CAPITAL & REGIONAL PLC
(Incorporated in the United Kingdom)
(UK company number 01399411)
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LEI: 21380097W74N9OYF5Z25
ISIN: GB0001741544
("**Capital & Regional**" or "**the Company**")

TRADING UPDATE

Capital & Regional, the convenience and community focused shopping centre REIT, today announces an update on current trading for the four months to the end of April 2019, following its Annual General Meeting held on Thursday 16th May.

Lawrence Hutchings, Chief Executive commented: "We continue to see solid progress in executing our strategy to reposition our community centres to focus on needs based and less discretionary goods, especially in our London and South East assets. We firmly believe that our repositioning and remerchandising plans, low average rents and high footfall metrics, differentiates our centres and ensures they remain relevant, profitable and attractive to retailers as the structural changes in physical retailing continue to evolve.

The strength of our leasing activity last year and the level of committed and pipeline deals during the first four months of 2019, provides further evidence of the continuing relevance of our centres and the quality of our platform and team members. We believe our management capability is a valuable asset in the current environment.

Clarity around Debenhams is welcome news, enabling us to plan our capex and remerchandising proactively. In addition, we continue to take forward plans to unlock the underlying value of our real estate through mixed use development rights above and immediately adjacent to our centres."

Trading update

Strong leasing momentum supporting high occupancy

- The Company completed 20 leasing transactions in the first four months of the year at an average premium to passing rent of 3.0% and 5.2% to ERV[1], comprising 8 new lettings and 12 renewals for a combined annual income of £1.2 million.
- Notable transactions completed in the last month include the letting of the final two floors of the Arndale House office to the council and terms agreed with Tesco for a 10 year lease renewal, both in Luton. Leasing transactions have also been completed with Vodafone, The Entertainer and Wenzels the baker in the period.
- In addition, we have a strong leasing pipeline with 30 transactions currently agreed or in solicitors' hands for new lettings or renewals representing over £2 million of annual income.
- Occupancy has remained robust at 96.7% as at 30 April 2019. This excludes Hemel Hempstead where we have taken back space to allow work to commence in preparation of the leisure development, following the 25 year lease we agreed with Empire Cinemas in February.

Continued footfall outperformance driven by success of community repositioning strategy

- Once again footfall across our wholly owned portfolio significantly outperformed the national index with our three London centres increasing by 1.8%. There were 24.6 million visits across the wider portfolio, reflecting a marginal decline of 0.6% over the same period last year, but well ahead of the national index, which was down by 3.2% in the first four months of the year.

- Footfall performance remained strongest at centres where we are most advanced in delivering our community centre strategy through capex and repositioning. In total we have added over 900,000 shopper visits in the 16 months since we launched our strategy in December 2017.

Further clarity on Debenhams

- While none of the three stores in the Company's portfolio were amongst the 22 that Debenhams announced were due to close early next year, the Company Voluntary Arrangement ("**CVA**") that was approved in May 2019 is expected to result in an impact on 2019 Net Rental Income of approximately £0.7 million and £1.3 million on an annualised basis.
- We are encouraged by the leasing momentum across the portfolio which underlines the appeal and affordability of our centres, as well as the expertise of our asset management teams and have been proactively planning for a number of contingencies with regards to capex and remerchandising at the centres which are impacted. We will now consider how and when is appropriate to take these plans forward.

Residential strategy leverages unique town centre locations

- We have received a significant level of interest in our residential pipeline of up to 1,000 apartments over our three London locations, of which 650 have planning consent. We continue to progress works to enable us to create value and deliver valuation uplift through partnerships with residential operators in the private sale and private rented sectors.

Continued strong performance at Snozone

- After seven consecutive years of profit growth, Snozone has once again seen a strong first quarter, providing the Company with confidence that this track record will continue. Snozone has proven to be valuable contributor to the business, both in terms of profitability and cash flow and we are exploring ways of further leveraging its highly skilled and experienced leisure focused management platform.

[1] For lettings and renewals (excluding development deals and leases impacted by CVA's) with a term of five years or longer and which did not include a turnover element.

17 May 2019

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Notes to editors:

About Capital & Regional plc

Capital & Regional is a UK focused specialist property REIT with a strong track record of delivering significant value enhancing retail and leisure asset management opportunities across its c. £0.9 billion portfolio of in-town, dominant community shopping centres.

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

For further information see capreg.com/