

CAPITAL & REGIONAL PLC

(Incorporated in the United Kingdom)

(UK company number 01399411)

LSE share code: CAL JSE share code: CRP

LEI: 21380097W74N9OYF5Z25

ISIN: GB00BL6XZ716

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

**CAPITAL &
REGIONAL**

SHORT FORM ANNOUNCEMENT: HALF YEAR RESULTS TO 30 JUNE 2020

Capital & Regional, the UK focused REIT with a portfolio of dominant in-town community shopping centres, today announces its half year results to 30 June 2020.

Lawrence Hutchings, Chief Executive, comments:

“While all of our centres have remained open throughout the pandemic, the government enforced restrictions have naturally impacted on the Group’s operations. However our local community strategy, focused on providing non-discretionary, essential goods and services, has helped mitigate the impact on a relative basis. Indeed, our strategy is now more relevant than ever as the structural changes in consumer habits that were already underway within the retail industry have been accelerated. Our successful delivery of this community centre strategy over the past three years, combined with the investments we have made in our operating platform, have not only helped us navigate these extraordinary times but have also ensured the continued support of our key stakeholders which we greatly appreciate.

“During this time we have also been able to progress important initiatives, including the submission of a planning application to convert our existing residential consent at Walthamstow into Build to Rent which will facilitate the introduction of a development partner. We have also advanced discussions with the NHS for the introduction of a significant new healthcare centre at Ilford. These are important steps forward as we continue to maximise the mixed and evolving uses of our key locations.

“While the current COVID-19 situation has placed pressure on leverage, we believe that the combination of the level of cash of approximately £80 million, largely maintained from the recapitalisation of the Group in December 2019; the measures agreed with our lenders; and the focus on local centres offering non-discretionary goods and services, provide a sound base for navigating the short to medium term. We are now working to better understand the long term impact of the current uncertainties to determine the best approach for reducing debt levels and shaping the Group’s future position to best capitalise on its strengths as an owner and manager of community shopping centres.”

Norbert Sasse, Chief Executive – Growthpoint Properties Limited, comments:

“We continue to be impressed by the quality of the Capital & Regional team and its strategy since our investment to acquire a 51% stake in the business last December. Considering the unparalleled circumstances of COVID-19, we believe the operating metrics delivered during the period are very strong on a relative basis and reflect the quality of the assets and the platform. The pandemic has accelerated the underlying structural changes that were already taking place in physical retailing, but we believe the majority of C&R’s portfolio of needs-based community centres remain well placed to prosper post a stabilisation in trading conditions. We thank the entire C&R team for their focus and commitment both in managing the challenges and striving to position the business for the future.”

Operational impact of COVID-19 mitigated by community centre strategy

- All seven of the Company's community shopping centres remained open throughout lockdown. 605 stores, representing over 96% of units are now back open, up from 68 stores in early May
- Occupancy has remained high at 95% (December 2019: 97.2%)
- Footfall significantly impacted by COVID-19, but 20.7 million visits across the portfolio outperformed the national index by 2.6%. Visitor numbers currently improving week on week
- 76% of rent in respect of the first half of the year has now been collected. Rent collection for the third quarter of the year is running at 54%. Over half of the balance of rent outstanding is due from well-capitalised national retailers
- 24 new lettings and renewals during the period with an encouraging leasing pipeline
- Net Rental Income (NRI) down £9 million to £16.2 million (June 2019: £25.2 million), largely as a result of COVID-19, driving reduction in Adjusted Profit¹ to £4.6 million (June 2019: £14.8 million)
- IFRS Loss for the period of £115.5 million due primarily to a 16% fall in property valuations (June 2019: Loss of £55.4 million) mitigated by relative resilience of London assets which fell by 11.8%

