysis exercises, the first to model climate-related risks and opportunities to our portfolio and the second to qualitatively assess the resilience of our overall business strategy. The results of the two assessments were used to develop our Climate-related risk matrix.

In-line with TCFD's recommendation, the assessment used two distinct, plausible scenarios established by the IPCC, one of which considers a transition to a lower-carbon economy consistent with a 2°C or lower scenario, RCP 4.5, and one consistent with increased physical climate-related risks, RCP 8.5. The two scenarios covered a broad range of likely physical and transition climate-related risks over the short, medium, and long term. Furthermore, our net zero carbon strategy is aligned with CRREM 1.5°C Global and Sector Pathways. To understand our impact and develop a trajectory of how our shopping centre portfolio will perform from a net zero carbon and energy perspective over the period to 2040, we have set a carbon baseline in the most recent, representative year: 2019. The baseline and projection to 2040 represent a business-as-usual scenario, including assumptions about growth plans, strategic shifts, grid decarbonisation, operational carbon at current energy usage intensity rates and embodied carbon based on current intensity rates.

The first climate risk analysis exercise quantitatively assessed the vulnerability of our portfolio based on our assets' location and characteristics to a range of climate-related risks, including physical risks such as flooding, heat stress, drought and storm damage and transition risks, such as market, legal, reputation and technology risks. The assessment helped us determine the geographical distribution of climate-related risks and opportunities and the potential financial losses and gains to our portfolio, as well as the different types of climate risks posed to our shopping centres and Snozone assets. The assessment also helped determine the most at-risk assets, allowing us to make strategic decisions on where to best focus mitigation actions and harness the available opportunities.

The second climate risk analysis exercise involved an in-depth review of the most up-to-date, credible climate literature to determine the Significance and Likelihood of a range of physical and transition climate-related risks and helped establish which risks are most material to our business. The results from the quantitative climate risk assessment were taken into account when scoring the Significance and Likelihood of individual climate-related risks. Significance scoring considered the impact, financial impact and ease/cost of mitigation on a scale of 1-5, ranging from minimal/no impact to catastrophic impact threatening the future of the business. Likelihood scoring considered the likelihood, frequency, duration of impact, and how quickly the risk materialises on a scale of 1-5, from unlikely risks with a short duration that materialise slowly to certain risks with a high frequency and duration that persist over a long period of time.

The results of the two scenario analyses were synthesised together to identify the top risks and opportunities to the Group, as well as inform detailed risk management recommendations. These have been embedded into risk management and decision-making by forming the new Climate-related risk matrix specifically for climate-related risks, feeding into the Group's Risk Review (see Governance).

Building on the climate risk assessment process conducted previously, the development of our Climate Adaptation Plan facilitates greater integration of adaptation and resilience across the business and decision-making process. Embedding this action plan into our business strategy decisions across the entire investment lifecycle supports our ability to fully address the challenges posed by climate change now and to prepare effectively for potentially greater risk in future. In doing so, we aim to secure long-term sustainability and protection of our portfolio against potential climate risks, as well as contribute to a more resilient and thriving future for our business and society. As part of the plan, we have developed a range of tools that aid the identification, assessment and management of climate risks into decision making and business processes across all stages of the investment lifecycle.

Featured in our Climate Adaptation Plan toolkit, our Climate Risk Acquisition Checklist ensures that a range of physical and transition climate-related risks are identified and assessed during acquisition due diligence to avoid acquiring spaces that expose the business to climate-related risks beyond our adaptative capacity. As part of the Pre-Acquisition Requirements, this involves conducting both a physical and a transition climate-related risk assessment.

When assessing physical risk, a historic climate risk assessment reviews publicly available information, such as flood maps and heat maps, to determine the historical likelihood of climate-related impacts and whether the asset is in a historically high-risk area. A forward-looking approach is also taken using climate modelling tools (a minimum of two climate scenarios must be conducted, including a 2°C scenario) to identify and assess potentially material climate-related risks to the target asset over time. This assessment provides analysis of the potential financial losses (potential disruption costs, damage costs, insurance costs, operational expenditure costs and capital expenditure costs) that could be incurred in the event of physical climate events materialising at the property.

We recognise emerging regulatory risks through our climate-related risk matrix whereby the transition risk category of increased regulation includes anticipated policy for improving existing building stock with increased energy efficiency requirements and building labelling schemes.

Transition climate-related risks are assessed using two audits, a Rapid Net Zero Carbon Audit, and an Asset Performance Audit. The audits help determine the operational performance of the asset regarding energy and carbon by assessing building certifications, EPC ratings, type of energy procured, operational efficiency, GHG emission intensity, efficiency of existing building systems and machinery, age and useful life of machinery and equipment, opportunities to improve systems, feasibility for low-carbon technologies and the associated capital expenditure costs. Target assets must possess an acceptable level of risk for the acquisition process to proceed following authorisation, with identified potential financial losses not exceeding defined investment thresholds.

Our Climate Resilience Framework tool is leveraged to identify and assess the residual climate risk facing an asset following an assessment of the asset's existing resilience and adaptive capacity. We calculate an initial vulnerability score using results from the climate risk assessments performed during acquisition due diligence and the assessment of our existing portfolio in 2021. The resilience assessment utilises a target asset's site documentation and the results from the climate risk assessments to assess the asset's existing adaptive capacity to climate hazards most material to our business, including heat stress, storms, flooding, drought and water stress, and solid mass-related events. We use our Climate Resilience Score Grid to input the target asset's adaptative solutions. A score, between -1 to +1, is determined based on the target asset's exposure to risk and adaptive capacity. The scores are simplified to 'positive', 'neutral', and 'negative' and can be evaluated and assessed using guidance provided in the Climate Resilience Score Guide. This tool provides us with a fuller understanding of our risk, and informs effective management solutions.

Describe the organisation's processes for managing climate-related risks

The Group's Risk Matrix is reviewed twice a year by the Group's Senior Leadership Team, the Audit Committee, and the Board to ensure that the Group remains on top of existing identified and any new emerging risks and their potential impact to the business, the likelihood of them occurring, the actions being taken to manage them, and the individuals responsible for managing them. In the Risk Matrix principal risks are scored and ranked for Significance and Likelihood across low, medium, and high levels. Significance levels are given financial values to indicate the potential financial impact of principal risks to the business. Climate-related is a principal risk in the Group's Risk Matrix that considers the top identified transition and physical climate-related risks to the business. These are also scored and ranked by Significance and Likelihood in a separate Climate-related risk matrix following the rigorous climate risk assessment described in the previous sub recommendation. The Climate-related principal risk and Climate-related risk matrix are overseen by the ESG Committee

The climate risk assessment process we have undertaken in late 2021, described above, has informed detailed risk management recommendations, which we used to develop a five-year roadmap for implementing key actions across four main stages of the property life cycle: Governance, Acquisition, Property management and Asset management, that set the foundations for short-term actions for embedding climate-related risk management and improving climate resilience in the medium and long term.

Risk management processes are present at each stage of the property lifecycle, with all activities taking place within our defined risk appetite. EPC ratings are actively considered in the acquisition due diligence process and in our Acquisition Checklist. Additionally, no acquisition would progress without a detailed building survey first being undertaken, which would incorporate environmental and sustainability considerations in reviewing construction and condition and lifecycle replacement programmes. The outputs from these surveys will not only inform cyclical replacement and upgrade programmes, but will be taken into consideration alongside asset initiative investment that would form part of any underwriting. Thus, ensuring investment commitments for refurbishment or general initiatives can incorporate opportunities to enhance NZC readiness in a timely manner and when opportunities arise.

Through the formation of our Climate Adaptation Plan this year, we have further developed and formalised our approach to managing our material climate-related risks. This has involved assigning responsibility to managing climate risks across the investment lifecycle to named individuals within our Senior Leadership Teams and developing a suite of complementary tools to ensure climate-related considerations are thoroughly evaluated before acquisitions and major capital expenditures.

Strengthening our existing acquisition process mentioned above, our new Climate Risk Acquisition Checklist sets thresholds that inform a go and no-go investment decision, protecting our portfolio from exceeding our set risk thresholds. Where an investment case remains, we conduct a further set of assessments prior to acquisition, including use of our Climate Resilience Framework to identify climate adaptation measures required to reduce the target asset's overall residual risk following implementation, which then inform capital expenditure plans prior to the asset's acquisition.

Within our Climate Resilience Framework tool, our Climate Adaptation Performance Tracker is used to measure and monitor the effectiveness of climate adaptation measures which may have been implemented to address the identified material climate hazards. Efficacy is measured against a 2023 baseline and monitored annually to highlight any change in vulnerability following the implementation of new adaptative solutions and ongoing climate transformation. Furthermore, the framework ensures that proposed adaptation solutions align with the existing Planned Preventative Maintenance (PPM) at the centre-level to ensure we allocate our capital expenditure appropriately and invest where resilience is most required.

To enhance our ability to manage climate-related risks in tenant-controlled spaces, we have introduced Green Lease Clauses considering minimum energy efficiency standards (MEES) compliance and are engaging with tenants around their operational behaviour, energy efficiency and data sharing. We are pursuing to move to 100% renewable landlord electricity supply. Additionally, we undertake asset level net zero carbon audits to identify opportunities to reduce energy consumption and improve efficiencies. Together, these strategies inform our investment and capital allocation activities, as well as acquisition and divestment decisions to maximise the overall performance and resilience of our portfolio's assets.

Furthermore, we also manage climate-related risks in our tenant-controlled spaces via our new Retail Technical Design Guide: Sustainable Fit-Out Measures. This guidance provides comprehensive recommendations for enhancing climate resilience, energy-efficiency, and environmentally sustainable outcomes across key sustainability areas during the interior fit-out of retail units and other tenant-controlled spaces. The recommended initiatives cover a broad range of sustainability themes, including climate change resilience, health and wellbeing, and carbon and energy efficiency, and either support Green Fit-Out (structural changes to facilities) or Green Operation (processes) transformation.

We have already undertaken climate resilience upgrades across our portfolio, such as at our Snozone sites where voltage optimisers have been installed to improve the efficiency of energy consumption in extreme temperatures and capital expenditure has been specifically dedicated to improving the insulation of these sites. These types of adaptation measures are important at these sites given the expectation that temperature extremes will become more frequent and significant in the future, leading to potential physical asset damages and material financial losses.

When implementing climate adaptation measures across our sites, we will leverage our Climate Adaptation Conflict tool to evaluate an adaptation solution's potential impact on our wider sustainability goals. By considering the goals linked to climate change mitigation, nature and biodiversity, community, and resource use, we want to make sure that these decisions are made with a holistic approach. For this intent, the tool measures potential synergies and trade-offs, safeguarding our responsible management of climate risks and ensuring that we implement the solutions that offer the greatest resilience potential, without exacerbating wider sustainability challenges.

We conduct regular weekly calls with asset operations managers to specifically discuss and address weather impacts across our sites. This allows us to gain insight into the potential risks and effects posed by weather events at a site scale, prioritising adaptation solutions accordingly to enhance asset resilience strategies. Climate risk is also being integrated into health and safety audits, ensuring emergency plans and procedures are in place and effective when required. With climate risk being integrated into the breadth of the management processes including emergency plans, there is a strong social focus where the wellbeing of employees and tenants are at the heart of decisions surrounding climate adaptation.

In addition to our compliance to the Streamlined Energy and Carbon Reporting (SECR), Carbon Trust and ISO14001, our organisational commitment to reach net zero by 2040, which is supported by our Net Zero Carbon Pathway, is a key step to managing and mitigating transition climate-related risk, specifically risks associated with increased costs of carbon and shifting market and occupier demand towards low carbon buildings.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

We have now fully integrated climate-related risks and opportunities into our risk management processes. We have integrated the outputs of the climate risk assessments into our risk management framework and will continue to integrate key risks within the Risk Matrix and separate climate-related risk matrix owned by the ESG Committee and overseen by the Audit Committee and the Board.

Through the development of the Climate Adaptation Tool, responsibility for managing climate-related risks is integrated at the top governance levels, for which training workshops were carried out to facilitate immediate integration and effective activation. We have committed to developing robust risk management of climate-related considerations as we recognise that climate-related risks could increasingly materially impact our financial and business strategy decisions.

4 Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We report in line with EPRA Sustainability Best Practices Recommendations (sBPR) for sustainability reporting. We provide information to our stakeholders on our climate-related performance and activities by reporting on a range of metrics for resource consumption, energy, and carbon emissions across our portfolio.

These include:

- Total and like-for-like Scope 1 and 2 emissions were calculated using internal data alongside the emissions factors from the UK Government's GHG Conversion Factors for Company Reporting 2020. Scope 3 emissions will be calculated in the Net Zero Carbon pathway being developed.
- Total and like-for-like Scope 1 and Scope 2 emissions in tCO_2e, including GHG intensity from building energy ($kgCO_2e$/sqft/year), also split by asset type
- Total and like-for-like electricity consumed in kWh, including energy intensity in kWh/sqft/year, also split by asset type
- Total and like-for-like water consumption, including occupier water consumption in m3/year, also split by asset type
- Total and like-for-like waste disposal in tonnes, split into landfill, incineration, recovery recycling, and anaerobic digestion in metric tonnes

As part of our Net Zero Carbon pathway strategy, we will be implementing metrics, including:

- Maximise onsite renewable energy
- High quality renewable energy procurement %
- Major refurbishment embodied carbon intensity (tCO_2e/m2 GIA)
- Minor development and fit-out embodied carbon intensity (tCO_2e/m^2 GIA)
- Total portfolio embodied carbon development (tCO_2e)
- Offset residual carbon emissions (tCO_2e)

To supplement our quantitative measures, we also assess key qualitative measures, including EPC ratings and building certifications to build a holistic view of our portfolio's performance. Following the in-depth climate risk assessment conducted in late 2021, we are in the process of defining and tracking further climate-related metrics and targets.

As outlined in Risk Management, key material climate-related risks and opportunities have been identified by conducting rigorous climate risk assessments. Using indicators in the climate resilience framework, we can assess and track an asset's performance on climate risk and resilience and the corresponding changes when adaptive measures are implemented.

Within The Climate Resilience Framework, indicators have been identified for the purpose of performance tracking. Such indicators cover the identified physical climate-related risks of heat stress, storms, flooding, drought and water stress, solid mass-related events and other material physical climate-related risks. These indicators include: the thermal performance of the roofing system, the percentage of both external and internal shading coverage, the number of repairs made to the HVAC system, the number of repairs made to the drainage along with their costings and the number of leaks detected within the last year.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

We disclose Scope 1 and Scope 2 GHG emissions in our SECR disclosures and on our website. These have been calculated and reported in line with the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 3 GHG emissions are calculated in the Net Zero Carbon pathway and reported accordingly.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

In recognition of the real estate sector's contribution to global GHG emissions and climate change, we are developing our Net Zero Carbon pathway strategy with the intention to reach net zero carbon by 2040.

Each of our retail and leisure centres has developed its own multiyear carbon reduction plan, which builds on the carbon reductions achieved to date, and outlines the pathway to achieving net zero by 2040. These plans include annual carbon intervention targets. The Centre teams monitor their carbon reduction plan on monthly basis which is being enhanced through a rollout of real-time circuit monitoring for utilities.

In 2024, we will recalculate our CRREM pathways to align with the most recent changes to our portfolio. Asset interventions recommended by the framework will provide insight as we continue to develop our future plans.

Read our pathway to net zero carbon for more information.

Governance

Governance

Chair's Introduction to Governance

David Hunter
Chairman

> I am pleased to present Capital & Regional's corporate governance report for 2023.

The primary focus of the business in 2023 was in navigating the continuing operational recovery from the Covid-19 pandemic, advancing the Group's ESG agenda and growing the business through the acquisition of Gyle, shopping centre in Edinburgh, the Group's first property acquisition since 2017.

The composition of the Board, in terms of diversity and tenure, has been considered by the Nomination Committee during the year. Disclosures regarding ethnic and gender diversity required by Listing Rule 9.8.6R(10), are set out on page 136. Our succession planning takes account of the diversity targets as set out in the Listing Rules and we engaged Nurole, specialists in Non-Executive Director roles, to assist with the search to replace Ian Krieger who will retire in 2024 having completed nine years' service which resulted in the appointment of Gerry Murphy.

The Board remains committed to high standards of corporate governance, which it considers to be critical to effective management and to maintaining investor confidence. I am satisfied that our approach, as embedded throughout our business, delivers this and will continue to evolve and improve to keep pace with changes in best practice and regulation and the Board will continue to keep itself appraised of proposed changes in governance including the changes to the UK Corporate Governance Code.

David Hunter
Chairman

Board of Directors

Executive Directors

Lawrence Hutchings
Chief Executive

Committee membership E

Appointed 2017

Relevant skills and experience

Lawrence joined the Group in 2017 following four years at Blackstone in Australia, two as Managing Director, and has over 20 years' experience in the property industry. Prior to Blackstone, Lawrence was at Hammerson plc for four years, the last three as Managing Director - UK Retail, before which he spent almost seven years at Henderson Global Investors.

External appointments

- None

Stuart Wetherly
Group Finance Director and Company Secretary

Appointed 2019

Relevant skills and experience

Stuart joined Capital & Regional as Group Financial Controller in October 2012, and was additionally appointed Company Secretary in April 2013. He was appointed Group Finance Director in March 2019. Prior to joining Capital & Regional, Stuart spent 12 years at Deloitte in London where he qualified as a Chartered Accountant. Stuart also worked in a group finance role at Johnson Matthey plc.

External appointments

- None

Non-executive Directors

David Hunter
Chairman of the Board

Committee membership N

Appointed 2020

Relevant skills and experience

David has many years' experience in UK and international real estate markets, including 19 years as an independent adviser and professional non-executive director. His current roles include Chairman at Dar Global plc. His background includes previous board level positions in the UK and overseas. He is a Senior Adviser to ICG Real Estate, a leading real estate debt fund manager. Prior to 2005, David was Managing Director of Aberdeen Property Investors and in 2004 he was President of the British Property Federation.

External appointments

- DAR Global plc (Chairman)
- ICG-Longbow (Senior Adviser)

Ian Krieger
Non-Executive*

Committee membership A N R

Appointed 2014

Relevant skills and experience

Ian is the Audit Committee Chairman and Senior Independent Director at Primary Health Properties PLC. Aside from his Non-Executive Director experience; Ian also brings extensive financial expertise from having previously been a senior partner and vice-chairman at Deloitte until his retirement in 2012.

External appointments

- Primary Health Properties plc (Audit Committee Chair, Senior Independent Director)

Committee membership

- A Audit Committee
- E ESG Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of Committee
- Senior Independent Director

*Independent (as per the UK Corporate Governance Code).

Board of Directors

Non-executive Directors

Gerry Murphy
Non-Executive

Committee membership A N R

Appointed 2024

Relevant skills and experience
Gerry is currently a Non-Executive Director of Currys PLC and was previously Senior Independent Director of Capital & Counties Properties PLC. Gerry is also a Non-Executive board member of the Department of Health and Social Care, chairs its Audit and Risk assurance committee and is a co-opted member of the NHS England Audit and Risk assurance committee. He is a former Deloitte LLP partner and was a member of the Deloitte board and chairman of its audit committee. Prior to that, Gerry was also chairman of the Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales.

External appointments
- Currys plc (Non-Executive Director)
- Department of Health and Social Care (Non-Executive Director)

Norbert Sasse
Non-Executive

Appointed 2019

Relevant skills and experience
Norbert is the Group Chief Executive Officer of Growthpoint Properties Limited. He holds a BCom and Honours Degree in Accounting from Rand Afrikaans University and is a Chartered Accountant. Norbert has 25 years' experience in corporate finance, funds management and all aspects of listed property, as well as equity and debt capital market experience. He is a director of all major Growthpoint subsidiaries and investments in South Africa, Australia and the United Kingdom.

External appointments
- Growthpoint Properties Limited
- Growthpoint Properties Australia Limited
- Globalworth Real Estate Investments Limited

Panico Theocharides
Non-Executive

Appointed 2023

Relevant skills and experience
Panico joined Growthpoint in February 2023 as Group Head of Investments. Panico has over 20 years' experience in the real estate, advisory and investment banking industries. Prior to joining Growthpoint Panico worked for five years as an independent property advisor and previously was Head of Property Advisory, Corporate Finance at Investec in South Africa. Before that Panico was the Joint Chief Executive Officer of Annuity Properties Limited, a South African focused REIT that was listed on the Johannesburg Stock Exchange.

External appointments
- Growthpoint Properties Australia Limited
- Globalworth Real Estate Investments Limited

Katie Wadey
Non-Executive*

Committee membership A E N R

Appointed 2020

Relevant skills and experience
Katie is the Chief Product and Commercial Officer of Wesleyan Financial Services. Katie has over 20 years of multi-industry experience across a range of customer and commercial functions and has held senior roles at blue chip consumer facing organisations including BT, LV=, Tesco, British Gas and Aviva. Katie has also been a trustee of Transform Housing and Support since 2019.

External appointments
- Wesleyan Financial Services
- Transform Housing and Support (Trustee)

Laura Whyte
Non-Executive*

Committee membership A N R

Appointed 2015

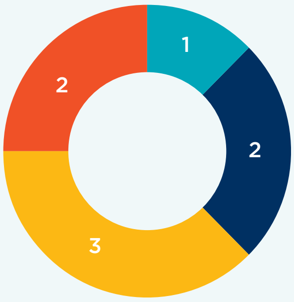
Relevant skills and experience
Laura had a long and successful career with John Lewis Partnership where she served on the Management Board for over ten years, firstly as Registrar and latterly as HR Director. Laura is also a Non-Executive Director and Chair of the Remuneration Committee at Trifast plc and Macfarlane Group PLC and a Trustee of The Old Royal Naval College, Greenwich.

External appointments
- Trifast plc
- Macfarlane Group plc
- The Old Royal Naval College, Greenwich (Trustee)

Senior Leadership Team

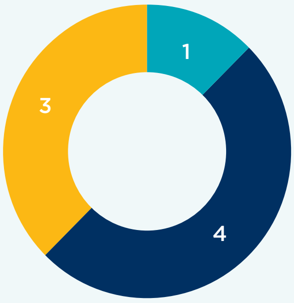
Board Diversity at 30 December 2023

Board composition (number of Directors)



- Chairman
- Executive Directors
- Independent Non-Executive Directors
- Non-Executive Directors

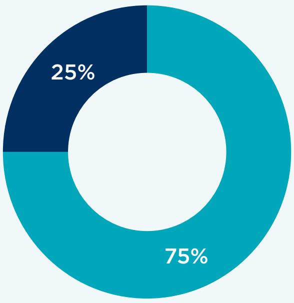
Board tenure



- 1 - 3 years
- 3 - 6 years
- 6 - 9 years

Average tenure – 5.1 years

Board gender split (%)



- Male
- Female

Lawrence Hutchings
Chief Executive

Stuart Wetherly
Group Finance Director and Company Secretary

Frankie Chrysanthou
Commercial Director

Frankie joined C&R in 2022 bringing more than 20 years of experience across commercial leasing and business planning and performance. Her most recent roles were with leading flexible workspace providers IWG and Landmark Space. As Commercial Director, Frankie supports our community strategy and is responsible for directing the leasing team, CML and temp lettings to drive new retail deals and execute innovative asset management strategies to optimise the use of space across our shopping centre portfolio.

Sara Jennings
Director of Operations & Guest Experience

Sara began her retail career working for House of Fraser in Store Management before joining C&R in 2001. She has held a number of positions within C&R before taking on the role of Director of Guest and Customer Experience. Sara is responsible for the day to day management of the Group's shopping centres and leads the integration process of new acquisitions.

James Ryman
Investment Director

James joined Capital & Regional in 2007 and prior to that qualified as a Chartered Surveyor at Donaldsons Chartered Surveyors where he spent 13 years specialising in all aspects of shopping centre asset management, latterly running the Retail Asset Management team. As Investment Director, James is responsible for driving investment performance from our shopping centre portfolio.

Nick Phillips
Managing Director Snozone

Nick joined C&R in 2012 as Snozone's Managing Director. Nick started his career with Aldi, joining them in their embryonic stages in the UK as a regional New Store Openings Manager in the northwest. He then went on to hold a number of positions with Lidl and Whitbread PLC as David Lloyd Leisure's Regional Director for the south of England before becoming their Sales & Operations Director for the UK & Europe.

Governance

Compliance with the Corporate Governance Code

The Company has, throughout the year ended 30 December 2023, applied the principles and complied with the provisions of the 2018 UK Corporate Governance Code except for (i) Provision 11 - that in light of the Board featuring two representatives of Growthpoint, the Company's majority shareholder, at least half the Board, excluding the Chair, are not considered to be independent non-executive directors.

In order to fully comply with Principle G of the 2018 Corporate Governance Code, the Board would need to recruit one further independent non-executive director. This would result in a disproportionately large Board number in comparison to the current scale and complexity of the Business. In the Company's view, the breadth of experience and knowledge brought to the Board by the Chairman, who is considered to be independent in practice, and non-executive directors coupled with their detachment from the day-to-day issues within the Company provide for constructive debate and robust decision making. The Board considers the current composition to be effective in holding the executives and the management team to account.

Board Leadership and Company Purpose	The Board has overall responsibility for delivering the long-term sustainable success of the Group. It also has the responsibility to ensure the Group's key stakeholders are clearly identified and that the success is for their benefit and for the wider community. The Board has devised a clear purpose of the Business with well-defined values and strategy that aim to provide a solid platform for achieving this purpose and instilling the right culture across the Business.	For more on **Board Structure** see page130-131 For more on **Purpose and Strategy** see page 3 and pages 24-29
Division of responsibilities	The Board and its four Committees have well-established responsibilities that are set out in the Schedule of Matters Reserved for Board Approval and Terms of Reference for each Committee, respectively. The division of responsibilities between the Chairman, tasked with ensuring the effectiveness of the Board, and the Chief Executive, who is responsible for the leadership of the Group's business, has been clearly defined. All divisions of responsibilities have been agreed and approved by the Board.	For more on **Division of Responsibilities** see pages 130-132
Composition, Succession and Evaluation	The Board, as a whole, keeps under review the composition of the Board and its Committees. Appointments to the Board are recommended by the Nomination Committee. The Nomination Committee is also responsible for ensuring adequate succession planning is in place for Board and senior management positions. The Nomination Committee is also responsible for reviewing the Group's policy on Diversity and Inclusion. The Board undertakes an annual review of its own effectiveness.	For more on **Composition, Succession and Evaluation**, see page 133 and page 135
Audit, Risk and Internal Control	The Board delegates and receives updates from the Audit Committee in respect of monitoring the integrity of financial statements and ensuring robust systems and adequate controls are in place to manage risk. The Board has also tasked the Audit Committee with monitoring and maintaining the Group's relationship with the external audit firm.	For more on **Group's Risk management**, see pages 140-141 For more on **Audit and Internal Controls**, see pages 139-141
Remuneration	The Board, through the Remuneration Committee, ensures that remuneration policies and practices are designed to support the Group's strategy and promote long-term sustainable success. The Remuneration Committee ensure that formal and transparent policies are in place for determining director and senior management remuneration.	For more on **Remuneration** see pages 142-160
ESG	The Board, through the ESG Committee sets and reviews the ESG strategy, benchmarks and measures the Group's ESG performance against national and global industry standards, ensures that there are appropriate policies in place to support the Group's ESG framework and assists on other matters related to ESG as may be referred to it by the Board.	For more on **ESG** see pages 62-107
Disclosure responsibilities	The Board delegates responsibilities in identifying Inside Information and determining when disclosure is required to a sub-committee formed of the Chairman, Chief Executive and Group Finance Director. This group meets on an as required basis to identify when how and when the Group should disclose Inside Information in accordance with the Disclosure Policy and having regard, in particular, to information previously disclosed by the Company.	

Compliance with the Disclosure and Transparency Rules

The disclosures required under DTR 7.2 of the Disclosure and Transparency Rules are contained in this report, except for those required under DTR 7.2.6 which are contained in the Directors' Report.

Task Force for Climate-Related Financial Disclosures

In accordance with LR 9.8.6(8), details of the Group's pathway to providing disclosure consistent with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) are provided in the ESG Report on pages 108-119. The Board is aware of the importance in reducing the Group's impact on climate to further mitigate its direct link to financial risk.

Board leadership and company purpose

Board Activity

Main activities undertaken during the financial year:

Strategy

- Reviewed strategic options for the further growth and development of the business
- Received updates on property cycle and sector trends including the interaction of physical and online retail
- Continued to monitor management's progress on positioning the asset portfolio to increase exposure to resilient customer categories in line with changing consumer demands
- Assessing the Group's capital structure including capital allocation and considering and approving capital expenditure investment
- Considered and approved the acquisition of the Gyle shopping centre and its part funding by a fully underwritten open offer.

Risk Management & Internal Controls

- Considered the impact on operations from the cost of living crisis
- Reviewed the Group's emerging and principal risks and the risk matrix and internal control systems
- Reviewed the effectiveness of the material financial, operational and compliance controls that mitigate the Group's key risks
- Through the Board's Audit Committee, met with the Company's independent property valuers twice in the year

Financial Performance

- Reviewed the Group's performance against budget and peers
- Approved the annual business plan and budget
- Approved interim and full year results
- Reviewed the dividend policy
- Reviewed the Group's major capital expenditure projects
- Reviewed the Group's debt facilities

Governance

- Discussed the results of the Board evaluation
- Received regular updates from the Chairs of the Audit, Remuneration, Nomination and ESG Committees
- Received briefings on key governance and regulatory developments
- Completed the annual review of the Company's Modern Slavery Statement
- Reviewed and updated the Board Committees' Terms of Reference

Stakeholders

- Received updates on interaction with and feedback from shareholders
- Reviewed employee engagement survey results and updates on company culture
- Received updates on key HR and people matters

Board leadership and company purpose continued

Aligning purpose, values, strategy and culture & the role of the Board

The Board of Directors at Capital & Regional PLC takes on the collective responsibility to promote the long-term sustainable success of the Company for the benefit of its shareholders, stakeholders and for the wider community. They achieve this by setting a clear Company purpose and strategy that aligns to the desired culture and values of the Group. The Board ensures that it reviews and approves key policies and decisions, particularly in relation to culture. It also assesses the Group's allocation of capital resources and approves the Group's business plans, which outline key remerchandising and leasing initiatives for each centre, against the strategy on an annual basis, ensuring it remains relevant to the securing the long-term vision for the Group. As a premium listed Company, the Board is ever mindful of governance and compliance with laws and regulations when taking decisions. It retains ultimate responsibility for approving business development opportunities, including major investments and disposals ensuring these are aligned to long term strategy.

