

HAMMERSON plc – UNAUDITED HALF YEAR 2023 RESULTS

Strong first half, return to cash dividend, confident in the future

Rita-Rose Gagné, Chief Executive of Hammerson, said:

"We are pleased to have delivered a strong first half and announce a return to a cash dividend as we look to the future with confidence. Our leasing momentum in 2022 has continued into the first half of 2023 and we have a strong pipeline for the second half. Our core portfolio continues to attract the best occupiers which, combined with our emphasis on commercialisation and placemaking, is creating exceptional destinations for customers. At the same time, we continue to transform our operating model and platform, bringing more integrated and efficient ways of working while reducing costs.

We have further simplified our portfolio with the exit from minority stakes in France, our standalone development interests in Croydon, and other non-core land, generating £215m in disposal proceeds, further strengthening the balance sheet whilst bringing a sharper focus to investment opportunities in the core portfolio.

Our strategy is driven by the repositioning of our unique city centre destinations in some of Europe's fastest-growing cities from traditional retail-anchored footprints to a broader mix of uses. Today we are a more agile, market facing, asset-centric Hammerson that continues to reshape our urban destinations to be fit for future lifestyles."

Operational momentum continues

- Footfall and like-for-like sales remain strong, with the former up +4% year-on-year (UK +2%, France and Ireland +7%) and the latter up +3% in the UK, +7% in France, and +2% in Ireland
- 134 leasing deals concluded in the period representing £18.3m of headline rent (£10.7m at our share,) (+13% LFL)
 - Principal leasing +20% ahead of previous passing rent (HY 22: +31%)
 - Net effective rent +8% vs ERV (HY 22: +1%)
 - WAULB 7.1 years; 9.4 years WAULT
 - Strong leasing pipeline for the second half, with a further £15m deals in solicitors' hands
- Flagship occupancy up +1% point year-on-year to 95%
- Rent collection: FY 22 now at 98%; HY 23 95%
- Value Retail GRI up +13%, 156 leases signed and 55 new openings, footfall and sales up +13% and +14% year-on-year respectively

Robust financial performance

- Adjusted earnings up +15% to £56m (HY 22: £48m) benefitting from:
 - Like-for-like GRI up +3% reflecting the continuation of strong leasing trends; like-for-like NRI up +2% YoY
 - Gross administration costs down -12% year-on-year to £26m, on track to meet target of reducing costs by -20% by FY 24, which will bring cumulative savings of 30% since FY 20
 - Net finance costs -13% reflecting debt retirement and increased interest receipts from cash
- Adjusted earnings per share up 0.1p to 1.1p; basic loss per share of 0.0p (HY 22 earnings per share: 1.0p)
- Value Retail adjusted earnings of £13.4m (HY 22: £13.7m): GRI growth offset by higher finance and operational costs
- Value Retail cash distribution of £43m received
- Interim cash dividend per share of 0.72p per share, to be paid entirely as a PID, new dividend policy announced
- Group portfolio value of £4.7bn (FY 22: £5.1bn), values broadly stable, reduction principally due to disposals
 - Capital return -0.3% (HY 22 -0.4%); Total return +2.5% (HY 22: 2.1%)
- IFRS loss of £1m (HY 22: £50m profit)
- EPRA NTA per share 52p (FY 22: 53p)

Stronger balance sheet

- Net debt down 24% to £1,318m (FY 22: £1,732m):
 - Completed £215m disposals in the first half, bringing total since start of FY 22 to £410m. Remain on track to complete £500m programme by end of FY 23
 - Derecognition of £125m of secured debt following exit from Highcross and O'Parinor joint ventures

- Headline LTV 33% (FY 22: 39%), fully proportionally consolidated (FPC) LTV 43% (FY 22: 47%)
- Net debt to EBITDA of 7.7x (FY 22: 10.4x)
- Ample liquidity of £1.2bn (FY 22: £1.0bn), including undrawn committed facilities and £563m of cash

Outlook

Whilst the macroeconomic outlook remains uncertain, we have strong leasing and operational momentum and are well placed to deliver another year of robust adjusted earnings and cash flow. We have maintained our strong operational grip on the business and are on track for both our cost reduction and disposals targets. Given our progress of the last few years, we are returning to a cash dividend.

Results presentation today:

Hammerson will hold a virtual presentation for analysts and investors to present its half year financial results for the six months ended 30 June 2023, followed by a Q&A session.

Date & time: Thursday 27 July at 10.00 am (BST)

Webcast link: https://kvgo.com/IJLO/Hammerson_2023_Half_Year_Results

Conference call: Quote Hammerson when prompted by the operator

Please join the call 5 minutes before the booked start time to allow the operator to transfer you into the call by the scheduled start time

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The presentation and press release will be available on:

www.hammerson.com/investors/reports-results-presentations/2023-half-year-results on the morning of results.

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Index to key data

Unless otherwise stated, figures have been prepared on a proportionally consolidated basis, excluding Value Retail as outlined in the presentation of information section of the Financial Review.

Six months ended		30 June 2023	30 June 2022	Note/Ref
Income				
Gross rental income	†	£106.3m	£107.4m	2
Adjusted earnings – Value Retail	a	£13.4m	£13.7m	2
Adjusted finance costs	a	£25.1m	£29.0m	2
Adjusted earnings	† a	£55.9m	£48.4m	2
Revaluation losses – Managed portfolio	†	£43.8m	£40.6m	2
Revaluation losses – Group portfolio, including Value Retail	†	£17.8m	£7.6m	Table 9
(Loss)/Profit for the period (IFRS)		£(1.2)m	£50.3m	2
Adjusted earnings per share	† a, b	1.1p	1.0p	10B
Basic (loss)/earnings per share	b	(0.0)p	1.0p	10B
Interim dividend per share (cash/enhanced scrip)		0.72p	0.2p/2.0p	17
Operational				
Like-for-like gross rental income	†	3.1%	16.2%	Financial Review
Like-for-like net rental income	†	2.3%	74.5%	Table 6
Occupancy – flagships		95.1%	93.8%	Table 4
Leasing activity		£10.7m	£10.5m	n/a
Leasing v ERV (principal leases)		+8%	+1%	n/a
Leasing v Passing rent (principal leases)		+20%	+31%	n/a
Passing rent		£184.5m	£201.6m	Table 2
Like-for-like passing rent change		4.2%	1.2%	n/a
ERV		£183.0m	£212.7m	Table 2
Like-for-like ERV change		0.1%	(0.3)%	Financial Review
EPRA cost ratio (including vacancy costs)	†	36.6%	38.5%	Table 8
Capital and financing				
As at		30 June 2023	31 December 2022	
Managed portfolio value		£2,805m	£3,220m	3B
Group portfolio value (including Value Retail)		£4,694m	£5,107m	3B
Total property return (including Value Retail)	†	2.5%	(0.7)%	Table 9
Capital return (including Value Retail)	†	(0.3)%	(5.8)%	Table 9
Net debt	c	£1,318m	£1,732m	Table 13
Gearing		51.8%	67.8%	Table 19
Loan to value – headline		33.1%	39.3%	Table 18
Loan to value – fully proportionally consolidated		42.9%	47.1%	Table 18
Liquidity		£1,217m	£996m	Financial Review
Interest cover	†	3.59x	3.24x	Table 17
Net debt : EBITDA	†	7.7x	10.4x	Table 16
Net assets		£2,569m	£2,586m	Balance sheet
EPRA net tangible assets (NTA) per share		52p	53p	10C

† HY 22 income statement figures have been restated to reflect the IFRIC Decision on Concessions with further information set out in notes 1B and 5 to the interim financial statements.

a These results include discussion of alternative performance measures (APMs) which include those described as Adjusted, EPRA and Headline as well as constant currency (where current period exchange rates are applied to the prior period's results). Adjusted, EPRA and Headline measures are described in note 1C to the interim financial statements and reconciliations for earnings and net assets measures to their IFRS equivalents are set out in note 9 to the interim financial statements.

b Adjusted earnings per share and basic loss per share for 2022 have been restated to reflect the bonus element of scrip dividends as set out in note 10 to the interim financial statements.

c Proportionally consolidated basis as set out in the Financial Review.

CHIEF EXECUTIVE'S REVIEW

We have delivered another half year of operational and strategic progress. We have a strong operational grip, positive momentum, and a clear strategy to grow our business. Footfall and like-for-like sales remain resilient, despite the volatile macroeconomic environment. Footfall is up 4% year-on-year, whilst like-for-like sales are up 3% year-on-year in the UK, 7% in France, and 2% in Ireland.

At 95%, flagship occupancy remains strong with occupier flight to quality evident – fewer, better stores in prime locations. By leveraging our unique city centre locations and increasing our focus on placemaking, intelligent marketing and commercialisation we continue to harness this shift to create exceptional environments for customers and occupiers and deliver another strong leasing performance. We have signed 134 leases representing £18m of headline rent, £11m at our share, also introducing numerous new entrants and concepts, with best-in-class occupiers making significant investments in their physical footprint.

Since 2020, we have undertaken a transformation of our operating model, and reshaped our organisation bringing in new skills and talent in asset management, leasing, commercialisation and placemaking, which means we can focus our energies on occupiers and customers. Property management and associated accounting services in the UK and France are being consolidated with proven scale operators. Today we are a more agile and market facing asset-centric organisation that is continuing to reshape our destinations to be fit for the future.

We have further simplified our portfolio with the exit from minority stakes in Italie Deux in France, standalone development assets in Croydon, and other non-core land generating £215m in disposal proceeds. At the same time, we have been disciplined in not allocating capital to assets with secured debt where these were non-core, with £125m of secured borrowing derecognised in the period following exits from Highcross and O'Parinor, whilst bringing a sharper focus to investment opportunities in the core portfolio.

Our resulting financial position is significantly strengthened. We have ample liquidity in cash and undrawn committed facilities of £1.2bn. We will continue to be disciplined allocators of capital and select the best returns for shareholders, mindful of our own cost of capital and all options for capital deployment including debt reduction and distributions for shareholders.

Our strategy is underpinned by the quality of our city centre destinations in some of Europe's fastest growing cities, and their evolution from traditional retail-anchored footprints to a broader mix of uses, alongside the transformation of our platform and cost base. Together, this has delivered further growth in adjusted earnings, broadened our opportunity set, and provided the confidence to return to a cash dividend.

DIVIDEND POLICY

The Board recognises the importance of cash dividends for shareholders and has previously stated its intention to return to a cash dividend from HY 23. The Group's financial position has strengthened in recent years following the disposals of non-core assets, strong operational performance, and the rebasing of income and earnings.

The Board today announces a new sustainable dividend policy of 60-70% of annual adjusted earnings. Dividends will be paid semi-annually.

This policy is based on a disciplined approach to capital allocation balancing returns to shareholders whilst continuing to invest in our core assets, as well as the impact of disposals, acquisitions, loan to value and changes in financing operating conditions. The Board will continue to keep the policy under review over the coming years as the Group continues to execute on its strategy.

The Board today declares an interim dividend in respect of 2023 of 0.72p pence per share, which will be paid as a PID. There will be no scrip alternative although the dividend reinvestment plan (DRIP) remains available to shareholders.

FINANCIAL AND OPERATIONAL REVIEW

Adjusted earnings were up 15% to £56m or 1.1p per share, reflecting 3% growth in like-for-like GRI and 2% in like-for-like NRI, and significant further reductions in gross administration and net finance costs.

At FY 22, we committed to reduce our gross administration costs by 20% by FY 24. We have delivered a 12% reduction year on year. There are more efficiencies to come as we pursue greater automation and digitalisation of our business, as well as outsourcing and consolidation of supplier opportunities. We are well on track to deliver our 2024 target, which will bring cumulative savings of 30% since FY 20.

Net debt was down 24% to £1,318m, headline LTV was 33% (FY 22: 39%) and fully proportionally consolidated LTV including the Group's proportionate share of Value Retail debt was 43% (FY 22: 47%). Our net debt to EBITDA improved to 7.7x from 10.4x at FY 22, reflecting both lower debt and the improved operating performance.

EPRA NTA was 52p per share at 30 June 2023 (FY 22: 53p), with earnings largely offsetting disposal and impairment losses. Yields were broadly stable other than some marginal expansion in Ireland and ERVs were also broadly flat in all geographies.

Overall, the Group recorded an IFRS loss of £1m (HY 22: £50m profit).

Sales and footfall

Footfall and sales performance is reflective of our proactive asset management to create exceptional destinations and a more relevant mix. The recovery in footfall that we saw across our assets in FY 22 continued into HY 23 with consumers also increasingly returning to city centres, both for leisure and work. Footfall to-date is +4% year-on-year (UK+2%, France and Ireland +7%). Our largest city centre estates have benefitted significantly from this continued return (Birmingham +6%, Marseille +8%, Dublin +13%).

Consumer spending continues to be resilient, with sales positive vs HY 22 (UK +3%, France +7%, and Ireland +2%), reflecting an inflationary environment, although we have seen some change in spend patterns with consumers trading down in certain categories (e.g. fashion accessories outperforming jewellery). In-store footfall and sales have also been supported by a more cautious consumer, focusing on value (price vs. quality) which is easier to do in-person. In addition, the increasing number of occupiers charging for online deliveries and returns continues to drive store visits.

Occupancy

Our core portfolio is also benefitting from the increasing polarisation in the market and the flight to quality with a number of new key openings. These flagship openings are part of a wider repositioning and ongoing improvement of adjacencies to create relevant placemaking. Flagship portfolio occupancy increased 1% point year-on-year to 95% with vacancy levels remaining low across our assets with the UK 5%, France 6% and Ireland at only 3%.

Collections

Collections have normalised. For FY 22, collection now stands at 98% and HY 23 95% (UK 95%, France 94%, Ireland 96%).

Value Retail

Value Retail saw operational performance exceed both HY 22 and HY 19 levels; Brand sales increased by 14% year-on-year and were 6% above FY 19 levels. Footfall across the Villages continued to bounce back to pre pandemic levels, with a 13% year-on-year increase and only 2% down on HY 19.

In line with expectations, Value Retail have begun to see the benefits from a recovery of the affluent international traveller, reflected in an increase in spend per visit of 8%. Overall, Value Retail signed 156 leases during the first half of the year, with many brands choosing to re-fit units with their latest flagship concept. Year-to-date average occupancy for the six months was at 94%.

There have been 55 new openings in HY 23. Palm Angels opened its first off-price boutique in Bicester Village, Burberry implemented a new flagship store design in their upsized unit in Ingolstadt and Bollicine Ruinart Champagne Bar opened in Wertheim Village in February. At La Vallée, Monogram, a pre-loved boutique will be taking permanent space in the second half of the year following a series of successful pop ups.

The Group's share of adjusted earnings was £13.4m. GRI has increased by 13% year-on-year, however this continued growth was partially offset in the half by rising finance costs reflecting the refinancing activity in FY 22 at Bicester and La Vallée, and the phasing of investment for growth. Year-to-date, Hammerson has received £43m of cash distributions from Value Retail, in part reflecting catch up payments from FY 22.

At 30 June 2023, the Group's interest in Value Retail's property portfolio was £1.9bn and the net assets were £1.2bn; the difference is principally due to £0.7bn of net debt within the Villages which is non-recourse to the Group. The average LTV across the Villages is 37%.

STRATEGY UPDATE

We own city centre destinations and adjacent land around which we can reshape entire neighbourhoods. Our strategy recognises the unique position that we have in our urban locations and the opportunities to leverage our experience and capabilities to create and manage exceptional multi-use city centre destinations that realise value for all our stakeholders, connects our communities and delivers a positive impact for generations to come.

Our aim is simple and clear – to chart a path to growth that delivers total returns for shareholders through consistent execution against our strategic goals. As we focus on investing in our portfolio of core assets, we are combining targeted leasing and placemaking with integral and complementary repurposing and redevelopment opportunities, and directing capital expenditure to our core estates. This asset focus is underpinned by the continuing transformation of our agile platform, by maintaining a sustainable and resilient capital structure and by our commitment to ESG.

In the first six months of FY 23, we have made significant progress towards all our goals as follows:

Investing in our assets

The quality and location of our destinations in growing cities is a key source of competitive advantage for Hammerson. We have some of the best assets in the very best prime city centre catchments and transportation hubs, and, due to the strong ties we have in the communities in which we operate, supportive local authorities.

The consumer and occupier landscape continues to evolve at pace. Occupiers are continuing to shift to using physical space for a broad mix of uses, including: point of sale; last mile fulfilment; returns; servicing; experiential; education; workspace, and leisure –living spaces. At the same time, consumers demand top quality environments and experiences. We continue to reinvest in our assets to partner with best-in-class occupiers to cater to the communities and catchments in which we operate, whether this be

the repurposing of obsolete department store space into leisure and modern retail, or redevelopment to residential, workspace, healthcare and lifestyle uses.

Our leasing strategy has evolved from an emphasis on filling space and increasing occupancy as we emerged from the COVID-19 pandemic to now focus more proactively on the quality of the complementary mix and offer for both occupiers and customers, which in turn will underpin a higher quality of earnings.

Following our best year since FY 18 in FY 22, our leasing momentum has continued into the first half of 2023, with 134 leases signed on a more focused portfolio (HY 22: 143), representing £18.3m of headline rent at 100%, or £10.7m at share (HY 22: £10.5m), and +13% on a like-for-like basis. Whilst demand continued through the period, June was particularly strong, with 46 leases signed. For principal deals, headline rent was 20% ahead of previous passing rent. On a net effective basis, principal deals were 8% ahead of ERV. In terms of mix, just under half of leasing was to best-in-class and new fashion concepts, and the balance to non-fashion, services, leisure, food, workspace and Printemps in France.

In terms of key deals and openings:

- We secured renewals and new deals with Printemps, Olympique de Marseille, Levi's, Puma and Five Guys at Les Terrasses du Port as we approach the ten-year anniversary of the opening of Marseille's super prime destination
- We are bringing new Inditex brands – Bershka and Pull & Bear – into Bullring by reconfiguring former Arcadia space. With other reconfigurations we have facilitated Boots renewal and the introduction of Superdrug at Brent Cross
- Also in Birmingham, we handed over former Debenhams space to M&S in the first half, with TOCA Social anticipated in the second, let underutilised space above Link Street to Lane 7 bowling, brought a new leisure concept, VR Sandbox, to Grand Central, and will be opening Nike Rise in the second half
- We opened Penneys (Primark) and Nike Live at Dundrum, completing the repurposing of former House of Fraser space, with the backfill allowing Dunnes Stores to enter for the first time, already handed over and opening later this year
- Also at Dundrum we leased underutilised storage space to Western Union converted to modern workspace, bringing a new use and income stream to the asset, as well as incremental customers to the food and leisure-oriented Pembroke Square area

Our approach to leasing goes hand in hand with the greater emphasis on placemaking, which not only serves to enliven space and enhance the experience and environment for customers and occupiers, but also increasingly contributes meaningfully in its own right in terms of incremental footfall, income, and engagement across all channels. Like-for-like commercialisation income was up 15%. Key highlights were:

- We staged our first Late Night Out ticketed event, bringing the after hours economy to Bullring
- We brought the Charity Super.Mkt, the UK's first shop space bringing multiple charities under one roof, to Brent Cross and The Oracle, driving incremental footfall and media coverage, and bringing it to Cabot Circus in July
- We had further success bringing digitally native brands to physical space, most notably SHEIN to Bullring and Grand Central
- In France, we hosted a two-week pop-up store at Les Terrasses du Port for local rapper Jul, while at Les 3 Fontaines we hosted the second edition of the 3Festival which celebrates "Art in all its forms" with local partners from street art workshops to culinary battles
- We continue to exploit underutilised car parking space with new uses, occupiers and events, including a Tesla collection point, the Florescenza garden centre, and Big Kid Circus at Brent Cross; Skatepark with Red Bull at Cabot Circus, and the Supercar Weekend at Dundrum
- We increased our social media presence and partnerships with local influencers, contributing to increased visibility and customer engagement with our destinations

In terms of the repurposing of department stores, which constitutes a substantial part of our integral projects – capital light repurposing and redevelopment on existing assets – we achieved planning consent for Drum, an amenity rich workspace-led proposal, directly served by the UK's most connected rail station Birmingham New Street, which predominantly occupies the former John Lewis Partnership space at Grand Central. Strip-out works are almost complete. In Reading, we await the outcome of a planning application for the major regeneration of the eastern quarter of The Oracle; to demolish obsolete department store space and develop around 450 rental apartments alongside renewed landscaping and commercial uses. We are considering options for the repurposing of the other department store, including new restaurant, leisure and fashion uses. Overall, of the department store space the Group had at FY 19, roughly a third has been repurposed or is in planning, a third has been sold, and we see potential future opportunities for the remainder.

Turning to other projects integral to our existing assets, at Ironworks in Dundrum, a 122 unit residential development, structural steelwork has commenced on schedule, with agreement reached for the long lease of the 15 affordable apartments. In France, we are considering options for an add-on development, Cergy 3, to capitalise on strong demand, following the opening of Les 3 Fontaines extension in March last year.

We continue to progress complementary projects in a disciplined and capital light manner. In Ireland, we expect initial planning consents to be finalised imminently at Dublin Central and there are ongoing discussions with potential end users, while our planning application at Dundrum Phase II remains in progress. At Martineau Galleries, part of the wider Birmingham Estate, we

are working with Birmingham City Council and the West Midlands Combined Authority on phasing, grant funding and the programme for delivery. At Brent Cross, we are engaged with key stakeholders to consider a future masterplan.

Lastly, in our standalone projects, we exited our 50% share of all land and corporate interests at Croydon close to book value, focusing the core portfolio and creating additional liquidity for reinvestment. At Eastgate, Leeds, master planning and development agreement with the City Council is ongoing, while at The Goodsyard, Bishopsgate, we are progressing with detailed design and feasibility, the procurement of initial demolition and preparation works, and engagement with Network Rail. These capital light steps continue to create value and optionality.

Environmental, Social and Governance

In the first half of 2023 we continued to deliver against our ESG strategy and Net Zero commitments. Following the completion of our Net Zero Asset Plans (NZAPs) in 2022, in the first half of 2023 we commenced work on multiple projects involving renewable energy in France, removing gas from our Irish assets and in the UK are improving building management systems, lighting, heating and ventilation. Our ongoing commitment to energy efficiency has resulted in a 5% year-on-year reduction in carbon emissions and a 12% reduction in energy usage, both calculated on a like-for-like portfolio basis.

