Annual Results Presentation

5 March 2014

Capital & Regional

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Overview

Overview

Return to profit in year of strategic and operational progress

- Full year pre-tax profit of £9.3m (2012: loss of £12.7m)
- Delivery of strategy during the year means that dominant UK community shopping centres & cash account for 75% of NAV
- Recycling of capital from sales of non core assets
- Timely reinvestment in Mall units increasing stake to 29.26%
- Further progress in degearing at both the Group and Mall level
- Key refinancing in Germany facilitates realisation of value from portfolio
- Delivery of key asset management initiatives is on track
- Resumption of dividend. 0.65p per share in total for full year reflects increasing confidence in future of the business

Financial Review

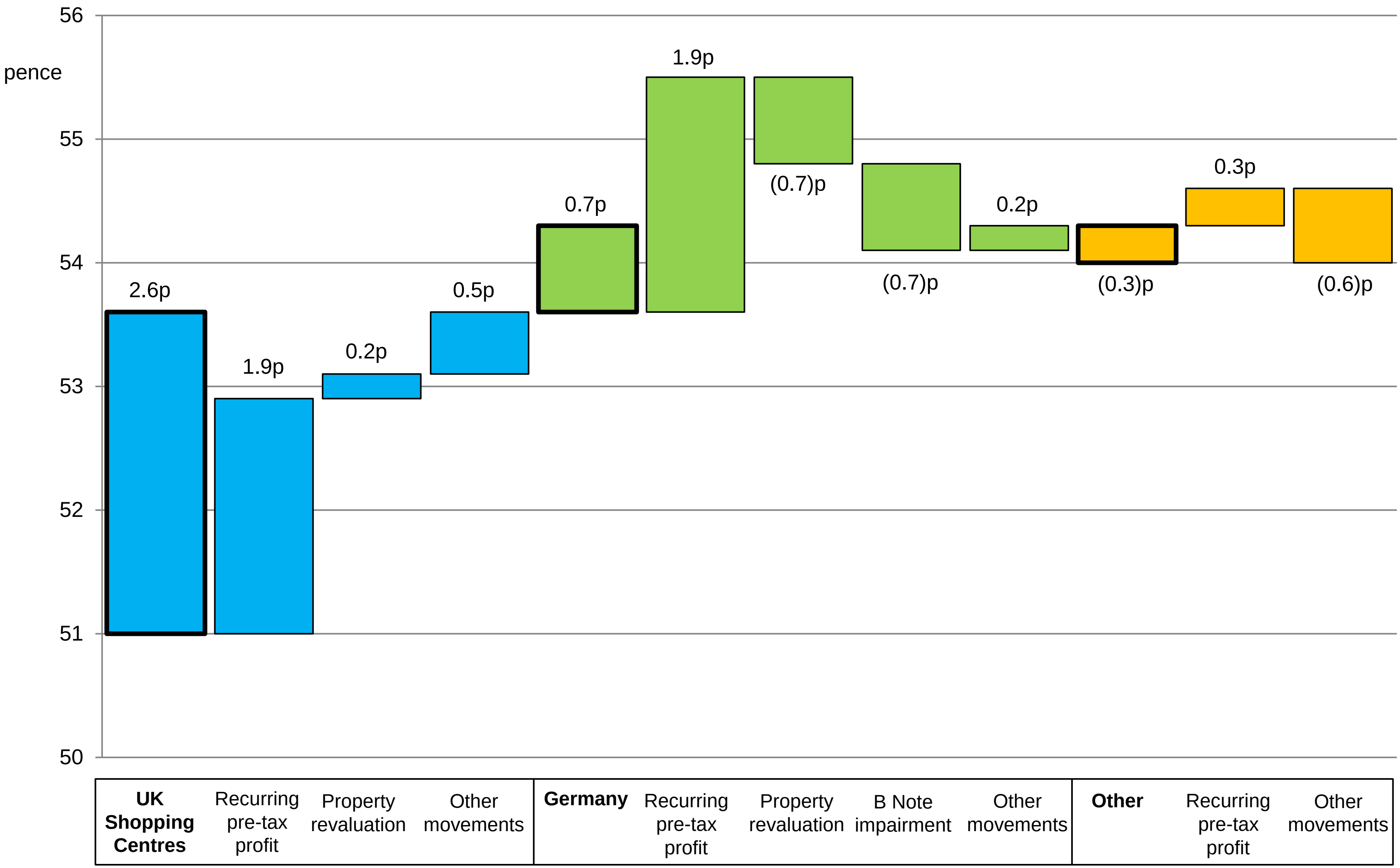
Financial Results

Investment returns	2013	2012
Net assets per share	**54p**	51p
EPRA net assets per share	**56p**	55p
Total shareholder return	**53.9%**	(9.5)%
Financing		
Group cash/(net debt)	**£11.1m**	£(53.3)m
Proforma net debt to equity ratio[1]	**-**	13%
Proforma see-through net debt to property value[1]	**52%**	55%
Profitability		
Recurring pre-tax profit	**£14.0m**	£17.0m
Profit/(loss) before tax and discontinued operations	**£9.3m**	£(12.7)m
Basic earnings per share	**3p**	(5)p
Property under management	**£1.2bn**	£1.4bn

[1] Proforma: 2013 adjusted for Hemel Hempstead proceeds received February 2014. 2012 adjusted for X-Leisure proceeds received January 2013.

Net Assets Per Share Bridge

Core business driving NAV growth



Recurring Pre-tax Profit

	2013	2012
	£m	£m
Fee income[1]	**9.9**	10.4
Fixed management expenses	**(5.3)**	(7.0)
Property management	**4.6**	3.4
UK Shopping Centre investment	**6.2**	5.6
German property investment	**6.6**	7.1
Snozone	**1.0**	1.2
Group & other items	**(4.4)**	(4.0)
Total continuing operations	**14.0**	13.3
Discontinued operations	**-**	3.7
Recurring pre-tax profit	**14.0**	17.0

[1] includes the write back of a provision of £1.4m

Off Balance Sheet Debt

	Debt	Proforma cash	**Net debt**	Loan to value	Net debt to value	Average interest rate	Fixed	Weighted average duration to expiry
	£m	£m	**£m**	%	%	%	%	(years)
The Mall	**111.1**	(18.8)	**92.3**	55	46	4.11	100	1.3
Germany	**119.6**	(3.9)	**115.7**	72	69	2.82	63	2.7
Kingfisher Redditch	**17.1**	(2.0)	**15.1**	63	56	6.17	100	3.3
