

MALL DEBT RESTRUCTURE AND EQUITY RAISE INVESTOR PRESENTATION

REFOCUS, RESTRUCTURE, RECAPITALISE

October 2021



CAPITAL &
REGIONAL

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REFOCUS, RESTRUCTURE AND RECAPITALISE

Debt Restructure and Open Offer significantly deleverages the Company's Investment Assets

REFOCUS

- New classification into Investment & Managed Assets as outlined at the interims
 - Investment Assets (where Group has net equity): The Mall – Blackburn, Maidstone, Walthamstow, Wood Green, and The Exchange – Ilford
 - Managed Assets (where Group has no net equity): The Marlowes – Hemel Hempstead, and The Mall - Luton

RESTRUCTURE

- Agreement to acquire outstanding RBS balance of £100m of the Mall debt facility for £81m⁽¹⁾, with TIAA part-funding the acquisition by providing an additional facility of £35m
- Agreement in principle on The Exchange – Ilford's debt facilities subject to additional capex injection by Capital & Regional

RECAPITALISE

- Proposed fully underwritten £30m Open Offer at 56p, representing a (10.4%) discount to 30-Day VWAP⁽²⁾ and a (2.4%) discount to last close
- Growthpoint, (52% shareholder) has irrevocably undertaken to take up its Open Offer entitlement in full and is fully underwriting the issue
- Post-transaction, LTV on Investment Assets and Central Cash and Operations reduces to 49.7%

DEBT RESTRUCTURING AND PROPOSED £30M EQUITY RAISE

- Fully underwritten £30m Open Offer to part-fund the £100 million of debt outstanding with RBS for a principal amount of £81 million, representing a discount of £19 million, or 19% to par
- Growthpoint, the Company's major shareholder (52%), has agreed to fully underwrite the issue by subscribing for any shares not taken up under the Open Offer
 - Growthpoint have irrevocably undertaken to take up its Open Offer entitlement in full
- Open Offer transaction to be effected by issuance of 23 for 48 Existing Ordinary Shares (53,580,237 new shares issued)
- The Issue Price 56p represents a (10.4%) discount to the 30-day VWAP (62.5p) prior to announcement
- Opportunity for all shareholders to participate in the Open Offer

Post-Transaction

- The Group maintain cash reserves of £47m post transaction which may provide funding for future capex
- Net LTV on Investment Assets and Central Cash and Operations reduces to 49.7%
- Further opportunities for additional near term cash receipts

THE MALL DEBT FACILITY RESTRUCTURING

Transaction materially reduces LTV, extends debt maturity and provides 2 year covenant waivers on core facility

- Agreement to acquire outstanding RBS balance of £100m of the Mall debt facility for £81m⁽¹⁾
- TIAA, the other lender in the Mall debt facility, has agreed to provide an additional £35m to partially fund the acquisition
- Capital & Regional to fund the purchase of £47m balance from fully underwritten Open Offer and existing cash resources
- By virtue of this funding, TIAA will increase its total lending to the group from £165m to £200m
- The new TIAA £35m debt facility will have aggregate interest of 6.0% + SONIA maturing in January 2027
- Further, covenants on the Mall debt facility will be waived for two years from the date the new TIAA debt facility agreement becomes effective
- The transaction reduces Net LTV on Investment Assets and Central Cash and Operations to 49.7%
- As a result of the above steps, the Group will have reduced its borrowings on the four Mall assets from £265m pursuant to the old Mall debt facility (which will no longer be in place) to £200m