In June we held our first all-company Giving Back Day with colleagues across the Group supporting local charities and organisations aligned with our four key social value themes. We have also supported 96 organisations through our social value work this year and engaged over 3,000 people in a multitude of activities.

We also continue to improve our reporting and governance and obtained Board approval to adopt more realistic climate change scenarios aligned to the latest scientific research stating that more urgent climate action is needed. We are developing a new management system to ensure we have a robust way to process, monitor and improve our ESG performance. All of this progress in the first half of 2023 demonstrates how our ESG strategy will ensure we continue to increase our contribution to addressing climate change.

An agile platform

Transforming our platform and cost base, and creating more agile, responsive, integrated and efficient ways of working with a growth mindset remains a priority. We took early action in FY 21 and HY 22, shifting from a top-heavy, geographically oriented and siloed organisation to a simplified, asset-centric operating model. As a result, we achieved a 17% year-on-year reduction in gross administration costs at FY 22, achieving our initial target of a 15-20% reduction by FY 23.

We continue to take further steps including more efficient ways of working, both in terms of systems, automation and digitalisation, but also in terms of greater team integration which allows for cross pollination of ideas and practices between asset management, leasing, placemaking and marketing, ESG, strategy and insights, finance and communications.

Our goal is to create a high performance culture with an emphasis on the value add work we do best – strategic asset management and delivery, placemaking and the repositioning of our assets – whilst property management and associated accounting services are consolidated to proven third party providers of scale. Earlier this year, we launched the consolidation of our property management suppliers in the UK, which formally started in February, and we have just launched in July a similar activity in France.

The actions we have taken over the last two years have resulted in a reduction of headcount, down almost 60% since FY 20 and 30% since FY 22, and achieved cost reduction of about a quarter. At the same time, we continue to invest in and promote key talent to be fit for the future. Other sources of savings include reductions in office space in the UK and France and insurance renewals.

Overall, we have reduced our gross administration cost by 12% year-on-year. There is more to do, however, we remain on track to meet our goal of a further 20% reduction off the FY 22 base by FY 24, which will bring cumulative savings of 30% since FY 20.

A sustainable and resilient capital structure

Reflective both of our operational strength, strategic progress and the disciplined realignment of the portfolio through our disposals programme, today we have a resilient balance sheet, ample liquidity, and have maintained our IG credit rating.

Generating total gross proceeds of £215m, in France we completed the sale of our 25% share of Italie Deux, and 100% of the Italik extension, and our 50% share of our interests in Croydon, together with non-core land in the UK. Moreover, £125m of secured borrowings have been derecognised in connection with our exits from non-core assets in Highcross and O'Parinor.

Having now achieved disposal proceeds of £410m since the beginning of 2022, the Group remains confident of achieving its target of £500m by FY 23. We have completed £843m of sales over the last two years. Overall, net debt reduced 24% in the first half of the year to £1,318m at 30 June 2023. Headline LTV stood at 33% (FPC: 43%), down from 39% (FPC: 47%) at FY 22. Also reflecting the increase in earnings, net debt to EBITDA improved to 7.7x from 10.4x.

At 30 June 2023, the Group had liquidity of £1.2bn in the form of cash balances (£563m) and undrawn committed RCFs (£654m), and had no significant unsecured refinancing requirements until 2025 not covered by existing cash.

FINANCIAL REVIEW

OVERVIEW

We have delivered another half year of financial progress from both an earnings and balance sheet perspective.

Adjusted earnings for the six months ended 30 June 2023 were £56m, a year-on-year increase of 15% driven by higher rental income and reduced operating and financing costs. On a like-for-like basis, gross rental income increased by 3% and like-for-like net rental income improved by 2%. Our gross administration costs reduced 12% year-on-year with more efficiencies to come and we continue to target a 20% cost reduction compared with FY 22 by 2024. Net finance costs were 13% lower as a result of the continued balance sheet deleveraging and increased interest income from cash held on deposit.

On an IFRS basis, the Group reported an IFRS loss of £1m compared with a profit of £50m in the first half of 2022. The variance was principally due to losses on disposal and impairment losses totalling £39m in 2023.

As previously committed, the Group is returning to the payment of cash dividends and has declared an interim dividend of 0.72p per share, to be paid entirely as a PID. The Board has also announced a new dividend policy as explained in the Chief Executive's Review on page 4.

EPRA NTA was £2,623m at 30 June 2023, £11m lower than at the start of the year, equating to EPRA NTA per share of 52p (2022:53p).

Net debt reduced by 24% to £1,318m at 30 June 2023 (FY 22: £1,732m) benefitting from gross disposal proceeds of £215m, £125m from the derecognition of secured borrowings, £51m of cash generated from operations and £43m of distributions from Value Retail.

The significant debt reduction strengthened the Group's balance sheet and credit metrics. At 30 June 2023 headline LTV was 33% (FY 22: 39%) and LTV on a fully proportional consolidation basis was 43% (FY 22: 47%). Net debt: EBITDA improved to 7.7x from 10.4x at 31 December 2022. The Group has ample liquidity in cash and undrawn committed facilities of £1.2bn (FY 22: £1.0bn) and has no unsecured debt maturities until 2025 not covered by existing cash.

Since the year end results, Fitch's senior unsecured investment grade credit rating was re-affirmed as BBB+ and Moody's Baa3 rating was retained.

PRESENTATION OF FINANCIAL INFORMATION

The Group's property portfolio comprises properties that are either wholly owned or co-owned with third parties.

Whilst the Group prepares its financial statements under IFRS (the 'Reported Group'), the Group evaluates the performance of its portfolio for internal management reporting by aggregating its wholly owned businesses together with its share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis, line-by-line (in total described as the Group's 'Managed portfolio').

The Group's investment in Value Retail is not proportionally consolidated because it is not under the Group's management, is independently financed and has differing operating metrics to the Group's Managed portfolio. Accordingly, it is accounted for separately as share of results of associates as reported under IFRS and is also excluded from the Group's proportionally consolidated key metrics such as net debt or like-for-like net rental income growth.

However, for certain of the Group's Alternative Performance Measures (APMs), for enhanced transparency, we do disclose metrics combining both the Managed portfolio and Value Retail. These include property valuations, returns and certain credit metrics.

Both the IFRS and Management reporting bases are presented in the financial statements.

Management reporting and IFRS accounting treatment

	Comprising properties which are	Accounting treatment
Management reporting		
Managed portfolio	- Wholly owned and Share of Property interests	Proportionally consolidated
Value Retail	- Held as an associate	Single line – results/investment in associates
IFRS		
Managed portfolio:		
- Reported Group	- Wholly owned	Fully consolidated
	- Joint operations*	Consolidation of Group's ownership share
- Share of Property interests	- Held in joint ventures	Single line - results/investment in joint ventures
	- Held in associates	Single line - results/investment in associates
Value Retail	- Held as an associate	Single line - results/investment in associates

* See note 11B to the interim financial statements for more information on the Group's two joint operations.

Derecognition of Highcross and O'Parinor

The Group's Highcross and O'Parinor joint ventures, in which the Group had 50% and 25% interests respectively, had a total of £125m of borrowings secured against the individual property interests which were non-recourse to the Group. In both cases the loans were in breach of certain conditions and the Group was working constructively with the respective lenders on options to realise 'best value' for all stakeholders.

On 9 February 2023, a receiver was appointed to administer Highcross for the benefit of the creditors and as a result of no longer having joint control the Group derecognised its share of assets and liabilities, including the property value and £80m of secured borrowings. There was no loss on derecognition as the Group's joint venture investment in Highcross had been fully impaired at 31 December 2021, from which date the Group had ceased recognising the results of this joint venture in the income statement.

On 30 June 2023, the lenders on O'Parinor took control of the joint venture and the Group therefore impaired its joint venture investment by £22m and derecognised its share of assets and liabilities, including the property value and £45m of secured borrowings.

New accounting pronouncements resulting in restatements of the six months ended 30 June 2022

In 2022, IFRIC issued agenda decisions which resulted in the restatement of a number of line items in the prior period financial statements. These restatements are explained in Note 1B to the interim financial statements and relate to the accounting treatment of rent concessions granted to tenants (lessors) and the classification of cash and restricted monetary assets:

- Rent concessions: Restatement of revenue, gross rental income, cost of sales, net rental income and revaluation losses although operating profit and income statement figures below operating profit are unaffected. Adjusted figures are also affected including those down to adjusted earnings. A more detailed analysis of the effects is set out in note 5 to the interim financial statements.
- Cash: An increase in cash and cash equivalents of £5.0m, or £25.4m on a proportionally consolidated basis, with a corresponding decrease in restricted monetary assets at 30 June 2022. The equivalent figures at 31 December 2021 were £5.4m and £20.4m respectively. See note 19C to the interim financial statements for further information.

Where figures in this Financial Review or interim financial statements have been restated, they are marked †.

Alternative Performance Measures (APMs)

The Group uses a number of APMs, being financial measures not specified under IFRS, to monitor the performance of the business. Many of these measures are based on the EPRA Best Practice Recommendations (BPR) reporting framework which aims to improve the transparency, comparability and relevance of the published results of listed European real estate companies. Details on the EPRA BPR can be found on www.epra.com and the Group's key EPRA metrics are shown in Table 1 of the Additional information.

We present the Group's results on an IFRS basis but also on an EPRA, Headline and Adjusted basis as explained in note 1C to the interim financial statements. The Adjusted basis enables us to monitor the underlying operations of the business on a proportionally consolidated basis as described in the basis of preparation and excludes capital and non-recurring items such as revaluation movements, gains or losses on the disposal of properties or investments, impairment of investments, as well as other items which the Directors and management do not consider to be part of the day-to-day operations of the business. Such excluded items are in the main reflective of those excluded for EPRA earnings, but additionally exclude certain cash and non-cash items which we believe are not reflective of the normal routine operating activities of the Group. We believe that disclosing such non-IFRS measures enables evaluation of the impact of such items on results to facilitate a fuller understanding of performance from period to period. These items, together with EPRA and Headline adjustments are set out in more detail in note 9A to the interim financial statements.

For the first half of 2023, adjusting items additional to EPRA adjusting items comprised:

- Exclusion of a charge of £3.2m (HY 22: £1.4m) in respect of business transformation as the Group continues its implementation of strategic change and comprises mainly non-capitalisable digital transformation costs, and severance and other costs associated with team and operational restructuring.
- A credit of £0.2m (HY 22: £1.6m) for expected credit losses charged to the income statement but where the related income is deferred on the balance sheet such that the exclusion of this removes the distortive mismatch this causes.

INCOME STATEMENT

The Group's IFRS reported loss was £1.2m (HY 22: £50.3m profit). The year-on-year reduction in IFRS earnings was principally due to losses on the disposal of the Group's interests in Italie Deux and Croydon and an impairment charge in relation to the derecognition of the Group's joint venture investment in O'Parinor totalling £39.4m and a net reduction in IFRS earnings from Value Retail of £30.3m. These were partly offset by the recycling of exchange gains on the two French disposals of £20.1m.

As explained above, the Group evaluates the performance of its portfolio on a proportionally consolidated basis. A detailed reconciliation from Reported Group to the proportionally consolidated basis is set out in note 2 to the interim financial statements.

On an Adjusted basis, earnings increased by £7.5m to £55.9m (HY 22: £48.4m) and a summary reconciling adjusted earnings is set out below:

Summary income statement

	a	Six months ended 30 June 2023			Six months ended 30 June 2022		
		Proportionally consolidated			Proportionally consolidated		
		Before adjustments £m	Adjustments £m	Adjusted £m	Before adjustments £m	Adjustments £m	Adjusted £m
Net rental income	†	85.3	(0.2)	85.1	85.4	(1.6)	83.8
Net administration expenses		(20.7)	3.2	(17.5)	(21.2)	1.4	(19.8)
Profit from operating activities	†	64.6	3.0	67.6	64.2	(0.2)	64.0
Revaluation losses – Managed portfolio	†	(43.8)	43.8	–	(40.6)	40.6	–
Disposals and impairments		(39.4)	39.4	–	1.5	(1.5)	–
Fair value changes and other items		20.4	(20.4)	–	(1.2)	1.2	–
Share of results of Value Retail		32.1	(18.7)	13.4	62.4	(48.7)	13.7
Operating profit	†	33.9	47.1	81.0	86.3	(8.6)	77.7
Net finance costs		(35.1)	10.0	(25.1)	(35.7)	6.7	(29.0)
Tax charge		–	–	–	(0.3)	–	(0.3)
(Loss)/profit for the period	†	(1.2)	57.1	55.9	50.3	(1.9)	48.4
(Loss)/earnings per share		Reported Group pence		Adjusted pence	Reported Group pence		Adjusted pence
Basic	b	(0.0)p			1.0p		
Adjusted	† b			1.1p			1.0p

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

a Proportionally consolidated figures are set out in more detail in note 2 and adjustments are detailed in note 9A to the interim financial statements.

b In addition to the IFRIC Decision on Concessions, comparative figures for 2022 have also been restated to reflect the bonus element of scrip dividends as explained in note 10B to the interim financial statements. Previously reported figures were: Reported Group: 1.1p; Adjusted: 1.1p.

The table below bridges adjusted earnings between the two periods:

Reconciliation of movements in adjusted earnings*

	Adjusted earnings £m
Six months ended 30 June 2022	† 48.4
Increase in net rental income (excluding disposals)	5.8
Decrease in net finance costs	3.9
Decrease in gross administration costs	3.4
Decrease in tax charge	0.3
Decrease in Value Retail earnings	(0.3)
Decrease in net rental income arising from disposals	(4.5)
Decrease in property fee income and management fees receivable	(1.1)
Six months ended 30 June 2023	55.9

† The figure for the six months ended 30 June 2022 has been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

* Decreases and increases are all on an Adjusted basis and therefore exclude adjusting items as set out in note 9A to the interim financial statements.

Rental income

Analysis of rental income

Gross rental income decreased by £1.1m to £106.3m. Disposals reduced income by £7.9m, including Silverburn and Victoria Leeds in 2022 and Italie Deux and Croydon in 2023. This was partly offset by favourable foreign exchange movements of £2.0m and income from developments and other assets which increased by £2.4m principally relating to the Les 3 Fontaines extension which opened in March 2022. Like-for-like GRI increased by £2.4m, or 3.1% benefitting from increased base rent associated with the strong leasing performance over the previous 18 months.

Net rental income increased by £1.3m compared with HY 22, with lower income due to disposals of £4.5m offset by foreign exchange movements of £1.7m, income from development and other assets of £2.6m and like-for-like growth of £1.5m, or 2.3%. From a like-for-like NRI perspective, Ireland (+8.6%) benefit from reduced year-on-year bad debt charges whilst France (-2.5%) was the opposite with an increased charge in HY 23 following a small number of tenants entering administration.

The above movements resulted in an improvement of the adjusted NRI:GRI (after ground rents payable) ratio to 80.7% (HY 22: 78.5%).

Further analysis of net rental income by segment is provided in Table 6 of the Additional information.

Proportionally consolidated		Gross rental income	Like-for-like change	Adjusted net rental income	Like-for-like change
Six months ended 30 June 2022	†	107.4		83.8	
Like-for-like Managed portfolio:					
- UK		1.2	2.9%	0.4	1.1%
- France		1.0	6.1%	(0.3)	(2.5)%
- Ireland		0.2	1.1%	1.4	8.6%
		2.4	3.1%	1.5	2.3%
Developments and other		2.4		2.6	
Foreign exchange		2.0		1.7	
Disposals		(7.9)		(4.5)	
Six months ended 30 June 2023		106.3		85.1	

† 2022 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

Analysis of rental income by ownership

GRI and NRI for the Group are analysed below to break out Share of Property interests.

Six months ended 30 June 2023					
Share of Property interests					
Proportionally consolidated	Reported Group £m	Joint ventures £m	Associates £m	Subtotal £m	Total £m
Gross rental income	47.9	57.2	1.2	58.4	106.3
Net service charge expenses and cost of sales	(8.6)	(12.4)	–	(12.4)	(21.0)
Net rental income	39.3	44.8	1.2	46.0	85.3
Change in provision for amounts not yet recognised in the income statement	–	(0.2)	–	(0.2)	(0.2)
Adjusted net rental income	39.3	44.6	1.2	45.8	85.1

		Six months ended 30 June 2022				
		Reported Group £m	Share of Property interests			Total £m
			Joint ventures £m	Associates £m	Subtotal £m	
Proportionally consolidated						
Gross rental income	†	45.6	58.7	3.1	61.8	107.4
Net service charge expenses and cost of sales		(7.0)	(14.2)	(0.8)	(15.0)	(22.0)
Net rental income	†	38.6	44.5	2.3	46.8	85.4
Change in provision for amounts not yet recognised in the income statement		(0.7)	(0.9)	–	(0.9)	(1.6)
Adjusted net rental income	†	37.9	43.6	2.3	45.9	83.8

† 2022 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

Administration expenses

Proportionally consolidated	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Employee costs – excluding variable costs	13.1	15.6
Variable employee costs	4.0	3.5
Other corporate costs	8.6	10.0
Gross administration costs	25.7	29.1
Property fee income	(4.8)	(6.4)
Joint venture and associate management fee income	(3.4)	(2.9)
Other income	(8.2)	(9.3)
Adjusted net administration expenses	17.5	19.8
Business transformation costs	3.2	1.4
Net administration expenses	20.7	21.2

Gross administration costs decreased by £3.4m or 12% compared to the first half of 2022 reflecting the Group's continuing focus on cost reduction and principally relates to:

- Employee costs, including variable costs, reduced by £2.0m or 10% as we continued to reshape our organisation to an asset-centric structure. Headcount at 30 June 2023 was 224, 40% lower than at 30 June 2022 (371) and 30% lower than at 31 December 2022 (320).
- Other corporate costs (comprising mainly professional fees, office and IT costs) fell by £1.4m or 14%. Office costs were £0.6m lower following the UK head office relocation to Marble Arch House and Directors and Officers insurance premiums were £0.8m lower year-on-year reflecting the strengthening of the Group's financial position.

Other income decreased by £1.1m against 2022 due to disposals.

Business transformation costs of £3.2m comprised mainly fees for contractors and consultants working on the Group's digitalisation and automation programme, which were not eligible for capitalisation, and severance costs.

Disposals

During the first half of 2023, we raised gross proceeds of £215m, relating mainly to the disposals of the Group's interests in Italie Deux (including the Italik extension) and our standalone development interests in Croydon. In total, disposals in the period resulted in an overall loss on disposal of £17m, reflecting an 8% discount to book value at 31 December 2022.

Share of results of associates - Value Retail

On an Adjusted basis, the Group's share of results of joint ventures and associates comprises solely the Group's investment in Value Retail which generated adjusted earnings of £13.4m (HY 22: £13.7m).

Year-on-year GRI increased by £8.7m, or 13% due to increased sales across the Villages. This was offset by higher property and administration costs totalling £6.4m and increased finance costs of £3.0m following the refinancing of La Vallée and Bicester Villages in 2022. The Group received cash distributions of £43m from Value Retail in the first half of 2023 (HY 22: £nil).

Net finance costs

Proportionally consolidated	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Adjusted finance income	14.7	11.5
Finance costs		
Gross interest costs	(39.8)	(41.7)
Interest capitalised	–	1.2
Adjusted finance costs	(39.8)	(40.5)
Adjusted net finance costs	(25.1)	(29.0)
Debt and loan facility cancellation costs	–	(1.2)
Change in fair value of derivatives	(10.0)	(5.5)
Net finance costs	(35.1)	(35.7)

Adjusted net finance costs were £25.1m, a decrease of £3.9m, or 13%, compared with 2022. This was predominately due to higher interest income of £3.2m due to increased cash balances following disposals and higher interest rates in HY 23 compared with HY 22.

Tax

Due to the Group having tax exempt status in its principal operating countries the tax charge, on a proportionally consolidated basis, remained low at £nil (HY 22: £0.3m).

The tax charge remains low as the Group benefits from being a UK REIT and French SIIC and its Irish assets are held in a QIAIF. The Group is committed to remaining in these tax exempt regimes and further details on these regimes are given in note 7 to the interim financial statements. In order to satisfy the REIT conditions, the Company is required, on an annual basis, to pass certain business tests. The Group expects to meet all requirements for maintaining its REIT status for the year ending 31 December 2023 and to continue doing so for the foreseeable future.

Dividends

The Group has announced a new dividend policy as set out in the Chief Executive's review on page 4.

The Board has declared an interim dividend of 0.72p pence per share, payable as a PID on 2 October 2023 to shareholders on the register on 25 August 2023. There will be no scrip alternative although the dividend reinvestment plan (DRIP) remains available to shareholders.

NET ASSETS

A detailed analysis of the balance sheet on a proportionally consolidated basis is set out in Table 12 of the Additional information with a summary reconciling to EPRA NTA set out in the table below:

Summary net assets

	30 June 2023				31 December 2022			
	Reported Group £m	Share of Property interests £m	EPRA adjustments £m	EPRA NTA £m	Reported Group £m	Share of Property interests £m	EPRA adjustments £m	EPRA NTA £m
Investment and trading properties	1,406	1,399	–	2,805	1,497	1,723	–	3,220
Investment in joint ventures	1,198	(1,198)	–	–	1,342	(1,342)	–	–
Investment in associates - Value Retail	1,172	–	45	1,217	1,189	–	52	1,241
- Italie Deux	–	–	–	–	108	(108)	–	–
Net trade receivables	26	15	–	41	24	18	–	42
Net debt	a (1,144)	(174)	8	(1,310)	(1,458)	(274)	(1)	(1,733)
Other net liabilities	(89)	(42)	1	(130)	(116)	(17)	(3)	(136)
Net assets	2,569	–	54	2,623	2,586	–	48	2,634
EPRA NTA per share	b			52p				53p

a Comprises cash and cash equivalents, loans, fair value of currency swaps.

b EPRA adjustments in accordance with EPRA best practice, principally in relation to deferred tax, as shown in note 9B to the interim financial statements.

During the first half of 2023, net assets decreased by £17m to £2,569m (2022: £2,586m). Net assets, calculated on an EPRA Net Tangible Assets (NTA) basis, were £2,623m, or 52 pence per share, a reduction of 1 pence compared to 31 December 2022. The reduction in NTA was principally due to disposal and impairment losses of £39m, portfolio revaluation losses of £18m, these were largely offset by adjusted earnings of £56m. This is equivalent to a total accounting return of –0.4% (FY 22 –6.8%).