The Board, with the support of the Company Secretary, meets regularly, on an at least quarterly basis, throughout the year to ensure that the Directors allocate sufficient time to discharge their duties effectively. Board meetings are scheduled to coincide with key events in the Company's financial calendar, including interim and final results and the Annual General Meeting (AGM). Other meetings during the year will review the Company's strategy and budgets for the next financial year and the Company's key risks and financial and operating performance.

The Board delegates the day-to-day management of the business to the Executives. However, a schedule of matters reserved for the Board is maintained to ensure material matters, such as significant transactions, are brought to the Board for approval. The Executive Directors take operational decisions and also approve certain transactions within defined parameters of the Delegation of Authority which forms part of the Schedule of Matters Reserved for the Board.

The Board delegates certain responsibilities to its four Committees, which operate within specified terms of reference that are reviewed annually. The Committee Chairs' report on all proposed actions in relation to their delegated activities to make sure that the Board retain overall accountability.

Purpose

The Group's primary purpose is to invest in, manage and enhance retail property through the creation of dynamic environments tailored to their local community. We define and lead community shopping through the creation of vibrant retail spaces and exceptional customer and guest experience.

Strategy

The Group strategy is coming into its seventh year since its launch in 2017. The Board continues to believe that community shopping centres, actively remerchandised to increase exposure to growth and resilient non-discretionary retailer offerings with a best-in-class management platform remains a robust strategy for delivering shareholder return in the medium term.

Monitoring and assessing our culture

The Board is responsible for defining, monitoring and overseeing the culture of the organisation and ensuring that it is aligned with the Company's purpose and strategy. To foster and support an open culture, where all staff understand the strategic direction of the business, key points arising from strategic discussions held by the Board and Senior Leadership Team are communicated to staff members via regular Town Hall meetings.

The Board's agenda is managed to ensure that the value which the Company generates is preserved over the long-term, with key stakeholder considerations and governance issues playing a fundamental part in its decision making.

The Board receives regular updates on the operational performance of the Group's centres against key KPIs, including footfall and leasing activity and feedback on guest surveys, providing insight into the demand and engagement within each community.

The Board also receives regular people updates on the Company's culture and whether it is embracing the values of inspiring creative thinking, encouraging collaborative engagement, acting with integrity and delivering dynamic solutions.

The Board of Directors are also encouraged to visit centres outside of formal Board visits to engage with employees and to gain a deeper understanding of the trading environment and the differences in guest experiences across the assets. A visit to the Group's shopping centre in Ilford was incorporated into one of the Board meetings during the year.

Shareholder relations

The Company encourages regular dialogue with its shareholders at the AGM, corporate functions and property visits. The Company also attends road shows, participates in sector conferences and, following the announcement of final and interim results, and throughout the year, as requested, holds update meetings with institutional investors. The Chairman, Senior Independent Director and Committee Chairs are available to hold meetings with institutional shareholders, when required, to discuss key issues. All the Directors are accessible to all shareholders, and queries received verbally or in writing are addressed as soon as possible.

Announcements are made to the London Stock Exchange, the Johannesburg Stock Exchange and the business media concerning business developments to provide wider dissemination of information. Registered shareholders are sent copies of the annual report and relevant circulars. The Group's website (capreg.com) is kept up to date with all announcements, reports and shareholder circulars.

Key engagement events during the year included:

- Shareholders invited to attend the full year and interim results presentations in person and via video conference
- Post-results investor road shows
- An in person Annual General Meeting
- Participated in a number of industry conferences
- Provided regular updates to the market throughout the year

Employee and Workforce engagement

The Board has received regular updates from Laura Whyte, Non-Executive Director responsible for workforce engagement, on staff engagement throughout the year including updates from ESG sub-committees All About You, and Diversity and Inclusivity Committee, and Employee Voice.

The Executive Directors hold 'Townhall' meetings following each scheduled Board meeting to update all employees on the decisions taken and provide an opportunity for employees to ask any questions they may have. In 2023, Townhall meetings were held on a monthly frequency to provide regular updates to employees across the Support Office and centre teams. The meetings covered updates on the business, feedback from board meetings, reviews of sustainability projects, an explanation of remuneration policies and understanding the Group's diversity and inclusion initiatives and guest external speakers from various of the Group's customers and advisors. The meetings also covered the Company's approach to performance reviews and remuneration and how it aligns with executive remuneration.

The ESG Committee also reviews the outputs of the employee engagement surveys "C&R Pulse" and the "Team Survey" at Snozone on a regular basis and this is summarised and communicated back to staff on the monthly Townhall meetings. Responses from the surveys helped inform various actions during the year including the Company's choice, location and set-up of new office premises.

Laura Whyte is the Non-Executive Director responsible for workforce engagement. The purpose and key accountabilities of the role include:

- Learning about employee experiences and perspectives on current challenges facing the business
- Sharing those views at Board meetings to inform broader decision making
- Ensuring the Board takes appropriate steps to evaluate the impact of proposals and developments on employees and consider relevant steps to mitigate any adverse impact
- Providing feedback to employees, through the Senior Leadership Team, on Board decisions that will impact them directly

In addition to these responsibilities, Laura periodically attends Townhall meetings and has an open invitation to join the Employee Voice and Diversity & Inclusion Committees. Laura reviews and monitors feedback and insights driven by our employee surveys and is consulted on the topics covered. As Chair of the Remuneration Committee, Laura is also briefed on any remuneration matters affecting employees and is able to provide feedback to the Remuneration Committee on any concerns raised by employees.

Conflicts of interest

Directors are required to report actual or potential conflicts of interests to the Board for consideration and the Company maintains a register of authorised conflicts of interest. The Chairman notes the Register and reminds Directors of their duties under the Companies Act 2006 relating to the disclosure of any conflicts of interest at the beginning of each Board meeting. Where matters arise that involve a potential conflict of interest the Chairman will ask conflicted members to leave the meeting while such matters are discussed. An example of this in 2023 occurred where the Board discussed the pricing of the new equity to be raised and noting that Growthpoint were acting as underwriter for the transaction the Board members representing Growthpoint were asked to leave the meeting while the rest of the Board discussed and concluded on the matter.

Directors' interests in the shares of the Company and the terms of their appointment are disclosed on page 158-159.

Independent advice

Directors can raise concerns at Board meetings and have access to the advice of the Company Secretary. There is an established procedure for Directors, in relevant circumstances, to obtain independent professional advice at the company's expense. No such requests were made in 2023. Directors' and Officers' Liability Insurance is maintained for all Directors.

Division of Responsibilities

Board

Key Responsibilities

- Collectively responsible for promoting the long-term sustainable success of the Group for the benefit of its stakeholders through the creation of long-term sustainable shareholder value and contribution to wider society.
- Setting the Group's strategic direction and overseeing management's execution of the strategy.
- Responsible for establishing Group purpose and values, and for ensuring that our culture and behaviours are both appropriate and consistent.

Audit Committee

Key Responsibilities

- Reviews the clarity, completeness and appropriateness of disclosure in the Group's Financial Statements and reports findings to the Board.
- Advises the board on whether the annual report is fair, balanced and understandable.
- Monitors, reviews and recommends to the Board the need for an Internal Audit function.
- Recommends the appointment of the External Auditors and reviews their effectiveness, independence and fees.
- Reviews and approves the appointment of the Group's independent property valuers.
- Reviews and approves the Group's arrangements and policy for its workforce to raise concerns, in confidence, about possible wrongdoing.
- Delegated by the Board to monitor the internal controls and risk management process. Ultimate approval remains with the Board.

Further information
on pages 137-141

Nomination Committee

Key Responsibilities

- Reviews the structure, size and composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of diversity, knowledge, skills and experience.
- Reviews and recommends appointments to the Board and to other senior leadership positions.

Further information
on pages 134-136

Remuneration Committee

Key Responsibilities

- Makes recommendations to the Board on the Group's executive director Remuneration Policy.
- Oversees the Group's Remuneration Schemes.
- Reviews and recommends to the Board the Group's Remuneration Policy.

Further information
on pages 142-160

ESG Committee

Key Responsibilities

- Sets the ESG strategy and ensures that it remains fit for purpose.
- Benchmarking and measuring the Group against national and global industry standards, in relation to its ESG strategy and goals.
- Ensures that there are appropriate policies in place to support the Group's ESG framework.
- Assists on other matters related to ESG as may be referred to it by the Board

Further information
on pages 62-107

Board balance and independence

Details of the directors including their qualifications, experience and other commitments are set out on pages 123-124. The Board currently comprises the Chairman, two Executive Directors and five Non-Executive Directors.

The Board reviews the independence of its Non-Executive Directors on an annual basis. Panico Theocharides and Norbert Sasse are not considered independent as they act as representatives of Growthpoint Properties Limited. The Board has concluded that all other Non-Executive Directors continue to demonstrate their independence.

In the Company's view, the breadth of experience and knowledge of the Chairman and the Non-Executive Directors and their detachment from the day-to-day issues within the Company provide a sufficiently strong and experienced balance with the executive members of the Board.

The Company has well-established separation of responsibilities between the Chairman and Chief Executive and written terms of reference are available on the Group's website. The Senior Independent Director undertakes regular reviews to ensure the distinction of roles and responsibilities remains appropriate.

Chairman

- Responsible for the objective leadership of the Board of Directors in the effective directing of the Company.
- Should maintain a culture of openness and ensure that time is made for debate and constructive challenge.
- Continually assess and monitor the collaborative nature of the Board and take the lead in its annual effectiveness review.
- Set the annual workplan for the Board and set the agenda, style and tone of each meeting of the Board
- Ensure Directors receive timely, accurate and clear information in order for them to make informed collective decisions
- Oversee the induction process for new Directors and the ongoing training and development of the Board

Chief Executive

- Responsible for the day-to-day operations and management of the Group's business.
- Develop and recommend the Group strategy to the Board and implement the agreed strategy across the Group.
- Deliver financial performance in line with the agreed budgets.
- Provide regular updates to the Board on all operational matters
- Responsible for recruitment, leadership and development of the Senior Leadership Team
- Deliver the Group's ESG strategy.
- Ensure effective communication with the Group's shareholders and stakeholders.

Senior Independent Director

- Acts as a sounding board to the Chairman.
- Serves as an intermediary for Non-Executive Directors when necessary and available to shareholders if they wish to raise concerns outside the usual communication channels of the Chairman, Chief Executive or other Executive Directors.
- Leads the evaluation of the Chairman's performance, as part of the annual Board evaluation process.

Non-Executive Directors

- Remain independent of management and to be free from any business or other relationships that could compromise their independence.
- Provide independent judgement, knowledge and commercial experience to discussions and decision making.
- Provide constructive challenge to Executive Directors and scrutinise the performance of management against key objectives.
- Provide oversight of management's success in delivering the agreed strategy within the risk appetite and control framework agreed by the Board.
- Through the Board Committees, the independent Non-Executive Directors are responsible for managing the delegated tasks given to them by the Board.

Division of Responsibilities continued

Board and committee meeting attendance

The number of meetings of the Board and its Committees during 2023, and individual attendance by Directors, is set out below.

	Scheduled Board	Unscheduled Board	Audit	Remuneration	Nominations	ESG
D Hunter	5/5	1/1			3/3	
L Hutchings	5/5	1/1	*			4/4
S Wetherly	5/5	1/1	*			
I Krieger	5/5	1/1	3/3	4/4	3/3	
G Muchanya	1/1	–				
N Sasse	5/5	1/1	*			
P Theocharides	4/4	1/1	*			
K Wadey	4/5	1/1	3/3	4/4	1/1**	4/4
L Whyte	5/5	1/1	3/3	4/4	3/3	3/3

* Directors who are not members of the respective Committees also attended meetings as appropriate at the invitation of the Committee Chair.

** Katie Wadey was appointed to the Nomination committee on 25 May 2023

Prior to Board meetings, each member receives, as appropriate to the agenda, up-to-date financial and commercial information, management accounts, budgets and forecasts, details of potential or proposed acquisitions and disposals, cash flow forecasts and details of funding availability. At each scheduled Board meeting, the Executive Directors provide updates on their key areas of responsibility. The Committee Chairs also provide updates on the work of the Committees and highlight any matters requiring consideration by the full Board. Other matters for discussion are added to the agenda for scheduled Board meetings, or discussed at additionally convened Board meetings, as required.

Time Commitment

The Nomination Committee considers the time commitments of proposed candidates prior to appointment to ensure that they are able to dedicate sufficient time to the role. Directors' external commitments are reviewed on a regular basis to ensure they continue to devote sufficient time to the role. All Directors are required to obtain prior approval before taking on any additional external appointments. Directors are expected to attend all Board and relevant Committee meetings and attendance in 2023 is set out in the table above. During the year, the Board held five scheduled meetings. There was full attendance at Board meetings during the year other than one instance where a Board member had a conflicting commitment.

Composition, Succession and Evaluation

Composition

Details of the Directors, including their skills and experience are outlined on pages 123-124.

Board succession

Succession planning is led by the Nomination Committee. Further information is provided on pages 134-136.

Induction and professional development

The Chairman, supported by the Company Secretary, ensures all new Directors are provided with induction training. Comprehensive packs are provided containing the most recent Board & Committee materials, recent auditor reports, key business policies and relevant business KPIs.

New Directors are introduced to the Board and senior management through one-to-one meetings, coupled with visits to our shopping centres and Snozone sites to tour the trading environments and to meet the operational teams.

During the year all Directors received training from external advisers on their obligations as directors of a premium listed company focusing on compliance with the Listing Rules, Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulations. Specific training requirements are reviewed on a regular basis and undertaken individually, as necessary.

Board evaluation

Stage 1

Led by the Chairman, all Directors of the Board complete a detailed questionnaire covering:

- Performance of the Board, as a whole, and as individuals;
- Processes that determine the Board's effectiveness (including the Board composition and skills gaps, experience, independence and knowledge of the persons on the Board and decision-making);
- Company culture, strategy and risk management; and
- Performance of the Board's Committees.

The Senior Independent Director directly receives questionnaires completed by the other Directors in respect of the Chairman's performance. The Senior Independent Director then arranges, as and if required, one-to-one meetings with the other Directors to review and discuss any matters raised.

The Chairman meets with the Non-Executive Directors without the presence of the Executive Directors to evaluate the performance of the Chief Executive. The Senior Independent Director meets with the Chairman to discuss the outcome of the review of the Chairman's performance.

Stage 2

The completed questionnaires are collated by the Company Secretarial team and reviewed with the Chairman to pull out summaries and key findings.

Stage 3

A paper, summarising the key findings with recommendations and associated actions, is drafted, and submitted for Board discussion and approval.

The review for 2023 took place at the December 2023 Board Meeting. The Board concluded that it was operating effectively and continues to engage and provide for robust and collective decision-making in line with its strategic objectives. The Board was comfortable that the Company had the appropriate controls, processes and approach to risk management.

Areas of continued focus for 2024 were identified as improving the time allocation of meetings and the Board having more direct oversight of business culture noting that at present this is primarily covered via the Board's ESG committee.

It was noted that previous areas of focus of broadening shareholder engagement and providing increased visibility to the Board of investment opportunities were felt to have improved with the latter best illustrated by the regular and detailed communications provided in respect of the considerations around the Gyle acquisition.

Nomination Committee Report

David Hunter
Chairman

Other members

Ian Krieger

Laura Whyte

Katie Wadey

The Nomination Committee is chaired by David Hunter, Chair of the Board of Directors. The other members of the Committee are Ian Krieger, Gerry Murphy, Laura Whyte, and Katie Wadey all of whom are independent Non-Executive Directors. The Committee met three times during the year. Attendance is set out on page 132.

Responsibilities

The Nomination Committee meets as required to select and recommend to the Board suitable candidates for both Executive and Non-Executive appointments. The Nomination Committee also considers succession planning for the Board and senior leadership positions taking into account the need for diversity and the skills and expertise required by the Board to deliver its strategy. The formal role of the Nomination Committee is set out in its terms of reference which are available on the Company's website at capreg.com

Activities of the Committee during the year

Appointment of New Non-executive Director

The Board underwent one Directorate change during the year. Panico Theocharides, was appointed as a Non-Executive Director on 22 February 2023 replacing George Muchanya as one of the shareholder nominated directors of Growthpoint. Panico brings a wealth of complementary experiences to the Board and his proven expertise in driving significant business growth will benefit Capital & Regional as we continue to implement our strategy in order to deliver value for our shareholders.

Succession planning

Ian Krieger, Senior Independent Director and Chair of the audit committee completed nine years' service on 1 December 2023 and therefore will not stand for re-election at the 2024 AGM. During the year the Committee commenced the search to replace Ian. A candidate and role specification including the time commitment expected were agreed by the Committee, with criteria including recent and relevant financial experience, listed company experience and ideally experience in the real estate and retail sectors. Nurole, an independent search consultancy were engaged to run a search process. After interviewing a short list of high quality and diverse candidates the decision was taken to appoint Gerry Murphy. It was concluded that Gerry's combination of retail, property, finance and audit experience made him the outstanding candidate.

The Committee has also considered the risks around retention and succession of executive management and the senior leadership team. While the size and scale of the business makes it impractical to maintain internal candidates for every senior position the Committee discussed and identified areas of possible exposure and plans for any eventualities that may potentially arise.

Re-election of Directors

All non-Executive Directors undertake a fixed term of three years subject to annual re-election by shareholders. The fixed term can be extended subject to not extending beyond nine years as per the Code. The executive directors are also put forward for re-election annually by shareholders Before considering recommending to the Board that a director be put forward for re-election, the Committee considers each Directors performance and the time they have available to allocate to the role. , The Committee has recommended to the Board the re-election of all Directors, with the exception of Ian Krieger who as noted above has completed his maximum term and has advised that he will not be standing for re-election at the 2024 AGM.

Board Evaluation

As part of the annual Board evaluation process all Board members were asked to consider the composition of the Board and highlight any areas they viewed were not being suitably covered.

The Board will continue to keep its composition under review and remain committed to maintaining the appropriate combination of directors that promotes balanced and robust decision making. In order to fully comply with Principle G of the 2018 Corporate Governance Code, the Board would need to recruit one further independent non-executive director. The Committee continues to hold the view that an increase in the number of directors would result in a large Board number in comparison to the current scale and complexity of the Business. It is believed that the breadth of experience and knowledge brought to the Board by the Chairman and non-executive directors, particularly the independent non-executive directors, coupled with their detachment from the day-to-day issues within the Company provide for constructive debate and robust decision making. The Committee considers the current composition to be effective in holding the executives and the management team to account. The Committee will continue to keep this under review.

Diversity Policy

The Nomination Committee, and the Board, recognises the importance of diversity in its broadest sense, including gender, ethnicity, culture, socio-economic background, disability, sexuality and diversity of thought, perspective and experience.

The Committee seeks to ensure that all suitable candidates available are taken into account when drawing up shortlists of candidates for possible appointments. The Committee continues to engage with executive search firms that are signatories to the UK Voluntary Code for "Women on Boards and the Voluntary Code of Conduct for Executive Search Firms". The Company engaged Nurole who work with high quality, diverse candidates to assist with the search to replace Ian Krieger.

The priority of the Committee and the Board is to ensure that the Group continues to have the strongest and most effective Board possible, and therefore all appointments to the Board are made on merit against objective criteria.

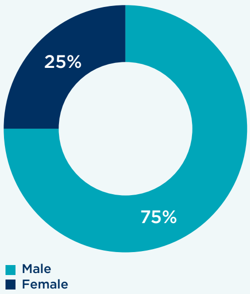
As a business, we are committed to maintaining a diverse workforce at all levels across the Company, and more information on how we do this, including a description of the policies relating to diversity and how they have been implemented, can be found in the ESG Report on pages 62-107. The Committee is also responsible for monitoring the existing working environment to ensure it is inclusive and to explore ways of further improving this both through internal and external engagement.

Information required under LR 9.8.6R(10) as at 30 December 2023
The Company has not met the target of 40% of the Board being woman, nor having a senior position held by a woman although the latter will be addressed in 2024 when Laura Whyte will take over as the Senior Independent Director of the Company from Ian Krieger when he steps down at the Company's AGM.

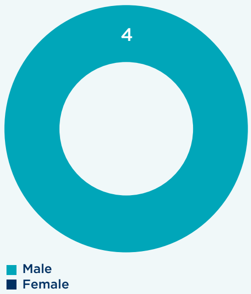
The Company did meet the target of having at least one individual on its board of directors from a minority ethnic background until February 2023 when George Muchanya resigned.

Gender

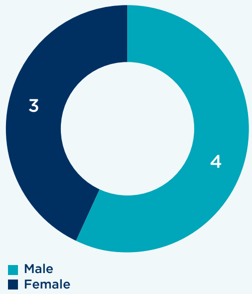
Percentage of the board



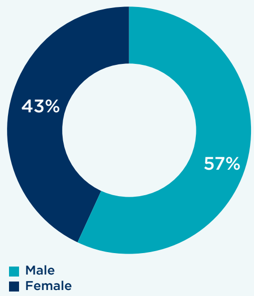
Number of senior positions on the board (CEO, CFO, SID and Chair)



Number in executive management

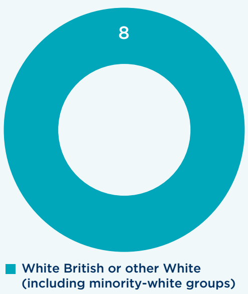


Percentage of executive management

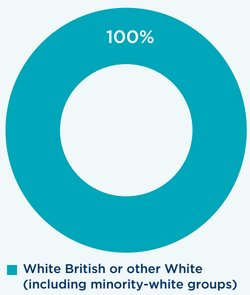


Ethnic background

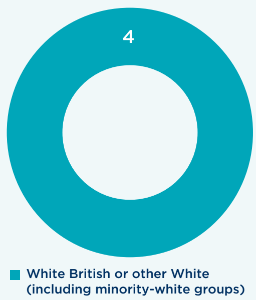
Number of board members



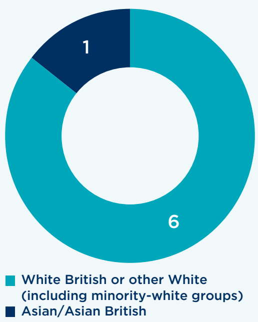
Percentage of the board



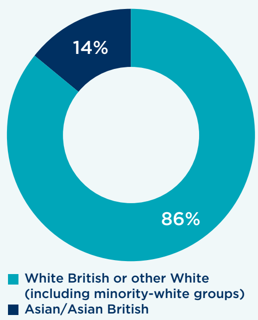
Number of senior positions on the board (CEO, CFO, SID and Chair)



Number in executive management



Percentage of executive management



Terms of Reference

During the year the Board reviewed and updated its terms of reference in line with the UK Governance Code and new listing rule DTR 7.2.8A on diversity and these were approved by the Board.

Audit, Risk and Internal Control

Audit Committee Report

Ian Krieger
Chair of the Audit Committee

Other members

Katie Wadey

Laura Whyte

The Audit Committee is currently chaired by Ian Krieger, a Chartered Accountant with the recent and relevant financial experience required by the 2018 UK Corporate Governance Code.

The other members of the Committee are Gerry Murphy (who will succeed Ian Krieger as Chair from the 2024 AGM), Katie Wadey and Laura Whyte, all independent Non-Executive Directors deemed to have the relevant sector experience in which the Company operates. Stuart Wetherly, Group Finance Director attended each of the meetings held in the year apart from those parts of the meeting reserved for the Committee to meet privately with the Company's external Auditor, Mazars LLP. Other senior members of Finance and representatives from Mazars LLP attended meetings by invitation. The Company's Chairman and Chief Executive also attended meetings during the year by invitation.

Responsibilities

The Committee's role is to assist the Board in discharging its duties and responsibilities for ensuring the integrity of financial reporting, advising the Board on whether the annual report is fair, balanced and understandable, internal controls and the appointment, remuneration and relationship management of the Company's independent external Auditor. The Committee is responsible for reviewing the scope and results of audit work and its cost effectiveness, the independence and objectivity of the Auditor and the Group's arrangements on whistleblowing.

Significant issues considered in relation to the financial statements

During the year, the Committee considered key accounting matters and judgements in respect of the financial statements relating to:

- **Investment property valuation** – At 30 December 2023 the value of the Group's investment property assets was £372.8 million (see Note 10b of the financial statements for further details). The Group saw an increase in property values over the year of 2.6% excluding the impact of the Gyle acquisition.

  The valuation of investment property is inherently judgemental and involves a reliance on the work of independent professional qualified valuers. During 2023, the Audit Committee met with the valuers, considered their independence and qualifications and reviewed and challenged the valuations for both the year end and interim results dates to understand the basis for them and the rationale for movements in the context of both the individual properties, the impact of wider macro-economic developments including the increase in gilt and interest rates and the general property investment market. The valuation judgements were deemed to be in compliance with the RICS Red Book.
- **REIT regime compliance** – The Committee continued to monitor and consider the Group's compliance with the REIT regulations. The dividends paid during the year were sufficient to meet the Group's estimate of the minimum Property Income Distribution (PID) distribution requirement for 2022 that was due during 2023 and given the Group is also compliant with the other relevant tests the Committee was satisfied that the Group remained compliant with REIT regulations for the period under review.
- **Management override of controls** – The Committee reviewed the risk of material misstatement due to fraud through management overriding of established controls, particularly around key judgements and estimates made by management in relation to the valuation of the investment property portfolio, financial reporting process, accounting of significant unusual transactions and the review of top-side adjustments. The financial statements were assessed for bias in accounting judgements and management was asked about any known fraud situations. Journal entries and any unusual activity in this regard was investigated. Board minutes were assessed for any instances of override of controls being discussed. The Committee found no issues of note.

Governance

Report on the Committee's activities during the year

The Committee has a schedule of events which detail the issues to be discussed at each of the meetings of the Committee in the year. The schedule also allows for new items to be included into the agenda of any of the meetings.

During the year, the Committee met three times and discharged its responsibilities by:

a. reviewing and approving the Group's 2022 annual report and financial statements and the 2023 interim results statement prior to discussion and approval by the Board;

b. reviewing the continuing appropriateness of the Group's accounting policies including management's approach to the reassessment of IFRS 16, the impact on the accounting treatment of the Group's lease arrangements and the presentation of the Group's Adjusted Profit metric;

c. reviewing Mazars LLP plan for the 2023 Group audit, approving their terms of engagement and proposed fees and reviewing and updating the Group's policy for the award of non-audit work to its external Auditor;

d. reviewing the Company's ongoing REIT regime compliance;

e. reviewing reports on controls and assessing whether a stand-alone internal audit function was required;

f. receiving the results of a review of commission payments performed by Donald Reid Group, a firm of independent accountants, and further updates provided by Management in respect of Commercial Leasing transactions;

g. assessing the effectiveness and independence of Mazars LLP as external Auditor;

h. reviewing management's biannual Group Risk Review report and the effectiveness of the material financial, operational and compliance controls that help mitigate the principle risks;

i. reviewing the effectiveness of the Group's whistleblowing policy;

j. considering management's approach to Going Concern in respect of the year end results announcement, the Annual Report and the half year results and the viability statement in the Annual Report;

k. meeting with the responsible individuals from the Group's independent valuers, CBRE Limited and Knight Frank LLP to review and challenge their valuations of the Group's investment properties. Reviewed and approved a recommendation by Management to consolidate valuations under CBRE Limited given the reduced number of assets under management;

l. meeting with Deloitte LLP (in respect of the 2022 Audit) and Mazars LLP (in respect of the June 2023 Interim Review) without management present;

m. meeting with BDO LLP to review the Working Capital report that they had been engaged to perform for the Group in relation to the equity raise that completed in September 2023;

n. receiving an update on Cyber Security within the Group including training provided to staff on cyber security and other compliance topics such as bribery and corruption modern slavery and GDPR;

o. approved an external review of Cyber Security undertaken in early 2024;

p. reviewing the Committee's terms of reference and updating for approval by the Board;

q. reviewing the Corporate broking arrangements and making a recommendation to the Board.

r. carrying out an annual performance evaluation exercise and noting the satisfactory operation of the Committee; and

s. reviewing the Whistle Blowing and Non-Audit work policies.

