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**”)

SHORT FORM ANNOUNCEMENT: INTERIM RESULTS TO 30 JUNE 2022

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 2022.

Lawrence Hutchings, Chief Executive, comments:

“Our team has had an exceptionally productive six months both in terms of driving a strong operational performance and return to profitability and in building on the restructuring of The Mall debt facility and capital raise that we completed in November last year. The combination of the Blackburn sale above book value, completing the £21 million Walthamstow residential disposal, securing the Ilford lettings to the NHS and TK Maxx at Ilford which enabled a positive loan amendment, and the acquisition of our Hemel Hempstead debt at a significant discount, and supported by a new debt facility, have put the Company on a solid footing to look to the future. Not only have these initiatives refocused our portfolio towards our London and SE assets, they have also enabled us to further reduce debt to a sustainable level, with net LTV on a proforma basis improving considerably to 40% from 72% a year ago.

“While we are buoyed by the first half performance, we are aware of the current economic environment and inflationary pressures. However, the actions that we have taken, together with our well-located, affordable, needs-based Community shopping centres, combined with defensive average yields and stabilising values, evidenced by a third set of valuations in the last 12 months, leave us well positioned to withstand these cyclical pressures as we continue to invest in our necessity and convenience focused community strategy and customer proposition.

We have outperformed in occupancy and leasing, with lettings achieved at strong average premiums to passing rent and ERV which have helped drive a near doubling of Adjusted Profit. Furthermore, rent collection has returned to pre-Covid levels. Reflecting this and the Board’s confidence in the Company’s future prospects, we are pleased to confirm the resumption of dividend payments with a proposed interim dividend of 2.5p per share. Finally, I would like to thank our teams and stakeholders for their hard work and support over the last 18 months as we have worked tirelessly to return the company to stability.”

Resilient operational performance

- 55 new lettings and renewals achieved during the year at a combined average premium of 34.1% to previous rent[3] and 17.8% to ERV[3]. Two key new lettings completed include a 25 year lease agreement with the NHS for a new community healthcare centre and the upsizing and relocation of TK Maxx, both at Ilford.
- Occupancy has improved to 93.7% (December 2021: 92.7%; June 2021: 89.7%).
- 29 million shopper visits during the six months with footfall up 58% on H1 2021.
- Rent collection back in line with historic pre-Covid levels, with 97.3% collected for the year to date.
- Snozone’s EBITDA[1] for the year of £0.8 million (2021: £0.8 million - including £2.5 million business continuity insurance receipt) with trading improving as the year progresses.

Refocus, Restructure and Recapitalise

- The combined impact of transactional activity has reduced the Group's Net Loan to Value ratio from 49% at 30 December 2021 and 30 June 2022 (and 72% at 30 June 2021) to 40% on a proforma basis at 30 June 2022, adjusting for the Walthamstow residential and Blackburn sale proceeds received post the period end.
- Debt maturity of 4.1 years with average cost of debt of 3.54% with 98% fixed.
- In August 2022, the £40 million disposal of The Mall, Blackburn completed at a c. 5% premium to the December 2021 valuation.
- In May 2022, the Group secured ownership of the Marlowes centre in Hemel Hempstead when it completed the buyback of the loan facility held against the asset for £11.8 million, representing a discount of 51%, which also increased Group Net Asset Value by approximately £12.3 million.
- Signed package of amendments to the £39 million Ilford loan in May 2022, facilitating the investment of approximately £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx.
- Proposed disposal of the majority or all of the Group's investment in The Mall, Luton remains ongoing and is expected to reach a conclusion in the next few months. The Group's investment in Luton has now been deconsolidated resulting in an increase to Net Asset Value of £6.8 million.
- In July 2022, the Group completed the sale of land for residential development at its 17&Central community shopping centre in Walthamstow to Long Harbour for c.£21.65 million. The first phase of the development will see the creation of 495 Build to Rent residential apartments in two residential towers.

