8 March 2022

Capital & Regional plc

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

Full Year Results to 30 December 2021

REBUILDING FROM THE IMPACTS OF COVID-19

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

Lawrence Hutchings, Chief Executive, comments:
"The completion of our Refocus, Restructure and Recapitalisation at the end of 2021 brought some hard-fought stability to our business following a challenging period where we, and the wider retail industry, faced the combined impact of the pandemic and the restrictions that came with it, as well as the associated acceleration of structural changes impacting physical retailing.

"With the UK beginning to emerge from the shadow of Covid, we are able to look forward with confidence in the prospects for our community centres, with their focus on the provision of "needs" or "essential" retail and services. The strong levels of leasing we have achieved throughout the year, with more leases agreed than in the previous two years combined, on average above ERV, are a strong indication that retailers, as well as our customers, continue to recognise that affordable, well located, designed and managed local physical retail is an essential part of local infrastructure. With this in mind, we believe that our community centre strategy is as relevant today as it was when we first announced this change of direction in 2017.

"I would like to thank our major shareholder, Growthpoint, for its unwavering support as well as our dedicated, talented team in our support office and, in particular, our front-line centre-based teams who have performed exceptionally during this difficult period.

"For the first time in four years, we have had six months of stable valuations and this, supported by a marked increase in investment market activity as investors return to the sector, coupled with our robust income and occupancy performance, is cause for further optimism."

Operational impact of Covid-19 mitigated by community centre strategy

- Our strategic shift in 2017 to focus on providing non-discretionary goods and services ensured that all seven of the Company's community shopping centres remained open to some degree throughout the entirety of 2021, which included a full national lockdown from 6 January 2021 to 12 April 2021.
- 143 new lettings and renewals achieved during the year at a combined average premium of 7.3% to previous rent[3] and 15.6% to ERV[3], more than in 2020 and 2019 combined (63 and 66 respectively). New lettings completed in the period include a 15 year lease agreement with Whittington Health NHS Trust to open a Community Diagnostics Centre at The Mall, Wood Green.
- Occupancy has begun to recover, standing at 93%, up from 90% at 30 June 2021 (December 2020: 92%).
- Footfall outperformed the national index by 5.7%, with 47.7 million visits across the portfolio in 2021.
- 93% of 2021 rent collected, including 5% on agreed formal payment plans, with 95% of Q1 2022 already collected.
- Net Rental Income[1] (NRI) was £29.0 million (December 2020: £34.1 million), with the £5.1 million reduction primarily attributable to a £4.0 million surrender premium secured in 2020, as well as the continued impact of Covid-19. This flowed through to a fall in Adjusted Profit[1,2] to £8.1 million (December 2020: £11.0 million).
- IFRS Loss for the period narrowed to £26.4 million due to H1 2021 valuation decline, partially offset by the gain from the discounted purchase of the Mall debt facility (December 2020: Loss of £203.9 million)
- In process of completing final contractual milestones on our Walthamstow residential project, including unit vacant possessions and site facilitation works. Expecting to secure unconditionality with Long Harbour and payment of c. £20 million capital receipt in Q2 2022. Commencement of works to deliver the 495 build to rent apartments expected to start shortly after.

- Snozone's EBITDA[1] for the year of £0.8 million (2020: EBITDA loss of £1.7 million) impacted by enforced closure of UK operations until 12 April 2021. Results supported by £2.5 million recovery under pandemic insurance policy. Ski slope operation at Xanadu, Madrid fully integrated and rebranded as Snozone following February 2021 acquisition. Snozone IFRS loss for the year £0.3 million (2020: loss of £2.4 million)

Refocus, Restructure and Recapitalise

- Hemel Hempstead and Luton reclassified as Held for Sale 'Managed Assets' reflecting substance of Group's ongoing involvement and expectation of a disposal.
- Restructure of £100 million Mall debt facility completed in November 2021, debt acquired for £81 million funded by new £35 million facility, £30 million equity raise and existing cash resources.
- Proceeds from sale of Maidstone House office building for £7.1 million in December 2021 used to reduce the £35 million facility in early January 2022.
- Combination of above actions have reduced Group Net LTV to 49% from 72% at June 2021 and 65% at December 2020. Walthamstow capital receipt will further reduce Group Net LTV by more than 200 basis points.
- As at 30 December 2021, the Group had total cash on balance sheet of £58.5 million, of which more than £30 million was maintained centrally and without any restriction.
- Property valuations stabilised in second half of 2021 with the Investment Assets portfolio marginally increasing in value to £380.1 million at year end (30 June 2021: £377.2 million) after 6.4% decrease in H1 2021.
- Net Asset Value per share and EPRA NTA per share, at 102p (December 2020: 150p and 157p respectively[2]) reflecting the H1 2021 valuation decline and the impact of equity raise, net of the benefit of discounted Mall debt repurchase.
- To further mitigate debt levels the Group has not declared a final dividend. The Group plans to resume dividend payments from the announcement of its Interim Results in the second half of 2022. in line with its previous dividend policy to distribute at least 90% of the Company's EPRA earnings.

	2021	2020[2]
Revenue	**£70.0m**	£72.7m
Net Rental Income[1]	**£29.0m**	£34.1m
Adjusted Profit[1]	**£8.1m**	£11.0m
Adjusted Earnings per share[1]	**6.8p**	10.2p
IFRS Loss for the period	**£(26.4)m**	£(203.9)m
Basic Earnings per share	**(22.0)p**	(188.8)p
Total dividend per share	**-**	-
Net Asset Value	**£168.4m**	£167.1m
Net Asset Value (NAV) per share[2]	**102p**	150p
EPRA NTA per share[2]	**102p**	157p
Group net debt[1]	**£185.3m**	£345.1m
Net debt to property value	**49%**	65%

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.

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

[2] 2020 results have been restated for a prior year adjustment of £0.5m in respect to the treatment of Software as a Service (SaaS) configuration costs as explained in Note 1. 2020 Adjusted Profit has also been restated to reflect the introduction of the new Snozone EBITDA performance measure.

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

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

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

For further information see capreg.com.

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

Chairman's statement

A year ago I wrote of the unprecedented challenges which the retail sector, and the Company, faced during 2020. While there was a renewed sense of optimism with indications of a return to normality from the effects of Covid-19 at the end of 2021, and particularly early in 2022, these challenges and restrictions were prevalent throughout almost the whole of 2021, including a full closure of non-essential retail in England from 6 January to 12 April 2021. As a consequence, 2021 was inevitably another very difficult year for most retailers and retail landlords.

Against that backdrop, the Company's performance was resilient. All of the Company's centres remained open to some extent throughout the year, with our on-site teams working closely with retailers and shoppers to optimise trade while fully observing all Government restrictions. Rent collection was robust at 93%, including deferrals, and this number continues to rise as arrears are pursued.

From 12 April 2021, after the lifting of lockdown restrictions for non-essential retail, footfall also recovered, reaching between approximately 70-80% of pre-pandemic levels when restrictions were not in place, and encouragingly the trend towards higher spend per visit continued.

In last year's statement, while acknowledging the ongoing support of our lenders, I also recognised the need to address debt levels when circumstances permitted. Our recapitalisation in November 2021, raising £30 million of equity, allowed us to acquire a proportion of our debt on The Mall facility at a significant discount, contributing to the marked reduction in Group net debt ratio to 49%. While we aim to reduce leverage further, it has introduced much needed stability which allows the business to focus on optimising the performance of its assets. I must credit our leadership team with this remarkable achievement in the most difficult of circumstances. Coupled with this, our lenders have continued to provide excellent support, working closely with our team to facilitate continued investment in our assets with a view to increasing rental income to our mutual benefit.

While some of our central funds were utilised in the recapitalisation, we retain central unrestricted cash of over £30 million. As owners of Community shopping centres, the re-imagination and leasing up of vacant space (such as former department stores) often requires capital expenditure and this forms an integral part of the Company's business plan.

Likewise, opportunities to generate capital receipts were implemented, most notably the sale of the Maidstone House office block for £7.1 million and addressing the final milestones to achieve the imminent sale of the Walthamstow residential development site for £20 million. In addition, we signed a strategic partnership with Far East Consortium during the year with the specific intention of identifying opportunities for collaboration and value creation across the portfolio and possibly to work together on new acquisitions.

Rates of new lettings and lease renewals remained high across the portfolio, reflecting the fact that average rent levels at our centres remain more affordable than other more fashion led retail locations and that retailers are attracted to the above average footfall they capture. Of course, the excellent customer relations maintained by our team play a significant part in this process too. In total, 143 new leases and renewals were signed during the year, reinforcing our view that physical shop units remain a dominant part of the retail market, providing rents are realistic and the environment is managed effectively to attract shoppers.

Partly reflecting the success in leasing units, and partly acknowledging a sense in the investment markets that well-let centres may be over-discounted, we saw a stabilisation in values during the second half of 2021. Over the year the total portfolio fell by 7.9% on a like for like basis to £473.1 million, but there is reason for cautious optimism about values going forward from a recalibrated rental base, as capital begins to focus on the sector.

Snozone, as a leisure business, also faced challenges during the year but performed creditably and extended its operations to Madrid, where it took on the operation of the slope at the Xanadu Centre at minimal cost to the business, adding to a platform which is well placed to rebound with the easing of Covid restrictions.

The Board is well aware of the importance to shareholders of dividends. The financial circumstances in 2021 did not permit payment of a dividend, but from our newly recapitalised position, as we emerge from the Pandemic, we intend to resume dividend payments with the announcement of our Interim Results in the summer.

Tony Hales retired from the Board at the AGM after more than nine years of service, including a period as Senior Independent Director, and Louis Norval stepped down in December 2021 after 12 years as a major shareholder and supporter of the business. My thanks to both for their exceptional service.

My Board colleagues were outstandingly supportive throughout the year, particularly in the run up to the recapitalisation where a number of meetings or calls were required at short notice.

Finally on behalf of the Board I wish to record our appreciation of the exceptional performance of all management and staff, on site and in our support office, during a very difficult year. The improved position of the Company at the end of 2021 is directly attributable to them.

David Hunter, Chairman

Chief Executive's Statement

It is pleasing to be writing this statement having completed our Refocus, Restructure and Recapitalisation in late 2021, which has brought a number of benefits and some hard-fought stability to our business, following two years of challenges from the combined impacts of the pandemic and associated acceleration of structural changes impacting physical retailing.

I would like to thank our major shareholder, Growthpoint, for its unwavering support of our business over the past two years, as well as the dedicated, talented team in our support office and, in particular, our front-line centre-based teams who have performed exceptionally.

As we emerge from what appears to be the worst of the pandemic and with the Government now seemingly committed to driving a return to normality, we all share the considerable challenge of rebuilding our communities, lives, economy and businesses. We are looking forward to playing our part in this important task whilst also continuing to help address the arguably bigger existential threat posed by climate change.

We take very seriously the central role we play in our communities as a large, and often the largest, employer and the main provider of essential services or community infrastructure.

As we look forward towards navigating a path of recovery, it is comforting to see greater clarity emerging in our operating environment, especially around digital disruption and the impact of online retailing. This has helped foster the beginnings of a change in sentiment toward the sector, which is reflected in the fact that valuations are stabilising, with two quarters of broadly flat capital values in the second half of last year marking the first time without a fall in valuations for four years. Moreover, improved sentiment can also be evidenced via the increased investment into the sector and a marked increase in the number of deals in the investment market. Our income has also stabilised, a strong leasing performance is driving a recovery in occupancy and rent collection is trending back to pre-pandemic levels. These factors bode well for the Company and, in turn, the potential for the recovery of shareholder value.