1. Excluding the cash towards settlement of the interest rate swap estimated at £1m

VALUATIONS

Stabilisation of values in Investment Assets

	Sept 2021	June 2021			FY20			FY19		
	£m	£m	NIY (%)	NEY (%)	£m	NIY (%)	NEY (%)	£m	NIY (%)	NEY (%)
Ilford	56	55	4.60%	8.03%	60	5.30%	7.49%	77	6.06%	6.86%
Walthamstow	100	100	5.79%	6.62%	107	5.17%	6.15%	126	5.28%	5.33%
Wood Green	148	148	7.33%	6.92%	158	6.71%	6.43%	212	5.48%	5.66%
Blackburn	39	39	11.61%	13.26%	41	13.17%	12.23%	67	10.24%	10.15%
Maidstone	43	43	10.97%	10.97%	46	10.67%	10.75%	62	8.38%	9.69%
INVESTMENT ASSETS	387	385	7.45%	8.59%	411	7.28%	7.99%	544	nr⁽²⁾	nr
Luton	82	84	9.59%	10.49%	93	9.8%	9.50%	149	8.00%	8.17%
Hemel Hempstead	11	14	11.24%	16.58%	18 ¹	10.00%	12.69%	35	8.50%	10.38%
MANAGED ASSETS	93	98	9.81%	12.09%	111¹	9.80%	10.65%	183	nr	nr

Valuations on the Investment Assets have increased by c. £1m following an updated valuation by CBRE and Knight Frank at 30 September 2021

RESTRUCTURING AND RECAPITALISATION – PRO FORMA DEBT

Significant reduction to key gearing metrics

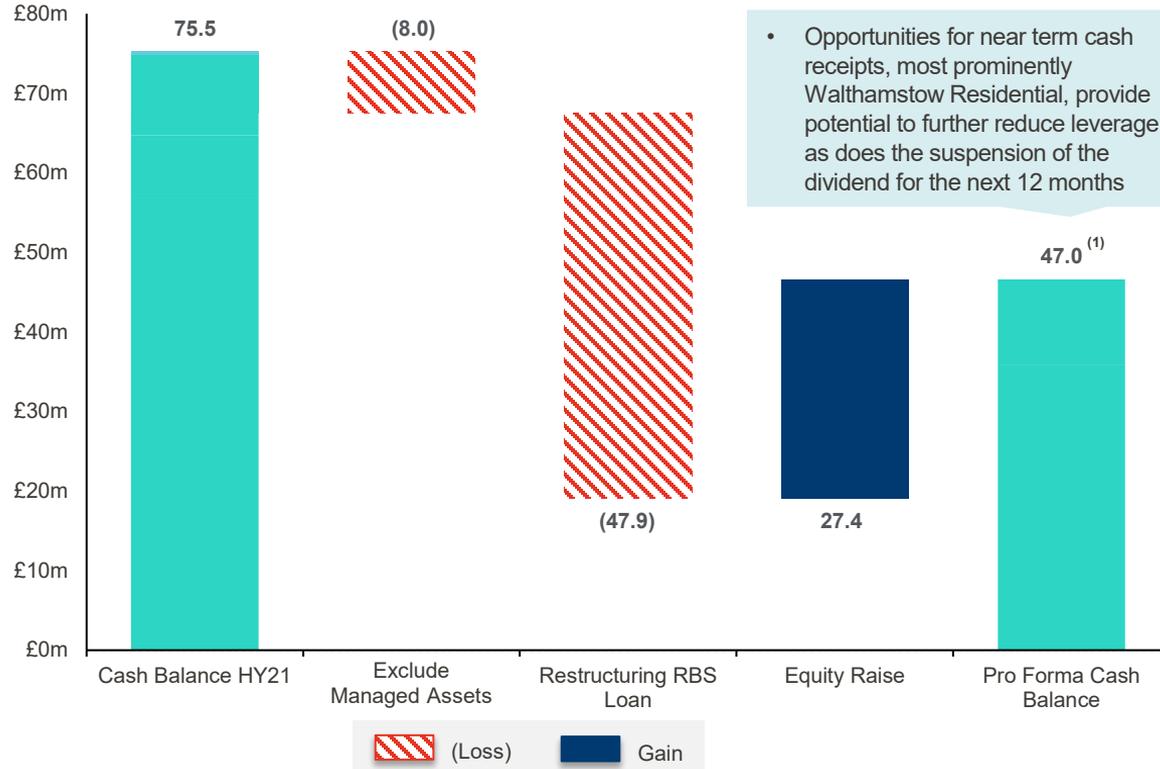
	Debt £m	Cash £m	Net Debt £m	Property Value £m ⁽³⁾	LTV %	Net LTV %	LTV Covenant	Covenant Waivers	Status
Investment Assets									
The Mall	200	(8)	192	330	61%	58%	70%		Covenants will be waived for two years from the date the new TIAA Real Estate Facility Agreement becomes effective
Ilford	39	(3)	36	56	69%	64%	70%		All covenants waived until April 2022 ⁽¹⁾
Central Cash ⁽²⁾	n/a	(36)	n/a	n/a	n/a	n/a	n/a		
Total	239	(47)	192	387	62%	49.7%			
Managed Assets									
Luton	97	(7)	89	82	118%	109%	70%		Discussions ongoing
Hemel Hempstead	23	(1)	22	11	209%	205%	60%		Discussions ongoing with prospective new lender
Total	120	(8)	112	93	128%	120%			