Audit Committee Report continued

- **Going concern and covenant compliance** - The Committee reviewed, challenged and concluded upon the Group's going concern review and consideration of its viability statement. This process included giving due consideration to the appropriateness of key judgements, assumptions and estimates underlying the budgets and projections that underpin the review and a review of compliance with key financial covenants. The Committee also assessed the non-recourse nature the Group's loan facilities and the opportunity to cure possible breaches of financial covenants. The use of reasonable scenarios and sensitivity analysis by management was reviewed as part of the process given the volatile market environment.
- **Use of Service Organisations -** The Committee reviewed the controls the Group maintains in respect of the use of third-party service organisations. The Committee considered particularly the controls in respect of car park income where the management of revenue is undertaken by two operators who between them cover the five assets where car park income is generated. The Committee considered the routine and granular reviews that are undertaken at the asset level and upwards, comparing and reviewing performance against business plan, prior year's performance and analysing against footfall and other key performance metrics. The Committee concluded that they were satisfied that the controls were effective and appropriately mitigated any risk of material misstatement.
- **Impairment of external receivables and inter-company investments and receivables** – Management perform an annual review of inter-company investments and receivables to determine the values to be maintained in the Plc Company only and individual subsidiary balance sheets. Management also performed a review at the period end of outstanding trade receivables assessing on a tenant-by-tenant basis the need for provision of outstanding amounts. The Committee considered the movement over the year and the key assumptions, particularly in the case of investments where balances were held with reference to value in use as opposed to net assets of the underlying entity.
- **Climate change** – Within the Risk Review undertaken by Management and reviewed by the Committee is incorporated a separate Climate-related risk matrix. This is reviewed by the Committee on a semi-annual basis considering the spectrum of short, medium and long-term risks that could potentially impact on both current operations and the Group's longer term climate goals. Consideration of environmental factors into capital allocation is also considered at full Board level being one of the factors assessed around acquisition opportunities and that was reviewed ahead of the Group proceeding with the purchase of Gyle Shopping Centre that completed in September 2023.

Auditor rotation and tender process

Following the conclusion of a competitive tender process, in November 2022, in accordance with the Committee's recommendation, the Board announced it had selected Mazars LLP to be the Group's auditor from the financial year beginning 30 December 2023. The appointment was subject to shareholder approval, which was received at the AGM held in May 2023. During FY 2023 a planned transition took place from the Company's previous auditor Deloitte LLP who had stepped down due to approaching their maximum tenure under s494ZA Companies Act 2006. Mazars worked alongside Deloitte and the Committee received updates from Mazars on the audit transition and preparation for commencement of its audit. Mazars LLP's first formal involvement commenced with performing the review of the Group's Interim Results for the six months ended 30 June 2023. The Committee envisages the next competitive tender process will take place no later than 2032.

Effectiveness of the external Auditor

The Committee carried out a review of the effectiveness of the 2022 external audit in terms of both the performance of the Company's previous external Auditor, Deloitte LLP and Management's input into the audit process. The review covered amongst other factors, the quality of the staff, the expertise, the resources and the independence of the Auditor as well as the quality of information and level of transparency provided by Management. The Committee reviews the audit plan for the year and subsequently considers how the Auditor performed to the plan. They consider the quality of written and oral presentations and the overall performance of the lead audit partner. The Committee noted instances where the Auditor demonstrated professional scepticism including utilising their own specialists such as in the auditing of property valuations where the Auditor engages an in-house property valuation specialist. The Committee discussed with the Auditor their view of property valuations including how they benchmarked them against their own views and available transactional evidence.

It was determined that the overall work completed had been to a high standard and the Committee and Management were satisfied with Deloitte's performance as Auditor. The first formal review of Mazars LLP performance will take place after the end of the 2023 financial year, being their first year of appointment, however effective working relationships have been maintained between the Committee and Management and the lead audit engagement partner and their team to date.

Auditor Independence

The Committee considers the external Auditor to be independent. The Audit Committee is responsible for reviewing the cost-effectiveness and the volume of non-audit services provided to the Group by its external Auditor. The Group does not impose an automatic ban on the Group's external Auditor undertaking non-audit work, other than for those services that are prohibited by regulatory guidance. Instead, the Group's aim is always to have any non-audit work involving the Group's external Auditor carried out in a manner that affords value for money and ensures independence is maintained by monitoring this on a case by case basis.

Audit Committee Report continued

The Group's policy on the use of its external Auditor for non-audit services, which was reviewed in October 2023, precludes the external Auditor from being engaged to perform valuation work, accounting services or any recruitment services or secondments. The policy also stipulates that for any piece of work likely to exceed £20,000 at least one other alternative firm provide a proposal for consideration. During the year, the only non-audit services performed by Mazars LLP was the review of the Half Year Results for the period ending 30 June 2023 and reporting to the Company's major shareholder Growthpoints' Auditors Ernst & Young, South Africa for which a fee of £30,000 was charged.

Risk Management and internal controls

The Board delegates the responsibility for monitoring a sound system of internal control and risk management to the Audit Committee. An ongoing biannual process is in place for identifying, evaluating and managing risk of the Group. This is fed into the Audit Committee agenda for review and referral to the Board, which has ultimate oversight and approval responsibility.

Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance.

Key features of the Group's system of internal control are as follows:

- Defined organisational responsibilities and authority limits. The day-to-day involvement of the Executive Directors in the running of the business ensures that these responsibilities and limits are adhered to;
- Financial and operational reporting to the Board including the preparation of budgets and forecasts, cash management, variance analysis, property, taxation and treasury reports and a report on financing. Year end and interim financial statements are reviewed by the Audit Committee and discussed with the Group's Auditor, Mazars LLP, before being submitted to the Board for approval;
- Review and approval of the Group's risk matrix twice a year by the Group's Senior Leadership Team, the Audit Committee and the Board as detailed on pages 52-57 in the Managing Risk section of the Strategic Report. The Risk matrix includes a specific Climate-related risk matrix that assesses and charts the Group's key climate related risks and feeds into the placing of overall Climate-related risk as one of the Group's principle risks;
- Review the risk of fraud within the business;
- Anti-Bribery and Corruption policies which are communicated to all staff and for which compliance reviews are conducted on an annual basis; and
- The Group's whistleblowing policy.

Steps are continuously being taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention.

During the year the Board, through the Audit Committee, reviewed the effectiveness of the material financial, operational and compliance controls that mitigate the key risks (as disclosed in the Managing Risk section on pages 52-57). This review considered each risk in turn and identified the key mitigating controls. The effectiveness of each control was then assessed either with reference to existing evidence or by specific testing. The review concluded that all material financial, operational and compliance controls were operating effectively. A statement of the Directors' responsibilities regarding the financial statements is on page 166. There were no changes to principal Group Risks from 2023, though the level of some risks was adjusted to reflect changes in the macro-economic landscape

Internal Audit

The Group does not have a dedicated stand-alone internal audit function but manages an ongoing process of control reviews performed either by staff, independent of the specific area being reviewed, or by external consultants, where deemed appropriate. During the year reviews were tabled on IT security and leasing commission payments along with reviews of the effectiveness of material controls and the risk of fraud within the organisation.

In accordance with the Committee's terms of reference, the Committee conducted the annual review of the need to establish an internal audit function in 2023. It was determined that the current size and complexity of the Group did not justify establishing a stand-alone internal audit function and the existing arrangements remain appropriate. Protective factors were considered including the segregation of duties between the operation of shopping centres and the support offices and the use of external valuers. The absence of an internal audit function is not considered to have any material impact on the level of work undertaken by the Group's external Auditor.

Whistleblowing

The Group has in place a whistleblowing policy which encourages employees to report any malpractice or illegal acts or omissions or matters of similar concern by other employees or former employees, contractors, suppliers or advisers. The policy provides a mechanism to report any ethical wrongdoing or malpractice or suspicion thereof through a hotline. The Group's process provides staff with options to contact members of senior management, the Group's Senior Independent Director and the Group's external audit partner.

The Audit Committee on behalf of the Board reviews the established processes on an annual basis and last reviewed the policy in October 2023. The Committee reports to the Board on the process and any updates arising from its operation. There were no calls made to the whistleblowing hotline during 2023, nor any issues of wrongdoing raised through any other channel.

Fair, balanced and understandable

The Committee has reviewed the contents of the Annual Report and Financial Statements 2023 and concluded that the disclosures, and the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual Report and Financial Statements 2023, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Ian Krieger
Chairman of Audit Committee

Directors' Remuneration

Annual Statement

Laura Whyte
Chair of the Remuneration Committee

Other members

Ian Krieger

Katie Wadey

Dear Shareholder,

As Chair of the Remuneration Committee and on behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 December 2023.

The primary focus of the business in 2023 was in navigating the continuing operational recovery from the Covid-19 pandemic, advancing the Group's ESG agenda and growing the business through the acquisition of The Gyle, shopping centre in Edinburgh, the Group's first property acquisition since 2017.

Our approach to remuneration has been measured and balanced, seeking to ensure that a consistent approach is taken across the business and that executive remuneration and reward is well aligned with shareholder objectives and experience.

The Committee met four times during 2023 to discharge its responsibilities. In addition, informal meetings and other correspondence took place to discuss wider remuneration issues. In addition to the other Committee members, Gerry Murphy, Ian Krieger and Katie Wadey, all independent Non-Executive Directors, the Chief Executive and other Non-Executive Directors are invited to attend meetings, as required. In accordance with the Corporate Governance Code 2018, no Director was included in the decision-making process for their own remuneration nor present at any meeting where the same was being discussed.

Board Policy

Our Remuneration Policy was last presented to shareholders at the Company's Annual General Meeting in May 2022 and received a vote in favour of 96.1%.

Board Changes

The only Board change during the year was Panico Theocharides replacing George Muchanya as one of Growthpoint's nominated Non-Executive Directors. As Growthpoint's representatives do not take a fee this change did not have any consequences in respect of remuneration.

2023 Company Performance and Combined Incentive Plan (CIP)

In what remains a challenging operating environment the Group has performed robustly with a continued recovery in Net Rental Income and Adjusted Profit supported by strong operational metrics including improving rent collection to levels that exceed pre-pandemic levels and mitigating, by way of lettings completed post year end to B&M, the impact of the loss of Wilko, a top ten tenant. Further progress has also been made in reducing the Group's energy consumption with significant reductions in utility consumption both compared to 2022 and the 2019 pre-pandemic base year. Total Shareholder Return for the year was +1.8%.

The Group also made its first property acquisition since 2017, acquiring Gyle Shopping Centre in Edinburgh. The transaction, which involved co-ordinating an equity raise and a new debt facility provided by the vendors, was well received across the property industry and has attracted positive feedback from analysts and shareholders.
The Group also resolved its position in respect of its

investment in The Mall, Luton averting an insolvency of the entity structure and maintaining good relationships with the lender and other stakeholders involved.

Reflecting on all of the above the Board believe management have performed well during 2023. The outturn of the 2022 CIP objectives for the year was 67% of the maximum which the Committee considered a fair and balanced outcome.

The Committee continues to believe that the CIP provides the best mechanism to motivate, reward and retain Executive Directors. For 2024, the Committee has set 70% financial and 30% non-financial strategic targets which reflect the key priorities of the business over the next 12 months and to properly incentivise executive management. As in previous years, the Committee will provide full disclosure of the targets and outcomes in the 2024 Remuneration Report and will exercise downward discretion on CIP outcomes if the Committee view that they do not reflect corporate performance, the shareholder experience or create reputational issues from either an internal or external stakeholder perspective.

Vesting of second tranche of 2019 CIP awards

The second one third tranche of the 2019 CIP awards became available for vesting from 1 January 2024. The Committee reviewed relative TSR performance of the Group against an agreed peer group of other retail property companies. The Committee were satisfied that the Company's TSR performance satisfied the requirement of being at median level or above and consequently approved vesting of the awards in full. This has resulted in 73,459 and 39,610 shares becoming available for Lawrence Hutchings and Stuart Wetherly to exercise respectively.

Retention Award

As detailed in the 2021 Remuneration Report the Group granted one-off Retention Awards to the Executive Directors in November 2021 following a consultation with shareholders and having obtained strong support at an Extraordinary General Meeting where the resolution to amend the Remuneration Policy passed with 93.56% of votes cast in favour. These awards were paid on 2 October 2023. Further detail is provided in the Directors Remuneration policy section.

Executive Director Salary Increases

The Executive Directors have been awarded a pay rise of 2%. Fees paid to Non-Executive Directors will also increase by 2%. Both are in line with the low end of the range of general pay rises provided to the wider workforce of between 2% and 4%. In considering the wider workforce salary increases management continue to be focused on supporting those most impacted by increased costs of living and thus decided to adopt a range of salary uplifts to provide greater increases for the lower paid team members. This is also reflected in the lower fee uplifts at Director level providing a consistency of approach across the organisation.

Pension

The Executive Directors received a pension contribution in 2023 of 8% of salary. This is in line with the range of contributions made to the wider workforce which was 5-10% of salary in 2023 and will increase to 6%-10% in 2024

Workforce and senior management pay

The Committee is regularly updated on workforce pay and benefits throughout the Group and considers workforce remuneration as part of the review of executive remuneration. The Committee is also tasked with overseeing major changes in employee benefit structures. It has responsibility for the remuneration of the members of the Group's Senior Leadership Team and is therefore able to ensure that the remuneration of the Executive Directors is in line with senior management and other colleagues.

Committee Changes

There have been no changes to the committee membership during the year.

Committee Aims

Our aim as a Committee continues to be to ensure we recruit and retain talented individuals who are motivated to deliver outperformance for shareholders, receiving a fair base pay with potential for significant rewards on delivering strong shareholder returns.

Laura Whyte
Chair of Remuneration Committee

Directors' Remuneration Policy

Remuneration philosophy and principles

Our principles continue to be to maintain a competitive remuneration package that will attract, retain and motivate a high-quality team, avoid excessive or inappropriate risk taking and align their interests with those of shareholders. These principles are designed to:

- Drive accountability and responsibility
- Provide incentives which align both short-term and long-term performance with the value/returns delivered to shareholders
- Apply demanding performance conditions to deliver sustainable high performance; setting these conditions with due regard to actual and expected market conditions and business context
- Ensure that a large part of potential remuneration is delivered in shares in order that executives are expected to build up a shareholding themselves and therefore they are directly exposed to the same gains or losses as all other shareholders
- Take account of the remuneration of other comparator companies of similar size, scope and complexity within our industry sector
- Keep under review the relationship of remuneration to risk. The members of the Remuneration Committee are also members of the Audit Committee
- Ensure that the incentive structure does not raise any environmental, social or governance risks through compliance with our ethics and standards of operating

How the Committee sets remuneration

<table>
<tr><td>Salary</td><td rowspan="3">Fixed compensation</td><td rowspan="3">Median</td><td rowspan="4">Total = Median or above for above median performance</td></tr>
<tr><td>Pension</td></tr>
<tr><td>Benefits</td></tr>
<tr><td>Combined Incentive Plan</td><td>Performance based compensation</td><td>Median or above for above median performance</td></tr>
</table>

The Committee benchmarks remuneration against our selected comparator group companies and seeks to ensure that Directors' fixed compensation is around the median in the comparator group. Remuneration is also dependent on the skills and experience of the individual and the scope and responsibility of the position.

The Committee's view is that by putting an emphasis on performance related compensation, executives are encouraged to perform to the highest of their abilities. The performance-based compensation is targeted to be at median or above, for above median performance, within the comparator group to ensure that outstanding relative performance is appropriately rewarded. The overall effect is that our total compensation is at median, or above median, for above median performance.

The Committee addressed the following factors when determining the remuneration policy and practices, as recommend by the UK Corporate Governance Code:

Clarity	The Remuneration Policy and its application in the year is clearly disclosed in the Annual Report. The Committee engages with shareholders on remuneration matters and is updated on workforce pay and benefits across the Group.
Simplicity	The remuneration structure comprises of fixed and variable remuneration, with variable remuneration granted under a single combined scheme, the CIP, clearly outlined in the Remuneration Policy.
Risk	The CIP Rules provide discretion to the Committee to reduce award levels. Awards are subject to malus and clawback provisions. The Committee has overriding discretion to reduce the formulaic outcome of the CIP.
Predictability	The range of possible outcomes under the CIP are outlined on page 150.
Proportionality	CIP awards are determined based on a proportion of base salary and stretching targets set to incentivise Executive Directors. The Committee has overriding discretion to reduce the formulaic outcome of the CIP.
Alignment to culture	The Committee ensures that personal performance measures under the CIP incentivise behaviours consistent with the Company's culture, purpose and values.

Directors' Remuneration Policy

This part of the report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Act").

This section of the report contains details of the Directors' Remuneration Policy that was approved at the Company's AGM in May 2022. The approval lasts until the AGM in May 2025.

The Policy was determined following a review of the existing structure provided by the Group's remuneration advisors, PwC. This was discussed with the Committee, Executive Management and the Board including the representatives from the Company's largest shareholder, Growthpoint. A short consultation with other key stakeholders and major shareholders was undertaken before concluding on the policy that was presented at the Annual General Meeting.

Purpose & link to strategy	Operation	Opportunity	Performance metrics
Base salary • To aid recruitment, retention and motivation of high quality people • To reflect experience and importance of role	Reviewed annually to reflect: • general increases throughout the Company or changes in responsibility or role; and • benchmarking against comparator group to ensure salaries are about the median level and market competitive. • Salary increases will normally be aligned to the average increase awarded to the wider workforce. • Increases may be above this level if there is an increase in the scale, scope or responsibility of the role or to allow the basic salary of newly appointed Executives to move towards market norms as their experience and contribution increases.	The maximum increase applicable in any year is capped at 10% of base salary.	n/a
Pension • To help recruit and retain high quality people • To provide an appropriate market competitive retirement benefit	The Company does not operate a defined benefit pension scheme, all pension benefits are paid either to defined contribution pensions schemes of each Executive Director's choice or as a cash supplement. Effective from 1 January 2023 the Executive Directors receive a pension allowance of 8% of basic salary. This compares to a range of pension contributions paid to the UK workforce of 5% - 10% in 2023, increasing to 6%-10% in 2024.	Executive Directors receive a pension contribution of 8%. For new appointments, the Committee will ensure that pension contributions are in line with that of the workforce of 6-10%.	n/a
Benefits • To aid recruitment and retention • To provide market competitive benefits • To support physical, mental and emotional wellbeing	The Company offers a package to Executive Directors, in line with local market, including but not limited to: • private medical insurance; • critical illness cover; • life insurance; • permanent health insurance; and • holiday and sick pay. Benefits are brokered and reviewed annually.	No maximum	n/a

Governance

Directors' Remuneration Policy continued

Purpose & link to strategy	Operation	Opportunity	Performance metrics
Combined Incentive Plan (CIP) • To incentivise delivery of short-term business targets and individual objectives based on annual KPIs • To recognise performance whilst controlling costs in reaction to the market context or company events • To reinforce delivery of long-term business strategy and targets • To align participants with shareholders' interests • To retain Directors over the longer term	The plan is reviewed annually to ensure bonus opportunity, performance measures and weightings are appropriate and support the stated Company strategy. All measures and targets will be reviewed and set annually by the Committee at the beginning of the financial year and levels of award determined by the Committee after the year end are determined based on achievement of performance against the stipulated measures and targets. One third of the award is paid in cash after one year. Two thirds of the award is deferred into shares. Deferred shares will vest in three equal tranches in years three, four and five and will be subject to the achievement of a performance underpin. Vested deferred shares will be subject to an additional holding period to the 5th anniversary of the date of grant. Upon vesting, sufficient shares can be sold to pay tax. Up to 100% of deferred shares will lapse if median relative TSR performance against the peer group is not achieved. Malus and Clawback provisions apply such that the Committee has the discretion to reduce or cancel any awards that have not been exercised, in any of the following situations: • C&R's financial statements or results being negatively restated due to the Executive's behaviour; • A participant having deliberately misled management or the market regarding Company performance; • A participant causing significant reputational damage to the Company; or • A participant's actions amounting to serious / gross misconduct. • The discovery that any information used to determine the Bonus and/or the number of Plan Shares placed under a Share Award relating to a Bonus Award was based on error, or inaccurate or misleading information; and/or • Failure of risk management; and/or corporate failure In line with UK corporate governance best practice the Committee will retain the discretion to adjust the payment and vesting outcomes (both upwards and downwards) under the CIP to reflect the overall corporate performance and shareholder experience. The maximum combined incentive award potential in any year (300% of salary) will be adjusted downwards to reflect the year on year reduction in the profit outturn (if any) or if the shareholder return over the same period has been negative. The Committee retains the discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate.	The plan provides a combined annual awards of up to 250% of salary for Executive Directors / 300% for the Chief Executive Targets calibrated so maximum pay-out represents exceptional performance	Performance targets set annually based on a 100% Group financial and strategic performance targets. 2023 objectives were weighted 70% on financial performance and 30% strategic and operational measures. Financial metrics may typically include metrics such as profit, net rental income and cost management. Operational and strategic metrics may include metrics such as footfall and strategy implementation. Threshold performance where relevant for individual objectives is typically set at 50%. The annual nature allows the Company to link them directly to Company strategy in a challenging macro-economic environment and ensure that the remuneration principles agreed by the Committee will be met.

Purpose & link to strategy	Operation	Opportunity	Performance metrics
Long Term Retention Award • Aligns the Executive Directors' interests with those of shareholders. • Rewards and helps retain/recruit executives.	A cash based one-off Long-Term Retention Award was implemented by the Company in November 2021 to incentivise the retention of the Executive Directors. The Award was approved by shareholders at a General Meeting on 1 November 2021 and a one-off award was granted to Lawrence Hutchings and Stuart Wetherly, which vested on 30 September 2023 Clawback provisions apply to the Long Term Retention Awards if it is discovered within two years of the payment of a Long Term Retention Award that: • there has been a material misstatement or miscalculation in the results of the Company; • the award holder has committed an act of gross misconduct; • the award holder has committed an act which in the Remuneration Committee's opinion has given or could give rise to serious reputational damage to the Group; • the award holder has committed an act which in the Remuneration Committee's opinion deliberately misled the Board or the market as to the performance of the Group; • the award holder has committed an act which in the Remuneration Committee's opinion has caused the Company or business in which the award holder is employed to suffer a material failure of risk management; and/or • the Company enters an involuntary administration or insolvency process or a company voluntary arrangement.	Lawrence Hutchings received a cash award of £1,000,000. Stuart Wetherly received a cash award of £500,000. The awards were paid on 2 October 2023. No new Awards will be made.	Continued employment and not subject to disciplinary or performance procedures.
Executive shareholding • To support alignment of Executive Directors with shareholders	All Executive Directors are expected to build a shareholding to at least 2 x basic annual salary value based on current market value or the aggregate purchase price of the shares over a five year period. Deferred or other unvested share awards not subject to performance conditions can count towards the guideline in line with corporate governance best practice. There is a 200% base salary post-cessation of employment shareholding requirement for two years.	n/a	n/a
Non-Executive Director Remuneration • To reflect experience and importance of role	The Chairman and Non-Executive Directors fees are set by the Board taking into account the time commitment, responsibilities, skills and experience and roles on Board Committees. The fees are reviewed annually Details of the fees can be found on page 152. The Senior Independent Director and individuals who are members of Board Committees receive an additional fee per annum. Non-Executive Directors do not receive any variable remuneration element or receive any other benefits. Non-Executive Directors are reimbursed for all reasonable travelling and subsistence expenses (including any relevant tax) incurred in carrying out their duties	n/a	n/a

Directors’ Remuneration Policy continued

Notes to the Policy table

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (i) before the policy set out above, or (ii) at a time when a previous policy, approved by was in place provided the payment is in line with the terms of that policy, or (iii) at a time when the relevant individual was not a Director of the Company and the payment was not in consideration for the individual becoming a Director of the Company.

Discretion

The Committee has discretion in several areas of Policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Employee Context

All permanent employees of the Group, including Executive Directors, receive a basic remuneration package including basic salary, private medical insurance, travel insurance, income protection, critical illness cover and life assurance. For all permanent employees below Board level, the Company pays pension contributions of between 5% - 10% (increasing to between 6% and 10% in 2024) into either a Group Pension Scheme, individual employees’ own pension scheme or by a cash contribution.

The Committee ensures that employees’ remuneration across the Company is taken into consideration when reviewing executive remuneration policy although no direct consultation is performed. The Committee reviews internal data in relation to staff remuneration and is satisfied that the level is appropriate.

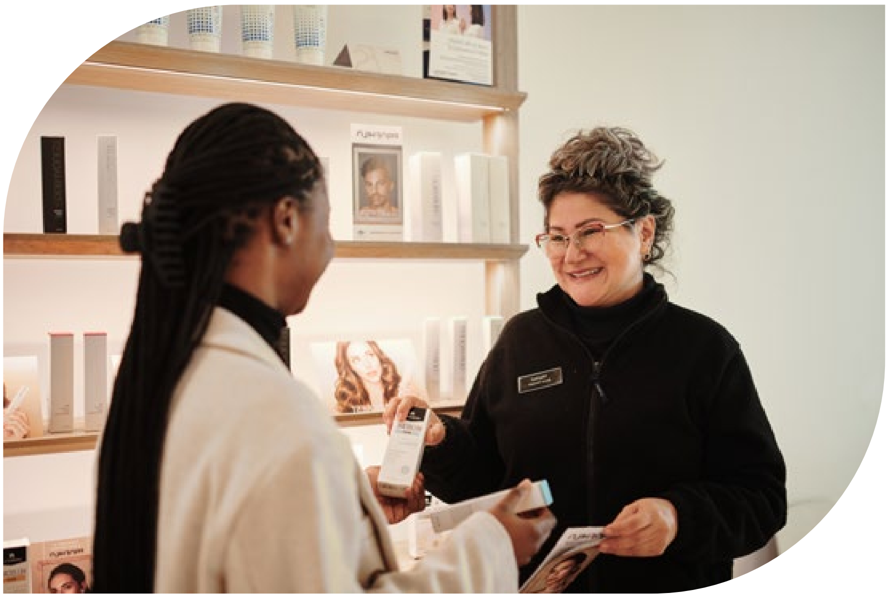
Recruitment of Executives

New Executive Directors will receive a remuneration package that will reflect the Company’s Remuneration Policy within the parameters outlined. In certain circumstances, such as an internal promotion, an appointment may be at a salary level discount to reflect experience at that point; the Committee may increase it over time on the evidence of performance achievement and market conditions. All new Executive Directors’ service agreements will include mitigation of the payment of notice as standard.

The Company will not make an ex-gratia award to new joiners. This excludes amounts paid to buy out individuals from existing performance awards.

Service contracts

Executive Directors are employed on rolling service contracts with notice periods of twelve months from the Company and from the Executive Director. Copies of the Directors’ service agreements are available to view, upon appointment, at the Company’s registered office.



Exit payment policy

When considering termination payments, the Committee takes into account the best interests of the Company and the individual's circumstances including the reasons for termination, contractual obligations, and CIP scheme rules. The Remuneration Committee will ensure that there are no unjustified payments for failure on an Executive Director's termination of employment. The policy in relation to leavers is summarised in the table below:

Salary and benefits

Executive Directors are on notice periods of twelve months. In cases of an executive leaving this can be served or settled with a payment in lieu of notice.

Combined Incentive Plan (CIP)

For leavers during the award year

- Typically, for good leavers, rights to awards under the CIP will be pro-rated for time in service to termination as a proportion of the performance period, and will, subject to performance be paid at the normal time in the normal manner (i.e. in cash / deferred awards as appropriate).
- Typically for other leavers, rights to awards under the CIP will be forfeited.

For leavers during the deferral period

- Outstanding deferred awards under the CIP will be paid at the normal time, subject to performance against the underpin performance condition. The Committee retains the discretion to apply time pro-rating (over the deferral period) for good leavers and to accelerate the vesting and/or release of awards if it considers it appropriate.
- Typically for other leavers, rights to deferred awards will be forfeited.

The Committee will seek to mitigate the cost to the Company. In the event that the Committee exercises the discretion detailed above to treat an individual as a Good Leaver and/or to make a performance related bonus payment, the Committee will provide an explanation in the next remuneration report.

Senior Management

The policy for senior management remuneration is set in line with the policy for the Executive Directors, with a degree of discretion for the Committee to take into account specific issues identified by the Chief Executive, such as the performance of a specific individual or division.

External Appointments

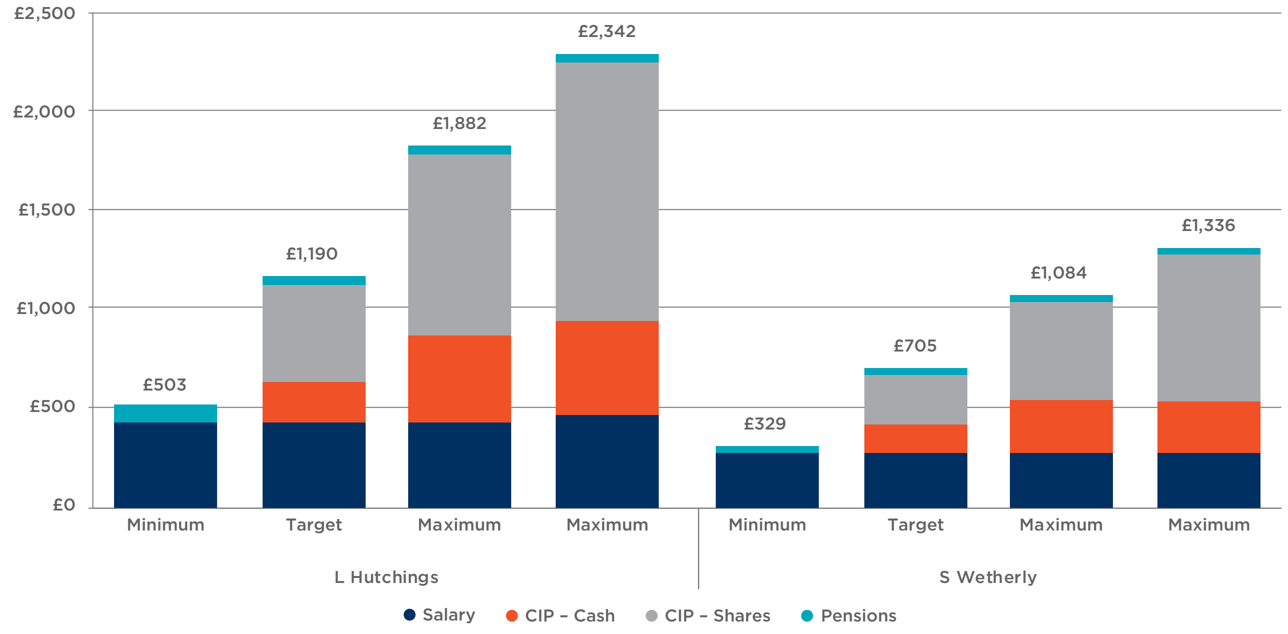
The Company allows Executive Directors to take up external positions outside the Group, providing they do not involve a significant commitment and do not cause conflict with their duties to the Company. These appointments can broaden the experience and knowledge of the Director, from which the Company can benefit. Executives are allowed to retain all remuneration arising from any external position.