Throughout the pandemic the reputation of our business as an expert manager of retail environments continued to be reflected in our sector-leading statistics across all key indicators, including operational responsiveness, rent collection, leasing spreads and volumes and footfall. Furthermore, the strength of our relationships with our customers, local councils and other stakeholders was tested during the pandemic and I am pleased to say that many of these are now in an even stronger and better place. All of this is a testament to the quality of our teams, their hard work and dedication and the community shopping centre strategy which we launched in December 2017.

Our focus is now firmly fixed on navigating a path towards pre-pandemic levels of footfall, income, adjusted profit and valuation. We are optimistic and excited but also realistic about the task ahead. We understand that continuing to improve our customer and guest proposition, which provides essential services and goods to some of the UK's most vibrant and diverse communities, will be fundamental to success and requires passion, empathy, energy, commitment and capital.

We place a great emphasis on our responsibility to be a good corporate citizen and positive contributor to these communities. One of our corporate initiatives this year was to develop tailored 'Community Wheels of Support' at each of our shopping centres to provide assistance to the most in need community groups/stakeholders, to make a difference to the lives of individuals in the communities we serve. I am proud to say we have supported over 167 local charities during 2021, assisting those less fortunate in a wide variety of areas. One of my personal favourites is Level Trust, a uniform supply and exchange charity in Luton that provides free school uniforms for families who otherwise could not afford to provide their children with the same clothing as their fellow pupils.

Consistent with our Community Centre Strategy we are proud to support a growing number of local and independent retailers, both through our focused leasing programme and by providing many of them with retailing and retail design skills. It is therefore most rewarding that several of these retailers have gone on to expand with us into multiple locations in our portfolio.

We have also continued our programme of growing the representation of grocery and pharmacy across our portfolio, with these sectors anchoring both our strategy and our centres. As a mark of progress, it is pleasing to see Boots and Superdrug are now among our top five retailers by income.

In addition, we have expanded our personal services offering, including leading local hair and beauty salons, and our level of professional services, with the first of our NHS facilities due to open in Wood Green in 2022. This is an area where we plan to expand further, and we have a number of other NHS medical and diagnostic centres in varying stages of planning across our portfolio. These facilities provide essential services to our communities and form a key part of our drive towards creating sustainable '15 minute neighbourhoods'.

Our Snozone leisure business was impacted by the restrictions again this past year and the team responded well, continuing to work tirelessly to mitigate the financial impact and provide the safest environment for our guests. The Xanadu, Madrid ski slope we added to the business in February 2021 has performed in line with expectations despite Madrid being subject to further restrictions throughout the year. We are actively exploring a further expansion of Snozone in the ski and leisure sectors, leveraging the expertise and quality of the team.

During 2021, we appointed external property and sustainability experts JLL to help formalise and prioritise the additional actions we need to take to meet our ESG targets and address the pressing issue of the climate crisis. With JLL's support, we are developing our net zero carbon strategy to produce a pathway in line with the UKGBC's best practice recommendations and the BBP Climate Change Commitment, quantifying and prioritising the necessary emission reductions out to our net zero carbon target year and beyond. The net zero carbon pathway will be published later this year and will provide us a clear and actionable implementation plan, mapped against our operations and businesses. We are currently undertaking a business-level and portfolio risk assessment to identify the climate-related risks most material to our business. This will support a greater understanding of the impacts and opportunities of these risks and inform our first response to the Task Force on Climate-related Financial Disclosures (TCFD) this year.

We accept there is much to improve the impact of our assets on the climate change agenda and we are more committed than ever in our 40 plus year history to that objective. Our communities expect and deserve nothing less. Our own team at Capital & Regional, covering more than 150 people, remains vitally important to us and at the heart of that is our commitment to having a diverse and inclusive workplace.

Looking forward, we are confident in our community centre positioning which is focussed on "needs" or "essential" retail and services. The recent early signs of a stabilisation in our valuations, supported by a considerable increase in investment market activity as investors return to the sector, coupled with our robust income and occupancy performance, is cause for further optimism.

Furthermore, the strong levels of leasing we have achieved throughout the year, with more leases agreed than in the previous two years combined, on average above ERV, are a strong indication that retailers, as well as our customers, continue to recognise that affordable well located, designed and managed local physical retail is an essential part of neighbourhood infrastructure. With this in mind, we believe that our community centre strategy is as relevant today as it was when we first announced this change of direction in 2017.

The renewed positive backdrop and an increasing return to normal daily life post Covid give us the confidence to begin investing further capital into the right areas of our centres, accelerating their remerchandising and repositioning in line with our community centre model. We will continue to explore options to realise value through partial sales of non-core assets, like the Maidstone office building or Walthamstow residential site, and to partner with experts in their sectors including residential or car parking, which add value to our assets and stakeholders.

It remains our intention to continue as a REIT and as such resume dividends, whilst being prudent and conscious of our balance sheet and the capital needs of our assets and business.

We are looking forward to 2022 and playing our part in rebuilding our communities, economy, business and stakeholder value post pandemic.

Thank you to all our shareholders for your support this past year.

Lawrence Hutchings, Chief Executive

Operating review

Impact of COVID-19

All seven of the Company's community shopping centres remained open and trading within the Government enforced restrictions throughout the pandemic, providing essential services to the communities we serve and in line with our Community Centre strategy. Restrictions on trading, including the national lockdown which lasted from 6 January 2021 until 12 April 2021, inevitably had an impact upon our operating and financial metrics, however our strategic focus on local community centres providing non-discretionary and essential goods and services has mitigated the worst of that impact and provides the business with a sound platform for the future.

Our overriding priority during this time has been the health, safety and protection of our colleagues, guests and customers. At all times we have taken all available precautionary measures, while rigorously following the latest official Government guidelines and advice across our portfolio. Access to our centres has been closely monitored through additional staff and existing footfall technology. When restrictions have been in place, we have carefully controlled visitor capacity to maintain social distancing and to protect visitors, occupiers and staff.

New lettings, renewals and rent reviews

	12 months to December 2021	12 months to December 2020
New Lettings		
Number of new lettings	**89**	40
Rent from new lettings (£m)	**£4.0m**	£1.2m
Renewals settled		
Renewals settled	**54**	23
Total resulting annual rent (£m)	**£1.2m**	£1.3m
Combined new lettings and renewals		
Comparison to previous rent[1]	**+7.3%**	+22.1%
Comparison to ERV at December 2020[1]	**+15.6%**	+5.6%

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

143 new lettings and renewals were completed during the period at a combined average premium to previous rent of 7.3%[1], which is even more pleasing given the significantly disrupted trading environment. This level of success was also significantly above the 66 deals completed in 2019 and the 63 in 2020, meaning we completed more deals than in the previous two years combined.

This increase in deal volumes is a result of the direct investment we have undertaken into our in-house leasing platform to specifically and strategically target local independent operators. Through our on the ground ties to our local communities, we have seen first hand the trend of positive growth amongst this group and have correspondingly been able to reposition space that has not previously been income producing, providing them with a physical location while also expanding our offering of essential local services.

A key focus of leasing activity in 2021 has been on remerchandising our centres to alternative community uses in line with our strategy. Highlights include new lettings to the Department for Work and Pensions for Job Centres at Blackburn and Ilford, where they have taken space in part of the former Debenhams units, as well as at Walthamstow. At Wood Green we signed a 15 year lease agreement with Whittington Health NHS Trust to open a state of the art Community Diagnostics Centre and also agreed deals for new health and beauty clinics to different independent local operators at Luton, Walthamstow and Wood Green.

We also completed a number of lettings in the 'grab and go' food space, including new units to Jamaica Blue at Ilford, Sizzle & Stone at Wood Green and Miss Millies and Subway at Walthamstow. In Wood Green, we signed deals with REEF Technology for dark kitchens and last mile logistics, further reflecting our ability to maximise the utilisation of space at our centres in new ways, and in Luton we opened a new Lidl supermarket in October 2021.

As referenced above, we have made good progress reletting the three Debenhams stores in our portfolio after they ceased trading in March 2021. At Blackburn, the Job Centre letting comprises approximately 15,000 sq ft of the space and we are exploring options to potentially upsize an existing tenant into the remainder. At Luton, furniture specialist VFM opened in October 2021 taking the entire former Debenhams unit, covering costs with a turnover top-up.

At Ilford we are in process of dividing up the unit across its three floors. The majority of the top floor space has been converted into a 22,000 sq ft Job Centre that opened in early February 2022 and we expect to sign an agreement for lease imminently with a major national retailer to relocate from elsewhere in the centre to take the middle floor.

We are also close to signing an agreement for lease with the NHS for a community healthcare centre at The Exchange, Ilford. This will be a flagship project, providing a new 20,000 sq ft purpose-built facility that is expected to open to the public in 2024.

Rental income and occupancy

	30 December 2021	30 December 2020
Occupancy (%)	**92.8**	92.1
Contracted rent (£m) – like for like	**50.9**	50.6
Passing rent (£m) – like for like	**48.2**	49.6

[1] 30 December 2020 comparatives restated to remove rent in respect of the Edmonds Parade (Hemel Hempstead) and Maidstone House (Maidstone) properties which were disposed of during the year.

Occupancy is 0.7% higher than at end of 2020 and has increased by 3.1% since 30 June 2021, with the impact of the new lettings at Blackburn, Ilford and Luton in the former Debenhams space driving approximately 2% of the improvement.

Allowing for the disposals of the Edmonds Parade (Hemel Hempstead) and Maidstone House (Maidstone) properties during the year, passing rent fell by 2.8% but contracted rent marginally increased. There is over £1 million of contracted rent that is due to convert to passing rent during the first quarter of 2022.

Operational performance

In total there were 47.7 million shopper visits across the portfolio during 2021. This was 8.5% higher than in 2020 and outperformed the national index by 5.7%, reflecting the relative strength of the convenience based and relevant offering we have been strategically building for our communities over the last number of years. Due to Government imposed lockdown measures, shopper visits in 2021 were 36% lower than 2019, driven particularly by the period up to 12 April 2021 when the pandemic restrictions were at their most stringent.

Up until 12 April 2021, the date on which non-essential retailers were able to re-open, approximately one third of leased units were open and trading and footfall was at approximately 30% of the equivalent weeks in 2019. Since then, footfall has typically fluctuated to between 70% and 80% of 2019, with the improving momentum seen in the Autumn months tempered by the outbreak of the Delta and Omicron variants towards the end of the year. Footfall in the two months to the end of February 2022 has been equivalent to approximately 76% of the corresponding weeks in 2019.

Rent Collection

Rent collection remained a significant area of focus for our team during 2021. Our retailer customers' ability to trade was impacted throughout the year by the Government enforced restrictions, especially in the first half of 2021. The Government's extension of the rent moratorium also compromised the measures that would normally be available to us as a last resort to protect our contractual positions. We therefore proactively dedicated significant resource to this effort, assembling a team from across the business to engage with and best utilise our tenant relationships at all levels. Throughout the pandemic we have worked closely with our retailers to understand the specific impact of Covid-19 on their individual businesses, seeking to come to agreements that both amicably resolve the position and appropriately share the cost of periods when retailers have been unable to operate. These agreements have typically provided some form of a modest concession to the tenant in return for settling the remainder of their rent arrears and the full amount of their service charge obligations.

