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: HALF YEAR RESULTS TO 30 JUNE 2023

Capital & Regional (LSE: CAL), the UK convenience and community focused shopping centre REIT announces its half year results to 30 June 2023 which show continued strong operational performance.

The Company has also separately announced today that it has entered into an agreement to acquire The Gyle Shopping Centre in Edinburgh for a consideration of £40 million, to be part-funded by a fully underwritten £25 million Open Offer.

Lawrence Hutchings, Chief Executive, comments:

"Our community strategy's focus on value orientated, non-discretionary and needs based retail and services has driven another period of robust operational performance for the Company, against an uncertain and inflationary economic backdrop. Our footfall recovery, rent collection, occupancy and leasing metrics continue to benefit from our ongoing investment into repositioning and remerchandising our centres, coupled with our continued focus on operations. Snozone also enjoyed its first peak trading period unimpacted by Covid since 2019. Combined, these factors have allowed us to deliver increases in Adjusted Profit and, in turn, dividend."

"Furthermore, valuations have continued to stabilise alongside income which, together with a maturing of the structural changes that have impacted physical retailing over the past five years, have reinforced our confidence in our portfolio, platform and UK community centres."

"This confidence has not just informed our decision to increase the dividend. It is also reflected in our announcement this morning of the acquisition of The Gyle Shopping Centre in Edinburgh, which marks the first step towards rescaling our business and fully leveraging our proven skills and management expertise. Through this acquisition we are able to capitalise on an opportunity to add an established dual supermarket anchored community centre in Scotland's capital city to our portfolio, in a transaction that will be part-funded by a £25 million equity raise available to all existing shareholders and fully underwritten by our majority shareholder, Growthpoint."

"The centre will be accretive to income from day one, with the agreed price representing a significant discount to the replacement cost and providing us with a highly attractive entry point from which we can create value. In addition, we have arranged terms with Morgan Stanley to staple debt to the acquisition at a 40% LTV capped at a cost of 6.5%.

"The Gyle Shopping Centre presents us with a number of asset management opportunities including refining the tenant mix, a renewed focus on leasing to improve occupancy and income, whilst enhancing the centre's appeal to the growing and affluent catchment in south western Edinburgh."

"I would like to take this opportunity to thank our team for their commitment and hard work over the first half in delivering these robust results, especially in the delivery of the two new flagship food catering environments, Crate in Walthamstow and The Bridge in Wood Green, which opened recently and are performing well."

Continuing operational resilience

- 42 new lettings and renewals achieved during the year at a combined average premium of 5.7% to previous rent[2] and 13.7% to ERV[2] reflecting continued occupier demand for the affordable space in our portfolio.
- Occupancy has continued to recover, increasing to 94.5% (December 2022: 94.1%; June 2022: 93.8%).
- 19.3 million shopper visits during the six months with footfall up 5.1% on H1 2022 representing 86.7% of the equivalent period for 2019, (or 90.4% of the equivalent period for 2019 excluding Walthamstow where footfall is impacted by one of the entrances being closed due to the residential development).
- Rent collection in line with historic pre-Covid levels, with 98.4% collected for the first half of the year.
- Snozone's EBITDA1 for the half year doubled to £1.6 million (2022: £0.8 million) reflecting the first peak Q1 trading quarter unimpacted by Covid since 2019 and improved profitability from Snozone Madrid arising from the actions undertaken since acquisition.
- Continued progression of the Company's capex programme with £7.0 million invested during the period primarily across projects at Ilford and Wood Green, expected to produce a yield on cost in line with the Company's target of 8% to 9%.