Total Compensation

- The minimum scenario is based on nil incentive award;
- The on-target scenario is based on CIP award at 50% of maximum (i.e. 150% of salary for Chief Executive and 125% of salary for Executive Directors), split into 1/3 cash and 2/3 shares (excluding share price appreciation and accrual of dividend equivalent payments); and
- The maximum scenario is based on CIP award at 100% of maximum (i.e. 300% salary for Chief Executive and 250% for Executive Directors) split into 1/3 cash and 2/3 shares (excluding share price appreciation and accrual of dividend equivalent payments).

In addition, the maximum scenario is illustrated based on share price increase of 50% for the maximum share element which could be granted for the CIP.

Directors' Remuneration Policy continued



L Hutchings	Salary	CIP – Cash	CIP - Shares	Benefits	Pension	Total
Minimum	92%	0%	0%	1%	7%	100%
Target	39%	19%	39%	0%	3%	100%
Maximum	24%	24%	49%	0%	2%	100%
Maximum	20%	20%	59%	0%	2%	100%

S Wetherly	Salary	CIP – Cash	CIP - Shares	Benefits	Pension	Total
Minimum	92%	0%	0%	1%	7%	100%
Target	43%	18%	36%	0%	3%	100%
Maximum	28%	23%	46%	0%	2%	100%
Maximum	23%	19%	57%	0%	2%	100%

Consultation and shareholders' views

In the second half of 2021, the Committee undertook a consultation with its largest shareholders before implementing the Retention Awards that were proposed at the General Meeting in November 2021 and that vested in September 2023. The vote passed with 93.6% of votes in favour.

Following the decision to essentially retain the same CIP structure as has been in operation a short consultation with other key stakeholders and major shareholders was undertaken in early 2022 before concluding on the policy that was presented for approval at the 2022 Annual General Meeting. The policy passed with 96.1% of votes cast in favour.

Where requested, further clarification and discussion can be provided to all shareholders to assist them in making an informed voting decision. If any major concerns are raised by shareholders these can be discussed with the Committee Chairman in the first instance and the rest of the Committee as appropriate.

Committee evaluation

The Committee reviews its performance with Board members and other participants, including through the annual Board evaluation.

Directors' Remuneration Report

This section sets out how the Directors' Remuneration Policy that was implemented during 2023. Where stated, disclosures regarding Director's remuneration have been audited by the Company's external auditor Mazars LLP.

The Remuneration Committee

The Committee met four times during 2023 as well as holding informal meetings and other correspondence to discuss wider remuneration issues. Committee members during 2023 were Laura Whyte (Chair), Ian Krieger and Katie Wadey, all independent Non-Executive Directors. All members of the Committee attended each meeting in the year. The Chief Executive and other Non-Executive Directors are invited to attend meetings as required, except in circumstances where their own remuneration is being discussed.

The Remuneration Committee agrees the framework for the remuneration of the Chairman and the Executive Directors. The Committee approves salaries and sets the levels, conditions and performance objectives for the annual bonus and share awards for Executive Directors. The Committee also reviews the remuneration of the senior management below Board level. It also makes recommendations to the Board on matters that require shareholder approval.

The terms of reference of the Committee are available at www.capreg.com/about-us/people/board-committees.

Advisors

PwC LLP act as the independent remuneration consultants to the Company. PwC LLP's fees charged during 2023 were £9,000, which were charged on a time/cost basis. No other services were provided by PwC LLP during the course of 2023.

PwC LLP is a member of the Remuneration Consultants' Group, and as such chooses to operate pursuant to a code of conduct that requires remuneration advice to be given objectively and independently. PwC were appointed by the Remuneration Committee, following a robust tender process. The Committee is satisfied that the advice provided by PwC LLP in relation to remuneration matters is objective and independent.

The Committee is satisfied that the members of the PwC LLP team do not have connections with the Company or its Directors which might impair their independence.

Summary of performance year ended 30 December 2023 (unaudited)

	2023	2022
Net Rental Income	**£23.8m**	£23.5m
Adjusted Profit[1]	**£12.7m**	£10.3m
Adjusted Earnings per share[1]	**6.8p**	6.2p
IFRS Profit/(loss) for the period	**£3.7m**	£12.1m
Total dividend per share	**5.70p**	5.25p
Net Asset Value (NAV) per share	**90p**	106p
EPRA NAV per share	**88p**	103p
Group net debt	**£162.7m**	£130.9m
Net debt to property value	**43.6%**	40.6%

Notes

1. Adjusted Profit, Adjusted Earnings per share and net debt are as defined in the Glossary. Adjusted Profit incorporates profits from operating activities and excludes revaluation of properties and financial instruments, gains or losses on disposal, and other non-operational items. A reconciliation to the equivalent EPRA and statutory measures is provided in Note 9 to the financial statements.

Single total figure of remuneration for Directors (audited):

The table below sets out the remuneration received/receivable in relation to the year ended 30 December 2023.

£'000	Salary/Fees		Taxable benefits[1]		Other benefits[1]		Pension		Total fixed pay		Annual Bonus[2]		Other[3]		Total variable pay		Total pay	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
L Hutchings	**451**	438	**4**	4	**2**	2	**36**	58	**493**	502	**302**	311	**38**	–	**340**	311	**833**	813
S Wetherly	**296**	287	**2**	2	**1**	1	**23**	23	**322**	313	**165**	170	**20**	–	**185**	170	**507**	483
TOTAL	**747**	725	**6**	6	**3**	3	**59**	81	**815**	815	**467**	481	**58**	–	**525**	481	**1,340**	1,296
D Hunter	**147**	143	**–**	–	**–**	–	**–**	–	**147**	143	**–**	–	**–**	–	**–**	–	**147**	143
I Krieger[5]	**55**	54	**–**	–	**–**	–	**–**	–	**55**	54	**–**	–	**–**	–	**–**	–	**55**	54
G Muchanya[4]	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
N Sasse[4]	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
P Theocharides[4]	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
K Wadey[5]	**50**	49	**–**	–	**–**	–	**–**	–	**50**	49	**–**	–	**–**	–	**–**	–	**50**	49
L Whyte[5]	**50**	49	**–**	–	**–**	–	**–**	–	**50**	49	**–**	–	**–**	–	**–**	–	**50**	49
TOTAL	**302**	295	**–**	–	**–**	–	**–**	–	**302**	295	**–**	–	**–**	–	**–**	–	**302**	295
TOTAL ALL	**1,049**	1,020	**6**	6	**3**	3	**59**	81	**1,117**	1,110	**467**	481	**58**	–	**525**	481	**1,642**	1,591

Notes

1. Taxable benefits include private medical care and critical illness cover; other benefits include life insurance and permanent health insurance. Taxable benefits include the complete list required in paragraph 11(1)(a) of Schedule 8 of the Regulations.
2. Figures represent the cash bonus element of the Combined Incentive Plan and do not include the element deferred into shares subject to relative TSR performance.
3. Represents the value of Combined Incentive Plan shares that were exercised during the year.
4. G Muchanya (until 22 February 2023). P Theocharides (from 22 February 2023) and N Sasse, served as Growthpoint's representatives and do not receive a fee.
5. I Krieger, K Wadey and L Whyte receive(d) an additional fee of £5,000 per annum as members of Board Committees. I Krieger receives a further fee of £5,000 as Senior Independent Director.

Basic salary increases for Executive Directors

The Executive Directors have been awarded a pay rise of 2%. This in line with the low end of the range of general pay rises provided to the wider workforce of between 2% and 4%. In considering the wider workforce salary increases management were focused on supporting those most impacted by significant increased costs of living and thus decided to adopt a range of salary uplifts to provide greater increases for the lower paid team members.

	2024 £'000	%	2023 £'000	%	2022 £'000	%	2021 £'000	%	2020[1] £'000	%	2019 £'000	%
L Hutchings	**460**	2.0	451	3.0	438	2.0	429	–	429	1.0	425	1.0
S Wetherly	**302**	2.0	296	3.0	288	2.0	282	–	282	2.5	275	–

1. L Hutchings and S Wetherly took a voluntary 20% reduction in salary for the months of April, May and June 2020, the actual base salary received in 2020 was £407k and £268k respectively.

Non-Executive Director Fees

Non-Executive Director fees will increase by 2% in line with the increase provided to the salaries of Executive Directors and the lower end of the wider workforce. This will result in a fee of £150,000 for the Chairman and a base fee of £46,200 for the Non-Executive Directors in 2024. No increase will be applied to the additional £5,000 per annum for being a member of the Audit and Remuneration Committees nor the additional £5,000 fee per annum paid to the Senior Independent Director.

The Growthpoint representative Directors (George Muchanya, Panico Theocharides and Norbert Sasse during 2023), in accordance with the terms of the Growthpoint Relationship agreement, do not receive a fee as Non-Executive Directors.

Combined Incentive Plan (CIP) (audited)

The number of awards and the performance periods for all outstanding CIP awards are summarised in the table below. The Company's Clawback provisions apply during the holding period where the level of vesting may be reduced, including to nil. Awards granted in 2020, 2022 and 2023 relate to 2019, 2021 and 2022 performance respectively, as disclosed in the relevant Remuneration Reports for those years. No awards were granted in 2021 as the CIP awards for the 2020 financial year were waived by the Executive Directors.

Name	Date of Award	No. of awards at 30 December 2023[1]	Type of award	Face value at date of award[2] £'000	Maximum vesting[3]	End of Performance Period	Holding period
L Hutchings	27.04.2020	146,918	Nil cost option	372	1/2 of shares	01.01.2024	1 year
					1/2 of shares	01.01.2025	–
	25.04.2022	1,080,976	Nil cost option	643	1/3 of shares	01.01.2025	2 years
					1/3 of shares	01.01.2026	1 year
					1/3 of shares	01.01.2027	–
	02.05.2023	1,229,456	Nil cost option	682	1/3 of shares	01.01.2026	2 years
					1/3 of shares	01.01.2027	1 year
					1/3 of shares	01.01.2028	–
S Wetherly	27.04.2020	79,220	Nil cost option	200	1/2 of shares	01.01.2024	1 year
					1/2 of shares	01.01.2025	–
	25.04.2022	591,534	Nil cost option	352	1/3 of shares	01.01.2025	2 years
					1/3 of shares	01.01.2026	1 year
					1/3 of shares	01.01.2027	–
	02.05.2023	672,787	Nil cost option	373	1/3 of shares	01.01.2026	2 years
					1/3 of shares	01.01.2027	1 year
					1/3 of shares	01.01.2028	–

1. Includes dividend equivalent shares subsequently awarded.
2. The awards issued in April 2020 were calculated based on a share price of 253.67 pence, being the average market value of a share over the final nine dealing days to 30 December 2019. The awards issued in April 2022 were calculated based on a share price of 59.50 pence, being the average market value of a share over the final twenty dealing days to 30 December 2021. The awards issued in May 2023 were calculated based on a share price of 55.5 pence, being the average market value of a share over the final twenty dealing days to 30 December 2022. The period used for the April 2020 awards was shorter to exclude the impact of the equity raise and partial offer transaction within which Growthpoint acquired a majority stake in the Company.
3. Shares will vest subject to the performance underpin of median relative Total Shareholder Return against a retail property comparator group.

Dividend equivalents:

Whenever a dividend or other cash distribution is paid by the Company in respect of Shares, the number of Shares subject to each Unvested Share Award (as at the time the dividend or other cash distribution is paid) shall be increased by such number of whole Shares (rounded down to the nearest whole number) as outlined in the CIP Rules.

2023 Combined Incentive Plan and achievement of objectives (audited):

	Maximum CIP opportunity as % of salary	% of objectives achieved	Effective % of maximum achieved	Cash Bonus payable £'000	Deferred Share award £'000
L Hutchings	300%	67%	201%	302	604
S Wetherly	250%	67%	167.5%	165	331

Deferred share awards are subject to the individual remaining in continuing employment (unless they qualify as a Good Leaver). Up to 100% of deferred shares will lapse if median relative TSR performance is not achieved.

The annual Combined Incentive Plan criteria for 2023 were determined with a weighting of 70% for Financial Objectives and 30% on Operational and Strategic objectives.

Group Objectives: Financial Targets (70%)

	Threshold		Maximum			
Performance Measure	% of bonus	Required performance	% of bonus	Required performance	Actual achieved	Pay-out as % of max.
Adjusted Profit	3.75%	£10.7m	15%	£12.0m	£12.0m	15%[1]
Net Rental Income	3.75%	£21.5m	15%	£24.2m	£22.3m	9%[1]
Rent Collection	2.5%	95%	10%	99%	99%	10%
Cost Management (Central Costs)	3.75%	7.3	15%	6.4	£7.4m	–
Balance Sheet management	3.75%	n/a	15%	n/a	n/a	8%
Total	**17.5%**		**70%**			**42%**

1. Payout assessed at £12.0 million for Adjusted Profit and £22.3 million for Net Rental Income, excluding the impact on the respective metrics of the Gyle acquisition and for Adjusted Profit the impact of the cash element of the CIP award.

Group Objectives: Implementation of Strategy (10%)

In assessing the performance against strategy the Committee considered the following:

- The Group's successful acquisition of the Gyle shopping centre which received positive feedback from shareholders, analysts and other industry figures;
- The delivery of the new TK Maxx anchor unit at Ilford, which successfully opened for trading in November 2023 and the progression of the new NHS community healthcare centre which is on track to open in the Spring of 2024;
- Remerchandising in line with Community Centre strategy – in addition to the TK Maxx and NHS units at Ilford the Group expanded the diagnostics centre at Wood Green and opened food markets, the Bridge at Wood Green and Crate at Walthamstow;
- Completion of the disposal of the Group's interest in The Mall, Luton. Delivering a solvent exit for the Group from the investment and maintaining strong relationships with the relevant stakeholders; and
- Progress in further rightsizing the Group's cost base delivering year on year savings net of significant inflationary pressures.

In consideration of the progress made the Committee concluded to award a payout of 9% of the maximum 10% available.

Group Objectives: Operating Metrics (10%)

Performance Measure	% of bonus	Required performance	Actual achieved	Pay-out as % of max.
Operating metrics	10%	5% based on Footfall outperforming the national index by at least 0.5% 5% based on leasing performance against ERV and Previous Passing Rent	Footfall was +1.5% on 2022 although below the national index impacted by the Wilko administration (units re-let to B&M in Q1 2024) 86 new leases and renewals signed at average premium to previous rent of 6.8% and to ERV of 16.6%	8%

Group Objectives: ESG performance (10%)

In assessing the Company's ESG performance the Committee considered the Group's GRESB and EPRA sustainability assessment performances, the Group's carbon emission metrics and the results of social impact assessments. The Committee noted that the Group had improved its GRESB score by three points to 73/100 although not its star rating. The Group did not qualify for an EPRA award this year in its first year of consideration. The Group significantly exceeded consumption targets for all utilities for Snozone and the Shopping Centre business other than Water due to development activity. EPC ratings of three centres improved from a 'D' to a 'B' rating.

In consideration of the above made the Committee concluded to award a payout of 8% of the maximum 10% available.

Overall Committee Assessment of Combined Incentive Plan Payment

The above resulted in a total payout of 67%. The committee considered the trend of key metrics against the prior year and shareholder experience, noting that Total Shareholder Return for 2023 was +1.8%.

Reflecting on all of the above the Board believe management have performed well in delivering the Group's first property acquisition since 2017 and guiding the business through a year of further recovery. The Committee were as a result satisfied that a payout of 67% of maximum was a fair outcome.

CIP Objectives for 2024

The Committee will continue to set stretching performance targets based on the Group's key financial performance metrics which form at least 70% of the metrics used. The remaining 30% will be subject to strategic and operational measures, providing a link between financial and strategic out turns.

	% of max.
Adjusted Profit	20%
Net Rental Income	20%
Rent collection	10%
Cost management	10%
Balance sheet resilience	10%
Total Financial:	70%
Operating metrics	10%
Footfall against benchmark	
Leasing performance	
ESG performance	10%
GRESB and EPRA sustainability assessment performance	
Reduction in Group Carbon emissions	
Social impact measurement	
Strategy Implementation	10%
Total Operational and Strategic:	**100%**

Pay-out levels for threshold performance will remain controlled at a minimum of 25% of the CIP and maximum pay-out will represent 'exceptional performance'. Target performance levels of pay-out will be at 50%.

Detailed targets have not been disclosed due to their commercially sensitive nature. The targets and the extent to which they have been achieved will be published in full in the 2024 Directors Remuneration Report.

Combined Incentive Plan (audited):

Vesting of 2019 Combined Incentive issue

The first one third tranche of the 2019 CIP awards vested on 1 January 2023. The Committee reviewed relative TSR performance of the Group against an agreed peer group of other retail property companies. The Committee were satisfied that the Company's TSR performance satisfied the requirement of being at median level or above and consequently approved vesting of the awards in full. This resulted in 70,106 and 37,802 shares becoming available for Lawrence Hutchings and Stuart Wetherly to exercise respectively. These shares were exercised in October 2023.

The second one third tranche of the 2019 CIP awards became available for vesting from 1 January 2024. The Committee reviewed relative TSR performance of the Group against an agreed peer group of other retail property companies. The Committee were satisfied that the Company's TSR performance satisfied the requirement of being at median level or above and consequently approved vesting of the awards in full. This resulted in 73,459 and 39,610 shares becoming available for Lawrence Hutchings and Stuart Wetherly to exercise respectively.

Long Term Retention Award (audited):

The number of awards and the performance periods for all outstanding retention awards are summarised below.

November 2021 Award

Lawrence Hutchings was granted a cash award of £1,000,000 on 1 November 2021 with the sole condition of remaining in continued employment and not being subject to disciplinary or performance procedures at the payment date.

Stuart Wetherly was granted a cash award of £500,000 on 1 November 2021 with the sole condition of remaining in continued employment and not being subject to disciplinary or performance procedures at the payment date.

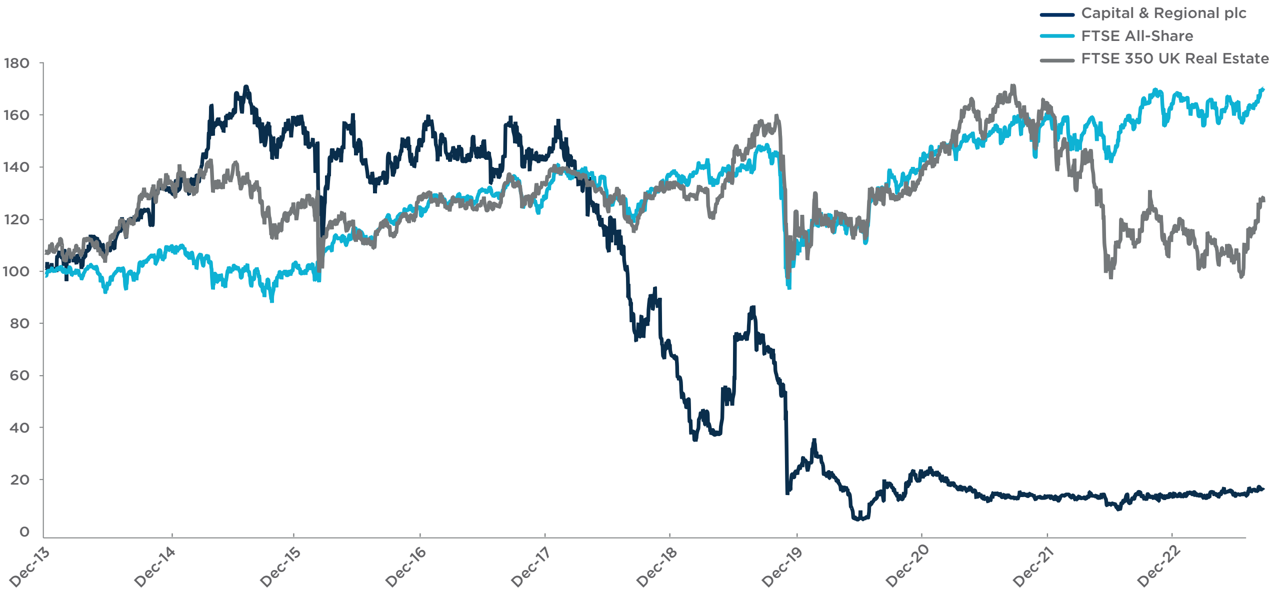
The awards vested on 30 September 2023 and were paid on 2 October 2023. The Company's Clawback provisions apply until 2 October 2025, being two years after the payment date.

Exit payments and payments to past Directors (audited)

No exit payments were awarded to Directors in 2023. Neither were any payments made to past Directors.

Performance graph

The graph below illustrates the Company’s Total Shareholder Return (i.e. share price growth plus dividends paid) performance compared to the FTSE All Share and FTSE 350 Real Estate indices as these indices provide a measure of a sufficiently broad equity market against which the Company considers that it is suitable to compare itself. The graph shows how the total return on a £100 investment in the Company made on 30 December 2013 would have changed over the ten-year period measured, compared with the total return on a £100 investment in the comparable indices.



The table below sets out the total remuneration of the Chief Executive, over the same period as the Total Shareholder Return graph. The quantum of Annual Incentive awards granted each year and long-term incentive vesting rates are given as a percentage of the maximum opportunity available.

Year	Chief Executive	Single figure of total remuneration (£'000)	Annual bonus payment (% of maximum)	Long-term incentive vesting (% of maximum)
2023	Lawrence Hutchings	833	67%	33.33%
2022	Lawrence Hutchings	813	71%	–
2021	Lawrence Hutchings	1,778[1]	65%	–
2020	Lawrence Hutchings	481	–	–
2019	Lawrence Hutchings	718	51%	–
2018	Lawrence Hutchings	752	53%	–
2017	Lawrence Hutchings/Hugh Scott-Barrett	957	45%	35.26%
2016	Hugh Scott-Barrett	2,112	70%	91.85%
2015	Hugh Scott-Barrett	796	70%	–
2014	Hugh Scott-Barrett	833	85%	–

1. Includes £1 million retention bonus awarded in November 2021 and paid in October 2023.

Annual change in pay for Directors verses the wider workforce in 2023

The percentage change in the remuneration of Directors compared to that of employees generally is included below. The year-on-year movement in salary for Directors and employees reflects the annual review applied as effective from January 2023. Non-Executive Directors do not receive any benefits.

	Employee Group[1]	Executive Directors		Non-Executive Directors					
2023		**L Hutchings**	**S Wetherly**	**D Hunter**	**I Krieger**	**G Muchanya/ P Theocharides[2]**	**N Sasse[2]**	**K Wadey**	**L Whyte**
Salary	**3–5%**	**3%**	**3%**	**3%**	**3%**	**–**	**–**	**3%**	**3%**
Bonus	**0%**	**–3%**	**–3%**	**–**	**–**	**–**	**–**	**–**	**–**
Benefits	**No change**	**No change**	**No change**	**–**	**–**	**–**	**–**	**–**	**–**

	Employee Group[1]	Executive Directors		Non-Executive Directors					
2022		L Hutchings	S Wetherly	D Hunter	I Krieger	G Muchanya[2]	N Sasse[2]	K Wadey	L Whyte
Salary	2%	2%	2%	2%	2%	–	–	2%	2%
Bonus	8.4%	11%	11%	–	–	–	–	–	–
Benefits	No change	No change	No change	–	–	–	–	–	–

	Employee Group	Executive Directors		Non-Executive Directors					
2021		L Hutchings	S Wetherly	D Hunter	I Krieger	G Muchanya2	N Sasse[2]	K Wadey	L Whyte
Salary	–	–	–	–	–	–	–	–	–
Bonus	n/a[2]	n/a[2]	n/a[2]	–	–	–	–	–	–
Benefits	No change	No change	No change	–	–	–	–	–	–

	Employee Group	Executive Directors		Non-Executive Directors							
2020		L Hutchings	S Wetherly	D Hunter	T Hales	I Krieger	G Muchanya2	L Norval	N Sasse[2]	K Wadey	L Whyte
Salary	1%	1%	2.5%	n/a	1%	1%	–	1%	–	n/a	1%
Bonus	(100%)	(100%)	(100%)	–	–	–	–	–	–	–	–
Benefits	No change	No change	No change	–	–	–	–	–	–	–	–

1. Calculated on a like for like basis with reference to employees of Capital & Regional plc and Capital & Regional Property Management Limited who have been at the Companies for the entirety of the current and prior years.
2. G Muchanya, P Theocharides and N Sasse as Growthpoint representative directors do not receive a fee.

Chief Executive pay ratio

The tables below show how pay for the CEO compares to employees at the lower, median and upper quartiles (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with Option A of The Companies (Miscellaneous Reporting) Regulations 2018, which uses the total pay and benefits for all employees. Excluded from our analysis are joiners, leavers and long-term absentees from the Company during the year. Given the alignment of incentive arrangements cascaded below Board level, the Remuneration Committee believes the pay ratios are consistent with the pay, reward and progression policies for the company's employees taken as a whole.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**Option A**	39:1	38:1	33:1
2022	Option A	43:1	40:1	37:1
2021	Option A	96:1	93:1	78:1
2020	Option A	27:1	25:1	18:1

Year	CEO	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**833**	21	22	25
2022	813	19	20	22
2021	1,778[1]	19	19	23
2020	481	18	19	26

1. Includes £1 million retention bonus awarded in November 2021 and paid in October 2023.

Note: All figures in £'000

Directors' Remuneration Report continued

Relative importance of spend on pay compared to distributions to shareholders

	2023 £m	2022 £m	%
Executive Director's remuneration	**1.3**	1.3	–
Employee costs (per Note 7 of the financial statements)	**13.5**	13.8	–2.2%
Dividends paid (Total of Interim and Final Dividend for the respective year)	**11.4**	4.7	+142.5%

Directors' service agreements and letters of appointment

Name	Unexpired term of appointment	Date of service agreement	Notice period	Potential termination payment
Executive Directors				
L Hutchings	Rolling contract	13 June 2017	12 months	12 months' salary and benefits value
S Wetherly	Rolling contract	11 March 2019	12 months	12 months' salary and benefits value

		Date of initial appointment		
Non-Executive Directors				
D Hunter	Rolling contract	9 March 2020	6 months	None
I Krieger	Rolling contract	1 December 2014	No notice	None
L Whyte	Rolling contract	1 December 2015	No notice	None
N Sasse	Rolling contract	9 December 2019	No notice	None
K Wadey	Rolling contract	20 October 2020	No notice	None
P Theocharides	Rolling contract	22 February 2023	No notice	None
G Murphy	Rolling contract	22 April 2024	No notice	None

Non-Executive Directors are all appointed on rolling contracts with no notice period save for David Hunter who as Chairman has a six-month notice period. All Directors stand for re-election annually and Board appointments automatically terminate in the event of a Director not being re-elected by shareholders. Copies of the Directors' service agreements are available to view at the Company's registered office.

External Appointments

Executive Directors may accept external appointments as Non-Executive Directors of other companies and retain any related fees paid to them, subject to the approval of the Board in each case. No external appointments were undertaken by the Executive Directors during 2023.

Workforce Engagement

The Committee is regularly updated on workforce pay and benefits throughout the Group and considers workforce remuneration as part of the review of executive remuneration. Laura Whyte, the Chair of the Remuneration Committee periodically attends staff Town Hall meetings and other staff sub-committee meetings where performance management and the interaction with pay of both staff and executive management is discussed. In addition the Committee reviews feedback from employee surveys and takes this into account when setting pay.

The Committee is also tasked with overseeing major changes in employee benefit structures. It has responsibility for the remuneration of the members of the Group Senior Leadership Team and is therefore able to ensure that the remuneration decisions made in respect of the Executive Directors are made with consideration of, and in line with, senior management and other employees. The Committee also reviews the proposed pay awards and bonus payments made to the wider workforce to ensure alignment and consistency with the principles set in determining executive pay.

Interests in shares (audited)

The Directors and, where relevant, their connected persons (within the meaning of Section 252 of the Companies Act 2006) were beneficially interested in the ordinary share capital of the Company at the dates shown in the table. This excludes unvested CIP share awards, these are disclosed separately on page 153.

	30 December 2023 Shares	30 December 2022 Shares
D Hunter	**142,824**	109,145
L Hutchings	**87,042**	12,439
S Wetherly	**87,812**	36,813
I Krieger	**23,234**	17,630
G Muchanya	**n/a**	–
N Sasse	**78,770**	62,187
P Theocharides	**–**	n/a
K Wadey	**–**	–
L Whyte	**36,950**	32,207

There were no changes to Directors' shareholdings from 30 December 2023 to 29 April 2024, being the latest practicable date prior to the issue of this report.

Executive share ownership (audited)

All Executive Directors are expected to build a shareholding to at least 2 x basic annual salary value, based on current market value or the aggregate purchase price of the shares, over a five year period.

There is no set timescale for Executive Director to reach the prescribed target but they are expected to retain net shares received on the vesting of long-term incentive awards until the target is achieved. Shares that count towards the holding guideline are unfettered and beneficially owned by the Executive Directors and their connected persons.

Executive Directors	Time from appointment as Executive Director	Target % of salary	Target currently met?	Current % of salary[1]
L Hutchings	6 years 6 months	200	No	11%
S Wetherly	4 years 9 months	200	No	17%

1. Calculated with reference to the share price of 57.6 pence per share as at Friday 29 December 2023.

Post cessation shareholding requirements

There is a 200% base salary post-cessation of employment shareholding requirement for two years. Shares awarded but subject to further deferral periods or performance conditions are included for the purposes of the calculation.