In respect of the 2021 financial year, we have received or agreed formal payment plans for 93% of the rent billed. Total concessions granted in the year equate to £2.5 million before VAT, representing approximately 5% of the total rent billed. In the year end accounts we have made provisions for more than half of the remaining balance due.

Rent collection for the first quarter of 2022, including monthly invoices for January and February 2022, is running at 95%. The table below provides further detail:

	Rent collection 12m to 30 December 2021		Rent collection Q1 2022	
	£m		£m	
Rent collected	45.0	88.1%	10.1	94.7%
Payment plans	2.3	4.5%	-	-
Total	**47.3**	**92.6%**	**10.1**	**94.7%**
Outstanding	0.9	1.8%	0.5	4.9%
Bad Debt	0.3	0.7%	-	-
Rent concessions	2.5	4.9%	0.1	0.4%
Total billed	51.0	100%	10.7	100%

Amounts include VAT, amounts billed for Q1 2022 are up to end of February 2022.

Capital expenditure investment

In light of the COVID-19 pandemic and balance sheet pressures, we have prudently focused capital expenditure on those projects driving immediate income returns, or those with strategic priority.

In total £8.9 million was invested during 2021, with primary projects being the progression of the Walthamstow residential opportunity (£4.3 million); the creation of a new Lidl unit at Luton (£1.7 million in the year); car park upgrade works to support the introduction of REEF at Luton and Wood Green (£0.5 million); and £0.5 million across Blackburn and Ilford to form the new job centres out of the former Debenhams units. The rebuild of the area at Walthamstow affected by the fire in July 2019 completed in Q1 2021 and included the creation of a new mezzanine food court level.

Walthamstow residential opportunity

We are now in the final stages of clearing the remaining pre-conditions on the Walthamstow residential opportunity to facilitate the land receipt of c. £20 million payable by our residential partner, Long Harbour.

At the end of 2021 planning consent was confirmed following the expiry of the statutory Judicial Review period. The consent enables phased development of 495 high rise Build to Rent residential apartments, to be developed by Long Harbour; 43 low-rise private sale residential apartments; 47,000 sq ft of commercial floor space and a new station entrance to the Victoria Line underground station. Since the year end we have concluded terms that deliver vacant possession on all units required to unlock the development site and have commenced enabling works to relocate affected utilities and infrastructure. We have also agreed the principal form of the development agreement and headlease documentation with the local authority. We anticipate achieving full unconditionality with Long Harbour in the coming weeks, which will trigger the release of the capital payment to us and an anticipated start on site for the high rise residential construction by mid-year 2022.

Strategic residential development partnership

In September 2021 we announced that we had signed an exclusivity agreement with a subsidiary of Far East Consortium International Limited (FEC) to work together to identify and develop new residential opportunities across the Group's portfolio of shopping centres. FEC is an international real estate conglomerate that is listed in Hong Kong and active across Australia, Singapore, Hong Kong and the UK, with a strong track record in residential development.

While the primary aim of the partnership is to facilitate projects that will enhance asset value and/or generate potential land receipts for real estate in the current Capital & Regional portfolio, we have also been assessing opportunities for new projects where the collective expertise and resources of the partnership can be deployed. We are pleased with how the partnership is progressing and a number of options are currently being explored.

Snozone

Due to Government lockdown restrictions in the UK, which eased only on 12 April 2021, Snozone was unable to operate during its peak trading period of the first quarter of the year. The requirement to maintain social distancing measures, which only lifted from mid-July 2021, limited slope capacity to approximately half. Trading was further impacted by Snozone restaurants not being able to open and clothing hire not being offered during the period restrictions were in place. However, when restrictions lifted in the second half of the year we saw paying usage bounce back to around 80% of the equivalent trade for 2019, with lower levels of school, corporate and holiday camps largely accounting for the difference, especially towards the end of the year as concerns over the Omicron variant heightened.

Results for the period were supported by the receipt of a £2.5 million insurance payment under a pandemic insurance policy that the business has maintained since 2017. A negotiation and extension of the Snozone leases on its Castleford and Milton Keynes sites has reduced the annual cash payments by approximately £0.35 million.

In February 2021, Snozone took over the operations of the ski slope in the Xanadu Shopping Centre in Madrid, acquiring the operating entities for a nominal value of €2.00. The slope in Madrid has traded throughout the period, although social distancing restrictions in Spain reduced footfall by approximately half and, in similarity to the UK, corporate and school activity was much reduced.

Snozone recorded an EBITDA[1] for the year of £0.8 million (2020: loss of £1.7 million), supported by the insurance payment.

Snozone's IFRS loss of £0.3 million (2020: loss of £2.4 million) is adversely impacted relative to prior years due to the renegotiated Castleford and Milton Keynes leases which, under IFRS 16, resulted in a significantly increased depreciation and amortisation charge of £2.5 million (2020: £2.2 million; 2019: £0.3 million) despite the annual cash rent reducing. The loss for the year was mitigated, however, by a £1.4 million VAT rebate following the successful pursuit of a historic claim that delivered a favourable ruling over the treatment of revenue related to lift passes. This will have an ongoing benefit of approximately £0.25 million per annum.

Financial review

	2021	2020[2]	Change
Profitability			
Statutory Revenue	**£70.0m**	£72.7m	-3.7%
Net Rental Income[1] (NRI)	**£29.0m**	£34.1m	-15.0%
Adjusted Profit[1, 2]	**£8.1m**	£11.0m	-26.4%
Adjusted Earnings per share (Basic) [1, 2]	**6.8p**	10.2p	-34.3%
IFRS Loss	**£(26.4)m**	£(203.9)m	+£177.5m
Basic Earnings per share	**(22.0)p**	(188.8)p	+166.8p
EPRA cost ratio (excluding vacancy costs)	**47.8%**	42.6%	+5.2%
Net Administrative Expenses to Gross Rent	**27.7%**	20.2%	+7.5%
Investment returns			
Net Asset Value	**£168.4m**	£167.1m	+£1.3m
Net Asset Value (NAV) per share	**102p**	150p	-48p
EPRA NTA per share	**102p**	157p	-55p
Dividend per share	**-**	-	-
Financing[4]			
Group net debt	**£185.3m**	£345.1m	-£159.8m
Group net debt to property value	**49%**	65%	-16 pps
Average debt maturity[3]	**5.4 years**	4.4 years	+1.0 years
Cost of debt	**3.74%**	3.41%	+33 bps

[1] Adjusted Profit, Adjusted Earnings per share and Net Rental Income are as defined in the Glossary and Note 1 to the Financial Statements. A reconciliation to the statutory result is provided further below. EPRA figures and a reconciliation to EPRA EPS are shown in Note 5 to the Financial Statements.

[2] The 2020 results have been restated for a prior year adjustment of £0.7 million resulting from the treatment of Software as a Service (SaaS) configuration costs as explained in Note1 to the financial statements. Adjusted Profit has also been restated to reflect a change in the presentation of Snozone results following the adoption of IFRS16.

[3] Assuming exercise of extension options.

[4] Metrics exclude loans in respect of Hemel Hempstead and Luton following reclassification as Held for Sale (see Note 10 to the condensed financial statements.

Use of Alternative Performance Measures (APMs)

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

Alternative performance measure used	**Rationale**
Adjusted Profit	Adjusted Profit is used as it is considered by management to provide the best indication of trading profits and hence the ability of the business to fund dividend payments. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments, charges in respect of long-term incentive awards and other non-operational one-off items. Adjusted Profit includes EBITDA from Snozone (see definition further below), this is a change during the year arising from the adoption of IFRS 16 and the signing of new lease agreements on Snozone's two UK sites. We consider that the combination of these two factors mean that Snozone's statutory profit no longer alone provides a full reflection of Snozone's trading performance and hence have 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 other items where EPRA is prescriptive. Adjusted Earnings per share is Adjusted Profit divided by the weighted average number of shares in issue during the year excluding own shares held. A reconciliation of Adjusted Profit to the equivalent EPRA and statutory measures is provided in Note 5 to the condensed financial statements.
Like-for-like amounts	Like-for-like amounts are presented as they measure operating performance adjusted to remove the impact of properties that were only owned for part of the relevant periods. For the purposes of comparison of capital values, this will also include assets owned at the previous period end but not necessarily throughout the prior period. In the current year like-for-like comparisons have been used to adjust for the impact of the disposals of the Edmonds Parade and Maidstone House properties within the Hemel Hempstead and Maidstone shopping centre assets that were completed in June 2021 and December 2021 respectively.
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 (change in 2021)	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 2 to the financial statements.

Reporting Segments

In its Interim Results for the six months ended 30 June 2021, the Group made a change to its reportable segments reflecting the position of its shopping centre investments and mirroring how information is being reported to the Board. As a result, it split out what was previously referred to as Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. Shopping Centres – Investment Assets incorporates the centres at Ilford and within The Mall loan facility, namely Blackburn, Maidstone, Walthamstow and Wood Green. These represent the asset pools where the Group retains net equity and is focused on long term solutions for the loan positions potentially involving the investment of further capital.

Shopping Centres – Managed Assets incorporates Hemel Hempstead and Luton where the current loan balances in the non-recourse SPV structures exceed the respective property values and therefore the Group has negative equity and the substance of the Group's involvement is as a Manager. This split has been reflected in the presentation of the results at the year end with the prior year comparatives amended on the same basis.

Reclassification as assets and liabilities held for sale

As at 30 December 2021 the Group concluded that the two assets which were reclassified as 'Managed Assets' within the Group's half year results at 30 June 2021, Hemel Hempstead and Luton, met the criteria to be reclassified as 'Held for Sale'. This conclusion was reached as the Group, following close dialogue with the respective lenders of the vehicles, had decided to seek to dispose of whole or part of the investments or assets as at that date. While no transaction has been agreed as at the time of results, it is viewed as highly probable that it will be concluded within 12 months of the balance sheet date.

In the Group's accounts this has resulted in all assets and liabilities associated with the respective investments being reclassified to separate lines of 'Assets classified as held for sale' and 'Liabilities classified as held for sale'. The reclassification has been measured at the lower of expected net sale proceeds and current carrying value. Given each of the investments is in a net liability position and that the Group would not expect to realise any proceeds from a disposal (nor be obligated to clear the net liabilities) the reclassification has been made at their fair values being the same as the year end carrying value.

The following are the amounts in the year end balance sheet:

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

For the financial year ended 30 December 2022, any income, costs and changes to asset and liabilities in respect of Hemel Hempstead and Luton until they are disposed of will be reflected as movements within the categories of Assets and Liabilities held for sale. Any Asset Management fees received from the two investment vehicles, which have previously been eliminated on consolidation, will be shown as external fees. We will exclude the results of Hemel Hempstead and Luton, except for Management fees, within our Adjusted Profit metric for the year ended 30 December 2022.