The key components of the movement in Reported Group net assets and EPRA NTA are as follows:

Movement in net assets

	Reported Group £m	EPRA adjustments £m	EPRA NTA £m
Proportionally consolidated including Value Retail			
1 January 2023	2,586	48	2,634
Property revaluation – Managed portfolio	(44)	–	(44)
– Value Retail	26	–	26
Adjusted earnings	56	–	56
Disposal and impairment losses	(39)	–	(39)
Change in deferred tax	(8)	4	(4)
Foreign exchange and other movements	(8)	2	(6)
30 June 2023	2,569	54	2,623

PROPERTY PORTFOLIO ANALYSIS

Portfolio valuation

The Group's external valuations continue to be conducted by CBRE Limited (CBRE), Cushman & Wakefield (C&W) and Jones Lang LaSalle Limited (JLL), providing diversification of valuation expertise across the Group. At 30 June 2023, the majority of our UK flagship destinations have been valued by JLL and CBRE, the French portfolio by JLL, and the Irish portfolio, Value Retail and Brent Cross have been valued by C&W. This is unchanged from 31 December 2022.

In the first half of the year the Group's investment markets have been largely stable, with relatively few transactions as potential investors wait for greater certainty and liquidity in debt markets. Across all markets there has been a growing polarisation based on asset quality from both an occupational and investment perspective, with values for the highest quality assets outperforming less prime assets. Market yields for prime shopping centres have remained unchanged in the UK in the six months to 30 June 2023 (source: JLL, CBRE), in France market yields have increased slightly (source: JLL), while in Ireland yields have increased by c. 15-25bps (source: C&W).

At 30 June 2023, the Group's portfolio was valued at £4,694m, a reduction of £413m (8%) since 31 December 2022. This movement was primarily due to disposals totalling £331m comprising the sales of Italie Deux (including Italik) and Croydon and the derecognition of Highcross and O'Parinor. Adverse foreign exchange movement also reduced the portfolio value by £89m. Movements in the portfolio valuation are shown in the table below.

Movements in property valuation

Proportionally consolidated – including Value Retail	Flagships £m	Developments and other £m	Managed portfolio £m	Value Retail £m	Group portfolio £m
At 1 January 2023	2,788	432	3,220	1,887	5,107
Revaluation (losses)/gains	(28)	(16)	(44)	26	(18)
Capital expenditure	12	6	18	7	25
Disposals	(213)	(118)	(331)	–	(331)
Foreign exchange	(55)	(3)	(58)	(31)	(89)
At 30 June 2023	2,504	301	2,805	1,889	4,694

* Includes the derecognition of Highcross and O'Parinor.

During the year, capital expenditure on the Managed portfolio was £18m principally reflecting costs directly related to the high leasing volume in terms of reconfiguration works and incentives across the portfolio; works to repurpose the former Debenhams units at Bullring where M&S recently began fitting out, and development costs at the on-site Ironworks residential scheme. Costs on the Group's remaining land bank schemes were modest at £3m. Table 11 of the Additional information analyses the spend between the creation of additional area and that relating to the enhancement of existing space.

Revaluation (losses)/gains

In the first half of 2023 we recognised a total net revaluation loss of £18m across the Group portfolio, comprising a loss of £44m in respect of the Managed portfolio partly offset by a gain of £26m in Value Retail. For the Managed portfolio, outward yield shift, principally in Ireland, caused half (£22m) of the revaluation loss of £44m. £16m related to reductions on development schemes and the recognition a £4m cladding cost allowance, with the remaining loss of £2m associated with lower ERVs at selected assets.

UK flagship destinations reported a revaluation deficit of £10m, £8m of which was at Union Square relating to an allowance for cladding costs and lower ERVs, the remaining deficit of £2m across the portfolio was due to expenditure directly relating to leasing such as unit reconfiguration and incentives. Excluding Union Square, ERVs grew by 0.8% in the first six months of the year.

France reported a revaluation gain of £2m, a £1m adverse yield shift impact offset by increased income.

Ireland recorded a revaluation loss of £19m, with average outward yield shift of 17bp resulting in a loss of £21m, this was partly offset by a £2m gain in relation to increased income from leasing activity.

There was a revaluation loss of £16m on the Developments and other portfolio with the valuers reflecting weaker values in the office market which adversely impacted the residual valuation of The Goodsyrd scheme.

Yields were unchanged across the Value Retail Villages, with the revaluation gain of £26m solely due to strong trading in 2023.

Further valuation analysis is included in Table 9 of the Additional information.

Like-for-like ERV*

	Six months ended 30 June 2023 %	Year ended 31 December 2022 %	Six months ended 30 June 2022 %
Flagship destinations			
UK	–	(3.8)	(1.4)
France	0.2	(1.6)	0.8
Ireland	0.1	0.3	0.5
	0.1	(2.2)	(0.3)

* Calculated on a constant currency basis for properties owned throughout the relevant reporting period.

Like-for-like ERVs were broadly unchanged in the first half of the year with an overall increase of 0.1%. As reported in the valuation section, excluding Union Square, like-for-like ERV across the UK flagship portfolio was 0.8% higher driven by the strong leasing performance in 2023.

Property returns analysis

The Group's managed property portfolio generated a total property return of +1.4%, comprising an income return of +2.8% offset by a capital return of –1.4%. Incorporating the income and capital returns from the Value Retail portfolio, the Group's income return was +2.8% and the capital return –0.3%, to generate a total return of +2.5% (FY 22: –0.7%).

	Six months ended 30 June 2023							
Proportionally consolidated	UK %	France %	Ireland %	Flagship Destinations %	Developments and other %	Managed portfolio %	Value Retail %	Group portfolio %
Income return	4.0	2.4	2.8	3.0	1.7	2.8	2.9	2.8
Capital return	(1.2)	(2.6)	(2.9)	(2.2)	3.4	(1.4)	1.4	(0.3)
Total return	2.8	(0.3)	(0.1)	0.8	5.1	1.4	4.3	2.5

	Year ended 31 December 2022							
	UK %	France %	Ireland %	Flagship Destinations %	Developments and other %	Managed portfolio %	Value Retail %	Group portfolio %
Income return	7.9	4.8	5.2	6.0	2.3	5.4	5.3	5.3
Capital return	(9.4)	(4.6)	(3.0)	(5.9)	(14.8)	(7.3)	(3.1)	(5.8)
Total return	(2.1)	–	2.1	(0.2)	(12.8)	(2.3)	2.0	(0.7)

INVESTMENT IN JOINT VENTURES AND ASSOCIATES

Details of the Group's joint ventures and associates are shown in notes 12 and 13, respectively, to the interim financial statements.

Reported Group

Joint ventures

During the year, our investment in joint ventures decreased by £144m to £1,198m (FY 22: £1,342m) where the most significant movements were £99m relating to the disposal of the Group's 50% interest in Croydon in April and the derecognition of the Group's 25% interest in O'Parinor in June. £40m of the reduction also related to a cash distributions paid to the Group.

Associates

Our investment in associates decreased by £125m to £1,172m (FY 22: £1,297m). £109m of the reduction was due to the disposal of Italie Deux in March with a further £43m relating to Value Retail distributions.

TRADE RECEIVABLES

On a proportionally consolidated basis, gross trade (tenant) receivables totalled £61.0m at 30 June 2023 (FY 22: £74.1m) against which a provision of £20.4m (FY 22: £32.3m) has been applied. This provision represents 44% (FY 22: 60%) of trade receivables of £45.9m (FY 22: £53.9m) after excluding tenant deposits, guarantees and VAT. The reduction in the provision percentage is principally due to the disposal of Croydon. See note 14 to the interim financial statements for further information.

	30 June 2023					31 December 2022		
Proportionally consolidated	Gross trade receivables £m	Trade receivables net of deposits, guarantees and VAT £m	Provision £m	Net trade receivables £m	Gross trade receivables £m	Trade receivables net of deposits, guarantees and VAT £m	Provision £m	Net trade receivables £m
UK	28.0	23.5	(7.1)	20.9	29.1	25.0	(12.5)	16.6
France	28.0	18.2	(11.3)	16.7	40.0	24.6	(17.2)	22.8
Ireland	5.0	4.2	(2.0)	3.0	5.0	4.3	(2.6)	2.4
Managed portfolio	61.0	45.9	(20.4)	40.6	74.1	53.9	(32.3)	41.8
Share of Property interests	(19.5)	(17.5)	5.2	(14.3)	(33.1)	(27.3)	14.7	(18.4)
Reported Group	41.5	28.4	(15.2)	26.3	41.0	26.6	(17.6)	23.4

FINANCING AND CASH FLOW

Financing strategy

Our financing strategy is to borrow predominantly on an unsecured basis. Secured borrowings are occasionally used, mainly in conjunction with joint venture partners. Value Retail also uses predominantly secured debt in its financing strategy. All secured debt is non-recourse to the rest of the Group.

The Group's borrowings are arranged to maintain access to short term liquidity and long term financing. Short term liquidity is principally through syndicated revolving credit facilities. Long term debt comprises the Group's fixed rate unsecured bonds and private placement notes. At 30 June 2023, the Group also had secured borrowings in the Dundrum joint venture and Value Retail. Acquisitions may initially be financed using short term funds before being refinanced with longer term funding depending on the Group's financing position in terms of maturities, future commitments or disposals, and market conditions.

Derivative financial instruments are used to manage exposure to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes.

The Board regularly reviews the Group's financing strategy and approves financing guidelines against which it monitors the Group's capital structure. Where there is any non-compliance with the guidelines, this should not be for an extended period but the Group always strives to maintain an investment grade credit rating. The key financing metrics are set out below.

Key financial metrics

Proportionally consolidated unless otherwise stated		Calculation (References to Additional information)	30 June 2023	31 December 2022
Net debt		Table 13	£1,318m	£1,732m
Liquidity			£1,217m	£996m
Weighted average interest rate			2.6%	2.4%
Weighted average maturity of debt			2.9 years	3.4 years
FX hedging			90%	91%
Net debt : EBITDA		Table 16	7.7x	10.4x
Loan to value – Headline	a	Table 18	33%	39%
Loan to value – Full proportional consolidation of Value Retail	b	Table 18	43%	47%
Metrics with associated Group unsecured financial covenants		Covenant		
Interest cover	≥ 1.25x	Table 17	3.59x	3.24x
Gearing – Selected bonds	c ≤ 175%	Table 19	52%	68%
– Other borrowings and facilities	≤ 150%	Table 19	52%	68%
Unencumbered asset ratio	≥ 1.5x	Table 20	2.07x	1.74x
Secured borrowings/equity shareholders' funds	≤ 50%		10%	15%
Fixed rate debt as a proportion of total debt	n/a		84%	84%

a Headline: Loan excludes Value Retail net debt and Value includes Value Retail net assets.

b Full proportional consolidation of Value Retail ('VR'): Loan includes Group's share of VR net debt and Value includes share of VR's values.

c Applicable to bonds maturing in 2025 and 2027 (as set out in note 15 to the interim financial statements).

Credit ratings

Following the year end results and in recognition of the Group's strengthened financial position, Fitch's senior unsecured investment grade credit rating was re-affirmed as BBB+. Moody's rating of Baa3 was retained.

Outlooks from both rating agencies were changed from negative to stable in 2022 following the recovery from the COVID-19 pandemic.

Leverage

At 30 June 2023, the Group's gearing was 52% (FY 22: 68%) and Headline loan to value ratio was 33% (FY 22: 39%).

The Group's share of net debt in Value Retail totalled £698m (FY 22: £675m). Fully proportionally consolidating Value Retail's net debt, the Group's loan to value ratio was 43% (FY 22: 47%).

Calculations for loan to value and gearing are set out in Tables 18 and 19 of the Additional information, respectively.

Borrowings and covenants

The terms of the Group's unsecured borrowings contain a number of covenants which provide protection to the lenders and bondholders as set out in the Key financial metrics table above. At 30 June 2023, the Group had significant headroom against these metrics.

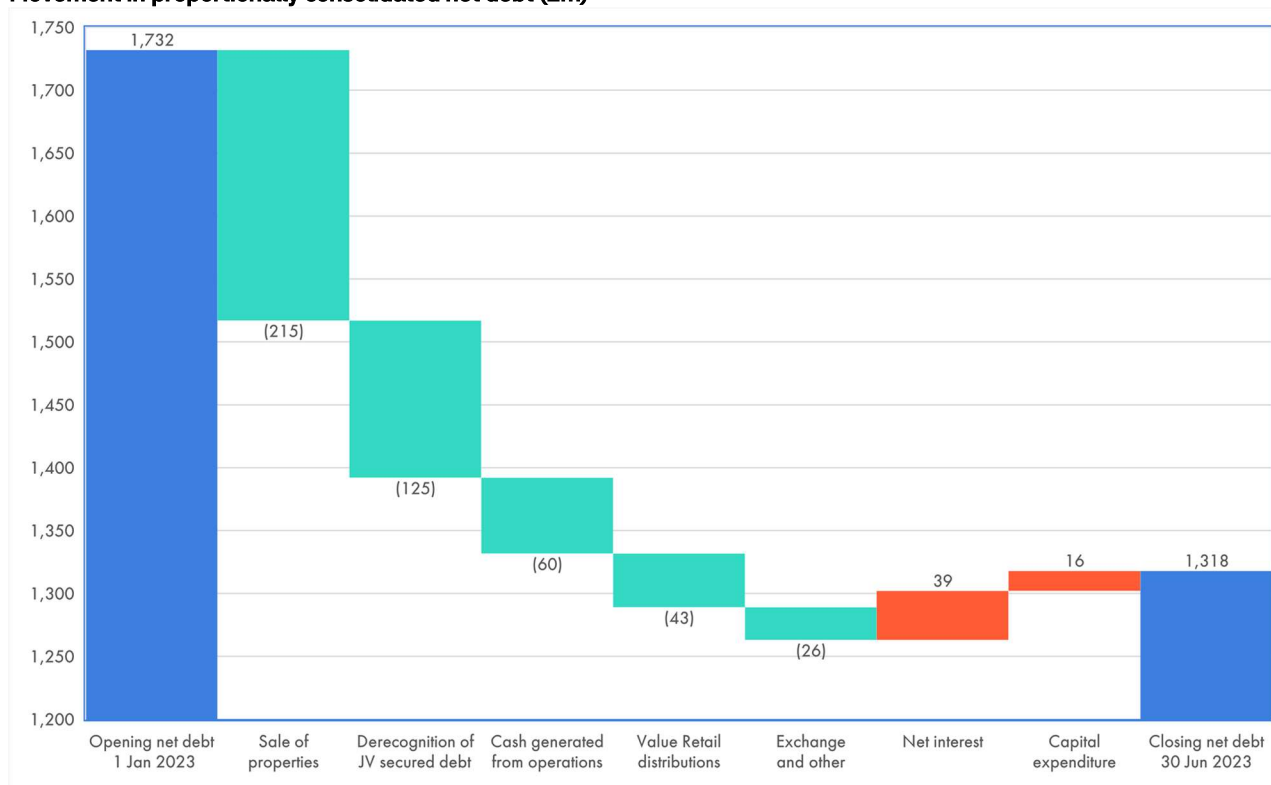
In addition, Dundrum and Value Retail have secured debt facilities which include covenants specific to those properties, including covenants for loan to value and interest cover, however, there is no recourse to the Group.

Managing foreign exchange exposure

The Group's exposure to foreign exchange translation differences on euro-denominated assets is managed through a combination of euro borrowings and derivatives. At 30 June 2023, the value of euro-denominated liabilities as a proportion of the value of euro-denominated assets was 90% compared with 91% at the beginning of the year. Interest on euro-denominated debt also acts as a partial hedge against exchange differences arising on net income from our overseas operations. Sterling strengthened against the euro during the year by 3%.

CASH FLOW AND NET DEBT

Movement in proportionally consolidated net debt (£m)



On a proportionally consolidated basis, in the first half of 2023 net debt decreased by 24% to £1,318m (FY 22: £1,732m). At 30 June 2023, net debt comprised loans of £1,879m and the fair value of currency swaps of £2m, less cash and cash equivalents of £563m, of which £479m is held by the Reported Group. Disposals during the year generated net cash proceeds of £215m with £125m of secured borrowings removed with the derecognition of Highcross and O'Parinor. Further reductions were due to cash generated from operations of £60m, £43m of distributions received from Value Retail and favourable foreign exchange and other movements of £26m. These items were partly offset by net interest of £39m and capital expenditure in the first half of the year of £16m.

Further information on the movement in proportionally consolidated net debt is in Table 14 of the Additional information.

Liquidity

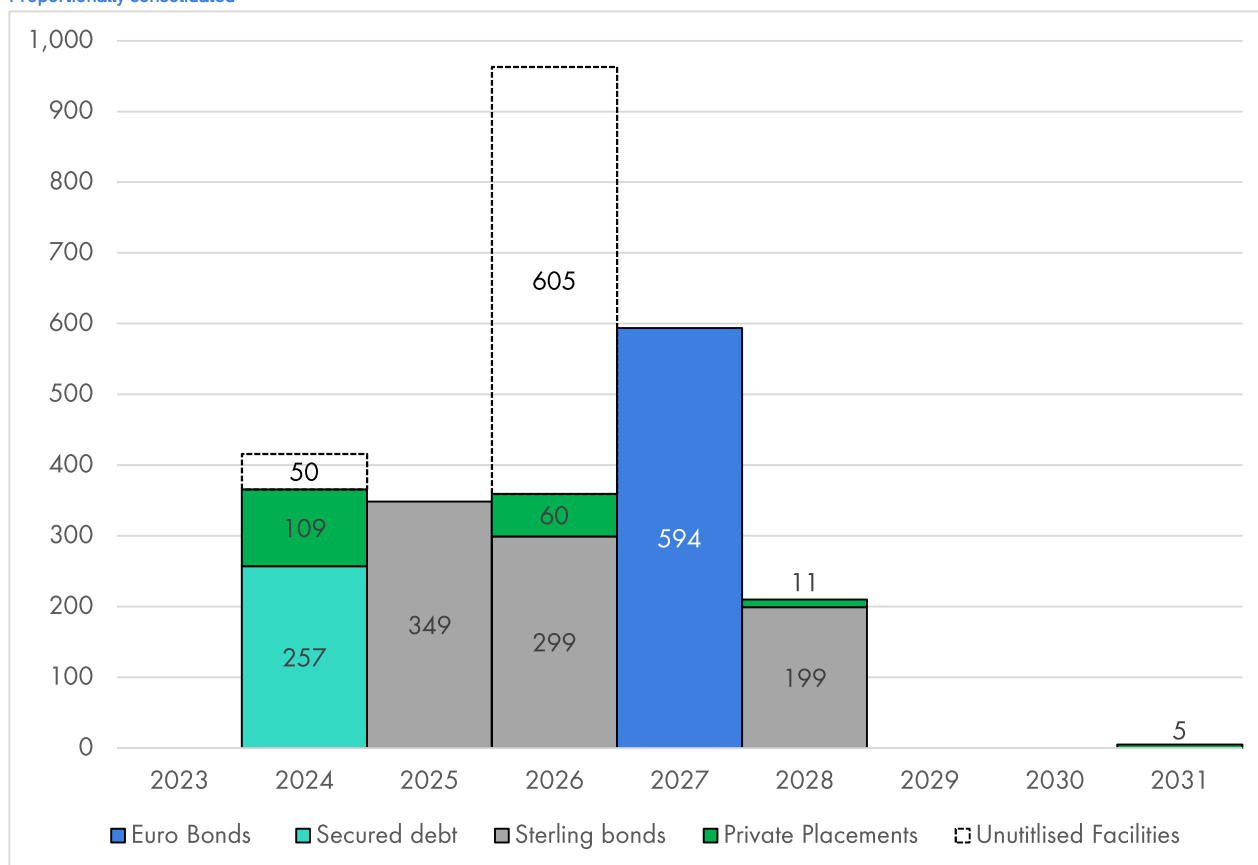
The Group's liquidity at 30 June 2023, calculated on a proportionally consolidated basis comprising cash of £563m and unutilised committed facilities of £654m, was £1,217m, £221m higher than at the beginning of the year. This was primarily due to the retention of cash proceeds from disposals.

During the first six months of the year, we obtained lender consent to extend £605m of the Group's revolving credit facilities by one year such that they now mature in 2026 as shown on the chart below.

Debt and facility profile

Maturity profile of loans and facilities (£m)

Proportionally consolidated



The Group's weighted average maturity is 2.9 years (FY 22: 3.4 years). The maturity of 2024 private placements are covered by existing cash with the Group having no further unsecured debt maturities until 2025.

Maturity analysis of loans

Proportionally consolidated	Maturity – 30 June 2023	30 June 2023 £m	31 December 2022 £m
Sterling bonds	2025 – 2028	846.9	846.4
Sustainability linked euro bond	2027	593.7	612.3
Bank loans and overdrafts	*	(3.0)	(3.1)
Senior notes (US Private Placements)	2024 – 2031	184.5	190.8
Total loans – Reported Group		1,622.1	1,646.4
Share of Property interests	2024	257.2	391.6
Total loans – proportionally consolidated		1,879.3	2,038.0
Cash and cash equivalents		(563.3)	(336.5)
Fair value of currency swaps		1.6	30.6
Net debt		1,317.6	1,732.1

* Debit balance comprises unamortised fees for RCFs against which no funds had been drawn at the period ends.

RISKS AND UNCERTAINTIES

The Board continually reviews and monitors the principal risks and uncertainties which could have a material effect on the Group's results. The Directors have considered the principal risks and uncertainties disclosed in the Annual Report for the year ended 31 December 2022, which are summarised below, and do not consider these to have changed significantly. Full disclosure of these risks, including the factors which mitigate them, is set out within the Risk and uncertainties section of the Annual Report 2022.