Consultation and shareholders' views

The Chair corresponds with shareholders and also engages with governance agencies including ISS and the Investment Association.

Shareholder voting on the 2022 Directors' Remuneration Report, which was tabled at the 25 May 2023 AGM, was as follows:

Resolution	For	% For	Against	% Against	Total Shares Voted	% Shares Voted	Votes Withheld
To approve the Directors' Remuneration Report	128,912,089	94.76	7,124,225	5.24	136,036,314	80.40%	6,782

Shareholder voting on the Directors' Remuneration Policy which was last tabled at the 19 May 2022 AGM, was as follows:

Resolution	For	% For	Against	% Against	Total Shares Voted	% Shares Voted	Votes Withheld
To approve the Directors' Remuneration Policy	125,803,575	96.10	5,107,180	3.90	130,910,755	79.15	22,019

Shareholder voting on the Long-Term Retention Awards, which was tabled at the 1 November 2021 EGM, was as follows:

Resolution	For	% For	Against	% Against	Total Shares Voted	% Shares Voted	Votes Withheld
To approve the Long-Term Retention Awards	74,164,267	93.56	5,107,522	6.44	79,272,149	70.97	84,550

Laura Whyte
Chair of Remuneration Committee

Directors' Report

Business review

In accordance with section 414C(11) of the Companies Act 2006 disclosures regarding — employee involvement; the future development, performance and position of the Group can be found in the CEO and Chairman's Statements and Operating and Financial Reviews within the Strategic Report on pages 14-61 which is incorporated into this report by reference. This also includes our statutory reporting on greenhouse gas emissions. A report on corporate governance and compliance with the provisions of the 2018 UK Corporate Governance Code, which forms part of this Directors' Report, is set out on page 126. This Directors' Report forms part of the management report required under 4.1.8 R of the Disclosure and Transparency Rules

The results for the year are shown in the Group income statement on page 178. Post balance sheet events are disclosed in Note 31 to the financial statements. The use of financial instruments and risk management policies is set out in Note 19 to the financial statements.

The purpose of this annual report is to provide information to the members of the Company. The annual report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this annual report and the Group undertakes no obligation to update them. Nothing in this annual report should be construed as a profit forecast.

Dividends

An interim dividend of 2.75 pence per share (the "Dividend") was paid on 22 September 2023 (2022 – 2.5 pence per share) 100% as a property income distribution ("PID").

The Directors recommend a final dividend of 2.95 pence per share all to be paid as a Property Income Distribution (PID). This will result in a total distribution for the year ended 30 December 2023 equivalent to 5.70 pence per share (2022: 5.25 pence per share).

Subject to approval of shareholders at the Annual General Meeting (AGM) on 3 June 2024, the final dividend will be paid on 7 June 2024. The key dates are set out as below:

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

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

Property Income Distributions (PIDs)

As a UK REIT, Capital & Regional plc is exempt from corporation tax on rental income and gains on UK investment properties but is required to pay Property Income Distributions (PIDs). UK shareholders will be taxed on PIDs received at their full marginal tax rates. A REIT may in addition pay normal dividends.

For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of UK shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and Child Trust Funds. Further information on UK REITs is available on the Company's website, including a form to be used by shareholders to certify if they qualify to receive PIDs without withholding tax.

PIDs paid to shareholders on the South African share register are subject to UK withholding tax at 20%. South African shareholders may apply to His Majesty's Revenue and Customs after payment of the PID for a refund of the difference between the 20% withholding tax and the prevailing UK/South African double tax treaty rate. Other overseas shareholders may be eligible to apply for similar refunds of UK withholding tax under the terms of the relevant tax treaties.

Directors

The names and biographical details including all significant appointments, of the present Directors of the Company are given on pages 123-124. George Muchanya resigned as one of Growthpoint's nominated Non-Executive Directors on 22 February 2023 and was replaced by Panico Theocharides. Gerry Murphy was appointed on 22 April 2024. All other Directors served for the full year of 2023.

Ian Krieger will step down as a director at the 2024 Annual General Meeting having completed nine years' service. All other Directors will retire and being eligible, offer themselves for re-election at the 2024 Annual General Meeting

Directors' interests

Directors' interests in the share capital and equity of the Company at the year-end are contained in the Directors' Remuneration Report on pages 151-165. There were no contracts of significance subsisting during or at the end of the year in which a Director of the Company was materially interested. No Director had a material interest in the share capital of other Group companies during the year.

Pursuant to the Growthpoint Relationship Agreement that the Company entered into in 2019, the Company agrees, upon request, to appoint two Non-Executive Directors nominated by Growthpoint to the Board for so long as they own 20% or more of the issued ordinary capital in the Company and one Non-Executive Director to the Board if they own less than 20%, but not less than 15%. Panico Theocharides and Norbert Sasse are the Growthpoint Nominated Non-Executive Directors.

All other Directors are appointed in a personal capacity.

Indemnities

In accordance with the Company's Articles and s.234(2) of the Act, a qualifying third party indemnity is in force to the extent permitted by law for the benefit of each of the Directors in respect of liabilities incurred as a result of their office For those liabilities for which Directors may not be indemnified, the Company maintains insurance in respect of liabilities arising from the performance of their duties.

Additional disclosures

The following table sets out where disclosures required in compliance with Listing Rule 9.8.4R, Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 or other regulatory requirements are located.

Interest capitalised and tax relief	n/a
Details of long-term incentive schemes	Page 146-147
Waiver of emoluments by a Director	n/a
Waiver of future emoluments by a Director	n/a
Non pre-emptive issues of equity for cash	n/a
Non pre-emptive issues of equity for cash by major subsidiary undertakings	n/a
Parent company participation in a placing by a listed subsidiary	n/a
Contracts of significance	n/a
Provision of services by a controlling shareholder	n/a
Shareholder waivers of dividends	Shares held by Employee Share Ownership Trust – see section below
Shareholder waivers of future dividends	Shares held by Employee Share Ownership Trust – see section below
Group's financial instruments and risk management policies	Note 19 to the Financial Statements
Future developments of the business	See Looking forward section of the Chief Executive's statement on Page 34
Relationships with suppliers	Pages 23, 59 and 71
Agreements with controlling shareholders	Page 163

SHARES

Substantial shareholdings

As at 30 December 2023 (the accounting reference date of this report), the Company was notified of the following interests in its issued ordinary share capital:

	No. of shares	%
Growthpoint Properties Limited	153,227,266	68.13
Mstead Limited	8,004,829	3.56

As at 15 April 2024 (the latest practicable date prior to the issue of this report) the Company has been notified of the following interests in its issued ordinary share capital:

	No. of shares	%
Growthpoint Properties Limited	153,227,266	68.13
Clerkenwell Capital	8,683,472	3.86
Mstead Limited	8,004,829	3.56

Shares held by Employee Share Ownership Trust

At 30 December 2023 the Capital & Regional Employee Share Ownership Trust held 415,798 shares in the Company. The shares held by the Trust are registered in the nominee name, Winterflood Client Nominees, and a dividend waiver is in place to cover the entire holding.

Purchase of own shares

The Company did not make any purchases of its own shares during 2023 or up to 15 April 2024 being the latest practicable date prior to the issue of this report.

The Company was authorised by shareholders at the 2023 AGM held on 25 May 2023 to purchase up to a maximum of 10.0% of its ordinary shares in the market. This authority will expire at the 2024 AGM and the directors will be seeking a new authority for the Company to purchase its ordinary shares. This will only be exercised if market and financial conditions make it advantageous to do so.

Share capital

As at 30 December 2023 the Company's total issued share capital was 224,906,731 ordinary shares of 10 pence each, all with equal voting rights. The changes in the Company's Issued share capital during 2023 are detailed in Note 20 to the financial statements.

The Company has a Secondary Listing of shares on the Johannesburg Stock Exchange (JSE). At 30 December 2023, 8,755,640 of the Company's shares were held on the JSE share register representing 3.89% of the total shares in issue.

Controlling shareholder

Growthpoint, through its nominees, holds 68.13% of the issued share capital of the Company. The Relationship Agreement, entered into on 17 October 2019, incorporates those terms required by the Listing Rules as a result of Growthpoint becoming a controlling shareholder. It remains effective as long as Growthpoint and any of its nominees hold at least 20% of the voting rights in the Company. The Relationship Agreement provides various rights including the ability to appoint two Non-Executive Directors nominated by Growthpoint to the Board for so long as they own 20% or more of the issued ordinary capital in the Company and one Non-Executive Director to the Board if they own less than 20%, but not less than 15%. The Directors believe that the terms of the Relationship Agreement enable the Group to carry on its business independently of Growthpoint. A copy of the Relationship Agreement is available on the Company's website at capreg.com.

Change in control

The Group's £39 million debt facility in respect of The Exchange Centre, Ilford allows the lender to potentially demand repayment of the facility with 120 days' notice if there is a change in control resulting in an individual or entity acquiring control of 50% or more of Capital & Regional Plc's shares.

In addition certain potential tax liabilities could be crystallised in some circumstances where there are varying degrees of change of ownership of the Group's shares.

Furthermore the Group could lose its status as a REIT as a result of the actions of third parties (for example, in the event of a successful takeover by a company that is not a REIT and which does not, unlike Growthpoint Properties Limited, qualify as an 'institutional investor' for REIT purposes) or due to a breach of the close company condition if it is unable to remedy the breach within a specified period.

Articles of Association

The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by shareholders in accordance with the legislation in force from time to time.

Human rights

The Group operates in the UK and Jersey and, as such, is subject to the European Convention on Human Rights and the UK Human Rights Act 1998.

The Group respects all human rights and in conducting its business the Group regards those rights relating to non-discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of customers, employees and suppliers.

The Board has overall responsibility for ensuring the Group upholds and promotes respect for human rights. The Group seeks to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through its policies and procedures and, in particular, through its policies regarding employment, equality and diversity, treating its stakeholders and customers fairly and information security. Group policies seek to ensure that employees comply with the relevant legislation and regulations in place to promote good practice. The Group's policies are formulated and kept up to date and communicated to all employees through the Staff Policy Manual. The Group has not been made aware of any incident in which the organisation's activities have resulted in an abuse of human rights.

The Group publishes a Modern Slavery Act Statement annually. This is available on the ESG section of the Group's website at capreg.com.

Employees

The Group is committed to a policy that treats all of its employees and job applicants equally. No employee or potential employee receives less favourable treatment or consideration on the grounds of race, colour, religion, nationality, ethnic origin, sex, sexual orientation, marital status, or disability. Nor is any employee or potential employee disadvantaged by any conditions of employment or requirements of the Group that cannot be justified, as necessary, on operational grounds.

We give full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by people with disabilities. We endeavour to retain the employment of, and arrange suitable retraining for, any employee who becomes disabled during their employment as well as providing training, career development and promotion to disabled employees wherever appropriate.

During the year, the Group maintained arrangements to provide employees with information on matters of concern to them, to regularly consult employees for views on matters affecting them, to encourage employee involvement in the Group's performance through share schemes, and to make all employees aware of financial and economic factors affecting the performance of the Group.

Political donations

The Group has not made any political donations during the year and intends to continue its policy of not doing so for the foreseeable future.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given, and should be interpreted, in accordance with the provisions of s418 of the Companies Act 2006. A resolution to appoint Mazars LLP as the Company's Auditor will be proposed at the forthcoming Annual General Meeting.

Research and development

During the normal course of business, the Group continues to invest in new technology and systems and to develop new products and services to improve operating efficiency and strengthen its proposition for occupiers, customers and partners.

Overseas branches

A list of the Group's subsidiaries is included on Page 224. The Group's Snozone business has a subsidiary, Snowzone S.L.U that is domiciled in Spain being the operator of the indoor snow resort at the Xanadu centre in Madrid.

Annual General Meeting

The Company's Annual General Meeting is due to be held on 3 June 2024. The Notice of Annual General Meeting 2024, accompanies this report, which accounts for and explains the business to be covered at the Annual General Meeting of the Company.

The Directors Report was approved by the Board of Directors on 30 April 2024 and is signed on its behalf by:

Stuart Wetherly
Company Secretary

30 April 2024

Registered Company name: Capital & Regional plc

Registered Company number: 01399411

Registered office: 138-142 Strand, Strand Bridge House, London, WC2R 1HH

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted International Accounting Standards and Article 4 of the IAS Regulation and have elected to prepare the parent Company financial statements in accordance with FRS 101, as published by the Financial Reporting Council, and applicable law in the United Kingdom. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibilities statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 30 April 2024 and is signed on its behalf by:

Lawrence Hutchings
Chief Executive

Stuart Wetherly
Group Finance Director

Independent Auditor's Report

To the members of Capital & Regional plc

Opinion

We have audited the financial statements of Capital & Regional plc (the 'Parent Company', the 'Company') and its subsidiaries (the 'Group') for the year ended 30 December 2023 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including material accounting policy information, the Company balance sheet, the Company Statement of changes in equity and notes 176 to 217 to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in preparation of the Company financial statements is applicable law and UK Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In addition to those matters set out in the "Key audit matters" section below, we identified going concern of the Group and of the Parent Company as a key audit matter.

The director's consideration of the going concern basis of preparation is set out in the Going Concern statement on page 50. Directors have adopted the going concern basis of accounting for the Group and Parent Company and have concluded that there are no material uncertainties that may cast significant doubt over the Group's and Parent Company's ability to adopt going concern basis for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Group operates in the retail and leisure sectors. Going concern is a significant area of focus for the Group, due to the adverse macroeconomic factors currently affecting these sectors. At 30 December 2023, the Group's borrowings totalled £192.7 million (30 December 2022: £181.8 million). The Group had cash and cash equivalents of £38.2 million (30 December 2022: £55.5 million), of which £17.8 million was without any restriction on conditions of use (30 December 2022: £28.1 million).

The Group's going concern assessment is built on cashflow forecasts, considering the cash readily available (without restrictions on use) to the Group, together with the Group's forecast ability to meet its debt covenant obligations and the payment of contractual liabilities as they fall due.

The base case cash flow forecasts indicate that the Group and Parent Company will have sufficient free cash to trade as a going concern for at least 12 months from the date on which the financial statements are approved.

With the exception of the Hemel Hempstead loan facility the Group does not have pre-agreed loan covenant waivers in place for any breaches that could occur in the future. Therefore, the consideration of the ability of the Group to meet the loan covenant requirements relating to loan to value and interest rate cover ratios during the year, and for a period of at least one year from the date when the financial statements are authorised, is relevant.

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

The Directors have also prepared a downside scenario that considers lower levels of income and rental collections, and a 15% fall in valuation from the Group’s 30 December 2023 valuations and valuations undertaken by the Group’s respective lenders. In this scenario, some of the loan covenants would be breached. However, under the loan agreements, the Group has the contractual right, and would have sufficient cash, to potentially cure the loans. If some of the covenants were not met, and if the Group decided not to cure them or, in extremity, would not be able to do so, the Group could consider surrendering the asset to the lenders. This would involve the surrender of ring-fenced assets to the relevant lenders instead of curing the associated breach of covenant. This course of action is available due to the fact that none of the facilities are cross-default and any of the facilities can be in default without recourse to the other ring-fenced facilities in the Group.

Our audit procedures to evaluate the directors’ assessment of the Group’s and the Parent Company’s ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Obtaining an understanding of the controls and processes operated by the Group and Parent Company around the preparation, review and approval of the going concern assessment and risks associated with non-compliance with loan covenants.
- Assessing and challenging the appropriateness of judgements and assumptions applied by directors in their going concern assessment and associated forecasts of financial performance and financial position.
- Evaluating the reasonableness of assumptions used by management in their assessment of the impact of plausible downside scenarios (including a reverse stress test) and related sensitivity analysis performed over the cash flow forecasts. Furthermore, evaluating the Group’s approach to the modelling of alternative scenarios taking into consideration projected capital expenditure, discount rates applied to future cash flows, working capital movements, availability of funding, current business and economic trends and significant developments both during and after the year end
- Assessing key loan documentation to understand the principal terms, including financial covenants and current waivers in place, and performing an assessment of the Group’s existing and forecast compliance with debt covenants and any associated equity cures and cash traps available to the Group. We have reviewed any assumptions made regarding the availability of future loans due to mature within the forecast period and associated rates of interest.
- Testing the completeness and accuracy of historical data included in management’s going concern assessment. Additionally, testing of the mathematical integrity of the cash flow forecasts used to support management’s going concern assessment.
- Assessing and considering in our assessment the impact of the ring-fencing of loans and other financial instruments within the Group (non-recourse or no cross-default) impacting on cash flow forecasts.
- Assessing the availability of any further mitigating actions available to management in event of breach of its loan covenants and where alternative facilities are not available.
- Evaluating the appropriateness of disclosures related to going concern in the Group’s financial statements.
- We considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and the Parent Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to Capital & Regional plc’s reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the director’s considered it appropriate to adopt the going concern basis of accounting.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the Key Audit Matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures. The matters set out below are in addition to going concern which, as set out in the “Conclusions relating to going concern” section above, was also identified as a Key Audit Matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation of Investment Properties (Group) Investment properties have a carrying value of £369.6 million at 30 December 2023 (30 December 2022: £320.1 million), comprising of 80% (30 December 2022: 76%) of the Group's total assets. The portfolio consists of six (30 December 2022: five) community based shopping centres. During the year, the Group acquired the Gyle Shopping Centre for a consideration of £43 million, including acquisition costs (refer to Note 10a). The value of investment properties is considered to be a key driver of commercial property return for the Group and involves significant level of judgement in ascertaining the fair value under IFRS 13. The valuation of the investment properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals. The wider challenges currently facing the real estate sector, as a result of regional and macroeconomic factors, further contributed to the subjectivity in establishing valuations at 30 December 2023. The valuations were carried out by a third party valuer CBRE (the 'valuer'). The valuer was engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of IAS 40 'Investment property'. There is also a risk of fraud in relation to the valuation of the property portfolio, where the use of the valuation methodology and model, the large volume of data involved and, the assumptions and judgements applied could be subject to undue influence by management. As a result of the above factors, the valuation of investment properties is considered to be a Key Audit Matter. The accounting policy for investment property is set out in Note 1 to the Group's financial statements including director's assessment of this key source of estimation uncertainty. The Audit Committee's discussion of this Key Audit Matter is set out on page 137. The investment property portfolio is disclosed in Note 10 of the Group financial statements.	Our audit procedures included, but were not limited to: • Obtaining an understanding of the Group's relevant processes and controls around investment property valuations and performing a walkthrough to test the design and implementation of the controls. • Evaluating the competence, capabilities, independence and objectivity of the Group's independent valuer. • Obtaining the valuation reports and evaluating that the valuation approach was in accordance with the RICS standards; • Engaging our own valuation specialist to review and challenge the model, methodology and assumptions used by management's expert external valuer. • Attending key discussions with the Group's independent valuers appointed by management to challenge and gain an understanding of significant judgements and assumptions applied in the valuation model. • Analysing the individual property valuations to understand significant movements against prior year/acquisition value in the year for the Gyle shopping centre and corroborating such movements to comparative market data. considered by the independent valuer. • Verifying movements in key judgements and assumptions and, benchmarking and discussing yields in detail with independent valuer and our own valuation specialists. • Assessing whether the trend on each specific asset was in line with expectations relevant to that asset and its location, prospects and expected cash flows. Where possible, market evidence was also used to corroborate yield assumptions. • Testing the completeness and accuracy of the data inputs used in the valuation model by inspecting lease contracts and comparing the information in the lease tenancy schedule to data used in the valuation report. • Testing the sustainability of the cash flows used in the valuation model and corroborating it with our audit procedures on revenue and expected credit losses on external debtors. Additionally, testing specifically the void assumptions, tenant incentives, cash collection as well as variable income of each of the properties in order to conclude that the assumptions used in the assessment of sustainability of the cash flows are reasonable. • Inspected deeds of ownership of all investment properties, including the evaluation of management's accounting treatment in relation to the the acquisition of Gyle Shopping Centre to ensure that it is in compliant with the provisions of IAS 40 – Investment Property. • Reviewing the adequacy of the disclosure in the financial statements, including the valuation methodology, assumptions and fair value hierarchy used. **Our observations** Based on the work performed and evidence obtained, we consider the methodology and assumptions used to value the investment properties to be appropriate.

Key Audit Matter	How our scope addressed this matter
Revenue – Completeness of revenue managed by service organisations The Group engages and relies upon service organisations to manage a portion of this material class of transactions. We had originally anticipated the receipt of Service Organisation Control reports that would have been used to support our understanding of the controls in operation at the service organisations in line with ISA 402.13 and 402.14. Such reports were not available for the service organisations for the year ended 30 December 2023. In light of the above, and the requirement to perform alternative audit procedures, we reassessed our risk in relation to the completeness of revenue. As a result, the completeness of revenue is considered to be a Key Audit Matter.	Our audit procedures included, but were not limited to: • We engaged our IT specialist team to obtain an understanding of the controls in place at the service organisations, This involved testing of the IT General Controls design and implementation and considering the reliance on the allocation of cash to customers within the IT system; • Where possible, we tested the operating effectiveness of key controls identified in relation to the bank reconciliation process at the service organisations; Where the results of the IT General Controls Design & Implementation procedures were ineffective, resulting in us not being able to place reliance on controls, we engaged further with management to determine whether, by applying alternative audit procedures, we could obtain sufficient appropriate audit evidence from accounting records held by the Group. We inspected records and documents held by Capital & Regional plc and performed analytical procedures to obtain appropriate and sufficient audit evidence. **Our observations** Based on the work performed and evidence obtained, we concluded that the risk of material misstatement of the completeness of revenue managed by service organisations was reduced to an acceptably low level.

Key Audit Matter	How our scope addressed this matter
Impairment of Investment in Subsidiary (Parent Company) Investments in subsidiaries have a carrying value of £186.4 million at 30 December 2023 (30 December 2022: £161.1 million) comprising of 80% (30 December 2022: 74%) of the Parent Company's total assets. There is a risk that the carrying value of the investment in subsidiaries cannot be supported and that the values should be impaired. Investments are subject to an impairment review using a discount rate of 15.2% (2022: 16.1%). The forecasting of future cash flows to support the carrying values of the investments in subsidiaries is a key area of judgement and is identified as a key audit matter. In particular, it relies on the reasonableness of the cash flow forecasts, long-term growth rates, and the discount rates applied in the discounted cash flow calculations used to substantiate investments held at above the net asset value of the subsidiaries. As a result of the above factors, the impairment of investments in subsidiaries is considered to be a Key Audit Matter. The accounting policies for investment in subsidiaries are set out in Note A to the Parent Company financial statements including the director's assessment of this as a key source of estimation of uncertainty. The Audit Committee's discussion of this key audit area matter is set out on page 139.	Our audit procedures included, but were not limited to: • Obtaining an understanding of the Parent Company's processes and controls to address the risk of impairment of investment in subsidiaries and intercompany debtors. • Assessing the Group's discounted cash flow forecasts including comparison of input assumptions to internally and externally derived data with involvement of internal valuation experts. The inputs considered included the cash flow projections, long-term growth rates, and discount rates. Additionally, we have performed sensitivity analysis on key assumptions. • Reviewing the methodology applied by management including the assumptions and judgements made in the determination of the value-in-use of the investments, being the present value of the estimated future cash expected to be derived by the investment, to ensure these are reasonable - (including a reverse stress test).. • Corroborating whether the forecasts employed are consistent with those used to support other judgements in the financial statements. • Evaluating the sufficiency of disclosures in the financial statements. **Our observations** We consider that the carrying value of Parent Company investment in subsidiaries and intercompany debtor balances are appropriate.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£1.8 million
How we determined it	The overall Group statutory materiality has been calculated with reference to the Group's net assets, of £202 million which it represents approximately 1%.
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders. 1% has been chosen to reflect the level of understanding of the stakeholders of the Group in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of this being our first year audit of the Group, together with our risk assessments and our assessment of the Group's overall control environment, we set performance materiality at £0.99 million which is approximately 55% of overall Group materiality. We have applied a lower specific materiality threshold of £0.5 million for testing all balances impacting Adjusted Profit (as defined in Note 1 to the Group's financial statements) which is approximately 1% of revenue.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £54,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£0.99 million
How we determined it	The Parent Company's statutory materiality has been calculated with reference to the Parent Company's net assets, of which it represents approximately 0.5%.
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders. 0.5% has been chosen to reflect the level of understanding of the stakeholders of the Group in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of this being our first year audit of the Group, together with our risk assessments and our assessment of the Group's overall control environment, we set performance materiality at £546,000 which is approximately 55% of overall Parent Company materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £30,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group and the Parent Company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the Group and the Parent Company financial statements. Based on our risk assessment, the components that are subjected to full scope audit account for 99% of the Group's consolidated net assets, 89% of Group's revenue and 92% of Group's profit. All investment properties consolidated in the Group accounts have been included in our scope of work. For the residual components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations, to respond to any potential risks of material misstatement to the Group financial statements. The components that are subjected to full scope audit were also selected to provide an appropriate basis for undertaking audit work to address the key audit matters. Our audit work was performed at levels of materiality applicable to each individual entity which were between 1% and 55% of the Group materiality, which corresponds to component materiality of between £0.1 million and £1.8 million.

At the Parent Company level, the Group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Group's financial statements are prepared is consistent with the Group's financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the Group's financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Capital & Regional plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 50;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 51;
- Directors' statement on fair, balanced and understandable, set out on page 141;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 140-141;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 140-141; and;
- The section describing the work of the audit committee, set out on page 137-141.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 166, the directors are responsible for the preparation of the Group and Parent Company's financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the Parent Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements which include compliance with Real Estate Investment Trust (REIT) legislation. RICs standards, employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the Parent Company, the industry in which they operate, and the structure of the Group, and considering the risk of acts by the Group and the Parent Company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, including Financial Conduct Authority;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Listing Rules, UK Corporate Governance Code, Disclosure Guidance and Transparency Rules, UK Tax legislation and Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of investment property, impairment of investment in subsidiaries and intercompany debtors, and impairment of external debtors and revenue recognition (which we pinpointed to the occurrence and cut-off assertion), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team and relevant specialists the risks of fraud, including how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meeting of those charged with governance and reviewing correspondence with external legal counsel; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Assessing whether the judgements made in key sources of estimation uncertainty may be indicative of a potential management bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal scope of business;

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key Audit Matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors responsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by audit committee on 21 October 2022 to audit the financial statements for the year ended 30 December 2023.The period of total uninterrupted engagement is one year, covering the year ended 30 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule these financial statements form part of the electronic reporting format-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report has been prepared using the correct electronic reporting format.

Richard Metcalfe (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

30 April 2024


MALL

Financials

Financials

Consolidated Income Statement

For the year to 30 December 2023

	Note	2023 £m	2022 Restated[1] £m
Continuing operations			
Revenue	3	**59.0**	56.8
Gain on expected credit losses	6	**0.1**	0.4
Cost of sales	4	**(31.5)**	(29.0)
Gross profit		**27.6**	28.2
Administrative costs		**(9.9)**	(10.9)
Loss on revaluation of investment properties	10a	**(8.1)**	(19.6)
Other (losses) and gains	6	**(0.1)**	15.6
Profit on ordinary activities before financing		**9.5**	13.3
Finance income	5	**0.5**	1.1
Finance costs	5	**(9.9)**	(9.4)
Profit before tax	6	**0.1**	5.0
Tax	8a	**3.6**	0.3
Profit for the year from continuing operations		**3.7**	5.3
Profit for the period from period from discontinued operations	16	**–**	6.8
Profit for the year	2a	**3.7**	12.1
Continuing operations			
Basic earnings per share		**2.0p**	3.2p
Diluted earnings per share		**1.9p**	3.2p
Continuing and discontinued operations			
Basic earnings per share	9a	**2.0p**	7.3p
Diluted earnings per share	9a	**1.9p**	7.2p
EPRA earnings per share			
EPRA basic earnings per share	9a	**5.6p**	5.3p
EPRA diluted earnings per share	9a	**5.5p**	5.3p

Consolidated statement of comprehensive income

For the year to 30 December 2023

	2023 £m	2022 £m
Profit for the year	**3.7**	12.1
Other comprehensive income	**–**	–
Total comprehensive income for the year	**3.7**	12.1

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

The EPRA alternative performance measures used throughout this report are industry best practice performance measures established by the European Public Real Estate Association (EPRA). They are defined in the Glossary to the Financial Statements. EPRA earnings and EPRA EPS are shown in Note 9 to the Financial Statements. EPRA net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV) are shown in Note 25 to the Financial Statements. We consider EPRA NTA to be the most relevant measure for our business.