ILLUSTRATIVE PRO FORMA GROUP DEBT AND LTV

	Sept-21	+ / (-)	Refocus Portfolio through exclusion of Managed Assets	+ / (-)	Restructuring RBS Loan	+ / (-)	Recapitalisation Equity Raise
Asset Value (£m)	480	(93)	387		387		387
Gross Debt (£m)	424	(120)	304	(65)	239		239
Gross Cash (£m)	76	(8)	68	(48) ⁽¹⁾	20	27 ⁽²⁾	47
Net Debt (£m)	348		237		219		192
Net LTV (%)	72.6%		61.2%		56.8%		49.7%

1. Including a management assumption regarding the costs incurred during the transaction
 2. Based off a management assumption regarding cost of equity raised

ILLUSTRATIVE CASH BRIDGE AND SOURCES AND USES



• Opportunities for near term cash receipts, most prominently Walthamstow Residential, provide potential to further reduce leverage as does the suspension of the dividend for the next 12 months

KEY CAPEX PROJECTS

- Ilford Debenhams remerchandising
 - £5.9m
- Ilford Medical Centre
 - £6.7m
- Ilford Cross-Rail Mall
 - £7.5m+
- Wood Green WH Smith remerchandising
 - £1.7m
- Walthamstow Food Hall
 - £3.6m

1. Net of Equity Raising Costs (c.£2.6m)

SUMMARY AND OUTLOOK

- Proactive - Company driven actions to Refocus, Restructure, and Recapitalise the platform
- Transaction underpinned by critical support from Growthpoint as largest shareholder
- Brings capital structure back towards a more appropriate level
- Alleviates cash trap restrictions on core facility allowing the Company to return to paying cash dividends during FY22
- Preserves sufficient capital for management in case the Group incurs a future capex spending requirement
- Preserves strength of platform to take advantage of market recovery opportunities enabling management to focus on delivering and scaling their core community centre strategy

EXPECTED TIMETABLE AND PROPOSED OFFERING

KEY EXPECTED DATES

- **14th October:** Announcement of transaction and Open Offer and shares go Ex-Entitlements
- **29th October:** Announcement of results of Open Offer
- **1st November:** General Meeting results of thereof announced
- **5th November:** Admission and commencement of dealing in new shares (LSE: 8:00am, JSE 10:00am)

OPEN OFFER

- Gross proceeds of £30m
 - Number of Shares 53,580,237
 - Issue price of 56p
- Open Offer to be fully underwritten by Growthpoint

APPENDIX



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INVESTMENT ASSETS AND MANAGED ASSETS

New classification reflecting the position of the Group's Shopping Centre Assets

SHOPPING CENTRES

INVESTMENT ASSETS



The Mall – Blackburn, Maidstone, Walthamstow, Wood Green, The Exchange - Ilford

Assets where the **Group retains net equity** and is focussed on long term solutions potentially **involving the investment of new capital**

MANAGED ASSETS



The Marlowes – Hemel Hempstead, The Mall - Luton

Assets in which the **Group no longer retains net equity** and hence involvement is in **substance as a Manager**

