CAPITAL & REGIONAL PLC
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("**Capital & Regional**" or "**the Company**")

UPDATE ON TRADING AND PROGRESS WITH BANKING DISCUSSIONS

Capital & Regional, the UK convenience and community focused shopping centre REIT, today provides an update on trading and rent collections as well as progress with banking discussions. Further details will be provided when the Group announces its results for the half year ended 30 June 2021, on Thursday 9 September 2021.

Lawrence Hutchings, CEO of Capital & Regional said:

"*We are continuing to see the benefits of the reopening of the economy, with 99% of our retailers open and trading. I am pleased to say that we have seen a positive response from our retailers and the local communities we serve with essential and non-discretionary goods and services. Footfall has been robust and many of our retailers are reporting strong sales and consumer engagement, despite the fact that we still have to restrict access to stores and our common areas at peak times to maintain social distancing which creates additional scope to improve sales and footfall as restrictions ease further.*

"The positive trends we are seeing as the country gradually emerges from lockdown have led to improving momentum on both leasing and our rent collection statistics. We have now collected 70% of 2021 rents due to date and have agreed outline deals with a number of occupiers which will improve this further. Our 2020 collection figure has also now climbed to 84%. We continue to support both our smaller and our independent retailers as necessary, whilst seeking to ensure that larger well capitalised retailers honour their commitments. Our community centre offering and affordable rents continue to position us well on a relative basis for recovery and the ongoing changes driven by long cycle structural changes in physical retailing.

"We have made considerable progress on our key initiatives including planning consent for our Walthamstow residential project, which moves it one step closer to delivery and a capital receipt, and completing the £4.5 million sale of a parade of shops at Hemel.

"Occupancy remains robust at 89% - factoring in the closure of the three Debenhams stores - and discussions with a number of potential occupiers interested in leasing those three units are progressing well, supported by continued demand from key community centre retailers, most notably in London. We are continuing to benefit from our strategic focus on independent retailers with some 38 deals completed to the end of May, in aggregate above previous passing rent and ERV, and a further 35 currently in solicitors' hands.

"With confidence returning and light finally appearing at the end of the tunnel, discussions with our banks have been progressing well. With the exception of Luton, where we are working towards extending the covenant waiver beyond the end of July, we have agreed waivers on all our assets until October and will continue to work towards finding a more permanent solution against a backdrop of an improving operational environment.

"Whilst there are many learnings from the past 18 months we are increasingly confident that both consumers and retailers share a need for well-located, accessible community retail and services with affordable occupancy costs, supporting our community centre strategy and our belief in the 15 minute neighbourhood.

"Thank you as always to our teams for all their hard work, particularly in ensuring our retailer customers' stores reopened quickly and safely to serve our local communities."

Operations

- 99% of our leased units are back open and trading across the Group's seven shopping centres.
- Footfall in the eight weeks since the re-opening of non-essential retail on 12 April 2021 has risen from about 30% beforehand to the equivalent of approximately 72% of the corresponding weeks in 2019. The need to maintain social distancing places restrictions upon capacity at peak times.
- Occupancy remains robust at 89% at 31 May 2021. The metric omits the three Debenhams units which are now vacant as those stores have ceased to trade. We are progressing plans to break up the Ilford unit across its three floors. We are under offer on one floor and have strong interest for the other levels from separate occupiers whose operations are in line with our Community Strategy. In Blackburn and Luton we have interest from potential occupiers to let the space in its entirety.
- In total we have received 70% of the rent due for the year to date, encompassing the rent billed on or since the 25 December 2020 quarter date up until 18 June 2021. This is an improvement of approximately 11% on when we updated the market on 28 April 2021. We are in active discussions with our retailers seeking to reach an equitable and amicable resolution to the balance of outstanding arrears.
- Leasing progress has been encouraging following the re-opening on 12 April 2021. To the end of May 2021, we had completed 38 new lettings and renewals for a combined value of £0.9 million, in aggregate above the previous rent and ERV. Retailers continue to be attracted to our strategy and community centres in vibrant neighbourhoods, as well as our affordable, sustainable rents at £12-£15 psf.
- At Luton we have handed over a new unit to Lidl, facilitating an Autumn opening, and are in active discussions with them about other sites within the portfolio. At Ilford we continue to progress to finalising the agreement for lease with the NHS for a new purpose-built community healthcare facility.
- We have achieved a number of notable milestones towards securing the residential development in Walthamstow. The principal terms of the s.106 planning obligations package have now been agreed and the local authority recommendation to grant planning consent has been formally ratified by the Greater London Authority. Our immediate focus now is to formally conclude the s.106 with the local authority, which will trigger the formal grant of planning consent, and to conclude the development agreement with the local authority. In parallel, we continue to work to discharge the remaining contractual pre-conditions with Long Harbour to crystalise the c.£20 million land receipt and a start on site for the residential development phase by the end of the year.
- The Group's three UK Snozone operations recommenced trading on 12 April 2021, strictly adhering to current government guidelines, which reduces current slope capacity to approximately half. The Madrid operation has been able to trade throughout 2021, although it remains subject to similar social distancing restrictions that impact upon most of the services that can be provided.

Liquidity

- As at 31 May 2021, the Group had total cash on balance sheet of £74.3 million, which is equivalent to more than one year's gross revenue. Of this approximately £58.2 million was held centrally, outside of the collateral of any of the debt facilities.
- The Group's four drawn debt facilities are all non-recourse, with no cross-default clauses. The earliest contractual maturity on any of the Group's property loan facilities is February 2023.
- On The Mall facility we have agreed a further extension of the existing covenant waivers until the Interest Payment Date in October 2021 while we continue discussions with the two lenders over a longer term modification of the debt facility.
- On Ilford we have signed a waiver of all covenants until October 2021 during which time we will work to conclude the outline agreement we have for longer term relaxation linked to the proposed healthcare facility project which, if it proceeds, the Group will partially fund from central cash.
- On Hemel Hempstead, the disposal of the Edmonds Parade block of assets adjacent to the scheme completed on 7 June 2021. The net proceeds of approximately £4.5 million will primarily be set against the outstanding £26.9 million of debt. We have also agreed an effective waiver of all covenant tests until the October Interest

Payment Date while we continue to work closely with the lender to assess all options for this facility and the asset.
- On Luton we have a waiver of income covenants until the interest payment date at the end of July 2021 and have commenced discussions about extending this for a further quarter.

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.

25 June 2021

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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 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 capreg.com/