Profitability

Components of Adjusted Profit and reconciliation to IFRS Profit

Amounts in £m	**Year to December 2021**	Year to December 2020[2]
Shopping Centres – Investment Assets: Net Rental Income	21.5	20.2
Shopping Centres – Investment Assets: Interest payable	(10.8)	(11.4)
Shopping Centres – Investment Assets: Contribution	10.7	8.8
Shopping Centres – Managed Assets: Contribution[3]	2.1	8.3
Snozone EBITDA (indoor ski operation) profit/(loss)	0.8	(1.7)
Central Interest net of investment income	(0.2)	0.1
External management fees	2.4	2.3
Central operating costs	(6.8)	(7.0)
Variable overhead	(0.9)	-
Current Year Tax credit	-	0.2
Adjusted Profit	8.1	11.0
Adjusted Earnings per share (pence)[2]	6.7p	10.2p
Reconciliation of Adjusted Profit to statutory result		
Adjusted Profit	**8.1**	**11.0**
Property revaluation	(49.2)	(208.3)
(Loss)/Profit on disposal	(2.5)	0.4
Snozone depreciation and amortisation	(2.5)	(2.2)
Snozone notional interest (net of rent expense within EBITDA)	0.5	1.5
Gain/(loss) on financial instruments	5.9	(5.0)
Corporation Tax charge in lieu of dividends	(3.1)	-
VAT rebate within Snozone	1.4	-
Long Term incentives	(0.9)	(0.4)
Gain on discounted loan purchase (net of costs)	18.4	-
Other items (including transaction costs)	(2.5)	(0.9)
Loss for the period	(26.4)	(203.9)

[1] EPRA figures and a reconciliation to EPRA EPS are shown in Note 5 to the Financial Statements.
[2] The 2020 results have been restated for a prior year adjustment of £0.5 million resulting from the treatment of Software as a Service (SaaS) configuration costs as explained in Note1 to the financial statements. Adjusted Profit has also been restated to reflect a change in the presentation of Snozone results following the adoption of IFRS16.
[2] The 2020 results reflect the £4.0 million benefit of surrender premiums received.

Adjusted Profit – 30 December 2021: £8.1 million (30 December 2020: £11.0 million)

Shopping Centres – Investment Assets: Net Rental Income was £21.5 million compared to £20.2 million in 2020 driven by lower bad debt charge net of rent concessions of approximately £1.3 million. Interest payable reduced reflecting the reduction in debt following the restructuring of The Mall loan that completed in November 2021.

Shopping Centres – Managed Assets: Contribution fell from £7.8 million to £2.1 million primarily as a result of the 2020 numbers including a £4.0 million benefit from a surrender premium in respect of a major unit in Luton.

Snozone EBITDA was £0.8 million compared to a £1.7 million loss in 2021. Snozone was unable to trade in the UK until the 12 April 2021 and social distancing requirements impacted services thereafter, although results were supported by the benefit of a £2.5 million pandemic insurance payment.

Central operating costs fell from £7.0 million to £6.8 million reflecting efficiency improvements to the central cost structure. Variable overheads include bonuses which were not paid in 2020.

Adjusted Earnings per Share for the period were 6.8 pence (30 December 2020: 10.2 pence) reflecting the fall in Adjusted Profit and the higher number of shares for part of the year following the equity raise completed in November 2021.

IFRS loss for the period – 30 December 2021: £26.0 million (30 December 2020: Loss of £204.1 million)

The key elements driving the overall loss for the period of £26.0 million outside of Adjusted Profit were:

- Property revaluation loss of £49.2 million (2020 - £208.3 million). The rate of decline in property valuations slowed in the first half of the year relative to 2020. Valuations were then broadly stable in the second half of 2021 as detailed in the Property Portfolio Valuation section below.
- The loss on disposal of £2.5 million (2020 – profit of £0.4 million) relates to the difference between the sale prices of the Edmonds Parade and Maidstone House offices assets and the valuation at the start of the period.
- The gain on financial instruments of £5.9 million (2020 – loss of £5.0 million) is a result of the revaluation of interest rate swaps reflecting movements in future interest rate expectations.
- A £3.1 million Corporation Tax charge arising from the Company having not met the minimum PID distribution requirements following the suspension of the dividend since June 2020.
- A receipt of £1.4 million in Snozone following a favourable ruling over the VAT treatment of revenue related to lift passes.
- The £18.4 million gain (after costs) on the discounted loan purchase arose from acquiring £100 million of debt in respect of the Group's Mall loan facility for a discounted amount of £81 million.

Dividends

No interim dividend was paid in 2021 (2020: nil).

Mindful of having recently raised new equity and to help reduce debt levels and maximise cash flexibility, the Group has taken the decision not to declare a final dividend. It is the Company's intention to resume paying dividends from the second half of the financial year ending 2022 in line with its previous dividend policy which was to distribute on a semi-annual basis (in the approximate proportions of 45 / 55 and in that order in respect of each financial year) not less than approximately 90 per cent of the Company's EPRA earnings.

A UK REIT is expected to pay dividends (PIDs) of at least 90 per cent of its taxable profits from its UK property rental business by the first anniversary of each accounting date. As a consequence of not having paid a dividend since the final dividend for the year ending 30 December 2019, which was paid in June 2020, the Group did not meet the minimum PID distribution requirement for 2019 or 2020. The Group had agreed with HMRC a 12 month extension to the 2019 deadline until the end of 2021 but having not paid a dividend during 2021 the Group paid £2.5 million in December 2021 to settle the tax outstanding on the estimated shortfall of approximately £13 million in respect of the 2019 and 2020 financial years. This brings the Group effectively up to date in its REIT compliance.

At 30 December 2021 the Company does not have sufficient distributable reserves to declare a dividend. The Company plans to undertake a capital reduction exercise for which it will seek shareholder approval at the 2022 AGM in order to create sufficient distributable reserves.

Balance Sheet

Property portfolio valuation

Property at independent valuation	**30 December 2021**			30 December 2020		
	£m	NIY %	NEY %	£m	NIY %	NEY %
Blackburn	38.2	12.10%	13.24%	40.6	13.17%	12.23%
Maidstone	36.2	10.44%	11.22%	46.0	10.67%	10.75%
Walthamstow	100.4	5.84%	6.55%	106.6	5.17%	6.15%
Wood Green	148.9	7.33%	6.88%	158.0	6.71%	6.43%
Ilford	56.4	5.86%	7.99%	60.0	5.30%	7.49%
Investment Assets	**380.1**	**7.78%**	**8.64%**	411.2	7.28%	7.99%
Luton	82.5	11.00%	11.05%	92.5	9.8%	9.50%
Hemel Hempstead	10.5	12.49%	18.20%	23.3	10.00%	12.69%
Managed Assets	**93.0**	**10.66%**	**12.63%**	115.8	9.80%	10.65%

The valuation of the Investment Assets portfolio was £380.1 million at 30 December 2021. Adjusting for the sale of the Maidstone House office block for £7.1 million that completed in December 2021 this represented a decrease of 5.7% from 30 December 2020. Having suffered a decline of 6.4% in the first half of 2021 valuations stabilised from 30 June 2021 with the second half of the year seeing a 0.8% improvement on a like-for-like basis.

The valuation of the Group's Managed Assets fell from £115.8 million at 30 December 2020 to £93.0 million at 30 December 2021, a fall of 15.8% adjusting for the sale of the Edmonds Parade block within Hemel Hempstead that completed for £4.65 million in June 2021.

Mall debt restructuring and equity raise

On 12 November 2021 the Group completed a restructuring of its Mall loan facility.

The Mall Facility had comprised of a £265 million debt facility with RBS and TIAA secured over the Four Mall Assets, being the Mall Blackburn, the Mall Maidstone, the Mall Wood Green and the Mall Walthamstow. TIAA previously held a balance of £165 million and RBS a balance of £100 million. Under the restructuring, the Group acquired the £100 million of debt outstanding with RBS for a principal amount of £81 million, representing a discount of £19 million.

This was funded through a combination of:

- TIAA agreeing to acquire from the Group £35 million of the RBS Debt acquired for £35 million, increasing its lending in the facility to £200 million;
- An equity raise of £30.0 million (before costs) that completed on 5 November 2021; and
- Existing cash resources of £16 million.

In effect this meant the Group acquired £65 million of debt for £46 million hence an effective discount of c 29%. The transaction resulted in a one-off gain of £18.4 million, being the benefit of the discount less directly associated costs.

Net Asset Value

Over the year Net Asset Value increased from £167.1 million to £168.4 million due to the impact of the new £27.1 million of equity raised (net of costs) and the overall loss for the year of £26.4 million. On a per share basis Basic NAV per share and EPRA NTA per share were each 102p, representing declines of 48p and 55p respectively due to the dilutive impact of the enlarged share base (December 2020: 150p and 157p respectively).

Financing

The Group has taken critical action during the year to bring down debt levels by refocusing the portfolio, completing the restructuring of its largest debt facility and raising £30 million of new equity. In combination this has resulted in Net Loan to Value reducing to 49% at the year end from 65% at 30 December 2020 and 72% at 30 June 2021.

Excluding Hemel Hempstead and Luton, where all assets and liabilities have been reclassified as 'Held for Sale' at the year end (as detailed above), the Group has two non-recourse asset secured loan facilities being The Mall and Ilford as detailed in the table below.

	Debt[1]	Cash[2]	**Net debt**	Loan to value [3]	Net debt to value[3]	Average interest rate	Fixed	Duration to loan expiry	Duration with extensions
30 December 2021	**£m**	£m	**£m**	%	%	%	%	Years	Years
The Mall	**200.0**[4]	(17.2)[4]	**182.8**	62%	56%	3.93	82.5	5.1	6.1
Ilford	**39.0**	(4.0)	**35.0**	69%	62%	2.76	100	2.2	2.2
Central Cash	**-**	(32.5)	**(32.5)**	-	-	n/a	n/a	n/a	n/a
On balance sheet debt	**239.0**	(53.7)	**185.3**	63%	49%	3.74	85	4.6	5.4

[1] Excluding unamortised issue costs.
[2] Excluding cash beneficially owned by tenants.
[3] Debt and net debt divided by investment property at valuation.
[4] On 11 January 2022 £7.1 million of cash, being the proceeds from the Maidstone House office sale, was applied to reduce the debt outstanding.

The Mall

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

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

The two facilities mature in January 2027 but have one year conditional extension options. Facility B, which was drawn to assist with funding the acquisition of the previous RBS facility, has no early repayment penalties. The loan was reduced by £7.1 million to £27.9 million on 11 January 2022 using the proceeds from the Maidstone House disposal that were received in late December 2021.

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

Ilford

The Group has a £39 million facility secured on the Ilford Exchange shopping centre with Dekabank Deutsche Girozentrale. The loan is fixed at an all-in rate of 2.76% and is due to mature in March 2024.

The Group has an existing covenant waiver that expires in April 2022. Discussions are well advanced with the lender to agree a longer-term modification of the covenants, covering at least the next 18 months, linked to funding the major asset management initiatives at the asset, being the planned medical centre and the re-letting of the Debenhams anchor unit.

Going Concern

Under the UK Corporate Governance Code and IAS 1 - Presentation of Financial Statements, 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 specifically the impact on the business of the significant disruption arising from Covid-19 as well as the acceleration of the structural trends that were already under way in the retail industry.

At 30 December 2021 the Group had total cash at bank on balance sheet of £53.7 million, which is equivalent to more than the Group's annual Contracted Rent. This excludes cash held within the Hemel Hempstead and Luton structures which has been reclassified as assets held for sale. Of the £53.7 million there was £31.6 million was held centrally and free of any restrictions. This provides a significant cash contingency to cover any disruption to operations for an extended period of time.