GROUP DEBT HIGHLIGHTS – HY 21

Focus on maintaining cash flexibility in light of ongoing uncertainties

	Debt £m	Net Debt £m	LTV %	Net LTV %	LTV Covenant %	Covenant Waivers	Status
Ilford	39	36	71%	66%	70%		All covenants waived until Apr-22
The Mall Blackburn, Maidstone, Walthamstow, Wood Green	265	257	80%	78%	70%		All covenants waived until Jan-22
Investment Assets	304	293	79%	76%			
Luton	97	89	115%	106%	70%		Agreed terms of income covenant waiver extension to Jan-22
Hemel Hempstead	23	22	164%	160%	60%		Proceeds from Edmonds Parade disposal used to reduce debt
Managed Assets	120	112	122%	114%			
Central ⁽¹⁾	n/a	(57)	n/a	n/a	n/a		
Total	424	348	88%	72%			

1. Including Cash from Snozone

FINANCIAL RESULTS HIGHLIGHTS

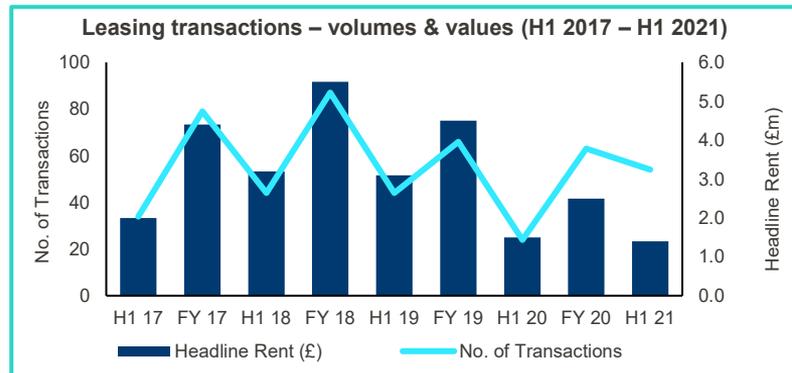
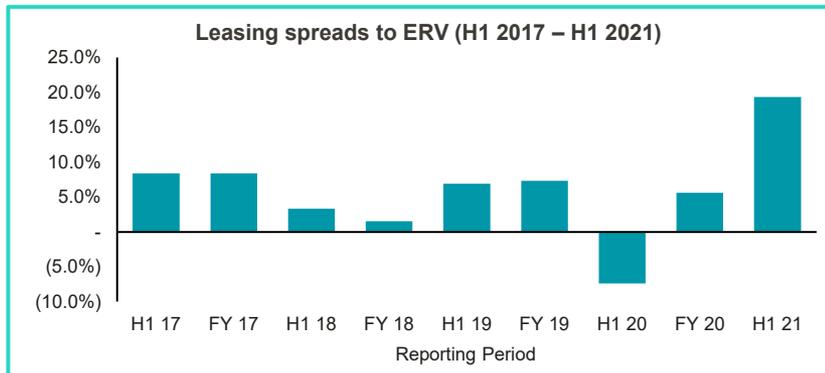
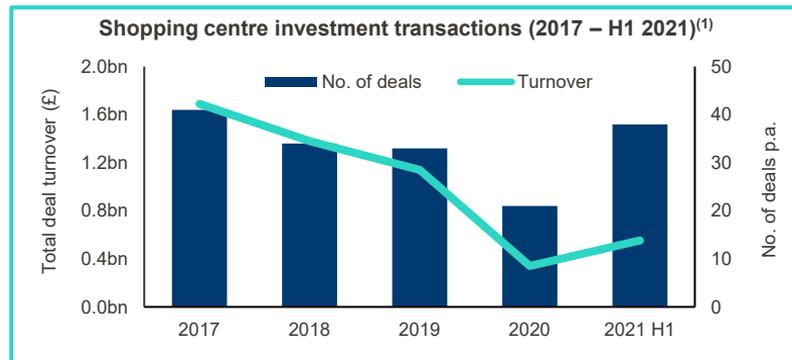
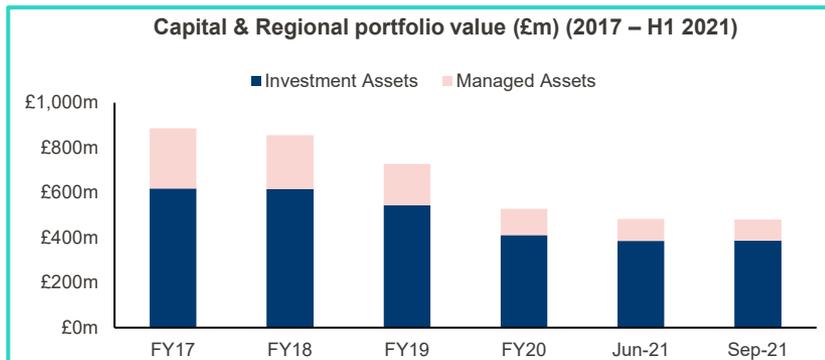
Navigating the impact of C-19

