CAPITAL & REGIONAL PLC
(Incorporated in the United Kingdom)
(UK company number 01399411)
LSE share code: CAL JSE share code: CRP
LEI: 21380097W74N9OYF5Z25
ISIN: GB0001741544
("**Capital & Regional**" or "**the Company**" or "**the Group**")

C&R CAPITAL & REGIONAL

SHORT FORM ANNOUNCEMENT: HALF YEAR RESULTS TO 30 JUNE 2021

Capital & Regional (LSE: CAL), the UK focused REIT with a portfolio of dominant in-town community shopping centres, announces its half year results to 30 June 2021.

Lawrence Hutchings, Chief Executive, comments:

"The momentum we are seeing across our business since the lifting of the third national lockdown in April has been very encouraging and led to the positive operational performance we are able to report today, reinforcing our belief in our Community Centres strategy and the quality of our real estate and platform.

"Footfall at our community centres has once again significantly outperformed the wider market with a noticeable trend of consumers spending more and visiting slightly less. We have continued to see strong levels of leasing throughout the entire first half, with volumes comparable with H1 2019, supported by our increased focus on new, start up and independent retailers. This initiative also ensures our centres are tailored to the requirements of their communities and has helped us maintain occupancy at 90%, achieve rent and ERV premia, and make significant progress on re-leasing our three former Debenhams stores

"Unlocking further value from the portfolio through a mix of uses is another key initiative where we have made good progress, with the planning consent for our Walthamstow residential project taking us one step closer to a significant capital receipt. Our confidence in the potential to unlock further value from high density residential and use diversification across our asset base has encouraged us to enter into a ground breaking partnership agreement with Far East Consortium (FEC) to explore opportunities across both our businesses.

"Accepting the further fall in valuations during the period, current market dynamics in the sector as well as the wider economy provide cause for optimism that the investment market may be starting to stabilise. This, allied with the relative outperformance of our Investment Assets and the improving operational performance, provide the necessary base for making longer term strategic decisions and determining the best approach for addressing debt levels. We appreciate the continued support from our lenders who we liaise closely with on our different non-recourse facilities, extending waivers as they are required and working towards longer term resolutions on a facility by facility basis.

"As we emerge from 18 months of unprecedented challenges we are increasingly confident that a shared need from consumers and retailers for well-located, accessible retail and services with affordable occupancy costs, is highly supportive of our community centre strategy and our belief in the 15 minute neighbourhood.

"I would like to thank all of our stakeholders for their continued support especially our dedicated team who continue to work tirelessly to ensure our centres, which form an essential part of community infrastructure are safe places to visit."

Significant operational impact of Covid-19 mitigated by community centre strategy

- Our ongoing strategic focus on non-discretionary goods and services continued to alleviate the impact of the pandemic in the period, which included a full national lockdown from 6 January 2021 to 12 April 2021
- 99% of leased units are back open and trading with all seven of the Company's community shopping centres remaining open to some degree throughout the pandemic.
- Occupancy remained robust at 90% at 30 June 2021 (December 2020: 92%).
- Footfall outperformed the national index by 9.1%, with 18.3 million visits across the portfolio in the first half of 2021. While footfall continued to be significantly impacted by COVID-19 and slower to recover post lockdown, sales have bounced back at a higher rate reflecting more efficient use of visits.
- 83% of rent due in respect of the 2021 year to the end of August has now been collected, a further 13% improvement on the update provided on 25 June 2021.