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

Consolidated balance sheet

At 30 December 2023

	Note	2023 £m	2022 Restated[1] £m
Non-current assets			
Investment properties	10	**369.6**	320.1
Plant and equipment	11	**3.5**	1.8
Right of use assets	12	**20.1**	21.6
Receivables	14	**7.8**	8.5
Deferred tax		**3.6**	1.1
Total non-current assets		**404.6**	353.1
Current assets			
Receivables	14	**16.5**	12.3
Cash and cash equivalents	15	**38.2**	55.5
Total current assets		**54.7**	67.8
Total assets	2b	**459.3**	420.9
Current liabilities			
Trade and other payables	17	**(30.2)**	(28.9)
Current tax	8a	**–**	(1.0)
Lease liabilities	27	**(3.1)**	(3.0)
Bank loans	18a	**(42.7)**	–
Total current liabilities		**(76.0)**	(32.9)
Net current (liabilities)/assets		**(21.3)**	34.9
Non-current liabilities			
Bank loans	18a	**(155.0)**	(181.8)
Other payables	17	**(0.3)**	–
Lease liabilities	27	**(26.0)**	(27.1)
Total non-current liabilities		**(181.3)**	(208.9)
Total liabilities	2b	**(257.3)**	(241.8)
Net assets		**202.0**	179.1
Equity			
Share capital	20	**22.5**	16.9
Share premium	20	**24.6**	1.7
Merger reserve		**60.3**	60.3
Own shares reserve	22	**(0.2)**	–
Retained earnings		**94.8**	100.2
Equity shareholders' funds		**202.0**	179.1
Basic net assets per share		**89.8p**	105.9p
EPRA net reinstatement value per share	25	**87.9p**	103.4p
EPRA net tangible assets per share	25	**87.9p**	103.4p
EPRA net disposal value per share	25	**93.5p**	115.1p

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

These financial statements were approved by the Board of Directors, authorised for issue and signed on their behalf on 30 April 2024 by:

Stuart Wetherly

Group Finance Director

Consolidated Statement of Changes in Equity

For the year to 30 December 2023

	Share capital £m	Share premium[1] £m	Merger reserve[2] £m	Capital redemption reserve[1] £m	Own shares reserve[3] £m	Retained earnings £m	Total equity £m
Balance at 30 December 2021	**16.5**	**266.1**	**60.3**	**4.4**	**–**	**(178.9)**	**168.4**
Profit for the year	–	–	–	–	–	12.1	12.1
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	12.1	12.1
Capital reduction[4]	–	(266.1)	–	(4.4)	–	270.5	–
Credit to equity for equity-settled share-based payments (Note 21)	–	–	–	–	–	0.5	0.5
Dividends paid, including scrip	–	–	–	–	–	(4.0)	(4.0)
Shares issued, net of costs (Note 20)	0.4	1.7	–	–	–	–	2.1
Balance at 30 December 2022	**16.9**	**1.7**	**60.3**	**–**	**–**	**100.2**	**179.1**
Profit for the year	–	–	–	–	–	3.7	3.7
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	3.7	3.7
Credit to equity for equity-settled share-based payments (Note 21)	–	–	–	–	–	0.7	0.7
Dividends paid, including scrip	–	–	–	–	–	(9.4)	(9.4)
Shares issued, net of costs (Note 20)	5.6	22.9	–	–	–	–	28.5
Other movements	–	–	–	–	(0.2)	(0.4)	(0.6)
Balance at 30 December 2023	**22.5**	**24.6**	**60.3**	**–**	**(0.2)**	**94.8**	**202.0**

Notes:

1. These reserves are not distributable.
2. The merger reserve of £60.3 million arose on the Group's capital raising in 2009 which was structured so as to allow the Company to claim merger relief under section 612 of the Companies Act 2006 on the issue of ordinary shares.
3. Own shares relate to shares purchased out of distributable profits and therefore reduce reserves available for distribution.
4. In June 2022 a capital reduction was completed transferring the reserves from share premium and the capital redemption reserve to retained earnings.

Consolidated Cash Flow Statement

For the year to 30 December 2023

	Note	2023 £m	2022 £m
Operating activities			
Net cash from operations	23	**20.1**	25.3
Interest paid		**(6.6)**	(8.0)
Interest received		**0.5**	–
Income tax paid		**–**	(0.1)
Cash flows from operating activities		**14.0**	17.2
Investing activities			
Disposal of investment properties		**–**	59.1
Purchase of plant and equipment		**(2.0)**	(0.7)
Acquisition costs relating to investment properties	10	**(43.0)**	–
Capital expenditure on investment properties		**(18.7)**	(10.6)
Cash flows from investing activities		**(63.7)**	47.8
Financing activities			
Dividends paid (net of scrip) including withholding tax		**(5.2)**	(1.2)
Bank loans drawn down	18	**16.0**	4.0
Bank loans repaid		**–**	(70.8)
Loan arrangement costs		**(0.6)**	(1.6)
Derivatives purchased		**(1.3)**	–
Issue of ordinary shares		**25.0**	–
Costs of share issue		**(1.1)**	–
Fixed payments under head leases		**(0.4)**	(0.4)
Cash flows from financing activities		**32.4**	(70.0)
Net decrease in cash and cash equivalents		**(17.3)**	(5.0)
Cash and cash equivalents at the beginning of the year		**55.5**	58.5
Cash and cash equivalents at the end of the year		**38.2**	53.5
Transfer from assets classified as held for sale		**–**	2.0
Cash and cash equivalents excluding assets classified as held for sale	15	**38.2**	55.5

Financials

Notes to the Financial Statements

For the year to 30 December 2023

1 Significant Accounting Policies

General information

Capital & Regional plc is a public company limited by shares domiciled and incorporated in England, United Kingdom under the Companies Act 2006. The address of the registered office is Strand Bridge House, 138-142 Strand, London WC2R 1HH. The Group is a specialist real estate investor and asset manager, focused on dominant in-town community shopping centres. Further information on the Group's operations is disclosed in Note 2a and the operating and financial reviews.

Basis of accounting

The financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes 1 to 32. They are prepared on the historical cost basis except for the revaluation of certain investment properties and financial instruments that are measured at revalued amounts or fair values at the end of the reporting year, as explained in the accounting policies below. Other than as noted in the "Accounting developments and changes" section below, the accounting policies have been applied consistently to the results, other gains and losses, assets, liabilities, income and expenses.

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.

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 financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the accounting policies set out below.

Statement of compliance

The consolidated financial statements have been 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 United Kingdom.

Accounting developments and changes

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

- Amendments to IFRS 17 Insurance Contracts
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from single transaction
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies

Prior year restatement

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

1 Significant Accounting Policies continued

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

In addition a prior year adjustment has been made in respect of the service charge income and expenditure recognised in 2022, the impact of which is a £3.8million reduction in Revenue and a corresponding £3.8 million reduction in Cost of Sales. The impact on Profit is £nil. A prior year restatement has been made to the right of use assets for a remeasurement of the Snozone leases. The impact is to increase both cost and depreciation by £3 million. There is no impact on the carrying value.

New and revised standards issued but not yet effective

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

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

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

Critical accounting judgements

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

Going concern

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

At 30 December 2023, the Group had total cash at bank on balance sheet of £36.3 million (2022: £52.1 million). Of which £17.8 million (2022: £28 million) was held centrally outside of secured loan arrangements. This provides a significant cash contingency to cover any reasonable disruption to operations in both the base and downside scenarios that have been modelled for at least the period of the next 18 months to 30 June 2025 that is considered for going concern purposes. The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities.

Loan facilities overview

Mall facility (£140 million): This facility finances properties in Maidstone, Walthamstow, and Wood Green. The Group remains compliant with all covenant tests on the loan facility. The covenants reverted in November 2023 to the original terms set in the January 2017 loan agreement after the expiration of a two-year period of covenant waivers agreed as part of the November 2021 loan restructure.

Ilford facility (£39 million): Significant enhancements have been made to the loan agreement, including an extension of the loan maturity to September 2025 and the addition of further loan extension options until December 2027. Additionally, various improvements have been agreed upon regarding covenant terms, effective until the new maturity date and potentially beyond if extension options are exercised.

Hemel Hempstead facility (£4 million): The Group has secured a waiver of all covenant requirements on the £4 million loan facility until maturity in July 2025. Furthermore, the Group has an option to extend the maturity by one or two years subject to meeting specified covenant tests.

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

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

1 Significant Accounting Policies continued

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

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

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

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

Key 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 following are the key sources of estimation uncertainty that have the most significant effect on the amounts recognised in 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 are now in a phase of the valuation cycle where there is persistent negative sentiment and low transactional evidence as such greater judgement has been applied.

With fewer recent comparable sales or market transactions to reference, we have had to rely more heavily on alternative valuation methodologies and qualitative assessments to determine fair values. Additionally, the lack of recent market activity has increased the uncertainty surrounding valuation inputs, necessitating a more nuanced and cautious approach in our valuation process. As a result, our valuations have been subject to greater scrutiny and deliberation, reflecting the need to navigate the challenges posed by the current market conditions.

The investment property valuation contains a number of assumptions upon which the valuation of the Group's properties as at 30 December 2023 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 January 2022).

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. Estimated rental values and equivalent yields are considered key assumptions. Note 10c provides sensitivity analysis estimating the impact that changes in the estimated rental values or equivalent yields would have on the Group's property valuations.

Provision for expected credit losses of trade receivables

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. 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. Sensitivity of the expected credit loss to probability of default is disclosed in note 14.

Deferred tax

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised. In particular, the Company has exercised judgement in respect of the deferred tax asset held on the Statement of Financial Position. Based on the Company's forecasts, it is considered probable that this will be utilised over a reasonable timeframe.

1 Significant Accounting Policies continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries at 30 December. Control of subsidiaries is achieved where the Company has the power over the investee, is exposed, or has rights, to variable return from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. The reporting year for all material subsidiaries and affiliates ends on 31 December and their financial statements are consolidated from this date. There is no material impact on the Group's results from this difference in reporting date. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

If the Group loses control of a subsidiary, the disposal is accounted for in accordance with IFRS 10. Upon loss of control, the subsidiary's assets and liabilities are derecognised from the consolidated financial statements at their carrying amounts at the date when control is lost.

Any resulting gain or loss on the disposal of the subsidiary is computed as the difference between the net disposal proceeds and the carrying amount of the subsidiary's net assets at the date of loss of control. The carrying amount of the net assets is determined based on their fair values at the date of loss of control. The gain or loss on disposal is recognised in profit or loss in the period in which control is lost, unless the transaction qualifies for recognition as a discontinued operation, in which case it is recognised as part of the gain or loss on discontinued operations.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there has been a significant change in one or more of the elements of control, as defined under IFRS 10.

Factors considered in this reassessment include changes in ownership interests, contractual arrangements, voting rights, or other relevant indicators of control. If the Group determines that control has been lost or gained, the appropriate accounting treatment, including derecognition of the subsidiary's assets and liabilities or consolidation of the investee, is applied in accordance with IFRS 10 and other relevant accounting standards.

Subsidiaries

The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal or loss of control. Accounting practices of subsidiaries which differ from Group accounting policies are adjusted on consolidation. All intra group transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date and differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at the exchange rates ruling at the balance sheet date. The operating income and expenses of foreign operations are translated into sterling at the average exchange rates for the year. Significant transactions, such as property sales, are translated at the foreign exchange rate ruling at the date of each transaction.

The principal exchange rate used to translate foreign currency denominated amounts in the balance sheet is the rate at the end of the year: £1 = €1.1535 (2022: £1 = €1.1317). The principal exchange rate used for the income statement is the average rate for the year: £1 = €1.1500 (2022: £1 = €1.1733).

Gains and losses

Foreign exchange gains and losses from monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss at each reporting date. Non-monetary items are translated at the exchange rate prevailing at the transaction date, with subsequent changes in exchange rates not affecting gains or losses.

1 Significant Accounting Policies continued

Property, plant and equipment

Group/central
Property, plant and equipment (PPE) is stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all PPE, other than land, on a straight-line basis over their expected useful lives:

- Leasehold improvements – over the term of the lease
- Fixtures and fittings – over three to five years
- Motor vehicles – over four years

Snozone
PPE is stated at cost net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost of the assets, less their estimated residual values, on a straight-line basis over their expected useful lives, which are given below as a general rule, however as part of the day to day running of the business there may be some assets which fall outside of this, these assets are treated the same and are always depreciated on a straight-line basis over their expected useful lives.

- Snow equipment – over one to five years
- Computer equipment – over two to five years
- Office equipment – over two to five years
- Operations equipment – over two to five years
- Plant – over twenty years

The expected useful lives and depreciation methods are reviewed annually at each reporting date. Subsequent costs incurred after the initial recognition of PPE are capitalised if they meet the recognition criteria. Such costs include expenditures that increase the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance.

Upon disposal of PPE, any resulting gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset in the financial statements at the date of disposal. Gains or losses on disposals are recognised in profit or loss in the period in which the disposal occurs.

Property portfolio

Investment properties
Investment properties are properties owned or leased which are held either for long-term rental income or for capital appreciation or both. Investment property is initially recognised at cost (including directly related transaction costs) and is revalued at the balance sheet date to fair value, being the market value determined by professionally qualified external valuers, with changes in fair value being included in the income statement. Valuations are generally carried out twice a year. In accordance with IAS 40 Investment Property, no depreciation is provided in respect of investment properties.

Leasehold properties
Leasehold properties that are leased to tenants under operating leases are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value.

Capital expenditure
Refurbishment expenditure in respect of major works is capitalised. Renovation and refurbishment expenditure of a revenue nature is expensed as incurred. Our business model for developments is to use a combination of in-house staff and external advisers. The cost of external advisers is capitalised to the cost of developments. The cost of staff working on developments is capitalised subject to meeting certain criteria related to the degree of time spent on and the nature of specific projects.

Property transactions
Acquisitions and disposals are accounted for at the date of legal completion. Investment properties are reclassified as held for sale once it is highly probable that a transaction will be completed within the next 12 months.

1 Significant Accounting Policies continued

Leases

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Incentives and costs associated with entering into tenant leases are amortised on a straight-line basis over the term of the lease.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. The right of use assets are amortised on a straight line basis over the length of each lease. To assess for impairment of the right of use asset the directors have considered whether the group can reasonably expect to recover the costs of each lease through operation. No indication of impairment has been deemed to exist.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are initially recognised at fair value and subsequently classified into the following measurement categories:

- Measured at amortised cost
- Measured at fair value through profit or loss (FVTPL)
- Measured at fair value through other comprehensive income" (FVOCI)

The classification of financial assets depends on the Group's business model for managing the asset and the contractual terms of the cash flows. Assets that are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in the income statement using the effective interest rate method.

Financial assets that do not meet the criteria to be measured at amortised cost are classified by the Group as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in the income statement and presented within net operating expenses.

The group currently has no financial assets measured at FVOCI.

1 Significant Accounting Policies continued

Derecognition of financial assets
Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows from the asset expire, or when the asset is transferred to a third party and the Group has transferred substantially all of the risks and rewards of ownership.

Any resulting gains or losses from derecognition of financial assets are recognised in profit or loss in the period in which the derecognition occurs.

Effective interest rate method
The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount in initial recognition.

Debt instruments that have fixed or determinable payments that are not quoted in an active market are classified as amortised cost. These are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Trade receivables
Trade receivables are carried at the original invoice amount less provision for impairment (credit losses). Discounts and similar allowances are recorded on an accrual basis, consistent with the recognition of the related sales, using estimates based on existing contractual obligations, historical trends and the Group's experience. Long-term accounts receivables are discounted to take into account the time value of money, where material.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses ("ECLs"). The Group calculates impairment of trade receivables using the expected credit loss model as required by IFRS 9. ECLs are calculated by: (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events. The Group has adopted the simplified "provision matrix" approach to calculate expected credit losses on trade receivables. The Group loss allowance is based on the expected credit loss as calculated using the provision matrix approach and a forward-looking component based on individual tenant profiles. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery. These receivables are written off after six months.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Restricted cash balances relate to amounts held by the group on behalf of tenants including ring fenced service charge funds and tenant deposits.

No overdraft facilities are held by the Group.

Financial liabilities

Borrowings
Borrowings are initially measured at fair value net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

Derivative financial instruments
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The fair value of forward foreign exchange contracts is calculated by reference to spot and forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated by reference to appropriate forecasts of yield curves between the balance sheet date and the maturity of the instrument. Changes in fair value are included as finance income or finance costs in the income statement. Derivative financial instruments are classified as non-current when they have a maturity of more than twelve months and are not intended to be settled within one year. The group does not apply hedge accounting.

Trade payables
Trade payables are stated at cost which equates to their fair value, with any gains or losses arising on remeasurement recognised in the income statement.

1 Significant Accounting Policies continued

Taxation

Income tax on the profit for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the balance sheet liability method on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled. No provision is made for timing differences (i) arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

The Group recognises deferred tax assets for the non-REIT profit entities in respect of head lease payments, capital allowances and certain residual tax losses carried forward to the extent that future matching taxable profits are expected to arise. No deferred tax asset is recognised in respect of temporary differences arising from investments or investments in associates as it is not certain that a deduction will be available when the asset crystallises.

Employee benefits

Pension costs
Pension liabilities, all of which relate to defined contribution schemes, are charged to the income statement as incurred.

Share-based payments
Equity settled share-based payments are measured at fair value at the date of grant. The fair values of the LTIP are calculated using Monte Carlo simulations and the Black-Scholes model as appropriate. The fair values are dependent on factors including the exercise price, expected volatility, period to exercise and risk-free interest rate. Market related performance conditions are reflected in the fair values at the date of grant and are expensed on a straight-line basis over the vesting period. Non-market related performance conditions are not reflected in the fair values at the date of grant. At each reporting date, the Group estimates the number of shares likely to vest under non-market related performance conditions so that the cumulative expense will ultimately reflect the number of shares that do vest. Where awards are cancelled the remaining fair value is expensed immediately.

Own shares
Own shares held by the Group are shown as a deduction from shareholders' funds and included in other reserves. The cost of own shares is transferred to retained earnings when shares in the underlying incentive schemes vest. The shares are held in an Employee Share Ownership Trust.

Revenue

The Group recognises revenue from contracts with customers in accordance with IFRS 15 on an accruals basis. Revenue is recognised when control of the promised goods or services is transferred to the customer, typically upon delivery or as services are rendered, at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Group identifies performance obligations in contracts with customers and recognises revenue when each performance obligation is satisfied, based on the terms of the contract. Significant payment terms, including the timing of payment and any financing components, are disclosed in the contract terms. The policy also addresses obligations for returns, refunds, and warranties associated with the goods or services provided.

Gross rental income – Gross rental income is rental income, adjusted for tenant incentives, recognised on a straight-line basis over the term of the underlying lease. Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are recorded as income in the periods in which they are earned. Lease incentives are capitalised and amortised over the length of the lease.

Amortisation is offset against rental income. Contracted rental income is recognised on satisfaction of the Group's performance obligation for each lease; to provide a readily useable lettable space.

The Group receives payments from tenants based on a billing schedule, as established in each lease contract. Primarily tenants are billed in advance of the period being billed. Trade receivables are recognised when the right to consideration becomes unconditional following issue of invoice and when payment falls due in accordance with the billing schedule. As amounts are billed in advance, contract liabilities arise when the period billed extends beyond the reporting date. These are recorded as deferred income. Contract liabilities are recognised as revenue as the period progresses.

Ancillary income – Ancillary income comprises rent and other income from short term tenancies of mobile units, car park income and other sundry income and is recognised over the period of the lettings and contracts.

1 Significant Accounting Policies continued

Service charge – Service charge income represents recharges of the running costs of the shopping centres made to tenants and is recognised on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

Management fees – Management fees are recognised, in line with the property management contracts, in the year to which they relate. They include income in relation to services provided by Capital & Regional Property Management Limited ("CRPM") to associates or third-party assets for asset and property management, project co-ordination, procurement, and management of service charges and directly recoverable expenses.

Dividend and interest income – Dividend income from investments is recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Snozone income – Revenue arises from the operation of indoor ski operations. Revenue represents the amounts received from customers (excluding sales taxes) for admissions tickets, membership, retail, food and beverage sales and sponsorship. Ticket revenue is recognised at point of entry. Revenue from the sale of memberships is deferred and then recognised over the period that the membership is valid. Retail and food and beverage sales revenues are recognised at the point of sale. Sponsorship revenue is recognised over the relevant contract term.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable, offset against the expense they are intended to compensate where applicable.

The Company is due to receive £3.0 million from London Borough of Waltham Forest (see Other Receivables in Note 14), the freeholder of the 17&Central shopping centre, as a viability contribution towards the consented development of the site. This has been allocated against the food hall project completed in 2023. The amount has offset the capital expenditure incurred on that project during 2023.

Finance costs

All borrowing costs are recognised under Finance costs in the income statement in the year in which they are incurred. Finance costs also include the amortisation of loan issue costs and any loss in the value of the Group's interest rate swaps.

Operating segments

The Group's operating segments are Shopping Centres, Snozone and Group/Central. Shopping Centres includes the results of the Group's centres at Ilford and Hemel Hempstead (from 11 April 2022 being the date an agreement to buy back its loan was reached) and those centres within The Mall loan facility, namely Blackburn (until it was sold on 9 August 2022), Maidstone, Walthamstow and Wood Green. It also includes the results of Gyle shopping centre in Edinburgh from the date of acquisition on 6 September 2023.

The Group deconsolidated its interest in Luton on 20 May 2022 reflecting changes that took place on that date to constitution of the Luton entities including the appointment of an independent director with specific rights regarding the proposed sale process for the asset.

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

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

Adjusted Profit

Adjusted Profit is the total of Contribution from The Group's Shopping Centres, the profit from Snozone and property management fees less central costs (including interest, excluding non-cash charges in respect of share-based payments) after tax.

1 Significant Accounting Policies continued

Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments and adjusting one-off items for example gains from debt repurchase. Results from Discontinued Operations are included in adjusted profit up until the point of disposal or reclassification as held for sale.

Further detail on the use of Adjusted Profit and other Alternative Performance Measures is provided within the Financial Review.

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

A reconciliation of Adjusted Profit to the statutory result is provided in Note 2a and, on a per share basis, in Note 9, where EPRA earnings figures are also provided.

Discontinued operations and assets held for sale

A discontinued operation is a component of the Group which represents a significant separate line of business, either through its activity or geographical area of operation, which has been sold, is held for sale or has been closed.

Where at the balance sheet date the sale of a component of the Group, which can include a property, is considered probably and is available for immediate sale in its present condition as well as taking into account other required accounting criteria, it is classified as held for sale. Such classification assumes the expectation that the sale will complete within one year from the date of classification. Assets and liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell.

If an investment in a joint venture or associate is reclassified to assets held for sale, equity accounting ceases on the date of reclassification and any subsequent movements in the fair value are recognised as impairment gains or losses.

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree are recognised at their fair values at the acquisition date which is the date control is transferred to the Company. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

The consideration transferred for the acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity instruments issued by the Company.

Any excess of the consideration transferred over the net identifiable assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value of the net identifiable assets acquired, the difference is recognised directly in profit or loss.

Transaction costs incurred in connection with business combinations are expensed as incurred and included in administrative expenses in the statement of profit or loss and other comprehensive income.

Share Capital

The Company's share capital represents the nominal value of shares issued by the Company. Share capital is initially recorded at the par value of the shares issued and is subsequently adjusted for any issue or redemption of shares.

Share capital is classified as equity and presented separately in the statement of financial position. Changes in share capital resulting from transactions with shareholders are recorded directly in equity.

Share Premium

Share premium represents the excess of the issue price of shares over their nominal value. Share premium arises when shares are issued at a price higher than their par value.

Share premium is classified as equity and presented separately in the statement of financial position.

Merger Reserve

Merger reserve represents the excess of the nominal value of shares issued over the nominal value of shares acquired from the Group's capital raising activity which occurred in 2009. This reserve was established with the intention of utilising it to gain merger relief under section 612 of the Companies Act 2006 on the issuance of ordinary shares.

Merger reserve is classified as equity and presented separately in the statement of financial position.

Investment in Associates

Investments in associates are accounted for using the equity method. This involves recognising the initial investment at cost and adjusting it subsequently to reflect the Group's share of the associate's net assets. Impairment losses are recognised when there are indications of a decrease in the recoverable amount. Any dividends received reduce the carrying amount of the investment.

2a Operating segments

Year to 30 December 2023	Note	Shopping Centres £m	Snozone £m	Group/ Central £m	Total £m
Rental income from external sources	2b	34.7	–	–	34.7
Property and void costs[1]		(10.8)	–	–	(10.8)
Net rental income		23.9	–	–	23.9
Interest income				0.5	0.5
Interest expense		(7.9)	–	–	(7.9)
Snozone income/Management fees[2]	2b	–	14.9	1.9	16.8
Management expenses		–	(12.6)	(6.3)	(18.9)
Depreciation		–	–	(0.3)	(0.3)
Variable overhead		–	–	(1.4)	(1.4)
Adjusted Profit/(loss)		16.0	2.3	(5.6)	12.7
Revaluation of properties		(8.1)	–	–	(8.1)
Loss on disposal/transaction costs		(0.3)	–	–	(0.3)
Snozone depreciation and amortisation		–	(2.2)	–	(2.2)
Notional interest (net of rent expense within EBITDA)		–	0.8	–	0.8
Loss on financial instruments		(2.0)	–	–	(2.0)
Long-term incentives	21	–	–	(0.8)	(0.8)
Tax credit		–	(0.3)	3.9	3.6
Profit/(loss)		5.6	0.6	(2.5)	3.7
Total assets	2b	408.5	26.0	24.8	459.3
Total liabilities	2b	(225.2)	(28.8)	(3.3)	(257.3)
Net assets/(liabilities)		183.3	(2.8)	21.5	202.0

1. Includes expected credit loss.

2. Asset management fees of £2.3 million charged from the Group's Capital & Regional Property Management entity to wholly owned assets have been excluded from the table above as they are eliminated within the Group consolidation.

2a Operating segments continued

Year to 30 December 2022	Note	Shopping Centres – Investment Assets £m	Shopping Centres – Managed Assets (discontinued operations) £m	Snozone £m	Group/ Central £m	Total £m
Rental income from external sources	2b	34.7	–	–	–	34.7
Property and void costs[1]		(11.2)	–	–	–	(11.2)
Net rental income		23.5	–	–	–	23.5
Net interest expense		(9.3)	–	–	–	(9.3)
Snozone income/Management fees[2]	2b	–	–	13.0	3.3	16.3
Management expenses		–	–	(11.6)	(6.7)	(18.3)
Depreciation		–	–	–	(0.3)	(0.3)
Variable overhead		–	–	–	(1.6)	(1.6)
Adjusted Profit/(loss)		14.2	–	1.4	(5.3)	10.3
Revaluation of properties		(19.6)	–	–	–	(19.6)
Profit on disposal		1.5	–	–	–	1.5
Snozone depreciation and amortisation		–	–	(2.1)	–	(2.1)
Notional interest (net of rent expense within EBITDA)		–	–	0.8	–	0.8
Gain on financial instruments		1.1	–	–	–	1.1
Long-term incentives		–	–	–	(0.5)	(0.5)
Tax credit		–	–	–	0.3	0.3
Other items[3]		1.6	6.8	–	(0.6)	7.8
Gain on debt repurchase[4]	6	12.5	–	–	–	12.5
Profit/(loss)		11.3	6.8	0.1	(6.1)	12.1
Total assets	2b	363.4	–	27.1	30.4	420.9
Total liabilities	2b	(208.5)	–	(28.9)	(4.4)	(241.8)
Net assets/(liabilities) (restated)[5]		154.9	–	(1.8)	26.0	179.1

1. Includes expected credit loss.
2. Asset management fees of £2.5 million charged from the Group's Capital & Regional Property Management entity to wholly owned assets have been excluded from the table above as they are eliminated within the Group consolidation.
3. Other Items includes the £6.8m gain on the deconsolidation of Luton.
4. £12.5 million gain on repurchase of Hemel Hempstead debt at a discount.
5. 2022 comparative figures have been restated to exclude from trade receivables amounts invoiced but due after the balance sheet date.

Financials

2b Reconciliations of reportable revenue, assets and liabilities

Revenue and other income	Note	Year to 30 December 2023 £m	Year to 30 December 2022 Restated[1] £m
Rental income from external sources	2a	34.7	34.7
Service charge income		8.2	10.5
Management fees	2a	1.9	3.4
Other income		0.1	–
Snozone income	2a	14.9	13.0
Revenue for reportable segments		59.8	61.6
Elimination of inter-segment revenue		(0.8)	(1.0)
Revenue and other income per consolidated income statement	3	59.0	60.6
Revenue and other income by country			
UK		55.0	57.1
Spain		4.0	3.5
Revenue and other income per consolidated income statement		59.0	60.6

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

1. 2022 comparative figures have been restated to exclude from trade receivables amounts invoiced but due after the balance sheet date, and for a prior year adjustment to service charge income and expenditure recognised in the period.

3 Revenue

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

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

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

4 Cost of sales

	Year to 30 December 2023 £m	Year to 30 December 2022 Restated[1] £m
Property and void costs	(10.2)	(10.4)
Service charge costs	(7.3)	(5.7)
Snozone expenses	(14.0)	(12.9)
Total cost of sales	**(31.5)**	(29.0)

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

5 Finance income and costs

	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Finance income		
Gain in fair value of financial instruments:		
– Bank interest income	0.5	–
– Interest rate swaps	–	1.1
Total finance income	**0.5**	1.1
Finance costs		
Amortisation of deferred loan arrangement fees	(0.5)	(0.6)
Interest payable on bank loans and overdrafts	(6.9)	(8.3)
Other interest payable	(0.1)	(0.1)
Lease liabilities	(0.4)	(0.4)
Loss in fair value of financial instruments	(2.0)	–
Total finance costs	**(9.9)**	(9.4)

6 Profit before tax

The profit before tax has been arrived at after charging/(crediting) the following items:

	Note	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Variable lease payments not capitalised under IFRS 16		–	0.5
Expected credit loss	14	(0.1)	(0.4)
Loss on revaluation of investment properties	10a	8.1	19.6
Other gains and losses (see below)		0.1	(15.6)
Depreciation of plant and equipment	11	0.3	0.6
Depreciation of right of use assets	12	2.0	2.0
Staff costs	7	13.6	13.8
Auditor's remuneration for audit services (see below)		0.4	0.5

Other gains and losses

	Note	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Discount on purchase of loan net of costs	16	–	12.5
Gain on settlement of insurance debtor		–	1.6
(Loss)/gain on disposal of investment property		(0.2)	1.5
Investment income		0.1	–
Total other gains and losses		**(0.1)**	15.6

Auditor's remuneration

The analysis of the Auditor's remuneration is as follows:

	Year to 30 December 2023 £'000	Year to 30 December 2022 £'000
Fees payable to the Company's Auditor and its associates for the audit of the Company's annual financial statements	270	263
Fees payable to the Company's Auditor and its associates for other services to the Group – the audit of the Company's subsidiaries	85	112
Total audit fees for the Company and its subsidiaries	**355**	375
Fees payable to the Company's Auditor and its associates for other services to the Group – reporting to parent company auditors	30	26
Audit related assurance services – Review of Interim Report	40	59
Other assurance services	–	–
Total non-audit fees	**70**	85
Total fees paid to Auditor and their associates	**425**	460

7 Staff costs

	Note	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Salaries		**9.3**	9.7
Discretionary bonuses		**1.8**	2.0
Share-based payments	21	**0.8**	0.5
		11.9	12.2
Social security		**1.4**	1.3
Other pension costs		**0.3**	0.3
		13.6	13.8

Staff costs amounting to £nil (2022: £nil) have been capitalised as development costs during the year.