A. Macroeconomic Residual risk: High	Adverse changes to the macroeconomic environment in which we operate have the potential to hinder our financial performance and our ability to deliver our strategy.
B. Retail market Residual risk: Medium	In the context of the ever evolving retail market place, the Group fails to anticipate and address structural market changes. This will impair leasing performance, result in a sub-optimal occupier mix and thus impact our ability to attract visitors, maximise footfall/spend, and grow income at our properties.
C. Investment market and valuations Residual risk: Medium	Investor appetite for retail assets is reduced due to macroeconomic or retail market factors including increased borrowing costs, economic downturn, consumer and occupier confidence. This will adversely impact property valuations and also risk hindering the Group's in-flight disposal plans. This in turn would reduce the availability of funds for re-investment in our core assets and/or refinancing debt.
D. Climate Residual risk: Medium	Climate risks, particularly the reduction in carbon emissions and compliance with ESG regulations, are not appropriately managed and communicated. This is likely to adversely impact valuations and investor sentiment and may result in an increased final year bond coupon if the Group's sustainability linked bond targets are not met. Also, extreme weather events may impact our properties.
E. Tax Residual risk: Medium	The Group suffers financial loss and reputational damage from a new or increased tax levy or due to non-compliance with local tax legislation.
F. Legal and regulatory compliance Residual risk: Medium	The failure to comply with existing laws and regulations relevant to the Group, or to adapt to changes in these requirements in a timely fashion, could result in Group suffering reputational damage and/or financial penalties. These laws and regulations cover the Group's role as a multi-jurisdiction listed company; an owner and operator of property; an employer; and as a developer.
G. Non-retail/multi-use markets Residual risk: Medium	The Group fails to target the optimal (non-retail) property sectors for future developments or repurposing, or has insufficient access to capital and the skills required to deliver its urban estates vision. Occupier demand for non-retail sectors weakens or evolves such that the Group's development and repurposing plans are sub-optimal.
H. Cyber security Residual risk: Medium	The Group's information technology systems fail or are subject to an attack which breaches their technological defences. A failure could lead to operational disruption, financial demands or reputational damage due to assets being brought down and/or loss of commercially sensitive data.
I. Health and safety Residual risk: Medium	There is a serious work related injury, death and/or ill health to our colleagues, customers or contractors, and anyone else who visits our properties or premises. This may be due to the Group's actions or activities, or from external threats such as terrorism. In addition an incident or public health issue, such as a pandemic, is likely to have an adverse operational impact.
J. Capital structure Residual risk: Medium	Lack of access to capital on attractive terms could lead to the Group having insufficient liquidity to enable the delivery of the Group's strategic objectives.
K. Partnerships Residual risk: High	A significant proportion of the Group's properties are held in conjunction with third parties which has the potential to limit our ability to implement our strategy and reduces our control and therefore liquidity if partners are not strategically aligned.
L. Property development Residual risk: Medium	Property development is inherently risky due to its complexity, management intensity and uncertain outcomes, particularly for major schemes with multiple phases and long delivery timescales. Unsuccessful projects result in adverse financial and reputational outcomes.
M. Transformation Residual risk: Medium	The Group fails to deliver its strategic objective of creating an agile platform due to sub-optimal transformation projects. Other issues could arise due to transformation initiatives being delivered late, overbudget or causing significant disruption to business-as-usual activity.
N. People Residual risk: Medium	A failure to retain or recruit key management and other colleagues to build skilled and diverse teams could adversely impact operational and corporate performance, culture and ultimately the delivery of the Group's strategy. As the Group evolves its strategy it must continue to motivate and retain people, ensure it offers the right colleague proposition and attract new skills in a changing market.

INDEPENDENT REVIEW REPORT TO HAMMERSON PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hammerson plc's condensed consolidated interim financial statements (the 'interim financial statements') in the Half-year Report of Hammerson plc for the six month period ended 30 June 2023 (the 'period').

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, and the Transparency (Directive 2004/109/EC) Regulations 2007.

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 June 2023;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-year Report of Hammerson plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, and the Transparency (Directive 2004/109/EC) Regulations 2007.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half-year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Half-year Report, including the interim financial statements, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the Half-year Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007. In preparing the Half-year Report, including the interim financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half-year Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants

London

26 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' confirm that, to the best of their knowledge, the condensed consolidated interim financial statements (the 'interim financial statements') in the Half-year Report have been prepared in accordance with UK adopted International Accounting Standard 34 (IAS 34), IAS 34 as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations 2007, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and that the Half-year Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules (DTR) 4.2.7R and DTR 4.2.8R, namely:

The interim financial statements comprise:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Any material related party transactions that have taken place in the first six months of the financial year and any material changes in the related party transactions described in the Company's last Annual Report.

A list of the current Directors is maintained on the Hammerson plc website: www.hammerson.com. The maintenance and integrity of the Hammerson plc website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board on 26 July 2023

Rita-Rose Gagné
Director

Himanshu Raja
Director

CONSOLIDATED INCOME STATEMENT

			Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
	Note		Unaudited £m	Unaudited £m
Revenue	† 4		69.1	63.7
Profit from operating activities	† a 2		18.7	17.7
Revaluation loss on properties	†		(10.3)	(13.0)
Other net gains	b		3.1	1.9
Share of results of joint ventures	12B		7.6	16.3
Impairment of joint ventures	8		(22.1)	–
Share of results of associates	13B		33.3	61.9
Operating profit			30.3	84.8
Finance income	6		13.5	11.5
Finance costs	6		(45.0)	(45.7)
(Loss)/Profit before tax			(1.2)	50.6
Tax charge	7		–	(0.3)
(Loss)/Profit for the period attributable to equity shareholders			(1.2)	50.3
Basic and diluted (loss)/earnings per share	c 10B		(0.0)p	1.0p

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

a Includes a net credit of £1.7m (six months ended 30 June 2022: nil) relating to provisions for impairment of trade (tenant) receivables as set out in note 14.

b Other net gains comprise gains/(losses) and recycled exchange gains arising on disposals and changes in fair value of other investments. Such items are set out in more detail in note 2.

c The comparative earnings per share figures have been restated to incorporate the bonus element of scrip dividends. Further details are provided in note 10B.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2023 Unaudited £m	Six months ended 30 June 2022 Unaudited £m
(Loss)/Profit for the period	(1.2)	50.3
Recycled through the profit or loss on disposal of overseas property interests		
Exchange gain previously recognised in the translation reserve	(100.3)	–
Exchange loss previously recognised in the net investment hedge reserve	80.2	–
Net exchange gain relating to equity shareholders	a (20.1)	–
Items that may subsequently be recycled through profit or loss		
Foreign exchange translation differences	(65.1)	62.3
Gain/(Loss) on net investment hedge	57.4	(48.5)
Net gain/(loss) on cash flow hedge	0.3	(1.9)
Share of other comprehensive gain of associates	9.4	7.3
	2.0	19.2
Items that will not subsequently be recycled through profit or loss		
Net actuarial (losses)/gains on pension schemes	(0.2)	2.1
Total other comprehensive (loss)/income	b (18.3)	21.3
Total comprehensive (loss)/income for the period	(19.5)	71.6

a Relates to the sale of Italie Deux and Italik and derecognition of O'Parinor as described in note 8.

b All items within total other comprehensive income/(loss) relate to continuing operations.

CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	30 June 2023 Unaudited £m	31 December 2022 Audited £m
Non-current assets			
Investment properties	11	1,406.4	1,461.0
Interests in leasehold properties		32.7	34.0
Right-of-use assets		7.3	9.5
Plant and equipment		1.3	1.4
Investment in joint ventures	12C	1,198.2	1,342.4
Investment in associates	13C	1,172.0	1,297.1
Other investments		9.8	9.8
Trade and other receivables		3.2	3.2
Derivative financial instruments		–	7.0
Restricted monetary assets		21.4	21.4
		3,852.3	4,186.8
Current assets			
Trading properties	11	–	36.2
Trade and other receivables	14	68.8	85.9
Derivative financial instruments		16.8	0.1
Restricted monetary assets		12.7	8.6
Cash and cash equivalents		479.6	218.8
		577.9	349.6
Total assets		4,430.2	4,536.4
Current liabilities			
Trade and other payables		(132.8)	(168.3)
Obligations under head leases		(0.2)	(0.2)
Loans	15A	(108.5)	–
Tax		(0.4)	(0.5)
Derivative financial instruments		(3.9)	(16.1)
		(245.8)	(185.1)
Non-current liabilities			
Trade and other payables		(46.4)	(56.3)
Obligations under head leases		(36.8)	(38.1)
Loans	15A	(1,513.6)	(1,646.4)
Deferred tax		(0.4)	(0.4)
Derivative financial instruments		(18.5)	(23.7)
		(1,615.7)	(1,764.9)
Total liabilities		(1,861.5)	(1,950.0)
Net assets		2,568.7	2,586.4
Equity			
Share capital		250.1	250.1
Share premium		1,563.7	1,563.7
Other reserves	18	107.9	135.4
Retained earnings		655.6	646.0
Investment in own shares		(8.6)	(8.8)
Equity shareholders' funds		2,568.7	2,586.4
EPRA net tangible assets value per share	10C	52p	53p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2023

Unaudited	Share capital a £m	Share premium £m	Other reserves b £m	Retained earnings £m	Investment in own shares a £m	Equity shareholders' funds £m
At 1 January 2023	250.1	1,563.7	135.4	646.0	(8.8)	2,586.4
Recycled exchange gains on disposal of overseas property interests	–	–	(20.1)	–	–	(20.1)
Foreign exchange translation differences	–	–	(65.1)	–	–	(65.1)
Gain on net investment hedge	–	–	57.4	–	–	57.4
Loss on cash flow hedge	–	–	(3.1)	–	–	(3.1)
Loss on cash flow hedge recycled to net finance costs	–	–	3.4	–	–	3.4
Share of other comprehensive gain of associates	–	–	–	9.4	–	9.4
Net actuarial losses on pension schemes	–	–	–	(0.2)	–	(0.2)
Loss for the period	–	–	–	(1.2)	–	(1.2)
Total comprehensive (loss)/income	–	–	(27.5)	8.0	–	(19.5)
Share-based employee remuneration	–	–	–	1.7	–	1.7
Cost of shares awarded to employees	–	–	–	(0.2)	0.2	–
Proceeds on award of own shares to employees	–	–	–	0.1	–	0.1
At 30 June 2023	250.1	1,563.7	107.9	655.6	(8.6)	2,568.7

Six months ended 30 June 2022

Unaudited	Note	Share capital a £m	Share premium £m	Other reserves b £m	Merger reserve c £m	Capital redemption reserve d £m	Retained earnings £m	Investment in own shares a £m	Equity shareholders' funds £m	Non controlling interests £m	Total equity £m
At 1 January 2022		221.0	1,593.2	110.0	374.1	198.2	252.9	(3.5)	2,745.9	0.1	2,746.0
Foreign exchange translation differences		–	–	62.3	–	–	–	–	62.3	–	62.3
Loss on net investment hedge		–	–	(48.5)	–	–	–	–	(48.5)	–	(48.5)
Gain on cash flow hedge		–	–	5.6	–	–	–	–	5.6	–	5.6
Gain on cash flow hedge recycled to net finance costs		–	–	(7.5)	–	–	–	–	(7.5)	–	(7.5)
Share of other comprehensive gain of associates		–	–	–	–	–	7.3	–	7.3	–	7.3
Net actuarial gains on pension schemes		–	–	–	–	–	2.1	–	2.1	–	2.1
Profit for the period		–	–	–	–	–	50.3	–	50.3	–	50.3
Total comprehensive income		–	–	11.9	–	–	59.7	–	71.6	–	71.6
Transfer	c	–	–	–	(374.1)	–	374.1	–	–	–	–
Share-based employee remuneration		–	–	–	–	–	1.2	–	1.2	–	1.2
Cost of shares awarded to employees		–	–	–	–	–	(0.7)	0.7	–	–	–
Purchase of own shares		–	–	–	–	–	–	(6.0)	(6.0)	–	(6.0)
Dividends	17	–	–	–	–	–	(63.2)	–	(63.2)	–	(63.2)
Scrip dividend related share issue		9.7	(9.7)	–	–	–	51.4	–	51.4	–	51.4
Scrip dividend related share issue costs		–	(0.2)	–	–	–	–	–	(0.2)	–	(0.2)
At 30 June 2022		230.7	1,583.3	121.9	–	198.2	675.4	(8.8)	2,800.7	0.1	2,800.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Note	Share capital a £m	Share premium £m	Merger reserve c £m	Capital redemption reserve d £m	Other reserves b £m	Retained earnings £m	Investment in own shares a £m	Equity share-holders' funds £m	Non- controlling interests £m	Total equity £m
Audited											
At 1 January 2022		221.0	1,593.2	374.1	198.2	110.0	252.9	(3.5)	2,745.9	0.1	2,746.0
Foreign exchange translation differences		–	–	–	–	130.7	–	–	130.7	(0.1)	130.6
Loss on net investment hedge		–	–	–	–	(103.4)	–	–	(103.4)	–	(103.4)
Gain on cash flow hedge		–	–	–	–	6.3	–	–	6.3	–	6.3
Gain on cash flow hedge recycled to net finance costs		–	–	–	–	(8.2)	–	–	(8.2)	–	(8.2)
Share of other comprehensive gain of associates		–	–	–	–	–	23.3	–	23.3	–	23.3
Net actuarial losses on pension schemes		–	–	–	–	–	(26.7)	–	(26.7)	–	(26.7)
Loss for the year		–	–	–	–	–	(164.2)	–	(164.2)	–	(164.2)
Total comprehensive income/(loss)		–	–	–	–	25.4	(167.6)	–	(142.2)	(0.1)	(142.3)
Transfer	c, d	–	–	(374.1)	(198.2)	–	572.3	–	–	–	–
Share-based employee remuneration		–	–	–	–	–	3.0	–	3.0	–	3.0
Cost of shares awarded to employees		–	–	–	–	–	(1.4)	1.4	–	–	–
Purchase of own shares		–	–	–	–	–	–	(6.7)	(6.7)	–	(6.7)
Dividends		–	–	–	–	–	(140.3)	–	(140.3)	–	(140.3)
Scrip dividend related share issue		29.1	(29.1)	–	–	–	127.1	–	127.1	–	127.1
Scrip dividend related share issue costs		–	(0.4)	–	–	–	–	–	(0.4)	–	(0.4)
At 31 December 2022		250.1	1,563.7	–	–	135.4	646.0	(8.8)	2,586.4	–	2,586.4

- a Share capital includes shares held in treasury and shares held in an employee share trust, which are held at cost and excluded from equity shareholders' funds through 'Investment in own shares'.
- b Other reserves comprise Translation, Net investment and Cash flow hedge reserves as set out in note 18.
- c The merger reserve arose in September 2014 from a placing of new shares using a structure which resulted in merger relief being taken under Section 612 of the Companies Act 2006. Following receipt of the proceeds in 2014 and the relevant criteria enabling use of the reserve having been satisfied, the amounts in the merger reserve are deemed distributable and accordingly the balance of this reserve was transferred to retained earnings in the first half of 2022.
- d The capital redemption reserve comprised £14.3m relating to share buybacks which arose over a number of years up to 2019 and £183.9m resulting from the cancellation of the Company's shares as part of the reorganisation of share capital in 2020. Following approval by the High Court of England and Wales on 22 November 2022, this reserve was reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result was transferred to retained earnings.

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2023

		Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
	Note	Unaudited £m	Unaudited £m
Profit from operating activities	†	18.7	17.7
Net movements in working capital and restricted monetary assets	† 19A	(2.1)	(10.7)
Non-cash items	† 19A	5.1	(1.4)
Cash generated from operations	†	21.7	5.6
Interest received		11.7	11.7
Interest paid		(47.6)	(53.2)
Debt and loan facility issuance and extension fees		(0.6)	(2.7)
Premiums on hedging derivatives		–	(3.9)
Tax (paid)/repaid		(0.1)	0.1
Distributions and other receivables from joint ventures		48.9	50.6
Distributions from joint ventures reclassified as assets held for sale		–	6.0
Cash flows from operating activities	†	34.0	14.2
Investing activities			
Capital expenditure		(10.2)	(16.0)
Sale of properties (including trading properties)		47.8	124.9
Sale of investments in joint ventures		69.0	67.5
Sale of investments in associates		96.7	–
Advances to joint ventures		(5.9)	(0.3)
Distributions and capital returns received from associates		42.7	0.7
Cash flows from investing activities		240.1	176.8
Financing activities			
Share issue expenses		–	(0.2)
Proceeds from award of own shares		0.1	0.1
Purchase of own shares		–	(6.0)
Repayment of borrowings		(11.9)	(96.2)
Equity dividends paid	17	–	(1.2)
Cash flows from financing activities		(11.8)	(103.5)
Increase in cash and cash equivalents	†	262.3	87.5
Opening cash and cash equivalents	† 19C	218.8	315.1
Exchange translation movement	19C	(1.5)	1.2
Closing cash and cash equivalents	† 19C	479.6	403.8

† Figures for the six months ended 30 June 2022 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 and the IFRIC Decision on Deposits with further information provided in note 1B.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES

A. GENERAL INFORMATION

The condensed consolidated interim financial statements for the six months ended 30 June 2023 are unaudited and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006, but have been reviewed by the auditor. Statutory accounts for the year ended 31 December 2022, which have been prepared in accordance with both UK adopted International Accounting Standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, were approved by the Directors on 8 March 2023 and have been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

B. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared on a going concern basis and in accordance with International Accounting Standards 34, 'Interim Financial Reporting' (IAS 34) contained in UK and EU adopted IFRS and the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority as well as SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the period or have been published but are not yet effective, were either not relevant or had no material impact on the Group's results or net assets.

The accounting policies adopted are those set out in the Group's Annual Report and Accounts for the year ended 31 December 2022 which were prepared in accordance with IFRS as adopted by the UK. The accounting policies have been applied consistently year on year. The financial information has been prepared using accounting policies and methods of computation consistent with those applied in the financial statements for the year ended 31 December 2022. Those financial statements included the impact of the following IFRIC agenda decisions that were issued in 2022 and which resulted in accounting policy changes which impacted the results for the six months ended 30 June 2022 as follows:

- In April 2022, the IFRIC issued an agenda decision in respect of the presentation of 'Demand deposits with restrictions on use arising from a contract with a third party' (the 'IFRIC Decision on Deposits'). The conclusions were that restrictions on use which arise from a contract with a third party do not alone change the nature of amounts being classified as cash and cash equivalents. The impact, which is reflected in the audited financial statements for the year ended 31 December 2022, was to change the classification of certain amounts held by third party managing agents in respect of tenant deposits and service charges such that they have been reclassified from restricted monetary assets to cash and cash equivalents. The effects are that the cash flow statement for the six months ended 30 June 2022 has been restated as set out in note 19C to the interim financial statements.
- In October 2022, the IFRIC finalised an agenda decision in respect of 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)' (the 'IFRIC Decision on Concessions'). This concluded that where forgiven amounts are already past due and recognised as operating lease receivables, these should be accounted for by charging to the income statement on the date that the legal rights are conceded. Historically, the Group's treatment of such concessions, which arose as a result of the COVID-19 pandemic, was to recognise these as lease modifications such that the impact was initially held on the balance sheet and then spread forward into the income statement over the lease term or period to first break. Incentives classified within investment properties resulted in movements in tenant incentives which were recognised with an equal and opposite offset in revaluation losses. As a result of implementing the change, figures for the six months ended 30 June 2022 have been restated whereby Reported Group revenue, gross rental income, net rental income and revaluation losses are affected although operating profit and income statement figures below are unaffected. The equivalent Adjusted figures are also affected including those down to adjusted earnings. A more detailed analysis of the financial statement effects is set out in note 5.

Where figures have been restated, these are marked †.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES - continued

C: ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses a number of performance measures which are non-IFRS. The key measures comprise the following:

- **Adjusted measures:** Used by the Directors and management to monitor business performance internally and exclude the same items as for EPRA earnings, but also certain cash and non-cash items which they believe are not reflective of the normal day-to-day operating activities of the Group. Furthermore, the Group evaluates the performance of its portfolio by aggregating its share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year and period to period. Adjusted performance measures may not be directly comparable with other similarly titled measures used by other companies.
- **EPRA earnings and EPRA net assets:** Calculated in accordance with guidance issued by the European Public Real Estate Association recommended bases.
- **Headline earnings:** Calculated in accordance with the requirements of the Johannesburg Stock Exchange listing requirements.

A reconciliation between reported and the above alternative earnings and net asset measures is set out in note 9.

D. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Group's key sources of estimation uncertainty are consistent with those disclosed in the Group's latest audited financial statements. Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

Significant judgements:

Impairment of non-financial assets

Most of the Group's non-financial assets are investment properties and are already carried at their fair value under IAS 40.

Investments in joint ventures and associates fall within the scope of IAS 28 and are therefore only assessed for impairment where one or more events cause an indicator of impairment versus the original investment.

Joint ventures and associates are accounted for under the equity method, which equates to the Group's share of the entity's Net Asset Value (NAV). NAV is based on the fair value of the assets and liabilities where the principal asset, the investment property, is already carried at fair value being the higher of value in use and fair value less cost of disposal and as such, NAV is a reasonable approximation for the recoverable amount of the investment. As explained in note 8, in the first half of 2023 following actions by secured lenders the Group no longer had control of two of its joint venture investments, Highcross and O'Parinor. Given this change the Group fully impaired the O'Parinor joint venture investment and recognised a £22.1m charge in the consolidated income statement. The Group's investment in Highcross had been fully impaired in December 2021. The Group's share of assets and liabilities in both joint ventures have also been derecognised in the period. For the Group's other joint venture and associate investments there are no indicators falling outside of NAV which are considered to be grounds for further impairment review.

Significant estimates:

Property valuations

The valuation of the Group's portfolio of properties is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations. The property portfolio is valued by external valuers in accordance with RICS Valuation – Global Standards.

The 30 June 2023 reports include a general commentary on wider issues including uncertainty caused by the war in Ukraine and associated cost, supply chain, rising interest rates and inflationary pressures. Key areas of estimate highlighted in the external valuers' reports included:

- Estimation of market rents based on an increased level of activity
- Consideration of appropriate levels of void costs and rent-free period
- The impact of shortening lease lengths
- The basis of yield assumptions recognising the selective return of investor appetite towards the retail sector

Inputs to the valuations, some of which are 'unobservable' as defined by IFRS13, include capitalisation yields (nominal equivalent yield) and market rental income (ERV). These are dependent on individual market characteristics. With other factors remaining constant, an increase in rental income would increase valuations, whilst increases in capitalisation yields and discount rates would reduce values and vice versa. However, there are interrelationships between unobservable inputs as they are determined by market conditions. For example, an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis, showing the impact on valuations of changes in yields and market rental income is set out in note 11A.