Waterside Lincoln	**6.8**	(0.7)	**6.1**	43	39	4.80	100	1.6
Off balance sheet debt	**254.6**	(25.4)	**229.2**					

On 5 February 2014 the Kingfisher Limited Partnership completed a refinancing of its loan facilities replacing mezzanine debt with an increased senior facility. The term of the facility was extended by two years to April 2019. As a result the partnership's cost of debt fell from 6.2% to 4.6%.

Group Cash & RCF

	Debt	Loan to value	Net debt to value	Average interest rate	Fixed	Duration to loan expiry
	£m	%	%	%	%	(years)
Core revolving credit facility (£25m)	-	n/a	n/a	3.71	-	2.6
Cash and cash equivalents[1]	11.1					

[1] Proforma cash including the Hemel Hempstead proceeds received February 2014 is £19.5m

Mall & Germany Refinancing

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Mall

- The Mall Fund's debt was reduced to £379.5m following the sale of Uxbridge and Sutton Coldfield, increasing options for CMBS refinancing
- The refinancing process is underway with strong interest from debt providers
- We expect the refinancing to be concluded by the time we report our interim results

Germany

- The refinancing of three portfolios comprising a total of 12 properties was successfully completed with one lender, Helaba. Helaba is providing a €141m three year facility against properties with a 30 December 2013 valuation of €192m
- The margin is 225 bps and, with current hedging of 50% swap / 50% cap, gives an all in cost of debt below 3%, significantly lower than the previous facilities
- The significant size and favourable terms of the facility combined with Helaba's existing exposure demonstrates the strength of the portfolio
- The next German refinancing event is c. €79m, which is not due until Q4 2015

Operations

Marketplace

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A favourable backdrop for growth

- UK Retail is a dynamic industry and showing encouraging signs of recovery
  - Administration rates down
  - Retail spend forecast to grow
- Click & Collect is growing in popularity, providing a growth opportunity for well located shopping centres
- We continue to see market evidence of national operators seeking well configured space in dominant town centres. Multiple retailer store numbers have increased by 10.3% since 2007[1]
- The leisure market remains strong, with A3, cinema and gym operators seeking appropriate space. Store numbers up 41% since 2007[1]