	HY 21	FY 20	FY 19
PROFITABILITY			
Net Rental Income (£m)	13.4	34.1	49.3
Adjusted Profit ¹ (£m)	2.3	10.3	27.4
Adjusted Earnings per share ²	2.1p	9.5p	36.7p
NET ASSET VALUE			
Portfolio Valuation (£m)	483	527	727
EPRA NTA (£m)	132	177	379
NAV per share ²	113p	150p	361p
EPRA NTA per share ²	117p	158p	364p
Group Debt (£m)	423	427	427
Net debt to property value	72%	65%	46%
Average maturity	4 years	4 years	5 years
Cost of Debt	3.3%	3.4%	3.3%

1. 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.
 2. Per share amounts are adjusted to reflect the impact of the 10 for 1 share consolidation that completed on 15 January 2020.

KEY PERFORMANCE INDICATORS

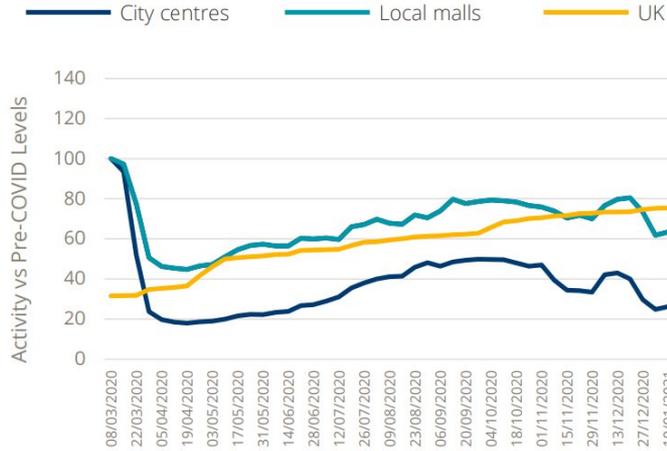
Valuations have remained broadly flat from June 2021 to September 2021



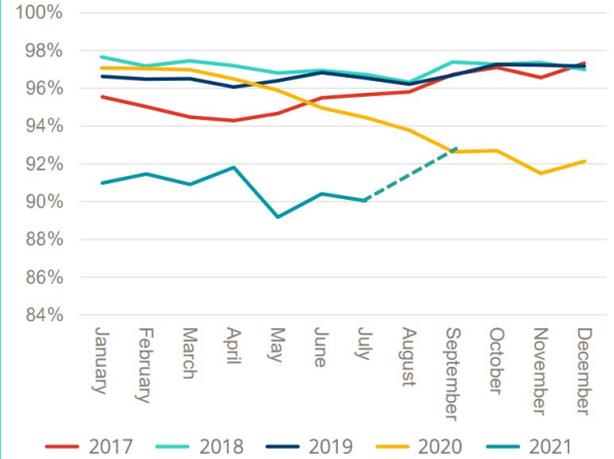
1. Shopping centre market update – Savills (Mark Garmon-Jones) July 2021

FOOTFALL AND OCCUPANCY RECOVERY

CACI Movement of people – City Centres v Local Malls



Occupancy to July 2021



H1 21 Footfall KPIs

18.3m
H1 21 footfall

+9.1%
Footfall to benchmark

H1 21
Occupancy KPI

90%
Occupancy rate