1. BASIS OF PREPARATION AND CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES - continued

D. SIGNIFICANT JUDGEMENTS AND ESTIMATES - continued

Significant estimates - continued:

Impairment of trade receivables

Estimates made in assessing the provisions for impairment of trade (tenant) receivables require consideration of future events which therefore make the provisions inherently subjective. The Group applies the simplified approach under IFRS 9 by adopting a provisioning matrix to determine the Expected Credit Loss (ECL), grouping receivables dependent on risk level. In making these assessments, key factors the Group takes into account include:

- Credit ratings
- Latest information on occupiers' financial standing including the relative risk of the retail subsector in which they operate
- Historical default rates
- Ageing
- Rent deposits (included as part of trade and other payables)
- Guarantees held
- The probability that tenants will serve out the remainder of the contractual terms of their leases

Specific higher provisioning levels may be applied where information is available which requires this. The methodology used is consistent with that used in the Group's Annual Report and Accounts for the year ended 31 December 2022.

Over the first half of 2023, collections and conditions have continued to improve and as a result the Group has reduced its provisioning rates for arrears 3-12 months overdue and aligned these rates across the Group. This change did not have a significant impact on the Group's financial results. ECL provisions against trade receivables are set out in note 14.

E. GOING CONCERN

Introduction

In order to prepare the interim financial statements for the period ended 30 June 2023 on a going concern basis the Directors have undertaken a detailed assessment of the Group's principal risks and current and projected financial position over the period to 31 December 2024 ('the going concern period'). This period has been selected as it coincides with the first six monthly covenant test date for the Group's unsecured borrowing facilities falling due after the minimum 12 months going concern period.

The assessment was based on a reforecast of the Group's 2023 Business Plan and contained earnings, balance sheet, cash flow and liquidity projections. The reforecast took account of the latest geopolitical, economic and trading outlook, particularly the financial challenges on both consumers and businesses from high inflation, rising interest rates and supply chain pressures. Nonetheless, the reforecast assumed a stable near term operational performance supported by the Group's strong leasing pipeline and continued trend of improving collections and footfall seen in the first half of the year.

Financial position

In the first half of 2023, the Group's net debt, on a proportionally consolidated basis, has reduced by £414m to £1,318m with liquidity increasing from £996m to £1,217m over the same period. The net debt reduction was principally due to disposal proceeds in the period of £215m and the derecognition of £125m of borrowings secured on Highcross and O'Parinor. This reduction has led to an improvement in the Group's credit metrics as detailed on page 17 of the Financial Review. The Group has £109m of unsecured debt, relating solely to private placement notes, which matures over the going concern period.

The Group has three principal unsecured borrowing debt covenants: gearing, interest cover and unencumbered asset ratio, with the latter covenant only applicable to the Group's £185m private placement notes.

The key variables impacting these covenants are valuation movements for the gearing and unencumbered asset ratio covenants, and changes in net rental income for the interest cover covenant. Net interest cost also impacts the interest cover ratio. As at 30 June 2023, 84% of the Group's gross debt is at fixed interest rates, which limits the near term volatility of this element of the covenant. The percentage of fixed debt is forecast to remain broadly unchanged over the going concern period.

The Group also has exposure to secured borrowings in its Dundrum joint venture and its associate, Value Retail. These secured facilities are non-recourse to the rest of the Group and subject to covenants, principally relating to loan to value and interest cover. The loans secured against Dundrum and four loans held by Value Retail mature over the going concern period. In total the Group's share of these maturing loans was £435m at 30 June 2023.

Assessment approach

To determine the Group's resilience, the assessment forecast the levels of liquidity and covenant headroom over the going concern period based on 30 June 2023 valuation yields. As the assessment does not allow refinancing assumptions it factored in a full impairment of the Group's equity investments totalling £471m in respect of the entities which have secured debt maturing over the going concern period.

1. BASIS OF PREPARATION AND CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES - continued

E. GOING CONCERN - continued

Based on these above assumptions and approach, and in the absence of mitigating actions (see below), a reverse stress test has been undertaken to assess the maximum level that valuations and net rental income could fall before the Group reaches its key unsecured debt covenant thresholds over the going concern period. The results of the reverse stress test are shown below:

Financial measure	Covenant	Fall in financial measure to reach covenant threshold	
		30 June 2023	31 December 2024
Valuations (incl. Value Retail)	Gearing	36%	22%
Valuations (unencumbered assets only)	Unencumbered asset ratio*	27%	18%
Net rental income	Interest cover	65%	67%

* The Group has the right to redeem the private placement notes for their outstanding value plus a make-whole amount.

The Directors consider that these levels of valuation and net rental income reductions over the going concern period are remote.

The Group is also forecast to retain significant liquidity over the going concern period, with a minimum level of more than £800m by the end of the going concern period.

Mitigating actions

The successful delivery of the Group's strategy will continue to strengthen its financial position. From a going concern perspective, a key element of this is to deliver a resilient and sustainable capital structure. Additional actions which have not been factored into the assessment and which would provide further assurance over the Group's going concern evaluation are:

- Additional £90m liquidity from the completion of the Group's disciplined £500m disposals programme of which £410m has been raised to date.
- Refinancing of maturing loans in the ordinary course of business, particularly on secured debt as this avoids the modelled impairment of these investments. Refinancing discussions are underway for the Dundrum secured loan and for the Value Retail loans which all mature over the going concern period. Value Retail management remain confident of refinancing its maturing loans following the successful refinancing activities of over £1.0bn completed in 2022.
- Curtailment of capital expenditure plans and other discretionary cash flows factored into the assessment.

Conclusion

The going concern assessment described above demonstrates that the Group is forecast to remain in a robust financial position over the going concern period with significant liquidity and unsecured borrowing covenant headroom. The Directors have therefore concluded that it is appropriate to prepare the interim financial statements on a going concern basis.

F. FOREIGN CURRENCY

The principal foreign currency denominated balances are in euro where the translation exchange rates used are:

Consolidated income statement:

Average rate	Six months ended 30 June 2023	Six months ended 30 June 2022
Quarter 1	€1.133	€1.195
Quarter 2	€1.150	€1.179

Consolidated balance sheet:

	30 June 2023	31 December 2022
Period end rate	€1.165	€1.128

2. PROFIT/(LOSS) FOR THE PERIOD

As described in the Financial Review and note 3, the Group evaluates the performance of its portfolio by aggregating its share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis.

Adjusted earnings, which is also calculated on a proportionally consolidated basis, is the Group's primary profit measure and is the basis of information which is reported to the Board. The following table sets out a reconciliation from Reported Group (IFRS) earnings to adjusted earnings.

			Six months ended 30 June 2023			
	Note	Reported Group £m	Share of Property interests £m	Proportionally consolidated		
				Sub-total before adjustments £m	Capital and other adjustments a £m	Adjusted £m
Revenue	4	69.1	67.6	136.7	–	136.7
Gross rental income	b 3A, 4	47.9	58.4	106.3	–	106.3
Service charge income	4	13.0	9.1	22.1	–	22.1
		60.9	67.5	128.4	–	128.4
Service charge expenses		(14.0)	(11.1)	(25.1)	–	(25.1)
Cost of sales		(7.6)	(10.4)	(18.0)	(0.2)	(18.2)
Net rental income		39.3	46.0	85.3	(0.2)	85.1
Gross administration costs		(28.8)	(0.1)	(28.9)	3.2	(25.7)
Other income	4	8.2	–	8.2	–	8.2
Net administration expenses		(20.6)	(0.1)	(20.7)	3.2	(17.5)
Profit from operating activities		18.7	45.9	64.6	3.0	67.6
Revaluation losses on properties	11	(10.3)	(33.5)	(43.8)	43.8	–
Disposals						
– Profit/(loss) on sale of properties	8	0.3	(17.6)	(17.3)	17.3	–
– Recycled exchange gains on disposal of overseas interests		20.1	–	20.1	(20.1)	–
Change in fair value of other investments		0.3	–	0.3	(0.3)	–
Loss on sale of joint ventures and associates		(17.6)	17.6	–	–	–
Other net gains		3.1	–	3.1	(3.1)	–
Share of results of joint ventures	12B	7.6	(7.6)	–	–	–
Impairment of joint venture		(22.1)	–	(22.1)	22.1	–
Share of results of associates	13B	33.3	(1.2)	32.1	(18.7)	13.4
Operating profit		30.3	3.6	33.9	47.1	81.0
Net finance costs	6	(31.5)	(3.6)	(35.1)	10.0	(25.1)
(Loss)/profit before tax		(1.2)	–	(1.2)	57.1	55.9
Tax charge	7	–	–	–	–	–
(Loss)/profit for the period attributable to equity shareholders		(1.2)	–	(1.2)	57.1	55.9

2. PROFIT/(LOSS) FOR THE PERIOD – continued

					Six months ended 30 June 2022		
					Proportionally consolidated		
	Note	Reported Group £m	Share of Property interests £m		Sub-total before adjustments £m	Capital and other adjustments ^a £m	Adjusted £m
Revenue	† 4	63.7	72.9		136.6	–	136.6
Gross rental income	† b 3A, 4	45.6	61.8		107.4	–	107.4
Service charge income	4	8.8	11.2		20.0	–	20.0
	†	54.4	73.0		127.4	–	127.4
Service charge expenses		(10.4)	(13.4)		(23.8)	–	(23.8)
Cost of sales	†	(5.4)	(12.8)		(18.2)	(1.6)	(19.8)
Net rental income	†	38.6	46.8		85.4	(1.6)	83.8
Gross administration costs		(30.2)	(0.3)		(30.5)	1.4	(29.1)
Other income	4	9.3	–		9.3	–	9.3
Net administration expenses		(20.9)	(0.3)		(21.2)	1.4	(19.8)
Profit from operating activities	†	17.7	46.5		64.2	(0.2)	64.0
Revaluation losses on properties	†	(13.0)	(27.6)		(40.6)	40.6	–
Disposals and assets held for sale							
– Profit on sale of properties	8	1.5	–		1.5	(1.5)	–
– Income from assets held for sale	9A	–	(1.6)		(1.6)	1.6	–
Change in fair value of other investments		0.4	–		0.4	(0.4)	–
Other net gains/(losses)	†	1.9	(1.6)		0.3	(0.3)	–
Share of results of joint ventures	12B	16.3	(16.3)		–	–	–
Share of results of associates	13B	61.9	0.5		62.4	(48.7)	13.7
Operating profit	†	84.8	1.5		86.3	(8.6)	77.7
Net finance costs	6	(34.2)	(1.5)		(35.7)	6.7	(29.0)
Profit before tax	†	50.6	–		50.6	(1.9)	48.7
Tax charge	7	(0.3)	–		(0.3)	–	(0.3)
Profit for the period attributable to equity shareholders	†	50.3	–		50.3	(1.9)	48.4

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

a Adjusting items, described above as 'Capital and other adjustments', are set out in note 9A.

b Proportionally consolidated figure includes £6.2m (six months ended 30 June 2022: £7.1m) of contingent rents calculated by reference to tenants' turnover.

3. SEGMENTAL ANALYSIS

The Group's reportable segments are determined by the internal performance reported to the Chief Operating Decision Makers which has been determined to be the Chief Executive Officer and the Group Executive Committee (together, the Chief Operating Decision Makers). Such reporting is both by sector and geographic location as these demonstrate different characteristics and risks, are managed by separate teams and are the basis on which resources are allocated.

The Group evaluates the performance of its portfolio by aggregating its share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated line-by-line basis. The Group does not proportionally consolidate the Group's investment in Value Retail as this is not under the Group's management, and instead monitors the performance of this investment separately as its share of results of associates as reported under IFRS.

The Group's activities presented on a proportionally consolidated basis including Share of Property interests are:

- Flagship destinations
- Developments and other

Total assets are not monitored by segment and resource allocation is based on the distribution of property assets.

A. Income and profit by segment

		Six months ended 30 June 2023 £m	Gross rental income Six months ended 30 June 2022 £m	Adjusted net rental income Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Flagship destinations					
UK	†	43.5	45.8	33.9	36.5
France	†	32.4	29.6	26.9	25.0
Ireland	†	20.0	19.0	18.3	16.2
	†	95.9	94.4	79.1	77.7
Developments and other		10.4	13.0	6.0	6.1
Managed portfolio – proportionally consolidated	†	106.3	107.4	85.1	83.8
Less Share of Property interests	†	(58.4)	(61.8)		
Reported Group		47.9	45.6		

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

B. Investment and development property assets by segment

		30 June 2023			31 December 2022		
		Property valuation £m	Capital expenditure £m	Revaluation (losses)/gains £m	Property valuation £m	Capital expenditure £m	Revaluation losses £m
Flagship destinations							
UK		865.7	5.0	(10.4)	871.0	12.8	(90.2)
France		999.4	4.3	1.5	1,241.0	33.3	(57.2)
Ireland		638.4	2.4	(19.2)	676.4	4.9	(20.1)
		2,503.5	11.7	(28.1)	2,788.4	51.0	(167.5)
Developments and other		301.0	5.8	(15.7)	431.7	21.9	(53.5)
Managed portfolio		2,804.5	17.5	(43.8)	3,220.1	72.9	(221.0)
Value Retail		1,889.8	7.7	26.0	1,887.0	6.6	(60.7)
Group portfolio		4,694.3	25.2	(17.8)	5,107.1	79.5	(281.7)
Less Value Retail		(1,889.8)	(7.7)	(26.0)	(1,887.0)	(6.6)	60.7
Less Share of Property interests		(1,398.1)	(10.4)	33.5	(1,722.9)	(35.2)	138.3
Less trading properties	*	–	–	–	(36.2)	–	–
Reported Group		1,406.4	7.1	(10.3)	1,461.0	37.7	(82.7)

* In December 2019, the Group exchanged contracts for the forward sale of the Group's 75% share in Italik, subject to completion of the development, which was opened in 2021, and contractually agreed options to defer completion to 2023. At 31 December 2022, the 75% of Italik contracted for sale was included within trading properties at the agreed sale price less forecast costs to complete with final completion having occurred on 31 March 2023 as described in note 8.

4. REVENUE

		Note	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Base rent			36.4	32.5
Turnover rent			2.0	2.6
Car park income		*	5.3	5.2
Lease incentive recognition	†		1.3	3.7
Other rental income			2.9	1.6
Gross rental income	†	2	47.9	45.6
Service charge income		*	13.0	8.8
Other income				
– Property fee income		*	4.8	6.4
– Joint venture and associate management fees		*	3.4	2.9
			8.2	9.3
Total	†		69.1	63.7

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

* Revenue for those categories marked * amounted to £26.5m (six months ended 30 June 2022: £23.3m) and is recognised under IFRS 15 'Revenue from Contracts with Customers'. All other revenue is recognised in accordance with IFRS 16 'Leases'.

5. RESTATEMENT IN RESPECT OF THE IFRIC DECISION ON CONCESSIONS

As described in note 1B, the IFRIC Decision on Concessions has resulted in a restatement of 30 June 2022 results. IAS 8 'Accounting policies, changes in accounting estimates and errors' requires that for current and prior periods, to the extent practicable, the amount of adjustment relating to a restatement should be disclosed for each financial line item affected. Whilst those financial line items which have been restated are marked †, owing to the very significant number of line items affected, it has not been considered practicable to disclose the effects for each one because such presentation would become misleading and thus conflict with the objective of financial statements as set out in IAS 1 'Presentation of financial statements'. Accordingly, only the adjustments which affect key financial line items are presented below:

A: Key income statement items

	Six months ended 30 June 2022			Six months ended 30 June 2022		
	Reported Group			Proportionally consolidated Adjusted		
	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Revenue	62.0	1.7	63.7	133.0	3.6	136.6
Gross rental income	43.9	1.7	45.6	103.8	3.6	107.4
Cost of sales	(2.2)	(3.2)	(5.4)	(13.5)	(6.3)	(19.8)
Net rental income	40.1	(1.5)	38.6	86.5	(2.7)	83.8
Profit from operating activities	19.2	(1.5)	17.7	66.7	(2.7)	64.0
Revaluation losses on properties	(14.5)	1.5	(13.0)	–	–	–
Operating profit	84.8	–	84.8	80.4	(2.7)	77.7
Profit for the period attributable to equity shareholders	*	50.3	50.3	51.1	(2.7)	48.4

* EPRA earnings and Headline earnings have been restated by the same amount.

B: Income analysis by segment – proportionally consolidated

	Six months ended 30 June 2022			Six months ended 30 June 2022		
	Gross rental income			Adjusted net rental income		
	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Flagship destinations						
UK	44.1	1.7	45.8	38.0	(1.5)	36.5
France	28.4	1.2	29.6	25.1	(0.1)	25.0
Ireland	18.3	0.7	19.0	17.3	(1.1)	16.2
	90.8	3.6	94.4	80.4	(2.7)	77.7
Developments and other	13.0	–	13.0	6.1	–	6.1
Managed portfolio	103.8	3.6	107.4	86.5	(2.7)	83.8
Less Share of Property interests	(59.9)	(1.9)	(61.8)			
Reported Group	43.9	1.7	45.6			

C: Income analysis of joint ventures and associates

	Six months ended 30 June 2022			Six months ended 30 June 2022		
	Gross rental income			Net rental income		
	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Joint ventures	56.8	1.9	58.7	45.7	(1.2)	44.5
Associates	68.2	–	68.2	47.7	–	47.7

6. NET FINANCE COSTS

	Note	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Finance income			
Bank and other interest receivable		13.5	11.5
Finance costs			
Interest on bank loans and overdrafts		(2.1)	(2.5)
Interest on bonds and related charges		(29.1)	(30.5)
Interest on senior notes and related charges		(2.7)	(3.1)
Interest on obligations under head leases		(1.1)	(1.0)
Interest on other lease obligations		(0.1)	(0.1)
Other interest payable		(0.1)	(0.8)
Gross interest costs		(35.2)	(38.0)
Interest capitalised in respect of properties under development		–	1.2
		(35.2)	(36.8)
Debt and loan facility cancellation costs	* 9A	–	(1.2)
Fair value losses on derivatives	9A	(9.8)	(7.7)
		(45.0)	(45.7)
Net finance costs		(31.5)	(34.2)

* Comprising redemption premiums and fees from early repayment of debt or cancellation of facilities.

Further analysis on a proportionally consolidated basis is set out below:

	Note	Reported Group £m	Share of Property interests £m	Six months ended 30 June 2023 Proportionally consolidated		
				Sub-total before adjustments £m	Capital and other £m	Adjusted £m
Finance income		13.5	1.2	14.7	–	14.7
Gross interest costs		(35.2)	(4.6)	(39.8)	–	(39.8)
Fair value losses on derivatives	9A	(9.8)	(0.2)	(10.0)	10.0	–
Finance costs		(45.0)	(4.8)	(49.8)	10.0	(39.8)
Net finance costs		(31.5)	(3.6)	(35.1)	10.0	(25.1)

	Note	Reported Group £m	Share of Property interests £m	Six months ended 30 June 2022 Proportionally consolidated		
				Sub-total before adjustments £m	Capital and other £m	Adjusted £m
Finance income		11.5	–	11.5	–	11.5
Gross interest costs		(38.0)	(3.7)	(41.7)	–	(41.7)
Interest capitalised in respect of properties under development		1.2	–	1.2	–	1.2
		(36.8)	(3.7)	(40.5)	–	(40.5)
Debt and loan facility cancellation costs	9A	(1.2)	–	(1.2)	1.2	–
Fair value (losses)/gains on derivatives	9A	(7.7)	2.2	(5.5)	5.5	–
Finance costs		(45.7)	(1.5)	(47.2)	6.7	(40.5)
Net finance costs		(34.2)	(1.5)	(35.7)	6.7	(29.0)

7. TAX CHARGE

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Foreign current tax	–	0.3
Total	–	0.3

The Group's tax charge remains low because it has tax exempt status in its principal operating countries.

In the UK, the Group has been a REIT since 2007 and a SIIC in France since 2004. These tax regimes exempt the Group's property income and gains from corporate taxes, provided a number of conditions in relation to the Group's activities are met. These conditions include, but are not limited to, distributing at least 90% of the Group's UK tax exempt profits as property income distributions (PID) with equivalent tests of 95% on French tax exempt property profits and 70% of tax exempt property gains. The residual businesses in both the UK and France are subject to corporation tax as normal. The Irish assets are held in a QIAIF which provides similar tax benefits to those of a UK REIT but which subjects dividends and certain excessive interest payments to a 20% withholding tax. The Group is committed to remaining in these tax exempt regimes where it is within the Group's control.

The Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during its normal course of business. Tax impacts can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house expertise when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate.

8. DISPOSALS AND IMPAIRMENT

Six months ended 30 June 2023

A. Disposals

On 31 March 2023, the Group completed the disposal of its 25% associate stake in Italie Deux in Paris and 100% of the Italik extension, 75% of which had been held as a trading property up to the point of disposal, for gross proceeds of €164m (£144m).

On 21 April 2023, the Group completed the sale of its 50% joint venture investment in Centrale and Whitgift in Croydon for gross proceeds of £70m. Also during the period the Group raised proceeds of £1m from the sale of ancillary non-core land.

In total, these disposals resulted in a loss on disposal in the first half of the year of £17.3m.

B. Impairment on derecognition of joint ventures

At 31 December 2022, the Group's Highcross and O'Parinor joint ventures, in which the Group had 50% and 25% interests respectively, had £125m of borrowings secured against the property interests which were non-recourse to the Group. In both cases the loans were in breach of certain conditions and the Group had been working constructively with the respective lenders on options to realise 'best value' for all stakeholders.

On 9 February 2023, a receiver was appointed to administer Highcross for the benefit of the creditors and, as a result of no longer having joint control the Group derecognised its share of assets and liabilities, including the property value and £80m of borrowings. There was no loss on derecognition as the Group's joint venture investment in Highcross had been fully impaired at 31 December 2021, from which date the Group had ceased recognising the results of this joint venture in the consolidated income statement.

On 30 June 2023, the lenders on O'Parinor took control of the joint venture. The Group has therefore fully impaired its joint venture investment by £22.1m and derecognised its share of assets and liabilities, including the property value and £45m of secured borrowings.

Six months ended 30 June 2022

C. Disposals

The profit on sale of properties of £1.5m includes several post completion adjustments arising mainly from historical disposals in prior periods and the disposal of Victoria which was sold on 25 February 2022, when the Group exchanged and completed the sale for gross proceeds of £120m.

