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: YEAR END RESULTS TO 30 DECEMBER 2022

Capital & Regional (LSE: CAL), the UK focused REIT with a portfolio of in-town community shopping centres, today announces its full year results to 30 December 2023.

Lawrence Hutchings, Chief Executive, comments:

"2022 was a good year for Capital & Regional, both operationally, as well as in terms of strengthening the Company's balance sheet following the successful capital raise and Mall debt restructuring in November 2021. Despite the broader macro-economic headwinds throughout the year, the continued retail recovery from Covid and a robust Christmas trading season has helped us drive a strong operational performance in 2022.

"We maintained leasing momentum with an average uplift on previous rents of 34%[3], supported by our affordable average rents of c. £14 per sq ft, helping us to grow occupancy, net rental income and profit. Occupier profitability will be further supported by the recent rates revaluation which will take effect from April 2023 with average reductions in business rates to our occupiers of 30%-35% across most of our portfolio.

"The Group has delivered a significant improvement in Net LTV from 49% to 41%, despite the market wide fall in valuations in the second half of 2022. As a result, we are now able to focus on investing in our portfolio, allowing us to further reposition and remerchandise our centres at the heart of the local communities that we serve, driving footfall back towards pre-pandemic levels and creating vibrant trading places for our occupiers' essential goods and services whilst growing our occupancy, income and profit as part of our post covid recovery.

"We are encouraged by our operational resilience and a growing appreciation of the critical role which physical stores play in successful omnichannel retailing. We believe we are well-positioned to continue to navigate the current cyclical pressures and the Board's confidence in the Company's future prospects is reflected in a proposed final dividend of 2.75p per share, resulting in a total dividend for 2022 of 5.25p per share. Finally, I would like to thank our teams and stakeholders for all their hard work and support during 2022."

Continuing operational resilience

- 109 new lettings and renewals achieved during the year at a combined average premium of 34.0% to previous rent[3] and 13.7% to ERV[3] representing £5.4 million of annual rent (2021: £5.2 million). Key lettings completed include the Walthamstow food hall, extension to Wood Green diagnostics centre, and at Ilford a 25-year lease agreement with the NHS for a new community healthcare centre and the upsizing and relocation of TK Maxx.
- Occupancy has improved to 94.1% (December 2021: 92.9%).
- 53 million shopper visits in 2022 (up 27.4% on 2021) and footfall continuing recovery at c.84% of 2019 levels (88% for H2 22).
- Rent collection back in line with pre-pandemic levels, with 97.6% collected for the 2022 financial year.
- Snozone's EBITDA[1] for the year increased to £1.4 million (2021: £0.8 million, which included £2.5 million business continuity insurance receipt) with trading continuing to improve throughout the year.
- 42% fall in carbon emissions by 2022 against the 2019 baseline, driven by a 28% reduction in energy consumption.

Improved profitability supporting resumption of dividend

- 16.9% growth in Net Rental Income[1, 2] (NRI) on Investment Assets to £23.5 million (December 2021: £20.1 million[2]) driven by improved occupancy and rent collection. Statutory revenue[2] increased 10.9% to £60.6 million (December 2021: £54.6 million[2]).
- 58.5% increase in Adjusted Profit[1] to £10.3 million (December 2021: £6.5 million[1,2]), reflecting the improvement in NRI. Adjusted EPS increased to 6.2p (December 2021: 5.4p[2]) reflecting the improvement in Adjusted Profit, partially offset by the higher number of shares in issue from the £30 million capital raise which completed in November 2021.
- Significant improvement in IFRS Profit for the period to £12.1 million (December 2021: Loss of £26.4 million) primarily due to the Adjusted Profit of £10.3 million, combined with gains of £12.5 million and £6.8 million respectively from the discounted purchase of the Hemel Hempstead loan facility and deconsolidation of Luton. This was partially offset by a 3.6% like-for-like fall in the value of the portfolio which led to a £19.6 million revaluation loss.
- 6.3% growth in NAV to £179.1 million (31 December 2021: £168.4 million)
- Net Asset Value per share and EPRA NTA per share increased to 106p and 103p respectively (December 2021: 102p and 102p).
- Resumption of dividends during the year, reflecting the recovery of the business post-pandemic together with the substantial progress made in reducing debt. Following an interim dividend of 2.5p per share a final dividend of 2.75p per share is being proposed resulting in total dividends for 2022 of 5.25p per share (2021: nil).