[1] CBRE 2013

Operating activity

- There has been good letting activity across the portfolio
  - 87 new lettings and renewals during 2013
  - £6.5m headline rent
  - 0.7% above ERV

- Retailers are showing signs of recovery with significantly lower rates of administration

	No. of units in administration	**Passing rent**
Q4 2013 / Q1 2014	16	£0.7m
Q4 2012 / Q1 2013	17	£1.4m
Q4 2011 / Q1 2012	37	£2.9m

Our Portfolio

A core portfolio with scale and robust trading

- Eight centres, 4.33m sq ft
- £850m, NIY 6.8%
- 430 Retailers, 790 Units
- 10,292 car park spaces
- 86.8m visitors in 2013
- Average sales density of £449 psf
- Average rent/sales ratio 6.3%

Our Portfolio

A portfolio with significant asset management and development initiatives delivered by an experienced team

- 0-3 years - £40m of existing agreed capex projects currently in the process of planning or implementation with targeted income return in excess of 10%
- 2-5 years - £36m of further identified opportunities on Mall Fund (primarily Walthamstow and Luton initiatives) – funding expected to come from additional capex facilities or via partnerships and joint ventures with third parties
- Two major development projects being worked up in Camberley and Maidstone (with a range of funding options) with delivery targeted 3-5 years
- Our experienced team have a track record of delivering profitable asset management initiatives through the application of a well established process (see appendix)

Asset Management Case Studies

Blackburn

A 600,000 sq ft Mall, extended and refurbished in 2011, gaining market share from neighbouring locations

During 2013:

- Key lettings were achieved with Schuh, Card Factory, Shoe Zone, Toymaster, Perfect Home and Waterstones
- We successfully defended an out of town retail park proposal

- Opportunity remains to increase income and value through continued market share growth
- Inward yield shift expected in response to the proven robust income stream as yield gap closes

£5.0m of capex projects identified including:

- Leasing of key voids
- Identified PPM
- Amalgamation of several units to form gym

Asset Management Case Studies

Camberley

A 390,000 sq ft Mall in a highly affluent South East catchment. Significant development opportunity to reposition and create a 290,000 sq ft extension

During 2013:

- 20,000 sq ft TK Maxx was successfully delivered following the amalgamation and extension of four units
- Adjoining 6,000 sq ft unit in advanced legals with international footwear operator
- Continued material progress made around development opportunities:
  - Development agreement Heads of Terms agreed with Local Authority
  - Progressive discussions with major department store anchor
  - Local Authority planning/decision making continues to support regeneration

£3.2m of capex[1] projects identified including:

- Delivery of new lettings/amalgamations
- Reconfiguration of Main Square

[1] Excluding London Road redevelopment

Asset Management Case Studies

Lincoln

A popular cathedral city with increasing demand for well configured retail space

During 2013:

- Major reconfiguration of the centre commenced - 65% of redevelopment space by value now let to H&M, Next and FABG restaurant
- Extended 15,000 sq ft New Look delivered December 2013
- Delivered the transformation of mall public space to create spacious and attractive retail destination

£6.8m of capex projects identified including:

- Completion of development construction
- Leasing of remaining development units
- Reconfiguration/addition of kiosk income to entrances and common areas

Asset Management Case Studies

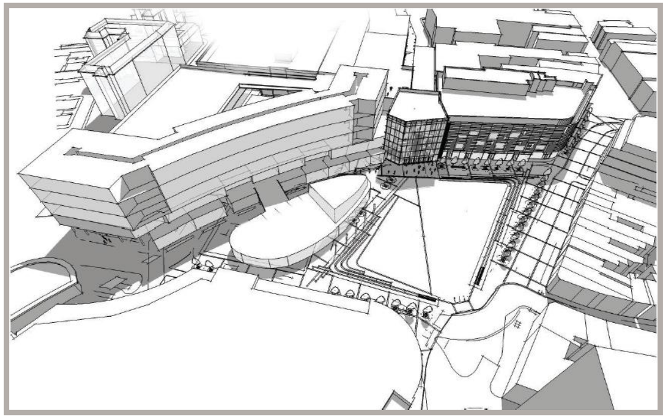
Luton

The Mall Luton is a 900,000 sq ft scheme within a thriving London satellite town

- Strong employment base
- Growing population

During 2013:

