

CAPITAL & REGIONAL PLC

(Incorporated in the United Kingdom)

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(“Capital & Regional” or “the Group”)



**CAPITAL &
REGIONAL**

UPDATE ON TRADING AND RENT COLLECTIONS

Capital & Regional, the UK convenience and community focused shopping centre REIT, today provides an update on trading and rent collections. Further details will be provided when the Group announces its results for the year ended 30 December 2021, on Tuesday 8 March 2022.

Lawrence Hutchings, CEO of Capital & Regional said:

“Our Community Shopping Centres have continued to see positive operational momentum with a solid performance over the Christmas trading period. Footfall continues to significantly outperform the national index while leasing activity and occupancy have been maintained, which is a credit to our teams and further reinforces our role in providing essential, non-discretionary goods and services to the communities we serve. Furthermore, rent collection continues to trend towards more normalised levels with only those less well capitalised and most impacted tenants requiring assistance.

“Following our Refocus, Restructure and Recapitalisation initiative in November, we have completed the disposal of an office block in Maidstone and passed further key milestones on the Walthamstow residential development. In combination, these initiatives will further reduce leverage by approximately 300 basis points. These planned disposals, together with further evidence of a stabilisation in our capital values and recovery in retail investment markets, should keep us on track to reinstate dividend payments in the second half of 2022 and further demonstrate our prudent and disciplined approach to balance sheet management.

“Structural change in retailing continues. However, we remain confident in our non-discretionary and services-based retailers’ need for well-located retail floorspace in vibrant town centres and localities. Our capex plans for each of our assets will enable us to further reposition and remerchandise our centres consistent with our proven Community Centre strategy.

“I would like to thank our retailer customers, teams and communities for their continued support.”

Continued positive operational momentum

- December footfall increased 33% on 2020, outperforming the national index by 13% and represents approximately 74% of footfall for the equivalent period in 2019. The trend towards higher average transaction values continued through the Christmas period, resulting in sales typically being significantly stronger than footfall. In total we had 47.6 million visits across the portfolio in 2021, outperforming the national index by 6 percentage points and 9% ahead of 2020.
- In the three months to the end of December 2021, we completed a further 34 new lettings and renewals for a combined value of £1.5 million, which is in aggregate above the previous rent and ERV. Retailers remain attracted to the merits of our strategy focused on tailored local community centres in vibrant high footfall neighbourhoods, as well as our affordable, sustainable rentals at £12-£15 psf. New lettings completed in the period include a 15 year lease agreement with Whittington Health NHS Trust to open a state of the art Community Diagnostics Centre at The Mall, Wood Green and a number of lettings in the ‘grab and go’ food space including new units to Jamaica Blue at Ilford, Bonetics at Wood Green and Miss Millies and Subway at Walthamstow.
- Leasing activity has helped increase occupancy to 93% at the end of December, an improvement of 3% since the end of September 2021.

- Of the quarterly rent due on 25 December 2021, we have received 91% compared to less than 60% for the equivalent quarter at the same point a year ago.
- In respect of rent for the 2021 financial year, we have received or agreed formal payment plans for 91% of the rent billed, an improvement of 3% since we updated the market in November 2021. This encompasses the rent billed, based on the contractual obligations as set out in leases and licence agreements, on or since the 25 December 2020 quarter date up until, but not including, 25 December 2021.
- We have achieved a further development milestone, with the confirmation of an unchallenged planning consent for the 538-apartment residential development at Walthamstow following the expiry of the statutory Judicial Review period at the end of 2021. We are now well advanced with the conclusion of the development agreement and headlease documentation with the local authority and are shortly to commence enabling works and vacant possession activities. We are working in close collaboration with Long Harbour to secure transaction unconditionality which will crystallise the c.£20 million land receipt and a start of work on site by March / April.
- Snozone delivered a solid trading performance over the festive period despite concerns over the Omicron variant. Pre-bookings for Q1 2022 are running ahead of the equivalent position entering the start of 2020.

Disposal of Maidstone House Office block and stabilising investment market

- On 23 December 2021, we completed the disposal of a long-leasehold interest in the Maidstone House office block within our Maidstone shopping centre to Maidstone Borough Council, the primary occupier, for consideration of £7.07 million. Consideration was in line with the 30 September valuation. The proceeds have been applied, post-year end, to pay down part of the new £35 million facility drawn down to help fund the Mall Debt Restructure and Reduction that completed in November 2021. The disposal has the impact of reducing net LTV on the Group's Investment Assets and Central Operations¹ by approximately 100 basis points.
- We anticipate that year end valuations for December 2021 will be materially unchanged from those published at 30 September 2021 and 30 June 2021 and hence provide further evidence of the investment market beginning to stabilise.
- The c.£20 million land receipt from the Walthamstow residential development will, once crystallised and with all other factors remaining equal, further reduce the leverage on the Group's Investment Assets and Central Operations by more than 200 basis points.

Notes

¹ Investment Assets incorporates the shopping centres at Blackburn, Ilford, Maidstone, Walthamstow and Wood Green. Central Operations includes the Group's Corporate, Property Management and Snozone businesses.

17 January 2022

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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 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 www.capreg.com