Staff numbers

The monthly average number of employees (including Executive Directors), being full-time equivalents, employed by the Group during the year was as follows:

	Year to 30 December 2023 Number	Year to 30 December 2022 Number
C&R Property Management/ C&R PLC	**34**	41
Shopping centres	**38**	49
Snozone	**175**	158
Total staff numbers	**247**	248

The monthly average number of total employees (including Executive Directors) employed within the Group during the year was 368 (CRPM – 35, Shopping centres - 48, Snozone – 285) compared to 364 in 2022 (CRPM – 41, Shopping centres – 63, Snozone – 260). These do not agree to the table above as they are average total employees not adjusted for full time equivalents.

Other than three Directors (2022: three) there were no employees (2022: none) employed by the Company during 2023. Management duties were fulfilled by employees within the CRPM entity.

8 Tax

8a Tax credit/(charge)

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

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

8 Tax continued

8b Tax credit/(charge) reconciliation

	Note	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Profit before tax on continuing operations		0.1	5.0
Expected tax charge at 23.52% (2022: 19%)		–	(1.0)
REIT exempt income and gains		(0.2)	2.1
Non-allowable expenses and non-taxable items		(1.3)	(1.4)
Excess tax losses		0.7	–
Prior year adjustments		1.0	0.4
Movement in deferred taxes		3.4	–
Effect of tax rate change on deferred tax		-	0.2
Actual tax credit	8a	3.6	0.3

8c Deferred tax

The Finance Act 2021 enacted provisions maintaining the main corporation tax rate at 19% for the year commencing 1 April 2022 and increasing the rate to 25% for the year commencing 1 April 2023. Consequently, the UK corporation tax rate at which deferred tax is booked in the consolidated financial statements is 23.52% (30 December 2022: 19%).

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

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

The Group has £20.1 million (30 December 2022: £12.1 million) of unused revenue tax losses, all of which are in the UK. A deferred tax asset has been recognised in respect of £9.1 million of these losses (30 December 2022: £nil) where the Group considers it is sufficiently certain taxable profits will arise to utilise the losses. A deferred tax asset has not been recognised on the remaining £11 million of those losses due to restrictions on the utilisation of these losses. The Group also has unused capital losses of £24.2 million (30 December 2022: £24.2 million) that are available for offset against future gains. No deferred tax has been recognised in respect of these losses owing to the unpredictability of future capital gains and other reasons which may restrict the utilisation of the losses. The unused revenue and capital losses do not have an expiry date.

8d REIT compliance

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

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

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

9 Earnings per share

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

9a Earnings per share calculation

		Year to 30 December 2023			Year to 30 December 2022		
	Note	Profit	EPRA	Adjusted Profit	Loss	EPRA	Adjusted Profit
Profit (£m)							
Profit for the year		3.7	3.7	3.7	12.1	12.1	12.1
Revaluation loss on investment properties (net of tax)	9b	–	8.1	8.1	–	19.6	19.6
Loss/(profit) on disposal (net of tax)	9b	–	0.3	0.3	–	(1.5)	(1.5)
Changes in fair value of financial instruments	9b	–	2.0	2.0	–	(1.1)	(1.1)
Share-based payments	2a	–	–	0.8	–	–	0.5
Tax		–	(3.6)	(3.6)	–	–	–
Other items[1]		–	–	1.4	–	(20.3)	(19.3)
Profit (£m)		3.7	10.5	12.7	12.1	8.8	10.3
Earnings per share (pence)		2.0	5.6	6.8	7.3	5.3	6.2
Diluted earnings per share (pence)		1.9	5.5	6.6	7.2	5.3	6.1

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

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

Weighted average number of shares (m)	Note	Year to 30 December 2023	Year to 30 December 2022
Ordinary shares in issue		188.1	166.3
Own shares held	22	(0.4)	–
Basic		187.7	166.3
Dilutive contingently issuable shares and share options		3.9	2.4
Diluted		191.6	168.7

At the end of the year, the Group had nil (2022: nil) share options and contingently issuable shares granted under share-based payment schemes that could potentially dilute earnings per share in the future, but which have not been included in the calculation because they are not dilutive or the conditions for vesting have not been met.

9 Earnings per share continued

9b Headline earnings per share

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

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

10 Investment properties

10a Wholly owned properties

	Note	Freehold investment properties £m	Leasehold investment properties £m	Total property assets £m
Cost or valuation				
At 30 December 2021		**227.1**	**149.3**	**376.4**
Capital expenditure (excluding capital contributions)		3.2	5.8	**9.0**
Disposal[1]		–	(54.9)	**(54.9)**
Valuation deficit[2]		(3.8)	(16.2)	**(20.0)**
Remeasurement of head lease		–	(0.6)	**(0.6)**
Transfer from held for sale	16	10.2	–	**10.2**
At 30 December 2022		**236.7**	**83.4**	**320.1**
Capital expenditure (excluding capital contributions)		13.0	1.5	**14.5**
Acquisition		43.0	–	**43.0**
Valuation deficit[2]		(4.0)	(4.0)	**(8.0)**
At 30 December 2023		**288.7**	**80.9**	**369.6**

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

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

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

10 Investment properties continued

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

On 11 July 2022, the Group completed the sale of land for residential development at its 17&Central community shopping centre in Walthamstow to Long Harbour for c.£21.65 million. The head lease at The Mall Walthamstow was remeasured as a result of an extension of the lease term effective 23 June 2022.

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

10b Property assets summary

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

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

10c Valuations

External valuations at 30 December 2023 were carried out on all of the gross property assets detailed in the table above. The fair value was £372.8 million (2022: £322.8 million). External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 December 2023 were carried out by independent qualified professional valuers from CBRE Limited experienced in UK shopping centre valuations, in accordance with Royal Institute of Chartered Surveyors (RICS) standards. These valuers are not connected with the Group and their fees are charged on a fixed basis that is not dependent on the outcome of the valuations.

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

The Group considers all of its investment properties to fall within "Level 3", as defined in Note 1. The table below summarises the key unobservable inputs used in the valuation of the Group's wholly owned investment properties at 30 December 2023:

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

Financials

10 Investment properties continued

Sensitivities

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

	Impact on valuations of 5% change in estimated rental value		Impact on valuations of 25bps change in equivalent yield		Impact on valuations of 50bps change in equivalent yield	
	Increase £m	Decrease £m	Increase £m	Decrease £m	Increase £m	Decrease £m
	14.6	**(15.3)**	**(12.5)**	**12.4**	**(23.8)**	**26.2**

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

11 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Computer equipment £m	Total £m
Cost				
At 31 December 2022	0.3	5.3	0.9	**6.5**
Additions	0.3	1.7	–	**2.0**
Disposals	(0.3)	–	–	**(0.3)**
At 30 December 2023	**0.3**	**7.0**	**0.9**	**8.2**
Accumulated Depreciation				
At 31 December 2022	(0.3)	(3.6)	(0.8)	**(4.7)**
Additions	–	–	–	**-**
Charge for the year	–	(0.3)	–	**(0.3)**
Eliminated on disposal	0.3	–	–	**0.3**
At 30 December 2023	**–**	**(3.9)**	**(0.8)**	**(4.7)**
Carrying amount				
At 30 December 2023	**0.3**	**3.1**	**0.1**	**3.5**
At 30 December 2022	–	1.7	0.1	**1.8**

12 Leases

Right of use Assets	30 December 2023 £m	30 December Restated[1] 2022 £m
Cost		
At 31 December 2022	**25.1**	28.9
Prior year remeasurement	**-**	(3.0)
Additions	**0.6**	–
Disposals	**(0.8)**	–
Remeasurement	**(0.2)**	(0.8)
At 30 December 2023	**24.7**	25.1
Accumulated depreciation		
At 31 December 2022	**(3.5)**	(4.4)
Prior year remeasurement	**-**	3.0
Charge for the year	**(2.0)**	(2.1)
Disposals	**0.9**	–
At 30 December 2023	**(4.6)**	(3.5)
Carrying value		
At 30 December 2023	**20.1**	21.6

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

Lease commitments relate to the leasing of the Group's registered office and the leases of the Snozone business on its Castleford, Milton Keynes and Madrid sites. The lease at Snozone Basingstoke expired as at 31 December 2022, and in 2022 the leases at Milton Keynes and Castleford were revalued following the annual lease payable review. During 2022 the Group signed an extension of its former registered office lease of one year to July 2023 and in 2023 acquired a lease to January 2027 on its new registered office.

The maturity analysis of lease liabilities is presented in Note 27.

	Year ended 30 December 2023 £m	Year ended 30 December 2022 £m
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	**2.0**	2.0
Interest expense on lease liabilities	**1.3**	1.4

13 Subsidiaries

A list of the subsidiaries of the Group, including the name, country of incorporation, and proportion of ownership interest is given in Note F to the Company financial statements.

14 Receivables

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

1. Restatement to the prior year results was made due to an amendment in accounting policy. This was to derecognise trade receivables for invoices issued and unsettled by 30 December 2022 but not due for payment until after that date. The impact on Profit and Net Asset Value is £nil.
2. Other receivables in 2023 includes £3.6 million receivable from the freeholder of 17&Central Walthamstow in respect of capital expenditure projects.

Credit losses are calculated at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience over the period since 30 December 2020 debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. Changes in expected credit loss allowance arise from increase in calculated expected credit loss, as well as amounts written off. The Group does not recognise revenue where collectability is not reasonably expected. In the case of rental income this relates to tenants who are insolvent and closed.

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

2023	Forward looking	1-30 days	31-60 days	61-90 days	>90 days	Total
Expected credit loss rate (%)	–	14.13	32.00	34.35	27.75	24.87[2]
Estimated total gross carrying amount at default (£'m)	–	2.4	0.5	0.1	1.6	7.1
Lifetime ECL (£'m)	–	(0.4)	(0.2)	–	(0.4)	(1.7)
Adjustment for forward looking estimate	(1.2)	–	–	–	–	(0.5)
Total expected credit loss	(1.2)	(0.4)	(0.2)	–	(0.4)	(2.2)

2022 Restated[1]	Forward looking	1-30 days	31-60 days	61-90 days	>90 days	Total
Expected credit loss rate (%)	–	42.9	52.3	76.4	55.2	47.4[2]
Estimated total gross carrying amount at default (£'m)	–	2.8	–	–	3.6	8.2
Lifetime ECL (£'m)	–	(1.3)	–	–	(1.9)	(3.9)
Adjustment for forward looking estimate	(1.0)	–	–	–	–	(0.3)
Total expected credit loss	(1.0)	(1.3)	–	–	(1.9)	(4.2)

1. This represents the total lifetime expected credit loss as a percentage of total group receivables.
2. Restatement to the prior year results was made due to an amendment in account policy. This was to derecognise trade receivables for invoices issues and unsettled at 30 December 2022 but not due for payment until after that date. The impact on Profit and Net Asset Value is £nil.

14 Receivables continued

	30 December 2023 £m	30 December 2022 £m
Allowances for credit loss		
At the start of the year	**4.2**	5.8
Additional allowances created	**1.5**	1.1
Utilised during the year	**(0.6)**	(0.6)
Unused amounts reversed	**(2.9)**	(2.1)
At the end of the year	**2.2**	4.2

The following table illustrates the impact of a 5% change in the rate of expected credit loss.

	Provision at 30 December 2023 £m	**Impact of a 5% increase £m**	**Impact of a 5% decrease £m**
Expected credit loss	**2.2**	0.4	(0.4)

15 Cash and cash equivalents

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

Cash at bank and in hand include amounts subject to a charge against various borrowings and may therefore not be immediately available for general use by the Group. Of the cash at bank and in hand £17.8 million was held on short term deposit and immediately available free of any restrictions or conditions at the year end date (30 December 2022: £28.1 million). The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities. All of the above amounts at 30 December 2023 were held in Sterling other than £0.7 million which was held in South African Rand (30 December 2022: £nil) and £0.4 million held in Euros (30 December 2022: £0.6 million).

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

16 Assets and liabilities held for sale

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

The Marlowes, Hemel Hempstead – on 11 April 2022 the Group reached agreement with the respective lender to acquire its outstanding debt liabilities of £24 million for a discounted amount of £11.8 million. The acquisition subsequently completed on 18 May 2022. The Group reclassified its interest in Hemel Hempstead from Held for Sale as of 11 April 2022. A book value of £10.2 million was transferred back at this date being the fair value of £10.5m plus tenant incentives of £(0.3) million. The transaction resulted in an increase to Net Asset Value of approximately £12.5 million being the amount of the discount less related transaction costs.

The Mall, Luton – the Group worked closely with the lender on Luton to explore a disposal of the majority or all of the investment or asset. This process was completed on 16 March 2023. As part of the agreement to run a consensual sale process changes to the constitution of the Luton entities were made including the appointment of an independent director with specific rights regarding the sale process. Two existing directors were required to step down as part of the agreement. These changes took effect from 23 May 2022 and the effective loss of control that they triggered have resulted in the Group deconsolidating its interest in Luton from that date. This increased the Group's Net Asset Value by £6.8 million being the net liability at the point of deconsolidation.

16 Assets and liabilities held for sale continued

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

	Period from 1 January 2022 to 23 May 2022 £m
Revenue	4.2
Expected Credit loss	–
Cost of sales	(1.4)
Gross profit	2.8
Loss on revaluation of investment properties	(2.8)
Other gains and losses	(0.3)
Loss on ordinary activities before financing	(0.3)
Finance income	1.7
Finance costs	(1.7)
Loss before tax	(0.3)
Tax credit/(charge)	–
Loss for the period	(0.3)

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

17 Trade and other payables

	30 December 2023 £m	30 December 2022 Restated[1] £m
Amounts falling due after one year:		
Financial liabilities		
Share-based NI accrual	0.3	–
Non-derivative financial liabilities	0.3	–
Amounts falling due within one year:		
Financial liabilities		
Trade payables	5.0	2.4
Accruals	8.0	10.4
Other creditors	12.1	11.4
Non-derivative financial liabilities	25.1	24.2
Non-financial liabilities		
Deferred income	4.8	4.2
Other taxation and social security	0.3	0.5
	30.2	28.9

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

The average age of trade payables is 34 days (2022: 11 days). No amounts incur interest (2022: £nil).

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

18 Bank loans

18a Summary of borrowings

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

Borrowings at amortised cost	Note	30 December 2023 £m	30 December 2022 £m
Secured			
Fixed and swapped loans	18c	179.0	179.0
Variable rate loans	18c	20.0	4.0
Total borrowings before costs		199.0	183.0
Unamortised issue costs		(1.3)	(1.2)
Total borrowings after costs		197.7	181.8
Analysis of total borrowings after costs			
Current		42.7	–
Non-current		155.0	181.8
Total borrowings after costs		197.7	181.8

On 7 July 2022 the Group drew down a new £4 million facility with BC Invest, a subsidiary of the Group's strategic residential partner, Far East Consortium. The debt matures in July 2025 with options to extend for a further one or two years agreed a part of a package that included a waiver of all covenants until original maturity in July 2025 that was agreed in February 2024. The facility is shown as current at 30 December 2023 given there was a technical breach of a covenant as at that date driven by the administration of Wilko which was then subsequently waived.

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

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

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

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

18 Bank loans continued

18b Maturity of borrowings

	Note	30 December 2023 £m	30 December 2022 £m
Between one to two years		4.0	39.0
From two to five years		156.0	4.0
Greater than five years		–	140.0
Due after more than one year		160.0	183.0
Current		39.0	–
	18a	199.0	183.0

18c Interest rate profile of borrowings

	Note	30 December 2023 £m	30 December 2022 £m
Fixed and swapped rate borrowings			
Between 2% and 3%		39.0	–
Between 3% and 4%		140.0	179.0
	18a	179.0	179.0
Variable rate borrowings	18a	20.0	4.0
		199.0	183.0

19 Financial instruments and risk management

19a Overview

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 18a; cash and cash equivalents as disclosed in Note 15; and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratios, debt is defined as long and short-term borrowings (excluding derivatives) excluding unamortised issue costs. Equity includes all capital and reserves of the Group attributable to equity holders of the Company.

The Group is not subject to externally imposed capital requirements. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board.

Gearing ratios

Statutory	Note	30 December 2023 £m	30 December 2022 £m
Debt before unamortised issue costs	18a	199.0	183.0
Cash at bank and in hand	15	(36.3)	(52.1)
Group net debt		162.7	130.9
Equity		202.0	179.1
Net debt to equity ratio		80.6%	73.1%

19 Financial instruments and risk management continued

Categories of financial (liabilities)/assets

	Note	2023 Carrying value £m	2023 Gain/(loss) to income £m	2023 Gain to equity £m	2022 Restated[1] Carrying value £m	2022 Restated[1] Gain/(loss) to income £m	2022 Restated[1] Gain to equity £m
Financial assets							
Current receivables	14	**10.0**	–	–	7.1	–	–
Cash and cash equivalents	15	**38.2**	–	–	55.5	–	–
Financial assets measured at amortised cost		**48.2**	–	–	62.6		–
Financial liabilities							
Current payables	17	**(25.2)**	–	–	(24.2)	–	–
Current borrowings	18a	**(42.7)**	**(0.3)**	–	–	–	–
Non-current payables	17	**(0.3)**	–	–	–	–	–
Non-current borrowings	18a	**(155.0)**	**(0.5)**	–	(181.8)	(0.6)	–
Financial liabilities measured at amortised cost		**(223.1)**	**(0.8)**	–	(206.0)	(0.6)	–
Interest rate swaps	14	**0.5**	**(0.7)**	–	1.7	1.1	–
Interest rate cap	14	**0.3**	**(1.3)**	–	–	–	–
Net financial liabilities		**(174.1)**	**(2.8)**	–	(141.7)	0.5	–

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

Significant accounting policies

Details of the significant accounting policies adopted in respect of each class of financial asset, financial liability and equity instrument, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, are disclosed in the significant accounting policies in Note 1.

Financial risk management objectives

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business. The Group seeks to minimise the effect of these risks by using derivative financial instruments to manage exposure to fluctuations in interest rates. Such instruments are not employed for speculative purposes. The use of any derivatives is approved by the Board, which provides guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk, and the ranges of hedging required against these risks.

19b Interest rate risk

The Group manages its interest rate risk through a combination of fixed rate loans and interest rate derivatives, typically interest rate swaps or caps. The Group's objective in managing its interest rate risk is to ensure that it always maintains sufficient headroom to cover interest payments from anticipated cash flows and the directors regularly review the ratio of fixed to floating rate debt to assist this process. The Group does not hedge account its interest rate derivatives and states them at fair value with changes in fair value included in the income statement.

The following table shows a summary of the Group's interest derivatives and their maturity dates:

	Loan facility	Maturity date	Notional principal	Contract fixed rate	30 December 2023 fair value £m Asset/(liability)
Interest rate swap	The Exchange, Ilford	8 March 2024	£39,000,000	1.00%	0.3
Interest rate cap	The Gyle, Edinburgh	6 September 2028	£16,000,000	3.75%	0.5

On 8 March 2024 the Group acquired for £1.3 million an interest rate cap on it's Exchange, Ilford facility to cap the £29 million loan at an all in rate of 5.50% until 8 September 2025.

19 Financial instruments and risk management continued

Sensitivity analysis

The following table shows the Group's sensitivity to a 100bps increase or decrease in interest rates. To calculate the impact on the income statement for the year the interest rates on all external floating rate interest bearing loans and borrowings and interest earning cash, have been increased or decreased by 100bps. The income statement impact includes the estimated effect of a 100bps decrease or increase in interest rates on the market values of interest rate derivatives.

	100bps increase in interest rates		100bps decrease in interest rates	
	Year to 30 December 2023 £m	Year to 30 December 2022 £m	**Year to 30 December 2023 £m**	Year to 30 December 2022 £m
Floating rate loans and cash – gain/(loss)	**–**	–	**–**	–
Interest rate derivatives – gain/(loss)	**0.6**	0.4	**(0.6)**	(0.4)
Impact on the income statement – gain/(loss)	**0.6**	0.4	**(0.6)**	(0.4)
Impact on equity – gain/(loss)	**0.6**	0.4	**(0.6)**	(0.4)

19c Credit risk

The Group's principal financial assets are bank and cash balances, short-term deposits, trade and other receivables and investments. Credit risk, being the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, is primarily attributable to loans and trade and other receivables, which are principally amounts due from tenants. Credit risk arising from tenants is mitigated as the Group receives most rents in advance, monitors credit ratings for significant tenants and makes an allowance for expected credit loss that represents the estimate of potential losses in respect of trade receivables. The Group's expected credit loss allowance disclosed in Note 14 to the financial statements is considered to represent the Group's best estimate of the exposure to credit risk associated to trade receivables, calculated in accordance with IFRS 9. The group recalculates expected credit losses each year, with reference to forward looking information, changes in credit risk, including improvements, are identified as part of this process. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The credit risk on short-term deposits and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group is not exposed to significant credit risk on its other financial assets.

19d Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The day-to-day operations of the Group are largely funded through the items included in the breakdown of Adjusted Profit included in Note 2a. The majority of income within Adjusted Profit is received quarterly, since the inflows and outflows from net rental income and net interest payable generally coincide with English quarter days, and property management fees are billed quarterly. As a result, the Group normally has sufficient funds to cover recurring administrative expenses which occur throughout the year. Liquidity risk therefore arises principally from the need to make payments for non-recurring items, such as tax payments and the close out of derivative financial instruments.

The Group's objective in managing liquidity risk is to ensure that it has sufficient funds to meet all its potential liabilities as they fall due, both in normal market conditions and when considering negative projections against expected outcomes, so as to avoid the risk of incurring contractual penalties or damaging the Group's reputation. The Group maintains a rolling 18 month forecast of anticipated recurring and non-recurring cash flows under different scenarios. This is compared to expected cash balances and amounts available for drawdown on the Group's core revolving credit facility to ensure that any potential shortfalls in funding are identified and managed. The Group's primary means of managing liquidity risk are its cash reserves and its long-term debt facilities.

19 Financial instruments and risk management continued

The following table shows the maturity analysis of non-derivative financial assets/(liabilities) at the balance sheet date and, where applicable, their effective interest rates

2023	Note	Effective interest rate %	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
Financial assets							
Current receivables	14		**10.3**	**–**	**–**	**–**	**10.3**
Cash and cash equivalents	15	**1.1%**	**38.2**	**–**	**–**	**–**	**38.2**
Non-current receivables	14		**–**	**–**	**0.5**	**–**	**0.5**
			48.5	**–**	**0.5**	**–**	**49.0**
Financial liabilities							
Borrowings – bank loans	18a	**3.7%**	**(39.0)**	**(3.7)**	**(155.0)**	**–**	**(197.7)**
Current payables	17		**(25.1)**	**–**	**–**	**–**	**(25.2)**
Non-current payables	17		**–**	**(0.3)**	**–**	**–**	**(0.3)**
			(64.1)	**(4.0)**	**(155.0)**	**–**	**(223.1)**

2022 Restated[1]	Note	Effective interest rate %	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
Financial assets							
Current receivables	14		7.1	–	–	–	7.1
Cash and cash equivalents	15	0%	55.5	–	–	–	55.5
Non-current receivables	14		–	–	–	–	–
			62.6	–	–	–	62.6
Financial liabilities							
Borrowings – bank loans	18a	3.7%	–	(38.8)	(143.0)	–	(181.8)
Borrowings – other loans	18		–	–	–	–	–
Current payables	17		(24.2)	–	–	–	(24.2)
Non-current payables	17		–	–	–	–	–
			(24.2)	(38.8)	(143.0)	–	(206.0)

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash inflows/(outflows) of financial liabilities based on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

2023	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Borrowings – fixed bank loans	**(44.1)**	**(4.8)**	**(4.8)**	**(140.3)**	**–**	**–**	**(194.0)**
Borrowings – variable loans	**(1.5)**	**(5.3)**	**(1.0)**	**(1.0)**	**(16.7)**	**–**	**(25.5)**
Non-interest bearing	**(25.1)**	**(0.3)**	**–**	**–**	**–**	**–**	**(25.4)**
	(70.7)	**(10.4)**	**(5.8)**	**(141.3)**	**(16.7)**	**–**	**(244.9)**

2022	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Borrowings – fixed bank loans	(6.2)	(44.1)	(4.8)	(4.8)	(140.3)	–	(200.2)
Borrowings – other fixed loans	(0.4)	(0.4)	(0.4)	(4.2)	–	–	(5.4)
Non-interest bearing	(24.4)	–	–	–	–	–	(24.4)
	(31.0)	(44.5)	(5.2)	(9.0)	(140.3)	–	(230.0)

19 Financial instruments and risk management continued

The following tables detail the Group's remaining contractual maturity for its derivative financial assets/(liabilities), all of which are net settled, based on the undiscounted net cash inflows/(outflows). When the amount payable or receivable is not fixed, it has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

2023	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Net settled							
Interest rate swaps	0.3	–	–	–	–	–	0.3
Interest rate caps	–	–	–	–	0.5	–	0.5
	0.3	–	–	–	0.5	–	0.8

2022	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Net settled							
Interest rate swaps	–	1.7	–	–	–	–	1.7
	–	1.7	–	–	–	–	1.7

19e Fair values of financial instruments

The fair values of financial instruments excluding receivables and payables together with their carrying amounts in the balance sheet are as follows:

	Note	Notional principal £m	2023 Book value £m	2023 Fair value £m	2022 Book value £m	2022 Fair value £m
Financial liabilities not at fair value through income statement						
Sterling denominated loans	18a		(199.0)	(187.1)	(183.0)	(164.6)
Total on balance sheet borrowings			(199.0)	(187.1)	(183.0)	(164.6)
Derivative assets at fair value through income statement						
Interest rate caps	18	16.0	0.5	0.5	–	–
Interest rate swaps	18	39.0	0.3	0.3	1.7	1.7
Total on balance sheet derivatives			0.8	0.8	1.7	1.7

The fair value of borrowings has been estimated on the basis of quoted market prices. Details of the Group's cash and deposits are disclosed in Note 15 and their fair values are equal to their book values. All of the above financial instruments are measured, subsequent to initial recognition, at fair value except for borrowings which is subsequently measured at amortised cost. All instruments were considered to be Level 2, as defined in Note 1. There were no transfers between Levels in the year.

20 Share capital

	Number of shares issued and fully paid		Nominal value of shares issued and fully paid	
	2023 Number	2022 Number	2023 £m	2022 £m
Ordinary shares of 10p each				
At the start of the year	169,191,918	165,399,863	16.9	16.5
Shares issued	55,714,813	3,792,055	5.6	0.4
Total called-up share capital	224,906,731	169,191,918	22.5	16.9

The Company has one class of Ordinary shares which carry voting rights but no right to fixed income.

The Company maintains a Secondary Listing on the Johannesburg Stock Exchange ("JSE") in South Africa. At 30 December 2023, 8,755,640 (2022: 7,565,067) of the Company's shares were held on the JSE register. The table below outlines the movements of shares in the year:

	Price per share (Pence)	No. of shares	Total No. of shares	Nominal value (£m)	Share premium (£m)
Brought forward at 31 December 2022			169,191,918	16.9	1.7
Shares issued on 2 June 2023	0.544	4,353,136	173,545,054	0.4	1.9
Shares issued on 4 September 2023	0.540	46,278,681	219,823,735	4.7	18.8
Shares issued on 22 September 2023	0.525	5,082,996	224,906,731	0.5	2.2
Carried forward at 30 December 2023			224,906,731	22.5	24.6

The net issuance of ordinary shares in the cash flow statement, totalling £23.9m, is lower than the movement indicated in the table above. This difference is largely due to a non-cash movement of £4.1m resulting from scrip dividend issuance.

21 Share-based payments

The Group's share-based payments comprise the 2008 LTIP and the Executive Directors' deferred bonus share scheme (DBSS) and the combined incentive plan (CIP). Further details are disclosed in the Directors' Remuneration Report. Awards under the Combined Incentive Plan are nil cost deferred shares that vest in equal thirds on the third, fourth and fifth anniversaries of the award date. The awards can be reduced by up to 100% if TSR performance does not achieve the median of performance against the Company's relevant peer group.

In accordance with IFRS 2, the fair value of equity-settled share-based payments to employees is determined at the date of grant. For options with market based conditions these are calculated using either a Black-Scholes option pricing model or a Monte Carlo simulation. For the elements of options that include non-market based conditions an initial estimate is made of the likely qualifying percentage. This is subsequently updated at each reporting date.

Income statement charge	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Equity-settled share-based payments – 2008 LTIP & CIP	0.8	0.5

The figures above exclude a National Insurance credit in the year of £nil (2022: credit of £nil).

	Number of Options	
Movements during the year	LTIP	CIP
Outstanding at 30 December 2021	–	294,300
Granted during the year	668,310	1,538,691
Exercised during the year	–	–
Forfeited during the year	(66,006)	–
Outstanding at 30 December 2022	602,304	1,832,991
Granted during the year	27,173	2,075,808
Exercised during the year[1]	(453,791)	(107,908)
Forfeited during the year	(66,006)	–
Outstanding at 30 December 2023	109,680	3,800,891
Exercisable at the end of the year	16,501	–

1. The weighted average share price of the options exercised under the LTIP scheme during 2023 was 59.64p. The weighted average share price of the options exercised under the CIP in 2023 was 53.84p.