Refocus, Restructure and Recapitalise

- Transactional activity during 2022 reduced the Group's Net Loan to Value (LTV) ratio from 49% at 30 December 2021 (and 72% at 30 June 2021) to 41% at 30 December 2022.
- Debt maturity of 4.5 years[5] with average cost of debt of 3.66%[5], 98% fixed[5].
- 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 through the buyback at a 51% discount of the asset's loan facility for £11.8 million, which also increased Group Net Asset Value by approximately £12.5 million.
- Signed package of amendments to the £39 million Ilford loan in May 2022, facilitating the investment of more than £10 million for the creation of the new community healthcare centre and anchor unit for TK Maxx.
- Proposed disposal of the Group's investment in The Mall, Luton is expected to complete imminently. The Group's investment in Luton was deconsolidated during the year 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. £21.6 million. The first phase of the development is now under way which will see the creation of 495 Build to Rent apartments in two residential towers and providing a new captive audience of shoppers for the centre.

	Year to Dec 2022	Year to Dec 2021
Revenue [2]	£60.6m	£54.6m
Net Rental Income [2]	£23.5m	£20.1m
Adjusted Profit [1, 2]	£10.3m	£6.5m
Adjusted Earnings per share [1, 2]	6.2p	5.4p
Headline Earnings per share	9.9p	7.8p
IFRS Profit/(Loss) for the period	£12.1m	£(26.4)m
Basic earnings/(loss) per share	7.3p	(22.0)p
Total dividend per share [4]	5.25p	-
Net Asset Value	£179.1m	£168.4m
Net Asset Value (NAV) per share	106p	102p
EPRA NTA per share	103p	102p
Group net debt	£130.9m	£185.3m
Net debt to property value	41%	49%

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.

Notes

[1] Adjusted Profit, Adjusted Earnings per share, Net Rental Income, Net Debt and the 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 5 to the condensed financial statements.

[2] 2021 comparative figures have been restated for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022 as detailed in Note 1 to the condensed financial statements. The amendment stipulates that losses which were incurred on granting rent concessions, which for the Group occurred during the Covid-19 pandemic, should be charged to the income statement in the year they are granted. 2021 revenue has also been impacted by the reclassification of Luton as a Discontinued Operation. The adjustment for the treatment of rent concessions reduced revenue and Adjusted Profit in 2021 by £1.6 million, with a corresponding reduction in the loss on revaluation of investment properties. The Adjusted Profit for 2022 is £0.3 million higher than it would have been without this adjustment to rent concessions. The reclassification of Luton as a Discontinued Operation reduced revenue in 2021 by £13.8 million.

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

[5] Weighted average, debt maturity assumes exercise of extension options.

Dividend

Reflecting the stabilisation of operational results from the impacts of Covid-19, the substantial progress made in reducing debt levels and the Board's confidence in the future prospects, the Group resumed dividend payments with the payment of an interim dividend of 2.5 pence per share on 7 October 2022.

The Directors recommend a final dividend of 2.75 pence per share, making a total distribution for the year ended 30 December 2022 of 5.25 pence per share (2021: nil). This satisfies the Group's policy of paying a dividend of at least 90% of the Group's EPRA profits. The dividend will be paid entirely as a Property Income Distribution (PID) and a Scrip dividend option will be offered.

Subject to approval of shareholders at the Annual General Meeting (AGM) to be held on 25 May 2023, the final dividend will be paid on Friday, 2 June 2023. The key dates proposed are set out below:

• Confirmation of ZAR equivalent and Scrip dividend pricing	Friday, 31 March 2023
• Last day to trade on Johannesburg Stock Exchange (JSE)	Tuesday, 11 April 2023
• Shares trade ex-dividend on the JSE	Wednesday, 12 April 2023
• Shares trade ex-dividend on the LSE	Thursday, 13 April 2023
• Record date for LSE and JSE and last election for Scrip	Friday, 14 April 2023
• AGM	Thursday, 25 May 2023
• Dividend payment date/New Scrip shares issued	Friday, 2 June 2023

South African shareholders are advised that the dividend will be regarded as a foreign dividend. Further details relating to Withholding Tax for shareholders on the South African register will be provided within the announcement detailing the currency conversion rate on 31 March 2023. Share certificates on the South African register may not be dematerialised or rematerialised between 12 April 2023 and 14 April 2023, both dates inclusive. Transfers between the UK and South African registers may not take place between 31 March 2023 and 14 April 2023, both dates inclusive.

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 Year End Results to 30 December 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/2023/jse/isse/crpe/FY2022.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

2 March 2023

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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 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 shopping centres in Hemel Hempstead, Ilford, Luton, Maidstone, Redditch, Walthamstow and Wood Green.

For further information see capreg.com.