

CAPITAL & REGIONAL PLC

(Incorporated in the United Kingdom)

(UK company number 01399411)

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



**CAPITAL &
REGIONAL**

UPDATE ON TRADING AND RENT RECEIPTS

Capital & Regional today provides an update on trading and rent collections.

Lawrence Hutchings, CEO of Capital & Regional said: “2020 has been a year like no other with COVID-19 presenting significant challenges to everyday life and business. While some form of Government restrictions are likely to continue to be a feature for a period of time it has been encouraging to see the swift return of nearly all our retailers and services to trading following the end of the second national lockdown on 2 December 2020 with 98% of units back open, reinforcing the importance of our community centres. The retail sector continues to evolve at pace with COVID-19 having accelerated pre-existing structural changes. We believe we are well placed given our low exposure to the categories most impacted. Demand for retailers to rapidly return to trade, coupled with a similar response from our consumers who have been eager to get back to their local shops, provide evidence of the continuing relevance of physical retail and the vital role that our community focused centres play in local essential infrastructure. This is evidenced by our completion of more than 30 leasing transactions this year and an encouraging pipeline with over 20 deals where we have agreed heads of terms or which are in solicitors’ hands. These transactions are enabling us to continue the significant progress we have made in remerchandising and repositioning of our centres which started three years ago.

“I would also like to place on record my thanks to our staff, and particularly our shopping centre teams, whose hard work and dedication has ensured our centres remained open throughout the year enabling the provision of essential goods and services to their local communities.”

Operations

- 98% of our stores, comprising 621 shops, are back open and trading across the Group’s seven shopping centres following the end of the national lockdown on 2 December 2020. During the lockdown approximately 38% remained open including both retailers providing essential goods and services and those operating click and collect operations.
- Footfall for the 12 days since the end of the second lockdown on 2 December 2020 was up 41% on the 12 days immediately before, equivalent to approximately 77% of the prior year equivalent. This is particularly encouraging when framed against the fact that we have had to reduce capacity in order to maintain social distancing, using technology to operate a traffic light system to inform guests via social media of the best times to visit.
- We have made good progress in improving rent collection having now collected, or expect to imminently receive, 73% of all rents that have fallen due from the 25 March 2020 to the date of this announcement. This is an improvement of 17% since the equivalent figure of 56% announced on 15 October 2020. We have come to amicable agreements with a number of our retailers, providing, in some specific cases, a modest concession in return for them settling the remainder of their rent arrears and their service charge obligations in full.
- To the end of November 2020 we had completed 37 new lettings and renewals at a combined premium to previous rent of 7.3%* and a combined discount to ERV of 4.0%*. While the national lockdowns clearly had a muting effect on the number of deals completed we have an encouraging pipeline with more than 20 deals where we have agreed heads of terms or that are in solicitors’ hands.
- We have three Debenhams units which are at risk of becoming vacant if Debenhams ceases trading in the coming months. Given the uncertainty over Debenhams we have been working on both short term

and long term solutions for the space which vary depending on the ultimate outcome. While the impact on rents of Debenhams ceasing trading is not expected to be material, if vacant the annual empty rates and service charge cost to the Company for the three units will be approximately £2.1 million.

- We only have one unit let to Arcadia with exposure of less than £0.1 million.
- Progressing our community centre merchandising strategy continues to be a central focus, with strong interest from grocery and non-discretionary service and retail occupiers.
- At Ilford we are continuing to make strong progress on securing an agreement for lease on a new purpose built community healthcare facility. We are seeing interest for similar facilities in some of our other centres.
- At Luton preparatory work has commenced on the construction of a new unit for Lidl ahead of a planned Summer 2021 opening.

Liquidity

- As at 11 December 2020, the Group had total cash on balance sheet of £79.3 million, which is equivalent to more than one year's gross revenue. Of this approximately £60 million is held centrally without any restriction.
- The Group's four drawn debt facilities are all non-recourse, with no cross-default clauses. The earliest maturity on any of the Group's property loan facilities is February 2023.
- We have signed waivers for all income covenants for the remainder of the year. Discussions are ongoing with the respective lenders on an individual facility basis over agreements to cover the coming quarters to the extent they are required.

Our overriding priority remains the health, safety and protection of our colleagues, guests and customers and throughout the pandemic we have been implementing the latest official government guidelines and advice across our portfolio.

Further details will be provided when the Group announces its results for the year ended 30 December 2020, on Thursday 4 March 2021.

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

17 December 2020

JSE sponsor



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 its 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 www.capreg.com