- 54 new lettings and renewals achieved during the period at a combined average premium to previous rent and ERV. This compares to 24 and 44 deals respectively in the equivalent 2020 and 2019 periods.
- Over 30 lettings and renewals have been completed since 30 June 2021.
- Net Rental Income (NRI) reduced by £1.8 million to £13.4 million (June 2020: £15.2[1] million), largely as a result of COVID-19, driving a reduction in Adjusted Profit to £2.3 million (June 2020: £4.6 million).
- IFRS loss for the period of £41.3 million due primarily to a 7.5% fall in like-for-like property valuations (June 2020: 16% fall in property valuations and loss of £115.5 million).
- Significant momentum with Walthamstow residential and commercial extension, with planning documentation now agreed and release of formal consent imminent.
- Good progress on leasing the three units vacated by Debenhams, with contracts completed or with terms agreed:
    - Agreed lettings to create Job Centres in part of the Debenhams units at Blackburn and Ilford.
    - Agreed terms with a national retailer to relocate into middle floor of Debenhams unit at Ilford.
    - Temporary letting of entirety of Debenhams unit in Luton on flexible, medium term basis.
- Snozone Profit for the period of £1.3 million (June 2020: loss of £0.4 million) due to enforced closure of UK operations until 12 April 2021. Results supported by £2.5 million recovery under pandemic insurance policy and VAT reclaim of £1.4 million. Ski slope operation at Xanadú, Madrid fully integrated and rebranded as Snozone following February 2021 acquisition.

Maintaining significant cash reserves and flexibility

- As at 30 June 2021 the Group had total cash on balance sheet of c. £75 million, of which £56.8 million was maintained centrally outside of the collateral of any of the debt facilities, equivalent to more than one year's Contracted Rent

- Net Asset Value per share and EPRA NTA per share, at 113p and 117p respectively (December 2020: 150p and 158p respectively)

- Net LTV has increased to 72% (30 December 2020: 65%) or 61% excluding Managed Assets (30 December 2020: 56%)

- Signed extensions of covenant waivers on The Mall and Ilford to January 2022 and April 2022, respectively. Terms agreed on an extension to Luton waiver until January 2022.

	6 months to June 2021	6 months to June 2020	Year to Dec 2020
Net Rental Income[1]	**£13.4m**	£15.2m	£34.1m
Adjusted Profit [2]	**£2.3m**	£4.6m	£10.3m
Adjusted Earnings per share [2]	**2.1p**	4.4p	9.5p
IFRS Loss for the period	**£(41.3)m**	£(115.5)m	£(203.4)m
Basic earnings per share	**(36.9)p**	(111.0)p	(188.3)p
Basic Headline Earnings per share	**3.2p**	(0.2)p	4.6p
Total dividend per share	**-**	-	-
Net Asset Value (NAV) per share	**113p**	229p	150p
EPRA NTA per share	**117p**	236p	158p
Group net debt	**£348.0m**	£348.2m	£345.1m
Net debt to property value			
- Investment Assets and Central Operations[3]	**61%**	49%	56%
- Total	**72%**	57%	65%

Notes

1 Comparatives for six months to 30 June 2020 have been restated for the amended approach to IFRS 16 adoption as recognised in the financial statements for the year ending 30 December 2020. Variable lease payments which should not have been recognised as a liability under IFRS 16 have now been expensed as incurred. As a result Cost of Sales (and Net Rental Income) in the comparative has increased by £1 million, offset by an equivalent reduction in finance costs.

2 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.

3 Change in reporting segments

The Group has made a change to its reportable segments for this period reflecting the position of its shopping centre assets.

The Group has split out what was previously called Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. Shopping Centres – Investment Assets incorporating the centres at Ilford and within The Mall loan facility, namely Blackburn, Maidstone, Walthamstow and Wood Green. These represent the asset pools where the Group retains net equity and is focused on long term solutions for the loan positions potentially involving the investment of further capital in some shape or form.

'Shopping Centres – Managed Assets' incorporates Hemel Hempstead and Luton where the current debt values in the non-recourse SPV structures exceed the respective property value and therefore the Group has negative equity and hence the future position of the investments is uncertain. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, insufficient. In agreement with and at the request of the various lenders, the Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders.

Investment Assets and Central Operations includes the Group's Property Management and Snozone businesses.

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 13 to the condensed financial statements.

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 2021 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 published on SENS, available on the Company's website at capreg.com and on the JSE website at:
https://senspdf.jse.co.za/documents/2021/jse/isse/crpe/HY2021.pdf

Copies of the full announcement may also be requested by emailing capinfo@capreg.com.

By order of the Board,

L. Hutchings Chief Executive	S. Wetherly Group Finance Director

9 September 2021

JSE sponsor

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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 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/