As part of the restructure of The Mall debt facility that completed in November 2021, the lender provided covenant waivers that run until November 2023 and modifications to cash trap provisions that run until May 2023. The completion of The Mall debt restructuring and equity raise has addressed the concerns that led the Directors to conclude that there was a material uncertainty over Going Concern at the time it published its half year results in September 2021.

On the Ilford facility, as noted the Group is in advanced discussions to agree a package of waivers and covenant relaxation to cover at least the next 18 months, linked to supporting the funding of major asset management initiatives at the asset through central cash. The Mall loan facility matures in January 2027, while Ilford matures in March 2024.

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

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection by 5%, reduced car park and ancillary income by 10% and removed any contribution from Snozone to reflect how a downturn in expected trading, such as might be caused by a further wave of Government restrictions, could impact cashflows. The Group's analysis projects that the central cash maintained provides sufficient funds to cover the potential operational disruption. The Group has also considered what would happen in what it views as the unlikely event, that agreements to extend covenant waivers and/or relaxation on its Ilford facility are not reached. In such a position the Group could, in the event the covenants are not compliant, be faced with a decision whether to cure the facility or risk the loan defaulting. The Group anticipates making capital investment into Ilford over the next two years that is in excess of income generated and hence from a Going Concern perspective in a scenario where the loan defaulted Group central cash would increase versus the Group's base case projections.

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

Having due regard to all of the above matters and after making appropriate enquiries including considerations of the impact of Covid-19 and sensitivities, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the Going Concern basis in preparing the financial statements.

Viability Statement

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

The Board conducted this review for a two-year period to December 2023. Two years has been selected at this year end given the continuing uncertainty that the business is currently facing driven primarily by the impact of Covid-19 and the ongoing longer term structural changes within the retail sector.

The two year period is covered by the Group's annual budget and business planning process. It includes sensitivity analysis to consider adverse scenarios, that could be caused by the principal risks and uncertainties outlined in the Managing Risk section below. This incorporated the impact on cash and covenant compliance of further significant falls in property valuations or property income. None of the facilities in respect of the Group's Investment Assets are scheduled to mature during the period.

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 2023.

South African secondary listing

The Company maintains a primary listing on the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE) in South Africa. At 30 December 2021, 7,690,574 of the Company's shares were held on the JSE share register, representing 4.7% of the total shares in issue.

Stuart Wetherly
Group Finance Director

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 2021 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 2021.

Principal risks at 30 December 2021
Overall, the principal risks broadly remain unchanged at 30 December 2021, but the pervasive and ongoing impact of the pandemic has increased the significance and likelihood of further Economic Environment risk due to macroeconomic factors, particularly with regards to rising inflation, income tax and energy market volatility. The potential significance of People & Skills risk is viewed to have increased reflecting the growing strain on the retail sector and changing priorities of the UK workforce. Responsible Business risk had been renamed as Environmental, Social & Governance risk to align with the shift in focus of the ESG Committee. We consider the potential significance has increased reflecting the growing focus on environmental matters and reporting. The potential significance and likelihood of Treasury and Business Disruption risk, while remaining high risks, were both considered to have reduced relative to their June 2021 position reflecting the recent restructuring of the Mall debt facility, reducing Group LTV, and the operating platform that has been established to mitigate major incidents, in response to Covid-19. Investment Market risk, although remaining a higher significance, has been viewed to have reduced in likelihood to reflect the signs of stabilisation of the portfolio's asset values.

Potential emerging risks have also been considered, including the effects of climate change on our operations and supply chain and the impact of mandatory TCFD Disclosures on regulatory reporting. This has led to pulling out Climate-related risk as its own individual principal risk. Covid-19 remains a potential risk and sits within our Business Disruption from a Major Incident risk.

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 increased weakened economic environment and poor sentiment in commercial and/or retail real estate markets has led to low transactional evidence across the industry with reduced investor confidence and the gradual decline in valuations. 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 we risk of breaching loan covenants with our lenders. This could result in the default of facilities and should we not be able to cure these, we run the risk of security being enforced. Highly volatile trading environments have the potential to increase the speculation on Property valuations and are open to a wider range of possible outcomes.	Regularly monitoring market direction, comparable property valuations in the market and recent transactions. Adequate and timely forward planning of investment decisions. We engage multiple experienced, external valuers who understand the specific properties and whose output is reviewed and challenged by internal specialists. Regular reviews and consideration of strategies to reduce debt levels, if appropriate.
2. Impact of the economic environment		
The Group is sensitive to tenant insolvency and distress, which can have increased pressure on rent levels. There is also risk of prolonged low tenant demand for space. Impact of Covid-19 has had a negative effect on general retail sales increasing risk of administrations and insolvencies. 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.

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. Options of asset sales and assessing the cost of breaking debt is considered before undertaking property transactions. All the Groups facilities are non-recourse and outside of SPV structures.
4. Tax & regulatory risks		
Exposure to non-compliance with the REIT regime and changes in the form or interpretation of tax legislation. Potential exposure to wider changes in tax legislation and potential tax liabilities in respect of historic transactions undertaken. Exposure to changes in existing or forthcoming property or corporate regulation.	Tax related liabilities and other losses could arise causing significant financial loss. Failure to comply with tax or regulatory requirements could result in loss of REIT status, financial penalties, loss of business or reputational damage.	Constantly monitoring the Group's REIT compliance and consideration of the effects of major decisions on REIT status. Expert advice is taken on tax positions and checks conducted on any unusual matters that may arise. Maintaining regular dialogue with the tax authorities and business groups. Actively keep key staff up to date with regulation and ensure necessary policies and procedures are in place. Expert advice taken on complex regulatory matters.
5. People & Skills		
As a small business, there is a relatively small number of key individuals whose skills are depended on to operate the business effectively. Retaining these individuals cannot be guaranteed. The attraction of new talent to the business with the right expertise cannot be guaranteed.	The loss of key individuals or an inability to attract new employees with the appropriate expertise could compromise the business's ability to operate efficiently.	Paying current and new employees market salaries and offering competitive incentive packages, including the use of incentive plans. Promoting positive working environments and culture in line with staff expectations. Effectively maintaining a Succession plan for key positions and departments.

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

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

10. IT & Cybersecurity		
Failure of, or, as a result of malicious attack on, the Group's information technology hardware and software systems. Failure to continually keep up with best practice and invest in new technology.	Loss of operating capacity, business time or reputational damage. Data breaches resulting in reputational damage, fines or regulatory penalties.	IT Security Governance Policy in place aligned with ISO27001 Ongoing investment in technology infrastructure with key IT applications hosted offsite. Systems in place to prevent and react to malicious attack. Regular penetration testing carried out by a specialist security company Cyber Essentials Plus certified Information security training programmes in place to regularly upskill all employees. A strong password policy is in place to keep employees safe. Maintenance of a disaster recovery site in the event of critical systems failures. Insurance for all IT hardware and software is maintained at all times.
11. Climate-related		
In light of the introduction of TCFD Disclosure requirements, the impact of climate change has become a Board level issue. As a result of COP26, the world stage is focussed on combatting climate change and businesses that fall behind on their efforts to mitigate their effect on the climate run the risk of becoming non-investable.	The Group's failure to act on environmental issues could lead to reputational damage, deterioration in customer and community relationships, or limit investment opportunities. Climate-related risks extend to the global supply chain, business disruption from extreme weather events. Failure to comply with regulations could result in financial exposure.	Environmental policy in place and consistent with ISO14001. Management of and compliance with the Carbon Reduction Commitment and compliance with the Carbon Trust. Engaged with external agency, JLL, to assist with setting out framework to assess climate related risks. Separate risk matrix to be created specifically on climate-related risks that will feed 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 Executive Insurance review meetings with insurance brokers Ensuring sites are compliant with COVID-Secure requirements.

Unaudited preliminary consolidated income statement
For the year to 30 December 2021

	Note	2021 £m	2020 Restated[1] £m
Revenue	3	**70.0**	72.7
Other income	3	**2.5**	-
Expected credit loss		**(4.9)**	(7.3)
Cost of sales		**(33.3)**	(27.9)
Gross profit		**34.3**	37.5
Administrative costs		**(12.7)**	(12.5)
Loss on revaluation of investment properties	6a	**(49.2)**	(208.3)
Other gains and losses		**14.0**	1.6
Loss on ordinary activities before financing		**(13.6)**	(181.7)
Finance income		**7.6**	0.4
Finance costs		**(17.3)**	(22.8)
Loss before tax		**(23.3)**	(204.1)
Tax	4a	**(3.1)**	0.2
Loss for the year	2a	**(26.4)**	(203.9)

All results derive from continuing operations.

Basic earnings per share	5a	**(22.0)p**	(188.8)p
Diluted earnings per share	5a	**(22.0)p**	(188.8)p
EPRA basic earnings per share	5a	**2.9p**	9.2p
EPRA diluted earnings per share	5a	**2.9p**	9.2p

Unaudited preliminary consolidated statement of comprehensive income
For the year to 30 December 2021

	2021 £m	2020 Restated[1] £m
Loss for the year	**(26.4)**	(203.9)
Other comprehensive income	**-**	-
Total comprehensive expense for the year	**(26.4)**	(203.9)

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

The EPRA alternative performance measures used throughout this report are industry best practice performance measures established by the European Public Real Estate Association (EPRA). They are defined in the Glossary to the Financial Statements. EPRA Earnings and EPRA EPS are shown in Note 5 to the Financial Statements. EPRA net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV) are shown in Note 13 to the Financial Statements. We consider EPRA NTA to be the most relevant measure for our business.

[1] 2020 results have been restated for a prior year adjustment of £0.5 million to the treatment of Software as a Service (SaaS) configuration costs as explained in Note1.

Unaudited preliminary consolidated balance sheet
At 30 December 2021

	Note	2021 £m	2020 Restated[1] £m
Non-current assets			
Investment properties	6	**374.8**	536.1
Plant and equipment		**1.7**	1.8
Right of use assets	7	**24.5**	12.2
Fixed asset investments		**0.1**	0.9
Receivables	8	**10.0**	14.2
Total non-current assets		**411.1**	565.2
Current assets			
Receivables	8	**20.0**	21.3
Cash and cash equivalents	9	**58.5**	84.1
Assets classified as held for sale	10	**146.4**	-
Total current assets		**224.9**	105.4
Total assets	2b	**636.0**	670.6
Current liabilities			
Trade and other payables		**(29.3)**	(30.9)
Current tax		**(1.1)**	-
Lease liabilities		**(2.8)**	-
Liabilities directly associated with assets classified as held for sale	10	**(165.8)**	-
Total current liabilities		**(199.0)**	(30.9)
Net current assets		**25.9**	74.5
Non-current liabilities			
Bank loans	11a	**(238.2)**	(423.9)
Other payables		**(0.3)**	(0.2)
Derivatives		**-**	(8.9)
Lease liabilities		**(30.1)**	(39.6)
Total non-current liabilities		**(268.6)**	(472.6)
Total liabilities	2b	**(467.6)**	(503.5)
Net assets		**168.4**	167.1
Equity			
Share capital		**16.5**	11.2
Share premium		**266.1**	244.3
Merger reserve		**60.3**	60.3
Capital redemption reserve		**4.4**	4.4
Own shares reserve		**-**	-
Retained earnings		**(178.9)**	(153.1)
Equity shareholders' funds		**168.4**	167.1
Basic net assets per share		**101.8p**	149.5p
EPRA net reinstatement value per share	13	**101.6p**	157.0p
EPRA net tangible assets per share	13	**101.6p**	157.0p
EPRA net disposal value per share	13	**101.0p**	138.8p

[1] 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note1.