All options in the tables above have a nil exercise price.

Financials

21 Share-based payments continued

LTIP Assumptions	June 2022	March 2023
Share price at grant date	60.6p	55.2p
Exercise price	0.0p	0.0p
Expected volatility	n/a	n/a
Expected life including holding period (years)	1.5	1.5
Average life remaining including holding period (years)	–	0.75
Risk free rate	n/a	n/a
Expected dividend yield	n/a	n/a
Lapse rate	n/a	n/a
Fair value of award at grant date per share	60.6p	55.2p

Expected volatility is based on the historical volatility of the Group's share price over the three years to the date of grant. The 10 year UK Gilt rate at time of grant is used for estimating the risk free rate. Options are assumed to be exercised at the earliest possible date.

The June 2022 and March 2023 awards were issued as a retention award, there are no performance conditions other than individuals need to remain in valid employment for the 18 months period following the date of issue.

22 Own shares held

The own shares reserve represents the cost of shares in the Company purchased in the market. At 30 December 2023, the Capital & Regional plc 2002 Employee Share Trust (the "ESOT") held 415,798 (30 December 2022: 31,876) shares to assist the Group in meeting the outstanding share awards under the schemes described above. The right to receive dividends on these shares has been waived. The market value of these shares at 30 December 2023 was £239,500 (30 December 2022: £19,763).

23 Reconciliation of net cash from operations

	Note	2023 £m	2022 £m
Profit for the year		3.7	12.1
Adjusted for:			
Income tax credit	8a	(3.6)	(0.3)
Finance income	5	(0.5)	(1.1)
Finance expense	5	9.9	9.4
Finance lease costs (head lease)	5	(0.4)	(0.3)
Loss on revaluation of wholly owned properties	10a	8.1	19.6
Depreciation of other fixed assets	2a	0.7	0.3
Snozone interest and amortisation		3.0	-
Snozone rental payments		(2.1)	-
Other gains	6	0.1	(22.4)
(Increase)/decrease in receivables		(0.9)	4.5
Increase in payables		1.4	3.0
Non-cash movement relating to share-based payments	21	0.7	0.5
Net cash from operations		**20.1**	25.3

24 Changes in liabilities arising from financing activities

2023	Note	Opening	Financing cash flows	Non-cash changes: Fair value adjustments	Non-cash changes: Other changes	30 December 2023
Bank loans	18a	**181.8**	**15.4**	**–**	**0.5**	**197.7**
Lease liabilities		**30.1**	**(2.7)**	**–**	**(1.7)**	**29.1**
Total liabilities from financing activities		**211.9**	**12.7**	**–**	**(2.2)**	**226.8**

2022	Note	Opening	Financing cash flows	Non-cash changes: Fair value adjustments	Non-cash changes: Other changes	30 December 2022
Bank loans	18a	238.2	(68.4)	–	12.0	181.8
Lease liabilities		32.9	–	–	(2.8)	30.1
Total liabilities from financing activities		271.1	(68.4)	–	9.2	211.9

25 Net assets per share

	30 Dec 2023				30 Dec 2022			
	Basic NAV £m	**EPRA NRV £m**	**EPRA NTA £m**	**EPRA NDV £m**	Basic NAV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	**202.0**	**202.0**	**202.0**	**202.0**	179.1	179.1	179.1	179.1
Exclude fair value of financial instruments	**–**	**(0.8)**	**(0.8)**	**–**	–	(1.7)	(1.7)	–
Include fair value of fixed interest rate debt	**–**	**–**	**–**	**11.9**	–	–	–	18.4
Net asset value	**202.0**	**201.2**	**201.2**	**213.9**	179.1	177.4	177.4	197.5
Number of shares	**224.9**	**–**	**–**	**–**	169.2	–	–	–
Fully diluted number of shares	**–**	**228.8**	**228.8**	**228.8**	–	171.6	171.6	171.6
Net asset value per share	**89.8**	**87.9**	**87.9**	**93.5**	105.9	103.4	103.4	115.1

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

26 Return on equity

	30 December 2023 £m	30 December 2022 £m
Total comprehensive income attributable to equity shareholders	**3.7**	12.1
Opening equity shareholders' funds plus time weighted additions	**189.3**	168.9
Return on equity	**2.0%**	7.2%

Financials

27 Lease arrangements

The Group as lessee

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable leases related to land and buildings, which fall due as set out below. These leases relate to its office premises and the Snozone business' Basingstoke, Castleford, Milton Keynes and Madrid sites, as well as leasehold investment property.

	2023 £m	2022 £m
Lease payments		
Within one year	**(3.1)**	(3.0)
Between one and five years	**(11.6)**	(10.0)
After five years	**(125.2)**	(126.2)
	(139.9)	(139.2)

Lease payments are denominated in Sterling and have an average remaining lease length of 48 years (2022: 48 years). Excluding head leases, rentals are fixed for an average of 1 year (2022: 2 years). The Group's leasehold investment property is variable based on a percentage of performance, with a minimum payment per year of £0.4 million (2022: £0.4 million). The head lease at The Mall Walthamstow was remeasured in 2022 as a result of an extension of the lease term to 250 years effective 23 June 2022.

The Group as lessor

The Group leases out all of its investment properties under operating leases for average lease terms of 4.6 years (2022: 7 years) to expiry. The leasing arrangements are summarised in the portfolio information on page 228. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Unexpired average lease term Years	Less than 1 year £m	2 - 5 years £m	6 - 10 years £m	11 - 15 years £m	16 - 20 years £m	More than 20 years £m	Total £m
30 December 2023	**4.7**	**26.4**	**50.8**	**18.8**	**2.3**	**0.0**	**0.0**	**98.2**
30 December 2022	6.9	17.5	36.1	17.6	4.3	0.8	9.7	86.0

28 Capital commitments

At 30 December 2023, the Group's share of the capital commitments of its associates and wholly-owned properties was £3.2 million (2022: £14.9 million) relating to capital expenditure projects for the development of the Group's investment properties. The Group also had £0.1 million relating to contractual commitments for the acquisition of property, plant and equipment (2022: £0.1 million).

29 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Fees arising from property and asset management between the Group and its associates are disclosed below.

	Fee income		Net amounts receivable from	
	Year to 30 December 2023 £m	Year to 30 December 2022 £m	**As at 30 December 2023 £m**	As at 30 December 2022 £m
Kingfisher Limited Partnership (Redditch)	**0.6**	0.7	**–**	–
The Mall (Luton) Limited Partnership	**0.5**	1.4	**–**	0.1

Amounts receivable from associates are unsecured and do not incur interest and they are payable on demand and settled in cash.

The Group's involvement in Luton ceased following the sale in March 2023. The Group's involvement in Redditch ceased in September 2023 when the asset changed ownership.

29 Related party transactions continued

Transactions with key management personnel

In accordance with IAS 24, key personnel are considered to be the executive directors and Non-Executive Directors and members of the Executive Committee as they have the authority and responsibility for planning, directing and controlling the activities of the Group. Their remuneration in the income statement is as follows:

	Year to 30 December 2023 £m	Year to 30 December 2022 £m
Short-term employment benefits	1.3	1.1
Post-employment benefits	–	–
Share-based payments	0.4	0.5
	1.7	1.6

In both years the highest paid Director was the Chief Executive whose remuneration is disclosed in the Directors' Remuneration Report on page 152. There are no directors included in a company pension scheme (2022: nil).

At 30 December 2023 £nil was outstanding to or from key management personnel (30 December 2022: £nil).

30 Dividends

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

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

31 Events after the balance sheet date

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

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

32 Ultimate controlling party

Growthpoint Properties Limited ("Growthpoint") holds 68.1% of the issued share capital of the Company. As such Growthpoint is the ultimate controlling party of the Company and the largest group into which the results of the Company are consolidated. The registered office of Growthpoint Properties Limited is The Place, 1 Sandton Drive, Sandton, 2196, Johannesburg, South Africa. The financial statements of Growthpoint are available at this address.

Company balance sheet

As at 30 December 2023

Registered number: 01399411

Prepared in accordance with FRS 101

	Note	2023 £m	2022 £m
Non-current assets			
Investments	C	**186.4**	161.1
Receivables – amounts falling due after one year	D	**30.8**	37.3
Total non-current assets		**217.2**	198.4
Current assets			
Receivables – amounts falling due within one year	D	**0.7**	0.4
Cash and deposits		**15.4**	17.6
Total current assets		**16.1**	18.0
Total assets		**233.3**	216.4
Current liabilities			
Trade and other payables	E	**(23.1)**	(21.8)
Net current liabilities		**(7.0)**	(3.8)
Net assets		**210.2**	194.6
Equity			
Share capital		**22.5**	16.9
Share premium		**24.6**	1.7
Merger reserve		**60.3**	60.3
Retained earnings		**102.8**	115.7
Shareholders' funds		**210.2**	194.6

The loss for the year attributable to equity shareholders was £3.9 million (2022: profit of £5.0 million).

These financial statements were approved by the Board of Directors, authorised for issue and signed on their behalf on 30 April 2024 by:

Stuart Wetherly

Group Finance Director

Statement of changes in equity

For the year to 30 December 2023

	Non-distributable				Distributable		
	Share capital £m	Share Premium £m	Capital redemption reserve £m	Retained earnings £m	Retained earnings £m	Merger reserve £m	Total £m
Balance at 30 December 2021	**16.5**	**266.1**	**4.4**	**–**	**(156.3)**	**60.3**	**191.0**
Retained profit for the year	–	–	–	–	5.0	–	5.0
Total comprehensive profit for the year	–	–	–	–	5.0	–	5.0
Capital reduction[1]	–	(266.1)	(4.4)	–	270.5	–	–
Dividends paid, including Scrip	–	–	–	–	(4.0)	–	(4.0)
Credit to equity for equity-settled share-based payments	–	–	–	–	0.5	–	0.5
Shares issued, net of costs	0.4	1.7	–	–	–	–	2.1
Balance at 30 December 2022	**16.9**	**1.7**	**–**	**–**	**115.7**	**60.3**	**194.6**
Retained loss for the year	–	–	–	–	(3.9)	–	(3.9)
Total comprehensive loss for the year	–	–	–	–	(3.9)	–	(3.9)
Dividends paid, including Scrip	–	–	–	–	(9.4)	–	(9.4)
Shares issued, net of costs	5.6	22.9	–	–	–	–	28.5
Other movements	–	–	–	–	0.4	–	0.4
Balance at 30 December 2023	**22.5**	**24.6**	**–**	**–**	**102.8**	**60.3**	**210.2**

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

The Company's authorised, issued and fully paid-up share capital is described in Note 20 to the Group financial statements. The Company's dividends are as described in Note 30 to the Group financial statements. The other reserves are described in the consolidated statement of changes in equity in the Group financial statements.

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

Notes to the Company's separate financial statements

For the year to 30 December 2023

A Accounting policies

The domicile and legal form of the entity, its country of incorporation and the address of its registered office can be found in note 1 of the consolidated financial statements. A description of the nature of the entity's operations and its principal activities can be found in the strategic report on pages 3 to 8.

The Company's separate financial statements for the year ended 30 December 2023 are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The main accounting policies have been applied consistently in the current year and the preceding year.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of an income statement, cash-flow statement, impairment of assets and related party transactions.

The Company's financial statements are presented in Pounds Sterling.

Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date and differences arising on translation are recognised in the income statement.

The Company's related party transactions are described in Note 29 to the Group financial statements. Except for the Directors, the Company had no direct employees during the year (2022: none). Information on the Directors' emoluments, share options, long-term incentive schemes and pension contributions is shown in the Directors' Remuneration Report. Further disclosures regarding the nature of the share-based payment schemes operated by the Group are included in Note 21 to the Group's financial statements.

Accounting developments and changes

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, there have been no new standards, amendments or interpretations which became effective during the year affecting these financial statements.

Key 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 following are the key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements:

Impairment of investments and intercompany receivables

Investments and amounts owed by subsidiaries are stated at cost less provision for expected credit loss under IFRS 9. Where there is an indication that an investment is impaired, an impairment review is carried out by comparing the carrying value of the investment against its recoverable amount, which is the higher of its estimated value in use and fair value less costs of disposal. This review involves accounting judgements about the future cash flows from the underlying associates and, in the case of CRPM, estimated asset management fee income less estimated fixed and variable expenses. Disclosure of accounting policy for expected credit losses can be found in note 1 to the group financial statements.

Investments in Group undertakings

Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount of the investment. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is expensed immediately. Where an impairment loss subsequently reverses, due to a change in circumstances or in the estimates used to determine the asset's recoverable amount, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, so long as it does not exceed the original carrying value prior to the impairment being recognised.

The Company values its investments in subsidiary holding companies based on a comparison between the net assets recoverable by the subsidiary company and the investment held. Where net assets are lower than the investment an impairment is recorded. For trading subsidiaries, the investment carrying value in the Company is assessed against the net present value of the cash flows of the subsidiary.

A Accounting policies continued

Trade and other receivables

Trade and other receivables are measured at amortised cost, less any loss allowance based on expected credit losses. The measurement of expected credit losses is based on the probability of default and the magnitude of the loss if there is a default. The assessment of probability of default is based on historical data adjusted for any known factors that would influence the future amount to be received in relation to the receivable.

For intercompany receivables, the carrying amount of any loans are reviewed annually at the end of the reporting period for impairment, and any necessary provisions are made to reflect expected credit losses.

Intercompany loan interest

Intercompany loan interest represents interest income or expense arising from loans extended or received between entities within the Group. Interest income is recognised on an accrual basis as it accrues, using the effective interest rate method. Interest expense is recognised similarly, reflecting the effective interest rate applied to the outstanding balance of intercompany loans.

Any adjustments required for differences in reporting dates between entities are made to ensure accurate recognition of intercompany loan interest income or expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Restricted cash balances relate to amounts held by the group on behalf of tenants including ring fenced service charge funds and tenant deposits.

Dividends paid

Dividends are charged to the Company's retained earnings reserve in the period of payment in respect of an interim dividend, and in the period in which shareholders' approval is obtained in respect of the Company's final dividend.

Share Capital

The Company's share capital represents the nominal value of shares issued by the Company. Share capital is initially recorded at the par value of the shares issued and is subsequently adjusted for any issue or redemption of shares.

Share capital is classified as equity and presented separately in the statement of financial position. Changes in share capital resulting from transactions with shareholders are recorded directly in equity.

Share Premium

Share premium represents the excess of the issue price of shares over their nominal value. Share premium arises when shares are issued at a price higher than their par value.

Share premium is classified as equity and presented separately in the statement of financial position.

Merger Reserve

Merger reserve represents the excess of the nominal value of shares issued over the nominal value of shares acquired from the Group's capital raising activity which occurred in 2009. This reserve was established with the intention of utilising it to gain merger relief under section 612 of the Companies Act 2006 on the issuance of ordinary shares.

Merger reserve is classified as equity and presented separately in the statement of financial position.

A Accounting policies continued

Sensitivities

The following table shows the sensitivity of investment and intercompany receivable impairment to a 5% change in future cashflows and a 2% change in the discount rate used. The directors consider these reasonably possible.

	Impact of 5% change in future cashflows		Impact of a 2% change in discount rate	
	Increase £m	Decrease £m	Increase £m	Decrease £m
Reversal of impairment of investments	0.2	(0.2)	0.1	(0.1)
Impairment of intercompany receivables	–	–	–	–

There are no critical accounting judgements that affect these financial statements

B Loss for the year

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements.

The fees payable to the Company's Auditor for the audit of the Company and Group financial statements are disclosed in Note 6 to the Group financial statements.

C Fixed asset investments

	Subsidiaries £m	Investment in associate £m	**Total £m**
Cost			
At the start of the year[1]	1,197.1	13.9	**1,211.0**
Additions	28.4	–	**28.4**
Disposals	–	–	**–**
At the end of the year	1,225.5	13.9	**1,239.4**
Impairment			
At the start of the year[1]	(1,036.0)	(13.9)	**(1,049.9)**
Reversal of impairment	0.1	–	**0.1**
Additional impairment	(3.2)	–	**(3.2)**
At the end of the year	(1,039.1)	(13.9)	**(1,053.0)**
Carrying value			
30 December 2023	**186.4**	**–**	**186.4**
30 December 2022	161.1	–	**161.1**

1. 2022 comparative figures have been restated to reflect the correction made for the investment in C&R Hemel Hempstead (Jersey) Limited of £18.1m, which was fully impaired but not eliminated from the accounts upon dissolution in 2017. There is no impact on the carrying value as at 30 December 2023 or 2022.

Investments are subject to an impairment review using a pre-tax discount rate of 15.2% (2022: 16.1%). Impairment is recognised after comparing the carrying value of the investment against its recoverable amount, which is the higher of its estimated value in use and fair value less costs to sell. During the year, the Company made an investment in Capital & Regional (UK Retail) Limited.

Note F shows the subsidiaries, associates held by the Group and the Company.

D Receivables

Amounts falling due after one year	2023 £m	2022 £m
Amounts owed by subsidiaries	30.8	37.3
	30.8	37.3

Amounts falling due within one year	2023 £m	2022 £m
Trade receivables	0.3	0.1
Amount owed by Parent	0.1	0.1
Other receivables	0.1	-
Taxation and social security	0.2	0.2
	0.7	0.4

Amounts owed by subsidiaries are stated after impairment of £nil (2022: £nil) and are unsecured and repayable on demand. Despite being repayable on demand, the classification of subsidiary debts as due after one year aligns with our repayment timing assessment, considering historical patterns and lending arrangements. Impairment is recognised after comparing the carrying value of the receivable against the recoverable amount. Interest is charged at 3.5% above Bank of England base rate per annum.

E Trade and other payables

Amounts falling due within one year	2023 £m	2022 £m
Amounts owed to subsidiaries	22.0	18.9
Accruals and deferred income	1.1	2.9
	23.1	21.8

Amounts owed to subsidiary companies are unsecured and repayable on demand. Interest is charged at 3.5% above Bank of England base rate per annum.

F Subsidiaries at 30 December 2023

	Nature of business	Country of incorporation	Share of voting rights
Subsidiaries			
Capital & Regional (Europe Holding 5) Limited [2]	Property investment	Jersey	100%
Capital & Regional (Jersey) Limited [2]	Property investment	Jersey	100%
Capital & Regional (Mall GP) Limited	Property investment	Great Britain	100%
Capital & Regional (Projects) Limited	Property investment	Great Britain	100%
Capital & Regional (Shopping Centres) Limited [2]	Property investment	Jersey	100%
Capital & Regional Earnings Limited	Property investment	Great Britain	100%
Capital & Regional Holdings Limited	Property investment	Great Britain	100%
Capital & Regional Ilford Limited [2]	Property investment	Jersey	100%
C&R Ilford Limited Partnership	Property investment	Great Britain	100%
C&R Ilford Nominee 1 Limited	Dormant	Great Britain	100%
C&R Ilford Nominee 2 Limited	Dormant	Great Britain	100%
C&R Ilford (General Partner) Limited	Property investment	Great Britain	100%
Capital & Regional Property Management Limited	Property management	Great Britain	100%
C&R Retail 1 Limited	Property investment	Great Britian	100%
Capital & Regional (UK Retail) Limited	Property investment	Great Britain	100%
Green-Sinfield Limited	Dormant	Great Britain	100%
Lancaster Court (Hove) Limited	Dormant	Great Britain	100%
Lower Grosvenor Place London One Limited	Dormant	Great Britain	100%
Mall Nominee One Limited	Dormant	Great Britain	100%
Mall Nominee Two Limited	Dormant	Great Britain	100%
Mall People Limited	Property management	Great Britain	100%
Mall Ventures Limited	Dormant	Great Britain	100%
Marlowes Hemel Limited [2]	Property investment	Jersey	100%
MB Roding (Guernsey) Limited [1,3]	Dormant	Guernsey	100%
Selborne One Limited	Dormant	Great Britian	100%
Selborne Two Limited	Dormant	Great Britain	100%
Selborne Walthamstow Limited [2]	Dormant	Jersey	100%
Seventeen Social Space Limited	Operation of food hall	Great Britain	100%
Snozone Holdings Limited	Operator of indoor ski slopes	Great Britain	100%
Snowzone S.L.U [4]	Operator of indoor ski slopes	Spain	100%
Ocio y Nieve S.L.U	Operator of indoor ski slopes	Spain	100%
Snozone Leisure Limited	Operator of indoor ski slopes	Great Britain	100%
Snozone Limited	Operator of indoor ski slopes	Great Britain	100%
The Mall (General Partner) Limited	Property investment	Great Britain	100%
The Mall Limited Partnership	Property investment	Great Britain	100%
The Mall REIT Limited	Dormant	Great Britain	100%
The Mall Shopping Centres Limited	Dormant	Great Britain	100%
The Mall Walthamstow One Limited	Dormant	Great Britain	100%
The Mall Walthamstow Two Limited	Dormant	Great Britain	100%
Wood Green London Limited [2]	Dormant	Jersey	100%
Wood Green One Limited	Dormant	Great Britain	100%
Wood Green Two Limited	Dormant	Great Britain	100%
Principal associate entities			
Euro B-Note Holding Limited [2]	Finance	Jersey	39.90%

1. In liquidation/being dissolved.
2. Registered office at 47 The Esplanade, St Helier, Jersey JE1 0BD.
3. Registered office at PO Box 186, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 4HP.
4. Registered office at Pista de Nieve en el Centro Comercial Madrid Xanadü, Ctra. A5. Salidas 22 y 25, km 23, Arroyomolinos, Madrid, 28939,

The registered office of all subsidiaries, unless otherwise noted is Strand Bridge House, 138-142 Strand, London WC2R 1HH.

The shares of voting rights are equivalent to the percentages of ordinary shares or units held directly or indirectly by the Group.

Glossary of terms

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

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

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

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

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

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

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

Debt is borrowings, excluding unamortised issue costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REIT – Real Estate Investment Trust.

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

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

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

Temporary lettings are those lettings for one year or less.

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

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

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

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

See the use of Alternative Performance Measures section in the Strategic Report on pages 45–46 for further detail on the Key Alternative Performance Measures used by the Group and cross-references to the reconciliations to the equivalent GAAP figures where relevant.

Five year review (Unaudited)

	2023 £m	2022 £m	2021[1] £m	2020[2] £m	2019 £m
Balance sheet					
Property assets	**369.6**	320.1	376.4	536.1	770.9
Other non-current assets	**35.0**	33.0	35.1	29.1	18.1
Investment in associates	**–**	–	–	–	–
Cash at bank	**38.2**	55.5	58.5	84.1	95.9
Assets classified as held for sale	**–**	–	(19.4)	–	–
Other net current (liabilities)/assets	**(59.5)**	(20.6)	(13.7)	(9.6)	(20.3)
Bank loans greater than one year	**(155.0)**	(181.8)	(238.2)	(423.9)	(422.8)
Other non-current liabilities	**(26.3)**	(27.1)	(30.3)	(48.7)	(66.7)
Net assets	**202.0**	179.1	168.4	167.1	375.1
Financed by					
Called-up share capital	**22.5**	16.9	16.5	11.2	10.4
Share premium account	**24.6**	1.7	266.1	244.3	238.0
Other reserves	**60.3**	60.3	64.7	64.7	64.7
Own shares reserve	**(0.2)**	–	–	–	–
Retained earnings	**94.8**	100.2	(178.9)	(153.1)	62.0
Capital employed	**202.0**	179.1	168.4	167.1	375.1
Return on equity					
Return on equity	**2.%**	7.2%	(14.3)%	(54.4)%	(27.7)%
(Decrease)/increase in NAV per share + dividend	**(10.0)%**	(26.7)%	(32.1)%	(55.6)%	(37.2)%
Total shareholder return	**1.8%**	12.2%	(16.1)%	(68.0)%	(2.0)%
Year end share price[2]	**57.6p**	62.0p	58.9p	70.2p	25.4p
Total return					
Total comprehensive income/(expense)	**3.7**	12.1	(24.1)	(203.9)	(121.0)
Net assets per share					
Basic net assets per share[3]	**89.8p**	105.9p	102p	149.5p	36p
EPRA triple net assets per share[4]	**–**	–	–	–	36p
EPRA net assets per share[4]	**–**	–	–	–	36p
EPRA net reinstatement value	**87.9p**	103.4p	102p	157.0p	363.3p
EPRA net tangible assets	**87.9p**	103.4p	102p	157.0p	363.3p
EPRA net disposal value	**93.5p**	115.1p	101p	138.8p	355.8p
Gearing	**99%**	102%	142%	255%	114%
Income statement[1]					
Group revenue	**59.0**	56.8	54.6	72.7	89.0
Gross profit	**27.6**	28.2	27.4	37.5	53.6
Profit/(loss) on ordinary activities before financing	**9.5**	13.3	(6.3)	(181.7)	(97.5)
Net interest payable	**(9.4)**	(8.3)	(8.3)	(22.4)	(23.5)
Profit/(loss before tax	**0.1**	5.0	(14.6)	(204.1)	(121.0)
Tax credit/(charge)	**3.6**	0.3	(3.1)	0.2	–
Profit/(loss) after tax	**3.7**	5.3	(17.7)	(203.9)	(121.0)
Adjusted Profit	**12.7**	10.3	8.8	11.0	27.4
Adjusted Earnings per share[3]	**6.8p**	6.2p	7.3p	10.2p	37.0p
Interest cover	**3.0**	2.4	2.4	2.0	3.2
Earnings per share[3]					
Basic	**2.0p**	7.3p	(20.0)p	(188.8)p	(162.3)p
Diluted	**1.9p**	7.2p	(20.0)p	(188.8)p	(162.3)p
EPRA	**5.6p**	5.3p	3.5p	(8.8p)	(3.5)p
Dividends per share	**2.95p**	5.25p	–	–	21.0p

1. 2021 results have been restated to present discontinued operations separately. 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions and expected credit loss.
2. 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs. Prior years are other than in this case as originally presented, no adjustment has been made to restate prior years for changes in IFRS standards that have been adopted in subsequent years.
3. Prior year numbers are other than where stated have not been adjusted for the 10:1 share consolidation subsequent to year end. A multiple of 10 must be applied to arrive at the comparative figures.
4. EPRA net asset metrics no longer in use.
5. 2022 results have been restated for a prior year adjustment to the service charge and expenditure recognised in the period.

Portfolio information (Unaudited)

At 30 December 2023

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

EPRA performance measures (Unaudited)

At 30 December 2023

	Note	2023	2022
EPRA earnings (£m)	9a	**10.5**	8.8
EPRA earnings per share (diluted)	9a	**5.6p**	5.3p
EPRA reinstatement value (£m)	25	**201.2**	177.4
EPRA net reinstatement value per share	25	**88p**	103p
EPRA net tangible assets (£m)	25	**201.2**	177.4
EPRA net tangible assets per share	25	**88p**	103p
EPRA net disposal value (£m)	25	**213.9**	197.5
EPRA net disposal value per share	25	**94p**	115p
EPRA LTV (see below)		**45.8%**	44.4%
EPRA cost ratio (including direct vacancy costs)		**47.6%**	48.6%
EPRA cost ratio (excluding vacancy costs)		**39.1%**	37.8%
Like-for-like ERV growth (£m)[1]		**0.1**	1.0

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

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

1. Like-for-like ERV growth is based on the Group's portfolio of five properties with fair value of £372.8 million (2022: £322.8 million).

2. Further analysis on EPRA vacancy rate is given on page 38.

			Proportional Consolidation			
EPRA LTV Metric	Note	Group £m	Share of Joint Ventures £m	Share of Material Associates £m	Non-controlling Interests £m	Combined £m
Loan Borrowings	19a	**199.0**	–	–	–	**199.0**
Net payable		**8.2**				**8.2**
Cash and cash equivalents	19a	**(36.3)**	–	–	–	**(36.3)**
Net Debt		**170.9**	–	–	–	**170.9**
Investment properties at fair value	10b	**372.8**	–	–	–	**372.8**
Total Property Value		**372.8**	–	–	–	**372.8**
LTV %		**45.8%**	–	–	–	**45.8%**

Financials

EPRA performance measures (Unaudited) continued

At 30 December 2023

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

Property related capital expenditure		2023			2022		
All figures in £m	Note	Group (excl. Joint Ventures)	Joint Ventures (prop. share)	Total Group	Group (excl. Joint Ventures)	Joint Ventures (prop. share)	Total Group
Acquisitions		**43.0**	**–**	**43.0**	–	–	–
Development	10	**1.2**	**–**	**1.2**	5.8	–	5.8
Investment properties:							
Incremental letting space		**–**	**–**	**–**	–	–	–
No incremental letting space	10	**13.3**	**–**	**13.3**	3.2	–	3.2
Other		**–**	**–**	**–**	–	–	–
Total Capital expenditure	10	**57.5**	**–**	**57.5**	9.0	–	9.0
Conversion from accrual to cash basis		**5.5**	**–**	**5.5**	1.6	–	1.6
Total capital expenditure on cash basis		**63.0**	**–**	**63.0**	10.6	–	10.6

Capital tenant incentives of £1.4 million were paid during the year (2022: £0.9 million). Amortisation of £0.5 million was recognised in the income statement (2022: £0.6 million).

Capital expenditure

Refurbishment expenditure in respect of major works is capitalised. Renovation and refurbishment expenditure of a revenue nature is expensed as incurred. Our business model for developments is to use a combination of in-house staff and external advisers. The cost of external advisers is capitalised to the cost of developments. The cost of staff working on developments is capitalised subject to meeting certain criteria related to the degree of time spent on and the nature of specific projects. Staff costs amounting to £nil (2022: £nil) have been capitalised as development costs during the year.

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