Balance sheet supported by high cash reserve levels

- As at 30 June 2020 the Group had total cash on balance sheet of c. £80 million, of which £67 million was maintained centrally and without any restriction, equivalent to more than one year's gross rental income
- In light of the current level of uncertainty and desire to maximise cash flexibility, the Group has not declared an Interim Dividend and will maintain this position until market circumstances improve
- Net Asset Value per share and EPRA NTA per share, at 229p and 236p respectively (December 2019: 361p and 364p respectively)
- Net LTV of 57% (December 2019: 46%)
- Waivers obtained on the four Mall asset, Luton and Ilford loan facilities for all income covenants for the remainder of 2020. Discussions ongoing over agreements on longer term covenant relaxation

	6 months to June 2020	6 months to June 2019	Year to Dec 2019
Net Rental Income	£16.2m	£25.2m	£49.3m
Adjusted Profit ¹	£4.6m	£14.8m	£27.4m
Adjusted Earnings per share ¹	4.4p	20.4p	36.7p
IFRS (Loss)/Profit for the period	£(115.5)m	£(55.4)m	£(121.0)m
Basic earnings per share	(111.0)p	(76.3)p	(162.3)p
Headline Earnings per share	0.2p	12.3p	28.6p
Dividend per share ²	-	10.0p	21.0p
Net Asset Value (NAV) per share	229p	514p	361p
EPRA NTA per share	236p	516p	364p
Group net debt	£348.2m	£413.1m	£336.9m
Net debt to property value	57%	52%	46%

About this announcement:

This short-form announcement is the responsibility of the Directors of the Company. It is only a summary of the information contained in the full Half-Year Results to 30 June 2020 announcement and does not contain full or complete details.

Any investment decision by investors and/or shareholders should be based on consideration of the full announcement available on the Company's website at <https://capreg.com/media/3213/interim-results-2020-press-release-4-september-final.pdf> and via the JSE at <https://senspdf.jse.co.za/documents/2020/jse/isse/CRPE/HY2020.pdf>.

The full announcement is also available at our registered office and our sponsor's office for inspection, at no charge, during office hours. Copies of the full announcement may be requested by emailing capinfo@capreg.com.

Use of Alternative Performance Measures (APMs)

Throughout the results statement we use a range of financial and non-financial measures to assess our performance. A number of the financial measures, including Adjusted Profit, Adjusted Earnings per share and the industry best practice EPRA (European Public Real Estate Association) performance measures, which have been updated during the year, are not defined under IFRS, so they are termed 'Alternative Performance Measures' (APMs). Management use these measures to monitor the Group's financial performance alongside IFRS measures because they help illustrate the underlying performance and position of the Group. All APMs are defined in the Glossary and further detail on their use is provided within the Financial Review. A reconciliation to the equivalent statutory measures is provided in Notes 6 and 12 to the condensed financial statements.

Notes

All metrics are for wholly-owned portfolio unless otherwise stated.

¹ Adjusted Profit and Adjusted Earnings per share are as defined in the Glossary. Adjusted Profit incorporates profits from operating activities and excludes revaluation of properties and financial instruments, gains or losses on disposal, exceptional items and other defined terms. A reconciliation to the equivalent EPRA and statutory measures is provided in Notes 3 and 6 to the condensed financial statements.

² Per share amounts are adjusted to reflect the impact of the 10 for 1 share consolidation that completed on 15 January 2020.

By order of the Board,

L. Hutchings
Chief Executive

S. Wetherly
Group Finance Director

4 September 2020

JSE sponsor

JAVACAPITAL

Notes to editors:

About Capital & Regional plc

Capital & Regional is a UK focused retail property REIT specialising in shopping centres that dominate their catchment, serving the non-discretionary and value orientated needs of the local communities. It has a strong track record of delivering value enhancing retail and leisure asset management opportunities across a portfolio of in-town shopping centres.

Capital & Regional 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.

Capital & Regional is listed on the main market of the London Stock Exchange (LSE) and has a secondary listing on the Johannesburg Stock Exchange (JSE)

For further information see capreg.com/