Unaudited preliminary consolidated statement of changes in equity
For the year to 30 December 2021

	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 2019[4]	**10.4**	**238.0**	**60.3**	**4.4**	**-**	**61.8**	**374.9**
Loss for the year[4]	-	-	-	-	-	(203.9)	(203.9)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive expense for the year[4]	-	-	-	-	**-**	**(203.9)**	**(203.9)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.4	0.4
Dividends paid, net of scrip	-	-	-	-	-	(4.3)	(4.3)
Shares issued, net of costs	0.8	6.3	-	-	-	(7.1)	-
Balance at 30 December 2020[4]	**11.2**	**244.3**	**60.3**	**4.4**	**-**	**(153.1)**	**167.1**
Loss for the year	-	-	-	-	-	(26.4)	(26.4)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	-	**-**	**(26.4)**	**(26.4)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.6	0.6
Shares issued, net of costs	5.3	21.8	-	-	-	-	27.1
Balance at 30 December 2021	**16.5**	**266.1**	**60.3**	**4.4**	**-**	**(178.9)**	**168.4**

Notes:

1 These reserves are not distributable.

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

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

4 2020 results and opening equity have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note 1.

Unaudited preliminary consolidated cash flow statement

For the year to 30 December 2021

	Note	**2021** **£m**	2020 £m
Operating activities			
Net cash from operations	12	**25.1**	17.9
Distributions received from fixed asset investments		**0.7**	1.5
Interest paid		**(14.4)**	(14.3)
Interest received		**-**	0.2
Income tax paid		**(2.5)**	-
Cash flows from operating activities		**8.9**	5.3
Investing activities			
Disposal of investment properties	6	**11.3**	4.9
Purchase of plant and equipment		**(0.4)**	(0.8)
Capital expenditure on investment properties		**(8.3)**	(15.6)
Cash flows from investing activities		**2.6**	(11.5)
Financing activities			
Dividends paid (net of scrip) including withholding tax		**-**	(4.2)
Bank loans drawn down		**35.0**	-
Bank loans repaid		**(84.9)**	-
Derivatives settled		**(0.2)**	-
Loan arrangement costs		**(0.7)**	-
Issue of ordinary shares (net of costs)		**27.1**	-
Fixed payments under head leases		**(1.4)**	(1.4)
Cash flows from financing activities		**(25.1)**	(5.6)
Net decrease in cash and cash equivalents		**(13.6)**	(11.8)
Cash and cash equivalents at the beginning of the year		**84.1**	95.6
Cash and cash equivalents at the end of the year	9	**70.5**	84.1
Assets classified as held for sale		**(12.0)**	-
Cash and cash equivalents excluding assets classified as held for sale		**58.5**	84.1

Notes to the unaudited preliminary financial statements

For the year to 30 December 2021

1 Significant Accounting Policies

General information

Capital & Regional plc is a public company limited by shares domiciled and incorporated in England, United Kingdom under the Companies Act 2006. The financial information set out in this announcement does not constitute the Company's statutory financial statements for the years ended 30 December 2021 or 2020. The financial information for the year ended 30 December 2020 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 30 December 2021 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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

Basis of accounting

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

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in April 2022.

Accounting developments and changes

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

In April 2021 the IFRS Interpretations Committee published a decision which addressed how a customer should account for their costs configuring or customising software that is utilised through a Software as a Service (SaaS) agreement that is determined to be a service contract. They concluded that:

- Where the configuration and customisation costs do not result in an intangible asset of the customer, the customer should recognise the costs as an expense when the configuration or customisation services are received. If the customer pays the supplier before receiving those services, the prepayment should be recognised as an asset.

- If the configuration or customisation services are performed by the supplier of the application software (or its agent) and the services received are not distinct from the right to receive access to the supplier's application software, then the customer should recognise the costs as an expense over the term of the SaaS arrangement.

- In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset. This may be the case if the arrangement results, for example, in additional code from which the customer has the power to obtain the future economic benefits and to restrict others' access to those benefits. In this case the customer should recognise an intangible asset if the additional code is "identifiable" and meets the recognition criteria in IAS 38 Intangible Assets.

In adopting the above treatment the Group has restated the 2020 results for a prior year adjustment of £0.5m. 2020 Opening equity has been restated by £0.2m.

The following table summarises the impact of the change in policy on the financial statements of the Group. There is no impact of the change in policy on both basic and diluted earnings per share.

	30/12/2020
Consolidated income statement	
Administrative costs	0.5
Decrease in profit for the financial year	**(0.5)**
Consolidated balance sheet	
Plant and equipment	(0.7)
Decrease in net assets	(0.7)
Consolidated statement of changes in equity	
2020 opening retained earnings	(0.2)

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

Negative goodwill arising from the purchase of Snowzone Madrid has been recognised in the period. This has been credited to the income statement in administrative expenses. Further details can be obtained from note 15.

Impact of the initial application of Interest Rate Benchmark Reform amendments

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

The amendments are relevant for the Group's LIBOR linked borrowings and interest rate swap derivatives.

As a result of the Phase 2 amendments:

- when the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.
- when changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship

New and revised standards issued but not yet effective

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

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

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

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 specifically the impact on the business of the significant disruption arising from Covid-19 as well as the acceleration of the structural trends that were already under way in the retail industry.

At 30 December 2021 the Group had total cash at bank on balance sheet of £53.7 million, which is equivalent to more than the Group's annual Contracted Rent. This excludes cash held within the Hemel Hempstead and Luton structures which has been reclassified as assets held for sale. Of the £53.7 million more than £30 million was held centrally and free of any restrictions. This provides a significant cash contingency to cover any disruption to operations for an extended period of time.

The Group completed a £30 million Capital Raise and £100 million restructuring of The Mall debt facility in November 2021. As part of the restructure of The Mall debt facility the lender provided covenant waivers that run until November 2023 and modifications to cash trap provisions that run until May 2023. On the Ilford facility the Group is in advanced discussions to agree a package of waivers and covenant relaxation to cover at least the next 18 months, linked to supporting the funding of major asset management initiatives at the asset through central cash. The Mall loan facility matures in January 2027, while Ilford matures in March 2024.

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

In making its assessment of Going Concern, the Group has run updated forecasts on both a base case and downside basis. In the latter, the Group has sensitised rent collection, car park and ancillary income and Snozone revenue to reflect how a downturn in expected trading, such as might be caused by a further wave of government restrictions, could impact cashflows. The Group's analysis projects that the central cash maintained provides sufficient funds to cover the potential operational disruption.

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

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

Having due regard to all of the above matters and after making appropriate enquiries including considerations of the impact of Covid-19 and sensitivities, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the Going Concern basis in preparing the financial statements.

Operating segments

The Group's has made a change to its reportable segments for this period reflecting the position of its shopping centre investments. The Group has split out what was previously called Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. This reflects the fact that management consider these groups separately in operating decisions. Shopping Centres – Investment Assets incorporating the centres at Ilford and within The Mall loan facility, namely Blackburn, Maidstone, Walthamstow and Wood Green. These represent the asset pools where the Group retains net equity and is focused on long term solutions for the loan positions potentially involving the investment of further capital in some shape or form. Shopping Centres – Managed Assets incorporates Hemel Hempstead and Luton where the current debt values in the non-recourse SPV structures exceed the respective property value and therefore the Group has negative equity. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, is insufficient. In agreement with and at the request of the various lenders, the Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders. As at 30 December 2021 the Group concluded that the two 'Managed Assets', Hemel Hempstead and Luton, met the criteria to be reclassified as 'Held for Sale'. Further detail is disclosed in note 10.

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

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

Adjusted Profit

Adjusted Profit is the total of Contribution from wholly-owned assets, EBITDA from Snozone and property management fees less central costs (including interest, excluding non-cash charges in respect of share-based payments) after tax. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments and adjusting one-off items. Results from Discontinued Operations are included 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.

2a Operating segments

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

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

2a Operating segments (continued)

Year to 30 December 2020	Note	Shopping Centres - Investment Assets Restated £m	Shopping Centres – Managed Assets[3] Restated £m	Snozone[4] Restated £m	Group/ Central Restated[4] £m	**Total[4] £m**
Rental income from external sources	3b	36.0	19.6	-	-	**55.6**
Property and void costs[1]		(15.8)	(5.7)	-	-	**(21.5)**
Net rental income		20.2	13.9	-	-	**34.1**
Net interest expense		(11.4)	(5.6)	-	-	**(17.0)**
Snozone income/Management fees[2]	3b	-	-	4.6	2.3	**6.9**
Management expenses		-	-	(6.3)	(6.5)	**(12.8)**
Investment income		-	-	-	0.1	**0.1**
Depreciation		-	-	-	(0.5)	**(0.5)**
Current Tax		-	-	-	0.2	**0.2**
Adjusted Profit/(loss)		8.8	8.3	(1.7)	(4.4)	**11.0**
Revaluation of properties		(137.6)	(70.7)	-	-	**(208.3)**
Profit on disposal		0.4	-	-	-	**0.4**
Snozone depreciation and amortisation		-	-	(2.2)	-	**(2.2)**
Notional interest (Net of rent expense within EBITDA)		-	-	1.5	-	**1.5**
Loss on financial instruments		(2.8)	(2.2)	-	-	**(5.0)**
Long-term incentives		-	-	-	(0.4)	**(0.4)**
Other items		-	-	-	(0.9)	**(0.9)**
Loss		(131.2)	(64.6)	(2.4)	(5.7)	**(203.9)**
Total assets	3b	440.4	150.5	14.3	65.4	**670.6**
Total liabilities	3b	(329.4)	(153.5)	(16.0)	(4.6)	**(503.5)**
Net assets/(liabilities)		111.0	(3.0)	(1.7)	60.8	**167.1**

[1]Includes expected credit loss.
[2] Asset management fees of £3.6 million charged from the Group's Capital & Regional Property Management entity to wholly owned assets have been excluded from the table above.
[3] Includes the benefit of £4 million of surrender premiums received during the period.
[4] 2020 results have been restated for a prior year adjustment in respect of the treatment of SaaS configuration costs as explained in Note1. 2020 results have also been restated to reflect Snozone Leisure EBITDA performance measure and to eliminate intercompany interest amounts from net interest expense.

2b Reconciliations of reportable revenue, assets and liabilities

Revenue and other income	Note	**Year to 30 December 2021 £m**	Year to 30 December 2020 £m
Rental income from external sources	2a	**49.7**	55.6
Service charge income		**12.7**	11.7
Management fees	2a	**2.4**	2.3
Snozone income	2a	**6.8**	4.6
Other income (Snozone business continuity insurance receipt)	2a	**2.5**	-
Revenue for reportable segments		**74.1**	74.2
Elimination of inter-segment revenue		**(1.6)**	(1.5)
Revenue and other income per consolidated income statement	3	**72.5**	72.7
Revenue and other income by country			
UK		**70.4**	72.7
Spain		**2.1**	-
Revenue and other income per consolidated income statement		**72.5**	72.7

	Note	**2021 £m**	**2020[1] £m**
Assets			
Investment assets		425.6	440.4
Managed assets	10	146.4	150.5
Snozone		29.0	14.3
Group/Central		35.0	65.4
Total assets of reportable segments and Group assets	2a	636.0	670.6
Liabilities			
Investment assets		(267.9)	(329.4)
Managed assets	10	(165.8)	(153.5)
Snozone		(31.2)	(16.0)
Group/Central		(2.7)	(4.6)
Total liabilities of reportable segments and Group liabilities	2a	(467.6)	(503.5)
Net assets by country			
UK		**167.8**	166.2
Spain		**0.6**	-
Germany		**-**	0.9
Group net assets		**168.4**	167.1

[1] 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note1.