In addition, on 15 March 2022, the Group completed the sale of its joint venture investment in Silverburn for gross proceeds of £140m (the Group's share being £70m). The Group had exchanged contracts for this sale on 14 December 2021 such that this investment was classified as assets held for sale at 31 December 2021 at £71.4m. A £nil gain/loss on disposal was recognised in the first half of 2022, however, income generated during the period of £1.6m was included in adjusted earnings as explained further in note 9A.

9. KEY ALTERNATIVE PERFORMANCE MEASURES

Headline earnings has been calculated in accordance with the requirements of the Johannesburg Stock Exchange listing requirements. EPRA earnings and EPRA net assets are calculated in accordance with guidance issued by the European Public Real Estate recommended bases. Reconciliations from Reported Group (IFRS) earnings after tax and Net assets attributable to equity shareholders to these measures are set out below.

A. Alternative earnings measures

		Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Reported Group			
(Loss)/Profit after tax for the period		(1.2)	50.3
Adjustments:			
Revaluation losses on managed portfolio	†	43.8	40.6
Disposals			
– Loss/(Profit) on sale of properties	a	17.3	(1.5)
– Recycled exchange gains on disposal of overseas property interests	b	(20.1)	–
Joint venture related			
– Impairment of joint venture	c	22.1	–
Associates (Value Retail):			
– Revaluation gains	j	(26.0)	(33.0)
– Deferred tax	d, j	12.8	1.6
Sub-total: Adjustments for Headline earnings	†	49.9	7.7
Associates (Value Retail):			
– Change in fair value of derivatives	e, j	4.9	(8.5)
– Change in fair value of participative loans – revaluation movement	e, j	(10.4)	(8.8)
Included in Financing:			
– Debt and loan facility cancellation costs	f	–	1.2
– Change in fair value of derivatives	f	10.0	5.5
Change in fair value of other investments	g	(0.3)	(0.4)
Sub-total: Adjustments for EPRA earnings	†	54.1	(3.3)
Included in profit from operating activities:			
– Business transformation costs	h	3.2	1.4
– Change in provision for amounts not yet recognised in the income statement	i	(0.2)	(1.6)
– Income from assets held for sale	k	–	1.6
Total: Adjustments for adjusted earnings	†	57.1	(1.9)
Headline earnings	†	48.7	58.0
EPRA earnings	†	52.9	47.0
Adjusted earnings	†	55.9	48.4

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

- a As shown in note 2, includes profit on sale of properties of £0.3m (HY 22: £1.5m) and losses on sale of joint ventures and associates of £17.6m (HY 22: £nil) principally losses on the sales of Italie Deux and Croydon. Also see note 8 for further details.
- b Exchange gains previously recognised in equity until disposal in relation to Italie Deux and O'Parinor.
- c Impairment resulting from derecognition of the O'Parinor joint venture, see note 8 for details.
- d In accordance with EPRA guidance, the tax effects of EPRA adjustments (including those for disposals) is excluded.
- e Change in fair value of derivatives and participative loans: such items are excluded because they represent gains and losses arising from market rather than settlement revaluation methodologies which differ from the accruals basis upon which all other non-investment property related assets and liabilities are measured. Such a treatment is a form of revaluation gain or loss created by an assumption that the derivatives or loans will be settled before their maturity. Such gains and losses are excluded from adjusted earnings as they are unrealised and conflict with the commercial reasons for entering into such arrangements and are expected to be held to maturity.

9. KEY ALTERNATIVE PERFORMANCE MEASURES - continued

A. Alternative earnings measures - continued

- f Financing items comprise

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Debt and loan facility cancellation costs	—	—	—	1.2	—	1.2
Change in fair value of derivatives	e 9.8	0.2	10.0	7.7	(2.2)	5.5
	9.8	0.2	10.0	8.9	(2.2)	6.7

The write off of up-front fees arising on early cancellation of loan facilities are considered outside of day-to-day financing activities and are accordingly excluded from adjusted earnings.

- g Relates to the fair value movement in a small residual investment.
- h Business transformation costs comprise employee severance costs of £0.8m (2022: £0.8m), system related costs of £1.5m (2022: £0.6m) and other costs, principally onerous lease costs, of £0.9m (2022: £nil). Such costs relate to the actions associated with the strategic and operational review undertaken by the new management team and which are an integral part of the Group's new strategy announced during 2021. The related costs are incremental and do not form part of underlying trading. Whilst a significant proportion of the expected costs were incurred in 2021 and 2022, further transformation activities will take place in the second half of 2023 and beyond.
- i The Group makes a charge for expected credit losses in accordance with the technical interpretation of IFRS 9 irrespective of whether the income to which the provision relates has been recognised in the income statement or is deferred on the balance sheet. Because of the mismatch this causes between the cost of provision being recognised in one accounting period and the related revenue being recognised in a different accounting period, the adjustment eradicates this distortion.
- j Adjustments in respect of associates

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Total in respect of associates (Value Retail)	(18.7)	(48.7)

- k 2022: Income from assets held for sale relates to the Group's joint venture investment in Silverburn, which was transferred to assets held for sale as at 31 December 2021 and where the sale completed in March 2022. A £nil gain/loss was generated on the sale which comprised certain additional costs and accruals of £1.6m which were offset by net income generated in the period up to the point of disposal (after taking account of distributions) of £1.6m. The Group excludes losses on disposal from its EPRA and adjusted earnings, and because this offset of income generated in the period against the loss causes the income to be excluded, the income is added back as an adjusting item in order to reflect the fact that the property remained under the Group's ownership and management up until completion of the disposal and is therefore considered to form part of underlying earnings.

9. KEY ALTERNATIVE PERFORMANCE MEASURES - continued

B. Alternative Net Asset measures

The Group uses the EPRA best practice guidelines incorporating three measures of net asset value: EPRA Net Tangible Assets (NTA), Net Reinstatement Value (NRV) and Net Disposal Value (NDV). EPRA NTA is considered to be the most relevant measure for the Group.

A reconciliation between IFRS net assets and the three EPRA net asset valuation metrics is set out below.

30 June 2023

		Reported Group £m	Share of Property interests £m	Value Retail £m	Total £m
Reported balance sheet net assets (equity shareholders' funds)		2,568.7	–	–	2,568.7
Change in fair value of borrowings	a	198.1	(0.3)	–	197.8
EPRA NDV					2,766.5
Deduct change in fair value of borrowings	a	(198.1)	0.3	–	(197.8)
Deferred tax – 50% share	b	0.2	0.1	103.1	103.4
Fair value of currency swaps as a result of interest rates	c	8.0	–	–	8.0
Fair value of interest rate swaps		3.9	(2.9)	(58.5)	(57.5)
EPRA NTA					2,622.6
Deferred tax – remaining 50% share	b	0.2	–	103.1	103.3
Purchasers' costs	d	304.0	–	–	304.0
EPRA NRV					3,029.9

31 December 2022

		Reported Group £m	Share of Property interests £m	Value Retail £m	Total £m
Reported balance sheet net assets (equity shareholders' funds)		2,586.4	–	–	2,586.4
Change in fair value of borrowings	a	216.2	(0.7)	–	215.5
EPRA NDV					2,801.9
Deduct change in fair value of borrowings	a	(216.2)	0.7	–	(215.5)
Deferred tax – 50% share	b	0.2	0.1	99.4	99.7
Fair value of currency swaps as a result of interest rates	c	(0.9)	–	–	(0.9)
Fair value of interest rate swaps		2.1	(6.3)	(47.3)	(51.5)
EPRA NTA					2,633.7
Deferred tax – remaining 50% share	b	0.2	–	99.4	99.6
Purchasers' costs	d	330.0	–	–	330.0
EPRA NRV					3,063.3

a Applicable for EPRA NDV calculation only and hence the adjustment is reversed for EPRA NTA and EPRA NRV.

b As per the EPRA guidance we have chosen to exclude of 50% of deferred tax for EPRA NTA purposes.

c Excludes impact of foreign exchange.

d Represents property transfer taxes and fees payable should the Group's entire property portfolio (including Value Retail) be acquired at period end market rates.

10. (LOSS)/EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The calculations of the (loss)/earnings per share (EPS) measures set out below are based on (loss)/profit after tax, Headline profit after tax, EPRA profit after tax and Adjusted profit after tax attributable to owners of the parent and the weighted average number of shares in issue during the period.

Headline earnings per share has been calculated in accordance with the requirements of the Johannesburg Stock Exchange listing requirements. EPRA has issued recommended bases for the calculation of certain per share information which includes net asset value per share as well as earnings per share. The calculation of Headline, EPRA and Adjusted earnings which includes a reconciliation to Reported IFRS earnings is set out in note 9A.

Basic EPS measures are calculated by dividing the earnings attributable to the equity shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS measures are calculated on the same basis as basic EPS but with a further adjustment to the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. Such potentially dilutive ordinary shares comprise share options and awards granted to colleagues where the exercise price is less than the average market price of the Company's ordinary shares during the period and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the period. To the extent that there is no dilution, this arises due to the anti-dilutive effect of all such shares.

Net assets per share comprise net assets calculated in accordance with EPRA guidelines, as set out in note 10B, divided by the number of shares in issue.

A. Number of ordinary shares for per share calculations

		30 June 2023 million	31 December 2022 million
Shares in issue (for purposes of net asset per share calculations)		5,002.3	5,002.3
		Six months ended 30 June 2023 million	Six months ended 30 June 2022 million
Weighted average number of shares			
For purposes of basic EPS – as previously reported		n/a	4,586.5
Adjustment relating to scrip dividends	a	n/a	349.3
For purposes of basic EPS	a	4,969.5	4,935.8
Effect of potentially dilutive shares (share options)		13.4	8.5
For purposes of diluted EPS (excluding Reported Group)	a, b	4,982.9	4,944.3

a 2022 weighted average number of shares have been restated to reflect the adjustment required to incorporate the bonus element of scrip dividends following confirmation of the level of take up.

b There were no potentially dilutive ordinary shares for the purposes of calculating EPS for the Reported Group (2022: none).

B. (Loss)/earnings per share

		(Loss)/earnings		(Loss)/earnings per share			
				Basic		Diluted	
	Note	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Six months ended 30 June 2023 pence	Six months ended 30 June 2022 pence	Six months ended 30 June 2023 pence	Six months ended 30 June 2022 pence
Reported Group	†	(1.2)	50.3	(0.0)p	1.0p	(0.0)p	1.0p
Headline	† 9A	48.7	58.0	1.0p	1.2p	1.0p	1.2p
EPRA	† 9A	52.9	47.0	1.1p	1.0p	1.1p	1.0p
Adjusted	† 9A	55.9	48.4	1.1p	1.0p	1.1p	1.0p

† (Loss)/earnings per share figures for the six months ended 30 June 2022 have been restated to reflect the adjustment described above to the weighted average number of shares. In addition, 2022 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5. Previously reported basic and diluted figures were: Reported Group: 1.1p, Headline: 1.3, EPRA: 1.1p and Adjusted: 1.1p.

C. Net Asset Value per share

		Net asset value		Net asset value per share	
	Note	30 June 2023 £m	31 December 2022 £m	30 June 2023 pence	31 December 2022 pence
EPRA NDV	9B	2,766.5	2,801.9	55p	56p
EPRA NTA	9B	2,622.6	2,633.7	52p	53p
EPRA NRV	9B	3,029.9	3,063.3	61p	61p

11. PROPERTIES

	30 June 2023			31 December 2022		
	Investment properties £m	Trading properties £m	Total £m	Investment properties £m	Trading properties £m	Total £m
At beginning of period	1,461.0	36.2	1,497.2	1,561.4	34.3	1,595.7
Revaluation losses	(10.3)	–	(10.3)	(82.7)	–	(82.7)
Capital expenditure	7.1	–	7.1	37.7	–	37.7
Capitalised interest	–	–	–	1.2	–	1.2
Disposals (see note 8)	(11.6)	(36.2)	(47.8)	(125.3)	–	(125.3)
Exchange adjustment	(39.8)	–	(39.8)	68.7	1.9	70.6
At end of period	1,406.4	–	1,406.4	1,461.0	36.2	1,497.2

Properties are stated at fair value, valued by professionally qualified external valuers in accordance with RICS Valuation – Global Standards as follows:

CBRE	UK flagships, Developments and other properties
Jones Lang LaSalle (JLL)	UK and French flagships, Developments and other properties,
Cushman and Wakefield (C&W)	Brent Cross, Irish portfolio, Value Retail (not included in the table above)

Due to the estimation and judgement required in the valuations which are derived from data that is not publicly available, consistent with EPRA's guidance, these valuations are classified as Level 3 in the IFRS 13 fair value hierarchy. A reconciliation of the Group portfolio valuation to Reported Group is shown in note 3B.

A. Investment properties - sensitivity analysis on valuations

	Valuation	Nominal equivalent yield		Estimated rental value (ERV)	
Proportionally consolidated	£m	-100bp £m	+100bp £m	+10% £m	-10% £m
Flagship destinations					
– UK	866	124	(96)	87	(87)
– France	999	252	(168)	100	(100)
– Ireland	638	138	(96)	64	(64)
Value Retail	*	1,890	306	189	(189)
Developments and other	301				
Group portfolio	4,694				

* For Value Retail, nominal equivalent yield and ERV are not key observable inputs. Exit yields and net operating income have therefore been used as proxies. Valuations are performed on a discounted cash flow basis with discount rates ranging from 8.5% to 11.0% (average of 9.7%).

B. Joint operations

Investment properties included a 50% interest in the Ilac Centre and a 50% interest in Pavilions, totalling £146.1m (2022: £151.4m). These properties are jointly controlled in co-ownership with Irish Life Assurance plc.

12. INVESTMENT IN JOINT VENTURES

The Group's investments in joint ventures form part of the Share of Property interests to arrive at management's analysis of the Group on a proportionally consolidated basis as explained in note 3 and set out in note 2.

During the first six months of the year the Group disposed of its 50% joint venture interests in Croydon. It also derecognised its 50% investment in Highcross and 25% investment in O'Parinor, see note 8 for further details.

A. Investments at 30 June 2023

Joint venture	Partner	Principal property	Share
United Kingdom			
Bishopsgate Goodsynd Regeneration Limited	Ballymore Properties	The Goodsynd	50%
Brent Cross Partnership	Aberdeen Standard Investments	Brent Cross	41%
Bristol Alliance Limited Partnership	AXA Real Estate	Cabot Circus	50%
Grand Central Limited Partnership	CPP Investments	Grand Central	50%
The Bull Ring Limited Partnership	CPP Investments	Bullring	50%
The Oracle Limited Partnership	ADIA	The Oracle	50%
The West Quay Limited Partnership	GIC	Westquay	50%
Ireland			
Dundrum Retail Limited Partnership/Dundrum Car Park Limited Partnership	PIMCO	Dundrum	50%

The results of disposals of interests in joint ventures have been included up to the point of disposal except for where such disposals form part of assets held for sale whereby they are excluded for the whole period. Disposals in the period are set out in note 8.

B. Results

		Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Group share			
Gross rental income	†	57.2	58.7
Net rental income	†	44.8	44.5
Administration expenses		(0.1)	(0.3)
Profit from operating activities	†	44.7	44.2
Revaluation losses on properties	†	(33.5)	(24.8)
Adjustment for income from assets held for sale	a	–	(1.6)
Operating profit		11.2	17.8
Finance income		1.2	2.2
Finance costs		(4.8)	(3.7)
Profit before tax		7.6	16.3
Tax charge		–	–
Profit for the period		7.6	16.3

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

a 2022: Comprised income in respect of Silverburn, as described in note 8C.

12. INVESTMENT IN JOINT VENTURES - continued

C. Assets and liabilities

		30 June 2023 £m	31 December 2022 £m
Group share			
Non-current assets			
Investment properties		1,398.1	1,620.0
Other non-current assets		21.8	26.7
		1,419.9	1,646.7
Current assets			
Cash and cash equivalents		83.7	110.9
Other current assets	a	20.6	61.3
		104.3	172.2
Current liabilities			
Loans - secured		–	(126.1)
Other payables		(48.3)	(80.7)
		(48.3)	(206.8)
Non-current liabilities			
Loans – secured		(257.2)	(265.5)
Obligations under head leases		(15.8)	(15.8)
Other payables		(4.7)	(6.3)
		(277.7)	(287.6)
Cumulative losses restricted	b	–	17.9
Net assets		1,198.2	1,342.4

a At 31 December 2022 included restricted monetary assets held in escrow for specified development costs.

b Following the impairment of Highcross to £nil in 2021, the Group ceased to equity account for its investment in this joint venture such that although gross balance sheet items on a proportionally consolidated basis remained included in the Group's figures, it was excluded from all income statement metrics including revaluation losses. This amount therefore represented the Group's share of losses which exceed the Group's investment of £nil. On 9 February 2023, it was agreed that it was in the best interests of the lenders in the longer term to appoint a receiver to administer the asset for the benefit of the creditors, accordingly the investment was derecognised.

D. Reconciliation of movements in investment in joint ventures

	Note	30 June 2023 £m	31 December 2022 £m
At beginning of period		1,342.4	1,451.8
Share of results of joint ventures		7.6	(41.5)
Advances		5.9	4.0
Cash distributions (including interest)	*	(36.7)	(84.0)
Other receivables		(12.2)	(5.3)
Disposals	8	(98.9)	–
Exchange and other movements		(9.9)	17.4
At end of period		1,198.2	1,342.4

* Comprises distributions of £29.6m (2022: £63.4m) and interest of £7.1m (2022: £20.6m).

13. INVESTMENT IN ASSOCIATES

A. Percentage share

	Principal property		30 June 2023 Share	31 December 2022 Share
Value Retail	Various Villages across Europe	a	40%	40%
Italie Deux	Italie Deux, France	b	–	25%

a Calculated on a net asset basis, adjusting for participative loans.

b The Group disposed of its 25% stake in Italie Deux on 31 March 2023 as set out in note 8.

Following the sale of the Group's 25% stake in Italie Deux in March 2023, at 30 June 2023, associates comprise the premium outlets of Value Retail. Analysis of the results and assets and liabilities of the Group's investment in associates is set out below and with the exception of Value Retail, these results form part of the Share of Property interests to arrive at management's analysis of the Group on a proportionally consolidated basis as explained in note 3 and set out in note 2.

B. Results

	Six months ended 30 June 2023			Six months ended 30 June 2022		
Group share	Value Retail £m	Italie Deux £m	Total £m	Value Retail £m	Italie Deux £m	Total £m
Gross rental income	73.8	1.2	75.0	65.1	3.1	68.2
Net rental income	52.7	1.2	53.9	45.4	2.3	47.7
Administration expenses	(25.8)	–	(25.8)	(20.8)	–	(20.8)
Profit from operating activities	26.9	1.2	28.1	24.6	2.3	26.9
Revaluation gains/(losses) on properties	26.0	–	26.0	33.0	(2.8)	30.2
Operating profit/(loss)	52.9	1.2	54.1	57.6	(0.5)	57.1
Interest costs	(16.3)	–	(16.3)	(12.6)	–	(12.6)
Fair value (losses)/gains on derivatives	(4.9)	–	(4.9)	8.5	–	8.5
Fair value gains on participative loans – other movement	3.4	–	3.4	2.7	–	2.7
Fair value gains on participative loans – revaluation movement	10.4	–	10.4	8.8	–	8.8
Net finance (costs)/income	(7.4)	–	(7.4)	7.4	–	7.4
Profit/(Loss) before tax	45.5	1.2	46.7	65.0	(0.5)	64.5
Current tax charge	(0.6)	–	(0.6)	(1.0)	–	(1.0)
Deferred tax charge	(12.8)	–	(12.8)	(1.6)	–	(1.6)
Profit/(Loss) for the period	32.1	1.2	33.3	62.4	(0.5)	61.9
Adjusted earnings	13.4	1.2	14.6	13.7	2.3	16.0

13. INVESTMENT IN ASSOCIATES - continued

C. Assets and liabilities

	30 June 2023		31 December 2022	
	Value Retail £m	Value Retail £m	Italie Deux £m	Total £m
Group share				
Non-current assets				
Investment properties	1,889.8	1,887.0	102.9	1,989.9
Other non-current assets	121.5	114.2	–	114.2
	2,011.3	2,001.2	102.9	2,104.1
Current assets				
Cash and cash equivalents	87.4	86.8	6.8	93.6
Other current assets	28.8	37.7	3.0	40.7
	116.2	124.5	9.8	134.3
Total assets	2,127.5	2,125.7	112.7	2,238.4
Current liabilities				
Loans	(104.0)	(108.1)	–	(108.1)
Other payables	(90.7)	(100.4)	(4.2)	(104.6)
	(194.7)	(208.5)	(4.2)	(212.7)
Non-current liabilities				
Loans	(681.2)	(653.6)	–	(653.6)
Participative loan	(97.8)	(95.7)	–	(95.7)
Other payables, including deferred tax	(192.6)	(184.4)	(0.8)	(185.2)
	(971.6)	(933.7)	(0.8)	(934.5)
Total liabilities	(1,166.3)	(1,142.2)	(5.0)	(1,147.2)
Net assets	961.2	983.5	107.7	1,091.2
Participative loans	210.8	205.9	–	205.9
	1,172.0	1,189.4	107.7	1,297.1

D. Reconciliation of movements in investment in associates

	30 June 2023			31 December 2022		
	Value Retail £m	Italie Deux £m	Total £m	Value Retail £m	Italie Deux £m	Total £m
At beginning of period	1,189.4	107.7	1,297.1	1,140.8	106.2	1,247.0
Share of results of associates	32.1	1.2	33.3	(5.3)	(1.8)	(7.1)
Capital return	–	–	–	–	(2.0)	(2.0)
Distributions	(42.7)	–	(42.7)	(4.4)	(0.6)	(5.0)
Share of other comprehensive gain of associate ^a	9.4	–	9.4	23.3	–	23.3
Disposals	–	(108.6)	(108.6)	–	–	–
Exchange and other movements	(16.2)	(0.3)	(16.5)	35.0	5.9	40.9
At end of period ^b	1,172.0	–	1,172.0	1,189.4	107.7	1,297.1

a Relates to the change in fair value of derivative financial instruments in an effective hedge relationship within Value Retail.

b Includes accumulated impairment to the investment in Value Retail of £94.3m (2022: £94.3m) which was recognised in the year ended 31 December 2020 and is equivalent to the notional goodwill on this investment.