- Good asset management progress including:
  - 7,000 sq ft River Island
  - 6,000 sq ft Deichmann Shoes
  - Newly filled/downsized Clintons



£13.8m of capex projects identified including:

- 80,000 sq ft leisure/retail opportunity at existing Market Hall
- 60,000 sq ft office refurbishment & re-let
- Joint initiative being discussed with Local Authority on adjoining land to north of shopping centre
- Leasing to key retailers to further build fashion mix

Asset Management Case Studies

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Maidstone

A 500,000 sq ft scheme within a vibrant South East town

- Strong population growth is forecast
- 300,000 sq ft of additional retail space required in town centre

During 2013:

- A five year lease extension exchanged with Next in anticipation of scheme improvements

£7.7m of capex projects identified including:

- Planned refurbishment and repositioning of mall environment targeted for H2 2014
- Reconfiguring space to secure transformational anchor
- In partnership with the Local Authority:
  - Master plan under development
  - 300,000 sq ft extension of retail/leisure/residential
  - Public consultation on scheme ongoing

Asset Management Case Studies

Redditch

A 900,000 sq ft centre that sits within a prosperous catchment

- Robust employment
- Increasing industrial prosperity

During 2013:

- Leisure Hub pre-lets to Nando's and Real China
- Pure Gym opened November 2013
- Hub construction project progressing with opening of restaurants due April 2014
- Positive discussions with fashion operators to improve mix on Evesham Walk

Strategy to reposition centre through £9.9m investment, predominantly aimed at:

- Completion of branded leisure hub
- Improving mall environment/customer experience
- Creating a more cohesive fashion mix, thereby attracting the more affluent shopper

Asset Management Case Studies

Walthamstow

A 260,000 sq ft London centre strategically located to benefit from changing demographic of area

During 2013:

- Good progress being made on the investment targeted to radically transform the retail and leisure mix
- Agreement for lease exchanged for reconfiguration/upsize of Sports Direct
- Advanced legal negotiations with leading fashion operator for 26,000 sq ft store, involving reconfiguration of existing units

£22.0m of capex projects identified including:

- Refurbishment of Mall due to commence H1 2014
- Construction/delivery of upsized Sports Direct
- Delivery of 80,000 sq ft leisure/retail scheme extension

Asset Management Case Studies

Wood Green

A vibrant 550,000 sq ft London shopping centre with 12 screen cinema and leisure offer

- Strategy to grow income levels by targeted development and further refinement of tenant mix

During 2013:

- Morrisons took former HMV unit
- Completed lease to TK Maxx for extension into former Peacocks
- Under offer to two national retailers for upsized units

£7.3m of capex projects identified including:

- Reconfiguration of upper floor units/introduction of fashion operators
- Introduction of supermarket on vacant former garage site
- Introduction of hotel operator to existing office accommodation

Germany Asset Management Strategy

- The overarching strategy is to maximise and subsequently realise value of the assets in Germany. This will be achieved by delivery of a number of asset management initiatives across much of the portfolio, categorised as:
  - Early lease extensions with key or anchor tenants to improve WALT and marketability to institutional investors. There are currently active discussions with anchor tenants in four locations
  - Delivery of additional retail space which will improve income and drive valuation uplifts. The current focus is on opportunities in Balingen, Oschersleben and Hameln
- We are making good progress with the realisation of value having disposed of Taufkirchen for €6.3m in May 2013 in line with valuation
- Since then the sales of two further assets have progressed:
  - Kreuztal was a vacant 3,000 sq m development opportunity which was notarised after the year end for €1.275m (€275k above the December 2013 valuation) and expect to complete shortly
  - We are in active negotiations on sale of a larger asset
- We intend to bring a further significant tranche of assets to market during the year

Germany Asset Management Review

- Transformation of Bochum-Wattenscheid from struggling retail property to leisure destination is almost complete with only 800 sq m of the 10,000 sq m lettable space remaining unlet. This has improved WALT significantly and generated an uplift in value
- At Herne, an additional 550 sq m was created for the anchor Toom, which subsequently extended its lease by 15 years. Additionally we created four smaller units that are all now let and trading
- At Aachen, in advance of Praktiker's lease expiry in July 2013, we agreed a back to back lease with Hammer on a ten year lease and avoided any impact from Praktiker's administration
- At Brühl, the anchor tenant Real, which occupies 17,525 sq m, extended its lease to 2019
- At Heide, we have made significant progress to replace the units that became void on expiry during 2012 / 2013. We replaced ALDI with a new anchor tenant, Woolworths, which has taken a five year lease on 1,023 sq m and have let a further 977 sq m to tenants on permanent leases. We are in advanced negotiations with a fashion retailer to take the 744 sq m vacated by EDEKA in November 2013