3 Revenue

	Note	**Year to 30 December 2021 £m**	Year to 30 December 2020 £m
Gross rental income		**41.1**	43.5
Car Park and ancillary income		**8.1**	7.4
Lease surrender premiums received		**0.5**	4.7
Income from external sources	2a	**49.7**	55.6
Service charge income	2b	**12.7**	11.7
External management fees		**0.8**	0.8
Snozone income[1]	2a	**9.3**	4.6
Other income[1]	2a	**2.5**	-
Revenue and other income per consolidated income statement	2b	**72.5**	72.7

[1] Other income includes £2.5m insurance proceeds in Snozone and Snozone income includes £1.4m VAT rebate received from HMRC.

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

4 Tax

4a Tax (charge)/credit

	Year to 30 December 2021 £m	Year to 30 December 2020 £m
Current tax		
UK corporation tax	**(1.0)**	**-**
Adjustments in respect of prior years	**(2.6)**	**-**
Total current tax (charge)/credit	**(3.6)**	**-**
Deferred tax		
Prior year adjustments	**(0.1)**	-
Origination and reversal of temporary timing differences	**0.6**	0.2
Total deferred tax	**0.5**	0.2
Total tax (charge)/credit	**(3.1)**	0.2

£nil (2020: £nil) of the tax charge relates to items included in other comprehensive income.

4b Tax (charge)/credit reconciliation

	Note	**Year to 30 December 2021 £m**	Year to 30 December 2020 £m
Loss before tax on continuing operations		**(23. 3)**	(204.3)
Expected tax credit at 19% (2020: 19%)		**4.4**	38.7
REIT exempt income and gains		**(3.6)**	(38.0)
Non-allowable expenses and non-taxable items		**(0.1)**	0.1
Excess tax losses		**(0.3)**	(0.6)
Other adjustments		**(1.0)**	-
Prior year adjustments		**(2.7)**	-
Effect of tax rate change on deferred tax		**0.2**	-
Actual tax (charge)/credit	8a	**(3.1)**	0.2

4c Deferred tax

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

Consequently the UK corporation tax rate at which deferred tax is booked in the Financial Statements is 25% (2020: 19%).

The Group has recognised a deferred tax asset of £0.7 million (30 December 2020: £0.2m). The group has recognised deferred tax assets for the non-REIT profit entities in respect of head lease payments and capital allowances to the extent that future matching taxable profits are expected to arise.

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

The Group has £24.1 million (30 December 2020: £22.5 million) of unused revenue tax losses, all of which are in the UK. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profit streams and other reasons which may restrict the utilisation of the losses (30 December 2020: £nil). The Group has unused capital losses of £24.9 million (30 December 2020: £24.9 million) that are available for offset against future gains but similarly no deferred tax has been recognised in respect of these losses owing to the unpredictability of future capital gains and other reasons which may restrict the utilisation of the losses. The losses do not have an expiry date.

4 Tax (continued)

4d REIT compliance

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

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

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A UK REIT is expected to pay dividends (PIDs) of at least 90 per cent of its taxable profits from its UK property rental business by the first anniversary of each accounting date. By agreement with HMRC the Group had an extension to the payment date of the balance of the 2019 PID. However, as the Group made no PID distributions in the year to 30 December 2021, the Group paid tax on the outstanding PID balance for 2019 as well as the outstanding PID balance for 2020 to HMRC in December 2021 in the sum of £2.5 million. This amount together with an additional provision of £0.2 million to cover interest on the prior year amounts paid as well as a small balancing amount of tax estimated to be payable for the prior years is included in the prior year adjustment of £2.7 million.

At 30 December 2021 the Company does not have sufficient distributable reserves to declare a dividend. The Company plans to undertake a capital reduction exercise for which it will seek shareholder approval at the 2022 AGM in order to create distributable reserves.

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. As a REIT the Group will endeavour to meet its mandatory PID distribution requirements for the year ended 30 December 2021 by the due date of 30 December 2022. However, until there is certainty on the quantum of any dividends payable in the year to 31 December 2022, a provision for tax in the sum of £1 million has been maintained in respect of the estimated 2021 mandatory PID distribution. The final tax to be settled may be reduced to the extent dividends are paid within the year to 30 December 2022.

5 Earnings per share

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

5a Earnings per share calculation

		Year to 30 December 2021			Year to 30 December 2020[1]		
	Note	**Loss**	**EPRA**	**Adjusted Profit**	Loss	EPRA	Adjusted Profit
Profit (£m)							
(Loss) for the year		**(26.4)**	**(26.4)**	**(26.4)**	(203.9)	(203.9)	(203.9)
Revaluation loss on investment properties (net of tax)	9b	**-**	**49.2**	**49.2**	-	208.3	208.3
(Profit)/Loss on disposal (net of tax)	9b	**-**	**2.5**	**2.5**	-	(0.4)	(0.4)
Changes in fair value of financial instruments[2]	9b	**-**	**(5.9)**	**(5.9)**	-	5.0	5.0
Share-based payments	2a	**-**	**-**	**0.9**	-	-	0.4
Other items[3]		**-**	**(15.9)**	**(12.2)**		0.9	1.6
(Loss)/profit (£m)		**(26.4)**	**3.5**	**8.1**	(203.9)	9.9	11.0
Earnings per share (pence)		**(22.0)**	**2.9**	**6.8**	(188.8)	9.2	10.2
Diluted earnings per share (pence)		**(22.0)**	**2.9**	**6.7**	(188.8)	9.2	10.2

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

Weighted average number of shares (m)	Note	**Year to 30 December 2021**	Year to 30 December 2020
Ordinary shares in issue		**119.9**	108.0
Own shares held		**-**	-
Basic		**119.9**	108.0
Dilutive contingently issuable shares and share options		**0.3**	0.3
Diluted		**120.2**	108.3

At the end of the year, the Group had no (2020: 678,919) share options and contingently issuable shares granted under share-based payment schemes that could potentially dilute earnings per share in the future, but which have not been included in the calculation because they are not dilutive or the conditions for vesting have not been met.

[1] 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note1.
[2] 2021 includes £0.2 million cost related to the termination of interest rate swap liabilities within The Mall loan facility.
[3] Other Items includes the £18.4 million gain on repurchase of debt at a discount and other non-operating transactional costs.

5 Earnings per share (continued)

5b Headline earnings per share

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

	Year to 30 December 2021		Year to 30 December 2020[1]	
	Basic	**Diluted**	Basic	Diluted
Profit (£m)				
(Loss) for the year	**(26.4)**	**(26.4)**	(203.9)	(203.9)
Revaluation loss on investment properties (including tax)	**49.2**	**49.2**	208.3	208.3
(Profit)/Loss on disposal (net of tax)	**2.5**	**2.5**	(0.4)	(0.4)
Other items	**(15.9)**	**(15.9)**	0.4	0.4
Headline earnings	**9.4**	**9.4**	4.2	4.2
Weighted average number of shares (m)				
Ordinary shares in issue	**119.9**	**119.8**	108.0	108.0
Own shares held	**-**	**-**	-	-
Dilutive contingently issuable shares and share options	**-**	**0.3**	-	0.3
	119.9	**120.2**	108.0	108.3
Headline Earnings per share (pence) Basic/Diluted	**7.8**	**7.8**	3.9	3.9

[1] 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note1.

6 Investment properties

6a Wholly owned properties

	Note	Freehold investment properties £m	Leasehold investment properties £m	**Total property assets £m**
Cost or valuation				
At 30 December 2019		**379.1**	**391.8**	**770.9**
Capital expenditure (excluding capital contributions)		4.2	9.8	14.0
Disposal		(4.6)	-	(4.6)
Valuation deficit[1]		(98.6)	(109.6)	(208.2)
IFRS 16 transition adjustment	1	-	(36.0)	**(36.0)**
At 30 December 2020		**280.1**	**256.0**	**536.1**
Capital expenditure (excluding capital contributions)		1.6	7.3	**8.9**
Disposal		(13.3)	-	**(13.3)**
Valuation deficit[1]		(32.5)	(16.8)	**(49.3)**
Transfer to held for sale	16	(10.2)	(97.5)	**(107.7)**
At 30 December 2021		**225.7**	**149.0**	**374.8**

[1] £49.2 million per Income statement and Note 2a includes letting fee amortisation adjustment of £(0.1) million (2020: £0.1million).

During the period the Group sold a parade of properties at Hemel Hempstead known as Edmonds Parade and Stephyns Chambers. These properties had a value of £5.3m. A loss on disposal of £1.1m has been recognised in the accounts in relation to this sale.
In December 2021 the Group sold Maidstone House, an office block attached to The Mall Maidstone, this office block had a value of £7.07m. A loss on disposal of £1.4m has been recognised in the income statement in relation to this sale with reference to the valuation of the property at the start of the year.

6b Property assets summary

	30 December 2021	**30 December 2020**
	£m	£m
Investment properties at fair value as reported by the valuer	**380.1**	527.0
Add back of lease liabilities	**6.0**	25.3
Unamortised tenant incentives on investment properties	**(11.3)**	(16.2)
IFRS Property Value	**374.8**	536.1

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

6 Investment properties (continued)

6c Valuations

External valuations at 30 December 2021 were carried out on all of the gross property assets detailed in the table above. The fair value was £380.1 million (2020: £527.0 million). External valuations were carried out on all of the property assets detailed in the table above. The valuations at 30 December 2021 were carried out by independent qualified professional valuers from CBRE Limited and Knight Frank LLP in accordance with RICS standards. These valuers are not connected with the Group and their fees are charged on a fixed basis that is not dependent on the outcome of the valuations.

7 Leases

Right of use Assets	30 December 2021 £m	30 December 2020 £m
Cost		
At the start of the year	**14.4**	14.4
Additions	**3.3**	-
Remeasurement	**11.2**	-
At the end of the year	**28.9**	14.4
Accumulated depreciation		
At the start of the year	**(2.2)**	-
Charge for the year	**(2.2)**	(2.2)
Disposals	**-**	-
At the end of the year	**(4.4)**	(2.2)
Carrying value		
At the end of the year	**24.5**	12.2

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

8 Receivables

	30 December 2021 **£m**	30 December 2020 £m
Non current:		
Non-financial assets		
Deferred tax	**0.7**	0.2
Unamortised tenant incentives	**2.1**	3.8
Unamortised rent free periods	**7.2**	10.2
	10.0	14.2
Current:		
Financial assets		
Trade receivables (net of allowances)	**8.9**	14.7
Other receivables	**4.2**	2.7
Accrued income	**0.9**	0.2
Current financial assets	**14.0**	17.6
Non-financial assets		
Prepayments	**4.0**	1.5
Unamortised tenant incentives	**0.4**	0.8
Unamortised rent free periods	**1.6**	1.4
Current non-financial assets	**6.0**	2.7
	20.0	21.3

9 Cash and cash equivalents

	30 December 2021 £m	30 December 2020 £m
Cash at bank and in hand	**53.7**	82.3
Security deposits held in rent accounts	**0.7**	0.7
Other restricted balances	**4.1**	1.1
	58.5	84.1

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 £32.5 million was held on short term deposit and immediately available free of any restrictions or conditions at the year end date (30 December 2020 - £60.9 million). The remaining balances are subject to meeting conditions or having passed through relevant waterfall calculations within relevant loan facilities. All of the above amounts at 30 December 2021 were held in Sterling other than £0.6 million which was held in Euros (30 December 2020: £0.1 million).