14. TRADE AND OTHER RECEIVABLES

Included in the current trade and other receivables balance of £68.8m (31 December 2022: £85.9m) are the following amounts in respect of trade (tenant) receivables, together with the respective provisions calculated in accordance with the expected credit loss methodology set out in IFRS 9:

Trade (tenant) receivables analysis

	30 June 2023			31 December 2022		
	Gross trade receivables	Provision	Net trade receivables	Gross trade receivables	Provision	Net trade receivables
	£m	£m	£m	£m	£m	£m
Proportionally consolidated						
UK	28.0	(7.1)	20.9	29.1	(12.5)	16.6
France	28.0	(11.3)	16.7	40.0	(17.2)	22.8
Ireland	5.0	(2.0)	3.0	5.0	(2.6)	2.4
Managed portfolio	61.0	(20.4)	40.6	74.1	(32.3)	41.8
Less Share of Property interests	(19.5)	5.2	(14.3)	(33.1)	14.7	(18.4)
Reported Group	41.5	(15.2)	26.3	41.0	(17.6)	23.4

Provisions against trade receivables includes £0.2m (31 December 2022: £0.2m) against receivables whereby the income has been deferred on the balance sheet. On a proportionally consolidated basis, a further £0.5m (31 December 2022: £1.4m) relates to Share of Property interests. The charge made for making these provisions is excluded from adjusted earnings as described in note 9A. Net trade receivables as presented do not include deposits, which are included in trade and other payables, but taken together with VAT, do form part of the assessment of the required provision.

A 10-percentage point increase in the provision rates would increase the provision and hence reduce Reported Group earnings by £1.5m and adjusted earnings by £2.7m.

15. LOANS

A. Loan profile

		30 June 2023	31 December 2022
		£m	£m
Unsecured debt	Maturity		
£200.0m 7.25% sterling bonds	2028	199.1	199.0
€700.0m 1.75% euro bonds	2027	593.7	612.3
£300.0m 6% sterling bonds	2026	299.2	299.1
£350.0m 3.5% sterling bonds	2025	348.6	348.3
Bank loans and overdrafts		(3.0)	(3.1)
Senior notes	2031	5.0	5.1
Senior notes	2028	10.9	11.3
Senior notes	2026	60.1	62.0
Senior notes	2024	–	112.4
Total - shown in non-current liabilities		1,513.6	1,646.4
Senior notes – shown in current liabilities	2024	108.5	–
		1,622.1	1,646.4

- a Coupon is linked to two sustainability performance targets, both of which will be tested in December 2025 against a 2019 benchmark. If the targets are not met, a total of 37.5 basis points per annum, or €2.625m per target, will be payable in addition to the final year's coupon. The Group has made certain assumptions which support not increasing the effective interest rate as a result of the possibility of failing to meet the targets. Planned future initiatives which will assist the Group in achieving the targets include the introduction of energy efficient projects, the generation of additional on or offsite energy and driving compliance with relevant energy performance legislation. The Group continues to make steady progress against both targets.
- b Debit balance comprises unamortised fees for revolving credit facilities against which no funds had been drawn at the period ends.

B. Undrawn committed facilities

The Group has the following revolving credit facilities (RCF), which are in sterling unless otherwise indicated, expiring as follows:

		30 June 2023	31 December 2022
		£m	£m
2021 RCF	2024	50.0	50.0
2021 RCF	2026	100.0	100.0
2021 JPY7.7bn RCF	2026	42.2	48.9
2022 RCF	2026	463.0	463.0
		655.2	661.9

- a On 29 April 2023, the Group exercised its option to extend the maturity of these RCFs by one year from 2025 to 2026.
- b £0.7m (2022: £2.1m) of RCFs have been utilised (although not drawn) to support ancillary facilities leaving £654.5m (2022: £659.8m) available to the Group.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A: Financial risk management and strategy

The Group's financial risk management strategy seeks to set financial limits for treasury activity to ensure they are in line with the risk appetite of the Group. The Group's activities expose it to certain financial risks comprising liquidity risk, market risk (comprising interest rate and foreign currency risk), credit risk and capital risk.

The Group's treasury function, which operates under treasury policies approved by the Board, maintains internal guidelines for interest cover, gearing, unencumbered assets and other credit ratios and both the current and projected financial position against these guidelines is monitored regularly. To manage the risks set out above, the Group uses certain derivative financial instruments to mitigate potentially adverse effects on the Group's financial performance. Derivative financial instruments are used to manage exposure to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes.

B. Financial instruments held at fair value

Definitions

The Group's financial instruments are categorised by level of fair value hierarchy prescribed by accounting standards. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (actual prices) or indirectly (derived from actual prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (from unobservable inputs)

Fair value valuation technique

Financial instrument	Valuation technique for determining fair value
Unsecured bonds	Quoted market prices
Senior notes	Present value of cash flows discounted using prevailing market interest rates
Unsecured bank loans and overdrafts	Present value of cash flows discounted using prevailing market interest rates
Fair value of currency swaps and interest rate swaps	Present value of cash flows discounted using prevailing market interest rates
Other investments including participative loans to associates	Underlying net asset values of the interests in Villages/property *

* Mainly comprise investment properties held at fair value as determined by a professional valuer.

Fair value hierarchy analysis

		30 June 2023		31 December 2022	
	Hierarchy	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Unsecured bonds	Level 1	1,440.6	1,248.7	1,458.7	1,249.5
Unsecured bank loans and overdrafts	Level 2	(3.0)	–	(3.1)	–
Senior notes	Level 2	184.5	175.3	190.8	180.7
Fair value of currency swaps	Level 2	1.6	1.6	30.6	30.6
Borrowings		1,623.7	1,425.6	1,677.0	1,460.8
Fair value of interest rate swaps	Level 2	3.9	3.9	2.1	2.1
Participative loans to associates	Level 3	210.8	210.8	205.9	205.9
Fair value of other investments	Level 3	9.8	9.8	9.8	9.8

C: Analysis of movements in Level 3 financial instruments

		30 June 2023			31 December 2022		
		Participative loans £m	Other investments £m	Total £m	Participative loans £m	Other investments £m	Total £m
Level 3 financial instruments							
Balance at beginning of period		205.9	9.8	215.7	184.8	9.5	194.3
Total gains/(losses)							
– in share of results of associates		13.8	–	13.8	15.0	–	15.0
– in the consolidated income statement		–	0.3	0.3	–	–	–
– in other comprehensive income		(6.6)	(0.3)	(6.9)	10.5	0.3	10.8
Other movements - advances		(2.3)	–	(2.3)	(4.4)	–	(4.4)
Balance at end of period		210.8	9.8	220.6	205.9	9.8	215.7

17. DIVIDENDS

The Directors have declared an interim dividend of 0.72 pence per share, payable on 2 October 2023 to shareholders on the register at the close of business on 25 August 2023. The dividend will be paid entirely as a cash PID, net of withholding tax where appropriate. There will be no scrip alternative although the dividend reinvestment plan (DRIP) remains available to shareholders.

The Group has also announced a new dividend policy as explained on page 4 of the Chief Executive's Review.

			Cash dividend per share	Enhanced scrip alternative per share	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Prior periods						
2021 final dividend	- Cash	a	0.2p		—	11.8
	- Enhanced scrip alternative	b		2.0p	—	51.4
					—	63.2
Cash flow analysis:						
Cash dividend		c			—	1.2
					—	1.2

2023 interim dividend		d	0.72p	—	36.0	—
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- a Dividends paid as a PID are subject to withholding tax which is paid approximately two months after the dividend itself is paid.
- b Calculated as the market value of shares issued to satisfy the enhanced scrip dividend alternative.
- c Comprises cash payments after deduction of withholding tax, where applicable.
- d The 2023 interim dividend was declared on 26 July 2023 and has therefore not been included as a liability as at 30 June 2023.

18. OTHER RESERVES

	30 June 2023 £m	31 December 2022 £m
Translation reserve	436.4	601.8
Net investment hedge reserve	(328.6)	(466.2)
Cash flow hedge reserve	0.1	(0.2)
	107.9	135.4

19. NOTES TO THE CASH FLOW STATEMENT

A. Analysis of items included in operating cash flows

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Net movements in working capital and restricted monetary assets		
Movements in working capital:		
- Decrease/(increase) in receivables	12.3	(4.9)
- Decrease in payables	(10.0)	(23.3)
	2.3	(28.2)
(Increase)/decrease in restricted monetary assets	† (4.4)	17.5
	† (2.1)	(10.7)

† 2022 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 1B.

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Non-cash items		
Increase in accrued rents receivable	† (1.3)	(0.8)
Decrease in loss allowance provisions	† * 1.8	(2.6)
Amortisation of lease incentives and other costs	0.5	0.7
Depreciation	2.3	2.0
Other non-cash items including share-based payment charge	1.8	(0.7)
	† 5.1	(1.4)

† 2022 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5.

* Comprises movement in provisions against trade (tenant) receivables and unamortised tenant incentives.

19. NOTES TO THE CASH FLOW STATEMENT – continued

B. Analysis of movements in net debt

	30 June 2023			31 December 2022		
	Cash and cash equivalents £m	Borrowings £m	Net debt £m	Cash and cash equivalents £m	Borrowings £m	Net debt £m
At 1 January	218.8	(1,677.0)	(1,458.2)	315.1	(1,878.9)	(1,563.8)
Cash flow	262.3	11.9	274.2	(99.0)	302.4	203.4
Change in fair value of currency swaps	–	(8.9)	(8.9)	–	8.4	8.4
Exchange	(1.5)	50.3	48.8	2.7	(108.9)	(106.2)
At end of period	479.6	(1,623.7)	(1,144.1)	218.8	(1,677.0)	(1,458.2)

C. Restatement of six months ended 30 June 2022 in respect of the IFRIC Decision on Deposits

Cash and cash equivalents at 31 December 2021 were restated to increase by £5.4m (with an equivalent reduction to restricted monetary assets) to reflect the IFRIC Decision on Deposits as described in note 1B. The equivalent cash and cash equivalents balance at 30 June 2022 has also been restated to increase by £5.0m to £403.8m. The resulting movement of £0.4m is reflected in the cash flow statement for the six months ended 30 June 2022 which has been restated accordingly.

20. CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent liabilities

	30 June 2023 £m	31 December 2022 £m
The Group excluding joint ventures:		
– guarantees given	24	45
– claims arising in the normal course of business	20	34
Group's share arising in joint ventures	2	7
	46	86

In addition, the Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group addresses this by closely monitoring these potential instances, seeking independent advice and maintaining transparency with the authorities it deals with as and when any enquiries are made. As a result, the Group has identified a potential tax exposure attributable to the ongoing applicability of tax treatments adopted in respect of certain tax structures within the Group. The range of potential outcomes is a possible outflow of minimum £nil and maximum £146m (31 December 2022: minimum £nil and maximum £145m). The Directors have not provided for this amount because they do not believe an outflow is probable.

B. Capital commitments on investment properties

	30 June 2023 £m	31 December 2022 £m
Group's share arising in joint ventures	45	52

ADDITIONAL INFORMATION

	Table		Table
Summary EPRA performance measures	1	Balance sheet information	
		Balance sheet	12
Portfolio analysis		Net debt	13
Rental data	2	Movement in net debt	14
Gross rental income	3	Total accounting return	15
Vacancy	4	Financing metrics	
Lease expiries and breaks	5	Net debt : EBITDA	16
Net rental income	6	Interest cover	17
Top ten tenants	7	Loan to value	18
Cost ratio	8	Gearing	19
Valuation analysis	9	Unencumbered asset ratio	20
Net initial yield	10	Key properties	21
Capital expenditure	11		

Hammerson is a member of the European Public Real Estate Association (EPRA) and has representatives who actively participate in a number of EPRA committees and initiatives. This includes working with peer group companies, real estate investors and analysts and the large audit firms, to improve the transparency, comparability and relevance of the published results of listed real estate companies in Europe.

As with other real estate companies, we have adopted the EPRA Best Practice Recommendations (BPR) and were awarded a Gold Award for compliance with the EPRA BPR in the EPRA Annual Report Survey 2022. Further information on EPRA and the EPRA BPR can be found on their website www.epra.com. Details of our key EPRA metrics are shown in Table 1.

SUMMARY EPRA PERFORMANCE MEASURES

Table 1

Performance measure	Note / Table	Six months ended 30 June 2023	Six months ended 30 June 2022
Earnings	† 9A	£52.9m	£47.0m
Earnings per share (EPS)	† * 10B	1.1p	1.0p
Cost ratio (including vacancy costs)	† Table 8	36.6%	38.5%
		30 June 2023	31 December 2022
Net Disposal Value (NDV) per share	10C	55p	56p
Net Tangible Assets value (NTA) per share	10C	52p	53p
Net Reinstatement Value (NRV) per share	10C	61p	61p
Net Initial Yield (NIY)	Table 10	5.8%	5.8%
Topped-up Net Initial Yield	Table 10	6.1%	6.0%
Vacancy rate	Table 4	5.5%	4.8%
Loan to value	Table 18	45.8%	50.5%

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

* 2022 restated to reflect the bonus element of scrip dividends.

PORTFOLIO ANALYSIS

Where applicable, the information presented within the 'Development and other' segment only reflects available data in relation to the investment properties within this segment. See Table 21 for the key properties in this segment.

Rental data

Table 2

Six months ended 30 June 2023				30 June 2023			
Proportionally consolidated	Gross rental income £m	Adjusted net rental income £m	Average rents passing £/m ²	Rents passing £m	Estimated rental value of vacant space £m	Estimated rental value £m	Reversion/ (over-rented) %
			a	b	c	c	d
UK	43.5	33.9	400	84.5	3.5	77.9	(12.9)
France	32.4	26.9	430	52.2	3.2	56.8	2.3
Ireland	20.0	18.3	480	38.5	1.1	38.6	(2.4)
Flagship destinations	95.9	79.1	430	175.2	7.8	173.3	(5.6)
Developments and other	10.4	6.0	190	9.3	1.4	9.7	(11.5)
Managed portfolio	106.3	85.1	400	184.5	9.2	183.0	(5.9)

Six months ended 30 June 2022				31 December 2022				
UK	†	45.9	36.5	420	84.0	2.3	77.6	(11.3)
France	†	29.7	25.0	430	65.9	3.2	71.3	3.1
Ireland	†	18.8	16.2	500	38.8	0.8	39.5	(0.3)
Flagship destinations	†	94.4	77.7	440	188.7	6.3	188.4	(3.6)
Developments and other		13.0	6.1	170	21.6	2.9	20.8	(17.7)
Managed portfolio	†	107.4	83.8	380	210.3	9.2	209.2	(5.0)

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

a Average rents passing at the period end before deducting head rents and excluding rents passing from anchor units, car parks and commercialisation.

b Rents passing are the annual rental income receivable at the period end from an investment property, after any rent-free periods and after deducting head rents and car parking and commercialisation running costs totalling £14.0m.

c The estimated rental value (ERV) at the period end calculated by the Group's valuers. ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.

d The total of rents passing and ERV of vacant space compared to ERV.

Gross rental income

Table 3

Proportionally consolidated	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Base rent	78.8	76.6
Turnover rent	6.2	7.1
Car park income	12.9	13.0
Commercialisation income	4.8	4.6
Surrender premiums	0.1	0.7
Lease incentive recognition	† 1.5	4.7
Other rental income	2.0	0.7
Gross rental income	† 106.3	107.4

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

Vacancy

Table 4

Proportionally consolidated	30 June 2023			31 December 2022		
	ERV of vacant space £m	Total ERV for vacancy £m	Vacancy rate %	ERV of vacant space £m	Total ERV for vacancy £m	Vacancy rate %
		*			*	
UK	3.4	64.9	5.3	2.3	64.2	3.6
France	3.2	58.5	5.5	3.2	72.5	4.4
Ireland	1.1	34.8	3.1	0.8	35.7	2.3
Flagship destinations	7.7	158.2	4.9	6.3	172.4	3.7
Developments and other	1.5	9.0	16.5	2.9	17.9	16.0
Managed portfolio	9.2	167.2	5.5	9.2	190.3	4.8

* Total ERV differs from Table 2 due to the exclusion of car park ERV and head rents payable which distort the vacancy metric.

Lease expiries and breaks at 30 June 2023

Table 5

Proportionally consolidated	Holding over £m	Rental income based on passing rents that expire/break in				Holding over £m	ERV of leases that expire/break in				Weighted average unexpired lease term	
		2023 £m	2024 £m	2025 £m	Total £m		2023 £m	2024 £m	2025 £m	Total £m	to break years	to expiry years
UK	4.2	6.1	13.8	8.6	32.7	4.6	5.5	11.1	7.1	28.3	5.8	7.7
France	2.5	1.8	8.5	1.4	14.2	2.8	1.8	7.6	2.0	14.2	2.0	4.9
Ireland	0.6	2.0	4.7	1.6	8.9	1.0	2.5	4.2	1.5	9.2	5.5	7.1
Flagship destinations	7.3	9.9	27.0	11.6	55.8	8.4	9.8	22.9	10.6	51.7	4.5	6.6
Developments and other	1.6	0.4	0.8	2.2	5.0	1.3	0.4	0.7	1.4	3.8	6.2	7.5
Managed portfolio	8.9	10.3	27.8	13.8	60.8	9.7	10.2	23.6	12.0	55.5	4.5	6.7

Net rental income

Table 6

Like-for-like net rental income (NRI) is calculated as the percentage change in NRI for investment properties owned throughout both the current and prior periods and at constant exchange rates. Properties undergoing a significant extension project are excluded from this calculation until the works have been completed for both the current and prior periods.

Six months ended 30 June 2023							
	Properties owned throughout 2022/23 £m	Change in like-for-like NRI %	Disposals £m	Developments and other £m	Total adjusted NRI £m	Change in provision £m	Total NRI £m
Proportionally consolidated							
UK	34.2	1.1	–	(0.3)	33.9	0.1	34.0
France	13.6	(2.5)	3.3	10.0	26.9	–	26.9
Ireland	18.3	8.6	–	–	18.3	–	18.3
Flagship destinations	66.1	2.3	3.3	9.7	79.1	0.1	79.2
Developments and other	–	n/a	(0.1)	6.1	6.0	0.1	6.1
Managed portfolio	66.1	2.3	3.2	15.8	85.1	0.2	85.3

		Six months ended 30 June 2022						
		Properties owned throughout 2022/23 £m	Exchange £m	Disposals £m	Developments and other £m	Total adjusted NRI £m	Change in provision £m	Total NRI £m
Proportionally consolidated								
UK	†	33.8	–	2.6	0.1	36.5	1.1	37.6
France	†	13.9	(0.9)	5.2	6.8	25.0	–	25.0
Ireland	†	16.9	(0.7)	–	–	16.2	0.1	16.3
Flagship destinations	†	64.6	(1.6)	7.8	6.9	77.7	1.2	78.9
Developments and other		–	(0.1)	(0.1)	6.3	6.1	0.4	6.5
Managed portfolio	† *	64.6	(1.7)	7.7	13.2	83.8	1.6	85.4

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

* Managed portfolio value on which like-for-like growth is based was £2,019m.

Top ten tenants at 30 June 2023 (ranked by passing rent)

Table 7

Proportionally consolidated	Passing rent £m	% of total passing rent
Inditex	7.6	4.1
H&M	3.7	2.0
Next	2.9	1.6
JD Sports	2.7	1.5
River Island	2.6	1.4
Boots	2.3	1.2
CK Hutchison Holdings	2.3	1.2
Superdry	2.0	1.1
Printemps	1.9	1.1
Marks & Spencer	1.9	1.0
	29.9	16.2

Cost ratio

Table 8

			Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Proportionally consolidated				
Gross administration costs	*		28.9	30.5
Property fee income			(4.8)	(6.4)
Management fee receivable			(3.4)	(2.9)
Property outgoings	†		20.4	22.9
Less inclusive lease costs recovered through rent			(3.9)	(4.9)
Total operating costs		A	37.2	39.2
Less vacancy costs			(4.3)	(5.8)
Total operating costs excluding vacancy costs		B	32.9	33.4
Gross rental income	†		106.3	107.4
Ground rents payable			(0.8)	(0.7)
Less inclusive lease costs recovered through rent			(3.9)	(4.9)
Gross rental income	†	C	101.6	101.8
Cost ratio including vacancy costs	†	A/C	36.6%	38.5%
Cost ratio excluding vacancy costs	†	B/C	32.4%	32.8%

† Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

* Includes £3.2m (2022: £1.4m) of business transformation costs which are excluded from adjusted earnings as set out in note 9A to the interim financial statements. Excluding these costs, the 30 June 2023 EPRA cost ratio including vacancy costs would reduce from 36.6% to 33.5%.

The Group's business model for developments is to use a combination of in-house resource and external advisors. The cost of external advisors is capitalised to the cost of developments. The cost of employees working on developments is generally expensed, but capitalised subject to meeting certain criteria related to the degree of time spent on and the stage of progress of specific projects. Employee costs of £nil (2022: £0.8m) were capitalised as development costs and are not included within 'Gross administration costs'.

Valuation analysis

Table 9

Proportionally consolidated - including Value Retail	Properties at valuation £m	Revaluation (losses)/gains in the year £m	Income return %	Capital return %	Total return %	Initial yield %	30 June 2023	
							True equivalent yield %	Nominal equivalent yield %
				a	a			b
UK	865.7	(10.4)	4.0	(1.2)	2.8	7.7	8.4	8.0
France	999.4	1.5	2.4	(2.6)	(0.3)	4.4	5.1	5.0
Ireland	638.4	(19.2)	2.8	(2.9)	(0.1)	5.5	5.9	5.6
Flagship destinations	2,503.5	(28.1)	3.0	(2.2)	0.8	5.8	6.4	6.2
Developments and other	301.0	(15.7)	1.7	3.4	5.1	6.3	10.2	9.6
Managed portfolio	2,804.5	(43.8)	2.8	(1.4)	1.4	5.8	6.5	6.3
Value Retail	1,889.8	26.0	2.9	1.4	4.3			
Group portfolio	4,694.3	(17.8)	2.8	(0.3)	2.5			

31 December 2022								
UK	871.0	(90.2)	7.9	(9.4)	(2.1)	7.7	8.4	8.0
France	^c 1,241.0	(57.2)	4.8	(4.6)	—	4.4	5.2	5.0
Ireland	676.4	(20.1)	5.2	(3.0)	2.1	5.3	5.7	5.5
Flagship destinations	2,788.4	(167.5)	6.0	(5.9)	(0.2)	5.7	6.3	6.1
Developments and other	431.7	(53.5)	2.3	(14.8)	(12.8)	7.0	10.3	9.7
Managed portfolio	3,220.1	(221.0)	5.4	(7.3)	(2.3)	5.8	6.6	6.3
Value Retail	1,887.0	(60.7)	5.3	(3.1)	2.0			
Group portfolio	5,107.1	(281.7)	5.3	(5.8)	(0.7)			

a Capital and total return include the losses on disposals and impairment charges on derecognised assets (Highcross and O'Parinor).

b Nominal equivalent yields are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13. The nominal equivalent yield for the Reported Group was 5.6% (31 December 2022: 5.7%).

c Includes Italik, 75% of which was classified as a trading property. The Group's 100% interest was sold in March 2023.