Outlook

Outlook

- Preconditions for rental growth are falling into place:
  - ➢ Macro economic environment, driving consumer and retailer confidence
  - ➢ Lower levels of administration in early 2014, supporting improving occupancy
  - ➢ Demand for affordable space from leisure operators and fashion retailers
  - ➢ Active asset management programme across shopping centre portfolio
- Planned acceleration in pace of disposals from German portfolio in 2014
- Strength of market interest in refinancing of Mall CMBS points to successful outcome on competitive terms
- Management is focused on further consolidation of position as a leading UK retail property company

Questions & Answers

Appendix

The C&R Approach

A well established and effective process

Pre-acquisition

Identify the Opportunity
- Historic lack of investment
- Dominant town centre scheme (at least 50% of town centre trade in top 100 location)
- Underperforming in catchment
- Lack of investment
- Further development opportunities

➢ Delivered by an experienced team

Develop a Business Plan

Delivering the Plan

Drive Operational Excellence
- Develop excellent people
- Utilise scale in contract procurement
- Implement Planned Preventative Maintenance
- Drive footfall through creative marketing
- Incorporate relevant technology
- Optimise Car Park customer experience
- Maximise commercial income opportunities
- Reduce costs (rates and service charges)
- Enhance website and build digital database
- Introduce C&R Finance process

Drive Asset Management / Development
- Improve Retail / Leisure mix
- Build local authority partnerships
- Deliver improvements to retail environment / refurbishment
- Identify and deliver development opportunities

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The Result
- Improved customer experience / Attractive retail environment
- Relevant retailer space

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- Increased market share

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- Increased footfall and spend

Increased Income

Profit for the year

	2013	2012
	£m	£m
Recurring pre-tax profit	**14.0**	17.0
Property revaluation	**(1.8)**	(20.8)
Loss on disposal of properties	**(5.6)**	(1.6)
Performance fees – net of Group share of cost	**-**	2.0
Impairments in respect of German portfolio 4	**(2.4)**	(6.5)
Other impairments	**-**	(3.1)
Financial instruments revaluation	**6.5**	3.6
Gain on investment in The Mall	**2.0**	1.4
Loss on disposals of JV and Associates	**-**	(4.0)
Other items	**(3.9)**	(2.9)
Tax	**0.3**	(1.1)
Profit/(loss) for the year	**9.1**	(16.0)

Components of NAV as at 30 December 2013

	Property assets £m	Other assets & liabilities £m	NAV £m	% of NAV	NIY %
The Mall	214.3	(113.9)	100.4	53.2	6.8%
Kingfisher, Redditch	26.9	(15.8)	11.1	5.9	7.3%
Waterside, Lincoln	15.7	(5.6)	10.1	5.4	5.3%
Germany	167.9	(123.1)	44.8	23.7	6.8%
Hemel Hempstead	8.4	-	8.4	4.5	-
Other net assets	-	13.9	13.9	7.3	-
Net assets	**433.2**	**(244.5)**	**188.7**	**100**	

Valuation Movements

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	Valuation 30 December 2012 £m	Disposals £m	Other movements £m	Revaluation £m	Proforma[1] Valuation 30 December 2013 £m
The Mall	850.8	(167.8)	5.3	(3.6)	684.7
Kingfisher, Redditch	131.8	-	1.2	2.0	135.0
Waterside, Lincoln	26.3	-	4.4	1.0	31.7
Germany	338.9	(5.4)	8.0	(4.7)	336.8
Great Northern	72.5	(72.5)	-	-	-
Hemel Hempstead	8.4	(8.4)	-	-	-
Net assets	**1,428.7**	**(254.1)**	**18.9**	**(5.3)**	**1,188.2**

[1] Proforma adjusted for the sale of Hemel Hempstead in February 2014.

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Forward Looking Statement

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties.

Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of government regulators and other risk factors such as the Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis.

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