Improved profitability underpinning dividend growth

- Like-for-like Net Rental Income[1] ("NRI") increased 13% driven primarily by improved occupancy and rent collection. Total NRI of £11.7 million (June 2022: £12.3 million) fell by £0.6 million reflecting the like for like improvement largely offsetting the loss of income from the sale of Blackburn in August 2022. Statutory revenue improved 7.7% to £30.7 million (June 2022: £28.5 million).
- 19% increase in Adjusted Profit[1] to £7.0 million (June 2022: £5.9 million2) with a 17% growth in Adjusted earnings per share to 4.1p (June 2022: 3.5p).
- IFRS Profit for the period of £6.1 million (June 2022: Profit of £26.8 million). The prior year included the one-off gains of £12.3 million and £6.8 million from the discounted purchase of the Hemel Hempstead debt facility and deconsolidation of Luton, respectively.
- Continued stabilisation of property valuations with the portfolio increasing 2.1% in the first half of 2023 to £329.7 million (30 December 2022: £322.75 million).
- 2.3% increase in Net Asset Value ("NAV") to £183.2 million (30 December 2022: £179.1 million). NAV per share and EPRA NTA per share stable at 106p and 102p respectively (December 2022: 106p and 103p).
- Proposed 10% increase in Interim dividend to 2.75 pence per share (June 2022: 2.5 pence per share).

Long term secure debt position

- Group Net Loan to Value has increased marginally to 42% from 41% at 30 December 2022.
- Debt maturity of 4.0 years with average cost of debt of 3.61% with 98% fixed.

	6 months to June 2023	6 months to June 2022[5]	Year to Dec 2022
Revenue	**£30.7m**	£28.5m	£60.6m
Net Rental Income – Investment Assets	**£11.7m**	£12.3m	£23.5m
Adjusted Profit [1]	**£7.0m**	£5.9m	£10.3m
Adjusted Earnings per share (diluted) [1]	**4.1p**	3.5p	6.1p
Headline Earnings per share (diluted)	**4.0p**	4.3p	5.9p
IFRS Profit for the period	**£6.1m**	£26.8m	£12.1m
Basic earnings per share (diluted)	**3.5p**	16.0p	7.2p
Total dividend per share [3]	**2.75p**	2.5p	5.25p
Net Asset Value	**£183.2m**	£195.3m	£179.1m
Net Asset Value (NAV) per share	**106p**	118p	106p
EPRA NTA per share	**102p**	116p	103p
Group net debt [4]	**£138.5m**	£136.5m	£130.9m
Net debt to property value [4]	**42%**	40%	41%

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 6 to the condensed financial statements.

[2] 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.

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

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

[5] June 2022 comparative figures have been restated, in line with the adjustment made in the Group's results for the year ending 30 December 2022, for a prior year adjustment to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022, further detail is provided in Note 2 to the condensed financial statements.

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.

Dividend

The Directors recommend an interim dividend of 2.75 pence per share (June 2022: 2.5 pence per share). The dividend will be paid entirely as a Property Income Distribution (PID) and a Scrip dividend option will be offered. Across the full financial year, the Group expects to pay a dividend of at least 90% of the Group's EPRA profits, in line with its dividend policy. We expect to pay a final dividend of at least the same level to the Interim Dividend.

The key dates proposed in relation to the payment of the dividend are:

- Confirmation of ZAR equivalent and Scrip dividend pricing — Tuesday, 22 August 2023
- Last day to trade on Johannesburg Stock Exchange (JSE) — Tuesday, 29 August 2023
- Shares trade ex-dividend on the JSE — Wednesday, 30 August 2023
- Shares trade ex-dividend on the LSE — Thursday, 31 August 2023
- Record date for LSE and JSE and last election for Scrip — Friday, 1 September 2023
- Results of Scrip dividend announced — Monday, 4 September 2023
- Dividend payment date/New Scrip shares issued — Friday, 22 September 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 22 August 2023. Share certificates on the South African register may not be dematerialised or rematerialised between 30 August 2023 and 1 September 2023, both dates inclusive. Transfers between the UK and South African registers may not take place between 22 August 2023 and 1 September 2023, both dates inclusive.

About this announcement:
This results 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 2023 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, and which is also available on the Company's website at https://capreg.com/investor-info/reports-webcasts-and-presentations/ and on the JSE cloudlink at: https://senspdf.jse.co.za/documents/2023/jse/isse/crpe/HY2023.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

10 August 2023

JSE sponsor

JAVA CAPITAL

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 track record of delivering value enhancing retail and leisure asset management opportunities across a portfolio of tailored in-town community shopping centres.

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

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 www.capreg.com.