Net Initial Yield

Table 10

Investment portfolio

Proportionally consolidated		Note/ Table	30 June 2023 £m	31 December 2022 £m
Reported Group	a	3B	1,406.4	1,461.0
Share of Property interests		3B	1,398.1	1,722.9
Trading properties		3B	–	36.2
Net investment portfolio valuation on a proportionally consolidated basis		3B	2,804.5	3,220.1
Less: Developments	b		(202.8)	(249.0)
Completed investment portfolio			2,601.7	2,971.1
Purchasers' costs	c		173.5	197.2
Grossed up completed investment portfolio		A	2,775.2	3,168.3
Annualised cash passing rental income			180.5	207.1
Non recoverable costs			(14.4)	(21.1)
Rents payable			(3.9)	(3.8)
Annualised net rent		B	162.2	182.2
Add:				
Notional rent expiration of rent-free periods and other lease incentives	d		5.1	3.2
Future rent on signed leases			2.8	3.8
Topped-up annualised net rent		C	170.1	189.2
Add back: Non recoverable costs			14.4	21.1
Passing rents		Table 2	184.5	210.3
Net initial yield		B/A	5.8%	5.8%
'Topped-up' net initial yield		C/A	6.1%	6.0%

- a 31 December 2022 figure included 100% of Italik, 75% of which was classified as a trading property. The Group's 100% interest was sold in March 2023.
- b Included within the Developments and other portfolio.
- c Purchasers' costs equate to 6.7% (31 December 2022: 6.7%) of the value of the completed investment portfolio.
- d Weighted average remaining rent-free period is 0.6 years (31 December 2022: 0.7 years).

Capital expenditure

Table 11

Proportionally consolidated	Note	Six months ended 30 June 2023			Six months ended 30 June 2022		
		Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Developments		1	2	3	10	2	12
Capital expenditure – creating area		1	2	3	15	–	15
Capital expenditure – no additional area		3	7	10	1	10	11
Tenant incentives	†	2	–	2	13	–	13
Total	† 3B	7	11	18	39	12	51
Conversion from accruals to cash basis		(1)	(1)	(2)	(23)	–	(23)
Total on cash basis		6	10	16	16	12	28

- † Figures for the six months ended 30 June 2022 have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 5 to the interim financial statements.

BALANCE SHEET INFORMATION

Note 2 to the interim financial statements shows the Group's proportionally consolidated income statement. The Group's proportionally consolidated balance sheet and net debt are shown in Tables 12 and 13 respectively. As explained in note 3 to the interim financial statements, the Group's interest in Value Retail is not proportionally consolidated as it is not under the Group's management.

Balance sheet

Table 12

		30 June 2023			31 December 2022		
	Note	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Non-current assets							
Investment properties		1,406.4	1,398.1	2,804.5	1,461.0	1,722.9	3,183.9
Interests in leasehold properties		32.7	15.4	48.1	34.0	15.4	49.4
Right-of-use assets		7.3	–	7.3	9.5	–	9.5
Plant and equipment		1.3	–	1.3	1.4	–	1.4
Investment in joint ventures		1,198.2	(1,198.2)	–	1,342.4	(1,342.4)	–
Investment in associates		1,172.0	–	1,172.0	1,297.1	(107.7)	1,189.4
Other investments		9.8	–	9.8	9.8	–	9.8
Trade and other receivables		3.2	3.5	6.7	3.2	5.0	8.2
Derivative financial instruments		–	2.9	2.9	7.0	6.3	13.3
Restricted monetary assets		21.4	–	21.4	21.4	–	21.4
		3,852.3	221.7	4,074.0	4,186.8	299.5	4,486.3
Current assets							
Trading properties		–	–	–	36.2	–	36.2
Trade and other receivables		68.8	20.6	89.4	85.9	43.4	129.3
Derivative financial instruments		16.8	–	16.8	0.1	–	0.1
Restricted monetary assets		12.7	–	12.7	8.6	21.0	29.6
Cash and cash equivalents		479.6	83.7	563.3	218.8	117.7	336.5
		577.9	104.3	682.2	349.6	182.1	531.7
Total assets		4,430.2	326.0	4,756.2	4,536.4	481.6	5,018.0
Current liabilities							
Trade and other payables		(132.8)	(48.3)	(181.1)	(168.3)	(66.8)	(235.1)
Obligations under head leases		(0.2)	–	(0.2)	(0.2)	–	(0.2)
Loans		(108.5)	–	(108.5)	–	(126.1)	(126.1)
Tax		(0.4)	–	(0.4)	(0.5)	(0.3)	(0.8)
Derivative financial instruments		(3.9)	–	(3.9)	(16.1)	–	(16.1)
		(245.8)	(48.3)	(294.1)	(185.1)	(193.2)	(378.3)
Non-current liabilities							
Trade and other payables		(46.4)	(4.6)	(51.0)	(56.3)	(7.0)	(63.3)
Obligations under head leases		(36.8)	(15.8)	(52.6)	(38.1)	(15.8)	(53.9)
Loans		(1,513.6)	(257.2)	(1,770.8)	(1,646.4)	(265.5)	(1,911.9)
Deferred tax		(0.4)	(0.1)	(0.5)	(0.4)	(0.1)	(0.5)
Derivative financial instruments		(18.5)	–	(18.5)	(23.7)	–	(23.7)
		(1,615.7)	(277.7)	(1,893.4)	(1,764.9)	(288.4)	(2,053.3)
Total liabilities		(1,861.5)	(326.0)	(2,187.5)	(1,950.0)	(481.6)	(2,431.6)
Net assets		2,568.7	–	2,568.7	2,586.4	–	2,586.4
EPRA adjustments	9B			53.9			47.3
EPRA NTA	10C			2,622.6			2,633.7
EPRA NTA per share	10C			52p			53p

Net debt

Table 13

	30 June 2023			31 December 2022		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Proportionally consolidated						
Cash and cash equivalents	479.6	83.7	563.3	218.8	117.7	336.5
Loans	(1,622.1)	(257.2)	(1,879.3)	(1,646.4)	(391.6)	(2,038.0)
Fair value of currency swaps	(1.6)	–	(1.6)	(30.6)	–	(30.6)
Net debt	(1,144.1)	(173.5)	(1,317.6)	(1,458.2)	(273.9)	(1,732.1)

Movement in net debt

Table 14

	Six months ended 30 June 2023 £m	Year ended 31 December 2022 £m
Proportionally consolidated		
Opening net debt	(1,732.1)	(1,798.8)
Profit from operating activities	64.6	129.3
Decrease in receivables and restricted monetary assets	2.1	27.5
(Decrease)/Increase in payables	(8.6)	8.2
Adjustment for non-cash items	1.7	0.7
Cash generated from operations	59.8	165.7
Interest received	13.1	16.8
Interest paid	(51.4)	(73.5)
Debt and loan facility issuance and extension fees	(0.6)	(2.8)
Premiums on hedging activities	–	(3.9)
Tax (paid)/repaid	(0.4)	0.1
Operating distributions received from Value Retail	42.7	–
Cash flows from operating activities	63.2	102.4
Capital expenditure	(16.0)	(76.3)
Sale of properties	215.3	191.9
Derecognition of joint venture secured debt	125.0	–
Cash held within sold or derecognised entities	(24.0)	–
Cash flows from investing activities	300.3	115.6
Share issue expenses	–	(0.5)
Purchase of own shares	–	(6.7)
Proceeds from awards of own shares	0.1	0.1
Equity dividends paid	–	(13.2)
Cash flows from financing activities	0.1	(20.3)
Exchange translation movement	50.9	(131.0)
Closing net debt	(1,317.6)	(1,732.1)

Total accounting return

Table 15

		30 June 2023		31 December 2022	
		NTA £m	NTA per share pence	NTA £m	NTA per share pence
EPRA NTA at 1 January		2,633.7	52.7	2,840.1	64.3
Scrip dividend dilution in NTA per share in the year		–	–	–	(7.5)
EPRA NTA at 1 January rebased to reflect scrip dividends in the year	A	2,633.7	52.7	2,840.1	56.8
EPRA NTA at period end		2,622.6	52.4	2,633.7	52.7
Movement in NTA		(11.1)	(0.3)	(206.4)	(4.1)
Cash dividends in the year		–	–	13.2	0.3
	B	(11.1)	(0.3)	(193.2)	(3.8)
Total accounting return	B/A		–0.4%		–6.8%

FINANCING METRICS

Net debt : EBITDA

Table 16

Proportionally consolidated	Note / Table	30 June 2023 £m	December 2022 £m
Adjusted operating profit		162.7	159.4
Amortisation of tenant incentives and other items within net rental income		0.1	(0.1)
Share-based remuneration		3.5	3.0
Depreciation		4.2	4.1
EBITDA – rolling 12 month basis	A	170.5	166.4
Net debt	B Table 13	1,317.6	1,732.1
Net debt : EBITDA	B/A	7.7x	10.4x

Interest cover

Table 17

Proportionally consolidated	Note	Six months ended 30 June 2023 £m	Year ended 31 December 2022 £m
Adjusted net rental income	2	85.1	174.8
Less net rental income in associates: Italie Deux	13B	(1.2)	(4.4)
	A	83.9	170.4
Adjusted net finance costs	2	25.1	54.0
Less interest on lease obligations and pensions		(1.7)	(2.6)
Add back capitalised interest	6	–	1.2
	B	23.4	52.6
Interest cover	A/B	3.59x	3.24x

Loan to value

Table 18

Proportionally consolidated		Note / Table	30 June 2023 £m	31 December 2022 £m
Net debt – ‘Loan’	A	Table 13	1,317.6	1,732.1
Managed property portfolio	B	3B	2,804.5	3,220.1
Investment in Value Retail		13D	1,172.0	1,189.4
‘Value’	C		3,976.5	4,409.5
Loan to value – Headline	A/C		33.1%	39.3%
Net debt – Value Retail	D		697.8	674.9
Property portfolio – Value Retail	E	3B	1,889.8	1,887.0
Loan to value – Full proportional consolidation of Value Retail	(A+D)/(B+E)		42.9%	47.1%
Net payables – Managed Portfolio			117.7	160.3
Net payables – Value Retail			18.8	14.2
Net payables – Group	F		136.5	174.5
Loan to value – EPRA	(A+D+F)/(B+E)		45.8%	50.5%

Gearing

Table 19

Proportionally consolidated		Note / Table	30 June 2023 £m	31 December 2022 £m
Net debt		Table 13	1,317.6	1,732.1
Add:				
– Unamortised borrowing costs			14.0	15.9
– Cash held within investments in associates: Italie Deux			–	6.8
Net debt for gearing	A		1,331.6	1,754.8
Equity shareholders’ funds – Consolidated net tangible worth	B		2,568.7	2,586.4
Gearing	A/B		51.8%	67.8%

Unencumbered asset ratio

Table 20

Proportionally consolidated	Note / Table	30 June 2023 £m	31 December 2022 £m
Managed property portfolio	3B	2,804.5	3,220.1
Adjustments:			
– Properties held in associates: Italie Deux		–	(102.9)
– Encumbered assets	*	(494.2)	(651.0)
Total unencumbered assets	A	2,310.3	2,466.2
Net debt – proportionally consolidated	Table 13	1,317.6	1,732.1
Adjustments:			
– Cash held within investments in associates: Italie Deux		–	6.8
– Cash held within investments in encumbered joint ventures	*	43.0	50.8
– Unamortised borrowing costs – Group		14.0	15.9
– Encumbered debt	*	(257.5)	(392.3)
Total unsecured debt	B	1,117.1	1,413.3
Unencumbered asset ratio	A/B	2.07x	1.74x

* At 30 June 2023 encumbered assets, cash and debt relate to Dundrum. At 31 December 2022 they also included Highcross and O'Parinor where the lenders took control of the secured properties in the first half of 2023.

KEY PROPERTIES

Table 21

Managed portfolio	Location	Accounting classification where not wholly-owned		Ownership	Area, m ²	No. of tenants	Passing rent £m
Flagship destinations							
UK							
Brent Cross	London	Joint venture		41%	86,700	106	11.8
Bullring	Birmingham	Joint venture	a	50%	113,600	146	22.5
Cabot Circus	Bristol	Joint venture	b	50%	110,300	102	11.3
The Oracle	Reading	Joint venture		50%	72,100	97	10.2
Union Square	Aberdeen			100%	51,600	70	15.7
Westquay	Southampton	Joint venture		50%	94,500	109	13.0
France							
Les 3 Fontaines	Cergy		c	100%	73,700	202	22.1
Les Terrasses du Port	Marseille			100%	62,800	171	29.3
Ireland							
Dundrum Town Centre	Dublin	Joint venture		50%	125,600	150	27.1
Ilac Centre	Dublin	Joint operation		50%	27,900	65	3.9
Pavilions	Swords	Joint operation		50%	44,100	92	7.2
Developments and other (key properties)							
Bristol Broadmead	Bristol	Joint venture	b	50%	34,800	60	3.1
Dublin Central	Dublin			100%	n/a	n/a	n/a
Dundrum Phase II	Dublin	Joint venture		50%	n/a	n/a	n/a
Grand Central	Birmingham	Joint venture	a	50%	39,000	54	3.7
Eastgate	Leeds			100%	n/a	n/a	n/a
Martineau Galleries	Birmingham		a	100%	35,200	44	2.4
Pavilions land	Swords			100%	n/a	n/a	n/a
The Goodsyard	London	Joint venture		50%	n/a	n/a	n/a
Value Retail							
		Associate					d
Bicester Village	Bicester			50%	28,000	159	73.4
La Roca Village	Barcelona			41%	25,900	146	22.1
Las Rozas Village	Madrid			38%	15,600	99	13.7
La Vallée Village	Paris			26%	21,600	108	25.1
Maasmechelen Village	Brussels			27%	20,000	104	6.0
Fidenza Village	Milan			34%	21,100	114	6.9
Wertheim Village	Frankfurt			45%	20,900	116	10.4
Ingolstadt Village	Munich			15%	21,000	110	3.7
Kildare Village	Dublin			41%	21,600	112	11.1

a Collectively known as the Birmingham Estate.

b Collectively known as the Bristol Estate.

c Property includes areas held under co-ownership, figures above reflect Hammerson's ownership interests only.

d Passing rent for Value Retail represents annualised base and turnover rent at Hammerson's ownership share.

GLOSSARY

Adjusted earnings	Reported amounts excluding certain items in accordance with EPRA guidelines and also certain exceptional items which the Directors believe are not reflective of the Group's normal day-to-day operating activities.
Average cost of debt or weighted average interest rate (WAIR)	The cost of finance expressed as a percentage of the weighted average debt during the period.
Borrowings	The aggregate of loans and fair value of currency swaps but excluding the fair value of the interest rate swaps, as this latter item crystallises over the life of the instruments rather than at maturity.
Capital return	The change in property value during the period after taking account of capital expenditure, acquisitions and disposals and calculated on a monthly time-weighted and constant currency basis.
Commercialisation	Promotional activity to generate income and engage with communities including advertising, events, kiosks, and pop-ups
Company Voluntary Arrangement (CVA)	A legally binding agreement with creditors to restructure liabilities, including future lease liabilities.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body, of which the Company is a member. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe.
Equivalent yield (true and nominal)	The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect future rents resulting from lettings, lease renewals and rent reviews based on current ERVs. The true equivalent yield (TEY) assumes rents are received quarterly in advance, while the nominal equivalent yield (NEY) assumes rents are received annually in arrears. These yields are determined by the Group's external valuers.
ERV	The estimated market rental value of the total lettable space in a property (after deducting head rents, and car parking and commercialisation running costs) calculated by the Group's external valuers.
ESG	Using environmental, social and governance factors to evaluate companies and countries on how far advanced they are with sustainability.
F&B	Food and beverage.
Gearing	Net debt expressed as a percentage of equity shareholders' funds calculated as per the covenant definition in the Group's unsecured borrowings.
Gross property value or Gross asset value (GAV)	Property value before deduction of purchasers' costs, as provided by the Group's external valuers.
Gross rental income (GRI)	Income from leases, car parks and commercialisation, after amortising lease incentives.
Headline rent	The annual rental income derived from a lease, including base and turnover rent but after rent-free periods.
Inclusive lease	A lease, often for a short period, under which the rent includes costs such as service charge, rates and utilities. Instead, the landlord incurs these costs as part of the overall commercial arrangement.
Income return	Income derived from property taken as a percentage of the property value on a time-weighted and constant currency basis after taking account of capital expenditure, acquisitions and disposals.
Initial yield (or Net initial yield (NIY))	Annual cash rents receivable (net of head rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5%, primarily for management fees), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
Interest cover	Adjusted net rental income divided by adjusted net finance costs before capitalised interest and interest charges on lease obligations and pensions, both excluding associates.
Interest rate or currency swap (or derivatives)	An agreement with another party to exchange an interest or currency rate obligation for a pre-determined period.
Joint venture and associate management fees	Fees charged to joint ventures and associates for accounting, secretarial, asset and development management services.
Leasing	Comprises new lettings and renewals.
Leasing vs Passing rent	A comparison of Headline rent from leasing to the Passing rent at the most recent balance sheet date.
Like-for-like (LFL) GRI/NRI	The percentage change in GRI/NRI for flagship properties owned throughout both current and prior periods, calculated on a constant currency basis. Properties undergoing a significant extension project are excluded from this calculation during the period of the works. For interim reporting periods properties sold between the balance sheet date and the date of the announcement are also excluded from this metric.
Loan to value (LTV)	Net debt expressed as a percentage of property portfolio value. The Group has three measures of LTV: Headline, which includes the Group's investment in Value Retail; Full proportional consolidation of Value Retail (FPC), which incorporates the Group's share of Value Retail's net debt and property values; and EPRA, which includes an adjustment for net payables.
MSCI	Property market benchmark indices produced by Morgan Stanley Capital International.
Net effective rent (NER)	Annual rent from a unit calculated by taking the total rent payable over the term of the lease to the earliest termination date and deducting all tenant incentives.

Net rental income (NRI)	GRI less net service charge expenses and cost of sales. Additionally, the change in provision for amounts not yet recognised in the income statement is excluded to calculate adjusted NRI.
NTA (EPRA)	EPRA Net tangible assets: An EPRA net asset per share measure calculated as equity shareholders' funds with adjustments made for the fair values of certain financial derivatives, deferred tax and any goodwill balances.
Occupancy rate	The ERV of the area in a property or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV, excluding the ERV for car parks, of that property or portfolio.
Occupational cost ratio (OCR)	The proportion of retailer's sales compared with the total cost of occupation, including rent, local taxes (i.e. business rates) and service charge. Calculated excluding department stores.
Over-rented	The amount, or percentage, by which the ERV falls short of rents passing, together with the ERV of vacant space.
Passing rents or rents passing	The annual rental income receivable from an investment property after rent-free periods, head rents, car park costs and commercialisation costs. This may be more or less than the ERV (see over-rented and reversionary or under-rented).
Pre-let	A lease signed with a tenant prior to the completion of a development or other major project.
Principal lease	A lease signed with a tenant with a secure term of greater than one year.
Property fee income	Amounts recharged to tenants or co-owners for property management services including, but not limited to service charge management and rent collection fees.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate.
Property interests (Share of)	The Group's non-wholly owned properties which management proportionally consolidate when reviewing the performance of the business. These exclude Value Retail which is not proportionally consolidated.
Property outgoings	The direct operational costs and expenses incurred by the landlord relating to property ownership and management. This typically comprises void costs, net service charge expenses, letting related costs, marketing expenditure, repairs and maintenance, tenant incentive impairment, bad debt expense relating to items recognised in the income statement and other direct irrecoverable property expenses. These costs are included within the Group's calculation of like-for-like NRI and the cost ratio.
Proportional consolidation	The aggregation of the financial results of the Reported Group and the Group's Share of Property interests under management (i.e. excluding Value Retail) as set out in note 2.
QIAIF	Qualifying Investor Alternative Investment Fund. A regulated tax regime in the Republic of Ireland which exempts participants from Irish tax on property income and chargeable gains subject to certain requirements.
Rent collection	Rent collected as a percentage of rent due for a particular period after taking account of any rent concessions granted for the relevant period.
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements.
Reported Group	The financial results as presented under IFRS.
Reversionary or under-rented	The amount, or percentage, by which the ERV exceeds the rents passing, together with the estimated rental value of vacant space.
Scope 1 emissions	Direct emissions from owned or controlled sources.
Scope 2 emissions	Indirect emissions from the generation of purchased energy.
Scope 3 emissions	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
SAICA	South African Institute of Chartered Accountants.
SIIC	Sociétés d'Investissements Immobiliers Côtées. A tax regime in France which exempts participants from the French tax on property income and gains subject to certain requirements.
Temporary lease	A lease with a period of one year or less, measured to the earlier of lease expiry or tenant break.
Total development cost	All capital expenditure on a development or other major project, including capitalised interest.
Total accounting return (TAR)	The growth in EPRA NTA per share plus dividends paid, expressed as a percentage of EPRA NTA per share at the beginning of the period. The return excludes the dilution impact from scrip dividends.
Total property return (TPR) (or total return)	NRI, excluding the change in provision for amounts not yet recognised in the income statement, and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure, calculated on a monthly time-weighted and constant currency basis.
Total shareholder return (TSR)	Dividends and capital growth in a Company's share price, expressed as a percentage of the share price at the beginning of the period.
Turnover rent	Rental income which is linked to an occupier's revenues.
Vacancy rate	The ERV of the area in a property, or portfolio, excluding developments, which is currently available for letting, expressed as a percentage of the ERV of that property or portfolio.
WAULB/WAULT	Weighted Average Unexpired Lease to Break/Term.