Improved profitability supporting resumption of dividend

- Net Rental Income[1] (NRI) on Investment Assets increased 23% to £12.2 million (June 2021: £9.9 million) driven by improved occupancy and rent collection. Statutory revenue was £28.4 million (June 2021: £27.4 million).
- The improvement in NRI flowed through to Adjusted Profit[1,2] which increased 87% to £5.8 million (June 2021: £3.1 million[2]).
- 25% growth in Adjusted earnings per share to 3.5p (June 2021: 2.8p).
- IFRS Profit for the period of £26.8 million (June 2021: Loss of £41.3 million) due primarily to the Adjusted Profit of £5.8 million, a revaluation gain of £1.2 million and £12.3 million and £6.8 million gains from the discounted purchase of the Hemel Hempstead debt facility and deconsolidation of Luton respectively.
- Property valuations on Investment Assets increased by 1.7% in the first half of 2022 to £358.5 million at year end (30 December 2021: £352.4 million) on a like for like basis.
- Net Asset Value per share and EPRA NTA per share increased to 118p and 116p respectively (December 2021: 102p and 102p).
- Reflecting the stabilisation of operating markets post Covid-19 and continued stabilisation of our valuations, together with the substantial progress made in reducing debt, the Group is resuming dividend payments. Proposed Interim dividend of 2.5 pence per share.

	6 months to June 2022	6 months to June 2021	Year to Dec 2021
Revenue [2]	**£28.4m**	£27.4m	£56.2m
Net Rental Income – Investment Assets	**£12.2m**	£9.9m	£21.5m
Adjusted Profit [1, 2]	**£5.8m**	£3.1m	£8.1m
Adjusted Earnings per share [1, 2]	**3.5p**	2.8p	6.8p
Headline Earnings per share	**4.3p**	3.2p	7.8p
IFRS Profit/(Loss) for the period	**£26.8m**	£(41.3)m	£(26.4)m
Basic earnings/(loss) per share	**16.2p**	(36.9)p	(22.0)p
Total dividend per share [5]	**2.5p**	-	-
Net Asset Value	**£195.3m**	£126.7m	£168.4m
Net Asset Value (NAV) per share	**118p**	113p	102p
EPRA NTA per share	**116p**	117p	102p
Group net debt [4]	**£136.5m**	£348.0m	£185.3m
Net debt to property value [4]	**40%**	72%	49%

Notes

[1] Adjusted Profit, Adjusted Earnings per share, Net Rental Income, Net Debt and the new Snozone EBITDA metric 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, and other non-operational items. A reconciliation to the equivalent EPRA and statutory measures is provided in Note 6 to the condensed financial statements.

[2] 2021 Revenue has been restated to remove Luton given its reclassification as a Discontinued Operation. Adjusted Profit for the six months to June 2021 has been restated to reflect the introduction of the Snozone EBITDA performance measure during 2021.

[3] 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.

[4] On a proforma basis, adjusted for the Walthamstow residential land and Blackburn disposal proceeds which were received post 30 June 2022. Net debt to property value was 49% at 30 June 2022 on an unadjusted basis.

[5] Represents dividends declared post period end but related to the period in question.

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 Net Rental Income, Adjusted Profit, Adjusted Earnings per share, Net Debt and the industry best practice EPRA (European Public Real Estate Association) performance measures are not defined under IFRS, so they are termed APMs. APMs are not considered superior to the relevant IFRS measures, rather Management use them alongside IFRS measures to monitor the Group's financial performance because they help illustrate the trading 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.

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 Interim Results to 30 June 2022 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/2022/jse/isse/crpe/HY2022.pdf

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

By order of the Board,

L. Hutchings
Chief Executive

S. Wetherly
Group Finance Director

11 August 2022

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

Using its in-house expert property and asset management platform Capital & Regional owns and / or manages eight shopping centres in Hemel Hempstead, Ilford, Luton, Maidstone, Redditch, Walthamstow and Wood Green.

For further information see capreg.com.