10 Assets and liabilities held for sale

As at 30 December 2021 the Group concluded that the two 'Managed Assets', 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. While no transaction has been agreed as at the time of results it is viewed as highly probable that it will be concluded within 12 months of the balance sheet date.

This has resulted in all of the assets and liabilities associated with the respective investments being reclassified to separate lines of 'Assets classified as held for sale' and 'Liabilities classified as held for sale'. The reclassification has been measured at the lower of expected net sale proceeds and current carrying value. Given each of the investments is in a net liability position and that the Group would not expect to realise any proceeds from a disposal (nor be obligated to clear the net liabilities) the reclassification has been made at their fair values being the same as the year end carrying value.

The following are the amounts in the year end balance sheet:

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

11 Bank loans

11a Summary of borrowings

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

Borrowings at amortised cost	Note	**30 December 2021 £m**	30 December 2020 £m
Secured			
Fixed and swapped bank loans	11d	**239.0**	427.4
Variable rate bank loans	11d	**-**	-
Total borrowings before costs		**239.0**	427.4
Unamortised issue costs		**(0.8)**	(3.5)
Total borrowings after costs		**238.2**	423.9
Analysis of total borrowings after costs			
Current		**-**	-
Non-current		**238.2**	423.9
Total borrowings after costs		**238.2**	423.9

11 Bank loans (continued)

11a Summary of borrowings (continued)

On 12 November 2021 the Group completed a restructuring of its Mall loan facility.

The Mall Facility had comprised of a £265 million debt facility with RBS and TIAA secured over the Four Mall Assets, being the Mall Blackburn, the Mall Maidstone, the Mall Wood Green and the Mall Walthamstow. TIAA previously held a balance of £165 million and RBS a balance of £100 million. Under the restructuring the Group acquired the £100 million of debt outstanding with RBS for a principal amount of £81 million, representing a discount of £19 million.

This was funded through a combination of:

- TIAA agreeing to acquire from the Group £35 million of the RBS Debt acquired for £35 million, increasing its lending in the facility to £200 million;
- An equity raise of £30.0 million (before costs) that completed on 5 November 2021; and
- Existing cash resources of £16 million.

The transaction resulted in a one off gain of £18.4 million being the benefit of the discount less directly associated costs. The transaction had the net result of reducing external debt by £65 million. As part of this restructure £1.7 million of unamortised issue costs were written off to the income statement within finance costs.

On 30 December 2021 £119.5 million of loans relating to Luton and Hemel Hempstead were reclassified to Held for Sale (see Note 10 for further details). The Luton facility has a fixed rate and a maturity date of 28 December 2023. The Hemel Hempstead facility has a variable rate and a maturity date of 5 February 2023.

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

	£m
Secured bank loans at 30 December 2020	**427.4**
Acquisition of RBS loan on The Mall	**(100.0)**
Draw down of new TIAA loan	**35.0**
Repayment of Hemel Hempstead loan from proceeds of Edmonds Parade sale	**(3.9)**
Reclassification of Hemel Hempstead loan to liabilities in respect of assets held for sale	**(23.0)**
Reclassification of Luton loan to liabilities in respect of assets held for sale	**(96.5)**
	239.0

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

12 Reconciliation of net cash from operations

	Note	**Year to 30 December 2021 £m**	Year to 30 December 2020 £m
Loss for the year		**(26.4)**	(203.4)
Adjusted for:			
Income tax charge/(credit)	4a	**3.1**	(0.2)
Finance income		**(7.6)**	(0.4)
Finance expense		**17.3**	22.8
Finance lease costs (head lease)		**(1.1)**	(0.2)
Loss on revaluation of wholly owned properties		**49.2**	208.3
Depreciation of other fixed assets		**0.5**	2.7
Other gains		**(14.0)**	(1.6)
Increase in receivables		**(4.1)**	(4.9)
Increase/(decrease) in payables		**7.8**	(5.6)
Non-cash movement relating to share-based payments		**0.4**	0.4
Net cash from operations		**25.1**	17.9

13 Net assets per share

	30 Dec 2021			30 Dec 2020[1]		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	**EPRA NRV £m**	**EPRA NTA £m**	**EPRA NDV £m**
IFRS Equity attributable to shareholders	**168.4**	**168.4**	**168.4**	167.1	167.1	167.1
Exclude fair value of financial instruments	-	-	-	8.9	8.9	-
Include fair value of fixed interest rate debt	-	-	(1.0)	-	-	(11.5)
Net asset value	**168.4**	**168.4**	**167.4**	176.0	176.0	155.6
Fully diluted number of shares	165.7	165.7	165.7	112.1	112.1	112.1
Net asset value per share	**101.6**	**101.6**	**101.0**	157.0p	157.0p	138.8p

The number of ordinary shares issued and fully paid at 30 December 2021 was 165,399,863 (30 December 2020: 111,819,626). There have been no changes to the number of shares from 30 December 2021 to the date of this announcement.

[1] 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note1.

14 Dividends

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

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

15 Acquisition of subsidiaries

Snowzone Madrid

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

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

	30 December 2021 £'m
Inventory	0.1
Property, plant and equipment	0.2
Working capital	(0.6)
Cash	0.4
Total identifiable assets acquired and liabilities assumed	0.1
Negative Goodwill	-
Total consideration	0.1
Satisfied by:	
Cash	0.1
Total consideration transferred	0.1
Net cash outflow arising on acquisition:	
Cash consideration	(0.1)
Less: cash and cash equivalent balances acquired	0.4
	0.3

15 Acquisition of subsidiaries (continued)

The negative goodwill of £0.02 million arising from the acquisition has been recognised in the income statement in the period. Acquisition-related costs (included in administrative expenses) amount to £0.2 million.

Snowzone Madrid contributed £2.1 million of revenue and £1.3m loss to the Group's profit for the period between the date of acquisition and the reporting date.

16 Ultimate controlling party

Growthpoint Properties Limited ("Growthpoint") holds 60.8% of the issued share capital of the Company. As such Growthpoint is the ultimate controlling party of the Company and the largest group into which the results of the Company are consolidated. The registered office of Growthpoint Properties Limited is The Place, 1 Sandton Drive, Sandton, 2196, Johannesburg, South Africa. The financial statements of Growthpoint are available at this address.

Glossary of terms

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

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

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

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

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

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

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

Debt is borrowings, excluding unamortised issue costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REIT – Real Estate Investment Trust.

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

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

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

Temporary lettings are those lettings for one year or less.

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

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

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

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

Portfolio information *(Unaudited)*

At 30 December 2021

Physical data[1]	
Number of properties	7
Number of lettable units	730
Size (sq ft – million)	3.5
Valuation data	
Properties at independent valuation (£m)	473.1
Adjustments for head leases and tenant incentives (£m)	9.3
Properties as shown in the financial statements (£m)	**482.4**
Revaluation loss in the year (£m)	(49.2)
Initial yield	8.4
Equivalent yield	9.5
Reversion	11.7
Lease length (years)	
Weighted average lease length to break	**4.5**
Weighted average lease length to expiry	**6.2**
Passing rent (£m) of leases expiring in:	
2022	6.2
2023	3.9
2024-2026	8.5
ERV (£m) of leases expiring in:	
2022	6.4
2023	4.6
2024-2026	7.5
Passing rent (£m) subject to review in:	
2022	4.5
2023	3.0
2024-2026	3.4
ERV (£m) of passing rent subject to review in:	
2022	3.9
2023	2.1
2024-2026	3.0
Rental Data	
Contracted rent (£m)	50.9
Passing rent (£m)	48.2
ERV (£m per annum)	53.8
ERV movement (like-for-like)	0.6
Occupancy	92.8

[1]This data includes properties classified as held for sale

EPRA performance measures *(Unaudited)*

As at 30 December 2021

	Note	**2021**	2020[1]
EPRA earnings (£m)	5a	**3.5**	9.9
EPRA earnings per share (diluted)	5a	**2.9p**	9.2p
EPRA reinstatement value (£m)	13	**168.4**	176.0
EPRA net reinstatement value per share	13	**102p**	157p
EPRA net tangible assets (£m)	13	**168.4**	176.0
EPRA net tangible assets per share	13	**102p**	157p
EPRA net disposal value (£m)	13	**167.4**	155.6
EPRA net disposal value per share	13	**101p**	139p

EPRA vacancy rate	**2021**	2020
	£m	£m
Estimated rental value of vacant space	**3.9**	4.2
Estimated rental value of whole portfolio	**53.8**	55.0
EPRA vacancy rate	**7.2%**	7.8%

EPRA net initial yield and EPRA topped-up net initial yield	**2021**	2020
	£m	£m
Investment property	**473.1**	527.0
Completed property portfolio	**473.1**	527.0
Allowance for capital costs	**(10.1)**	(2.7)
Allowance for estimated purchasers' costs	**31.4**	34.9
Grossed up completed property portfolio valuation	**494.4**	559.2
Annualised cash passing rental income	**56.2**	55.4
Property outgoings	**(13.7)**	(12.7)
Annualised net rents	**42.5**	42.7
Add: notional rent expiration of rent free periods or other lease incentives	**0.6**	0.7
Topped up annualised rent	**43.1**	43.4
EPRA net initial yield	**8.6%**	7.6%
EPRA topped-up net initial yield	**8.7%**	7.8%
EPRA net initial yield (investment assets only)	**8.1%**	7.0%
EPRA topped-up net initial yield (investment assets only)	**8.3%**	7.2%

EPRA Cost ratios	**2021**	2020[1]
	£m	£m
Cost of sales (adjusted for IFRS head lease differential)	**38.1**	34.4
Administrative costs	**12.7**	12.7
Service charge income	**(12.7)**	(11.6)
Management fees	**(0.8)**	(0.8)
Snozone (indoor ski operation) costs	**(8.5)**	(6.5)
Less inclusive lease costs recovered through rent	**(4.0)**	(2.5)
EPRA costs (including direct vacancy costs)	**24.8**	25.7
Direct vacancy costs	**(3.8)**	(3.9)
EPRA costs (excluding direct vacancy costs)	**21.0**	21.8
Gross rental income	**49.7**	55.6
Less ground rent costs	**(1.7)**	(1.9)
Less inclusive lease costs recovered through rent	**(4.0)**	(2.5)
Gross rental income	**44.0**	51.2
EPRA cost ratio (including direct vacancy costs)	**56.4%**	50.2%
EPRA cost ratio (excluding vacancy costs)	**47.8%**	42.6%

[1] 2020 results have been restated for a prior year adjustment to the treatment of SaaS configuration costs as explained in Note1.