Capital & Regional

2017 Half Year Results Presentation

10 August 2017

Lawrence Hutchings

Chief Executive

C&R – a robust platform for growth

Strong asset base and secure income

- Assets with dominant town-centre locations
- Focus on non-discretionary and value-orientated offer
- Long-term financing with low fixed cost of debt

Delivering 5% to 8% pa dividend growth

- £80m Capex investment plan fuelling growth
- Accretive asset management and repositioning initiatives
- Enhanced focus on cost efficiencies

Future opportunities

- Assets of individual scale with multi-faceted opportunities
- Scalability of management platform
- Recycling capital into more accretive opportunities

Financial Results

Charles Staveley

Group Finance Director

Financial results

	H1 2017	H1 2016	Change
Profitability			
Net Rental Income[1] *like-for-like*	**£21.2m**	£21.1m	+0.5%
Adjusted Profit	**£14.5m**	£13.6m	+6.6%
Adjusted Earnings per share	**2.06p**	1.94p	+6.2%
Dividend			
Total dividend per share	**1.73p**	1.62p	+6.8%
Dividend payout	**84.0%**	83.5%	

	30 June 2017	30 December 2016	Change
Net Asset Value			
EPRA NAV	**£482.9m**	£481.5m	+£1.4m
NAV per share	**68p**	68p	-
EPRA NAV per share	**67p**	68p	-1p
Group Debt[2]			
Net debt to property value	**46%**	46%	-
Average maturity	**7.8 years**	8.0 years	-0.2 years
Cost of debt[3]	**3.25%**	3.25%	-
Interest cover	**3.4x**	3.4x	-

1. Wholly-owned assets
2. 2017 adjusted for extension of RCF completed on 3 August 2017. 2016 adjusted for refinancing of Mall assets completed on 4 January 2017, disposal of Ipswich on 17 February 2017 and acquisition of Ilford on 8 March 2017.
3. Assuming RCF fully drawn.

Group debt

Robust balance sheet underpinned by long-term low cost debt

	Debt	Cash	Net debt	Net debt to value	Average interest rate[1]	Fixed	Duration with extensions[2]
	£m	£m	£m	%	%	%	Years
Four Mall assets	**255.0**	(9.1)	**245.9**	46	3.36	100	9.1
Hemel Hempstead	**26.9**	(1.2)	**25.7**	48	3.32	100	5.5
Ilford	**39.0**	(3.6)	**35.4**	44	2.76	100	6.7
Luton	**107.5**	(8.6)	**98.9**	47	3.14	100	6.5
RCF	**-**	(2.8)	**(2.8)**	-	3.33	-	4.6
On balance sheet debt	**428.4**	(25.3)	**403.1**	46	3.25	94	7.8

- ***£372.5m January refinancing has delivered annual interest saving of c £0.5m***
- ***Targeting LTV at low end of 40%-50% range in medium term***

1. Assuming RCF fully drawn.
2. Adjusted for extension of RCF completed on 3 August 2017

Net Rental Income

Wholly-owned assets Amounts in £m		Six months to 30 June 2017		Six months to 30 June 2016	
Like-for-like[1] excluding BHS		21.5		20.6	+4.4%
Impact of BHS		(0.3)		0.5	
Like-for-like[1]		21.2		21.1	+0.5%
Impact of acquisitions/disposals:					
Hemel Hempstead – acquired February/March 2016	2.0		1.6		
Camberley (sold November 2016) and other disposals	-		2.7		
Ilford – acquired 8 March 2017	1.8		-		
		3.8		4.3	
Net rental income		25.0		25.4	

Impact of BHS and Acquisition/Disposals will start reversing in H2

1. Results of Blackburn, Luton, Maidstone, Walthamstow and Wood Green

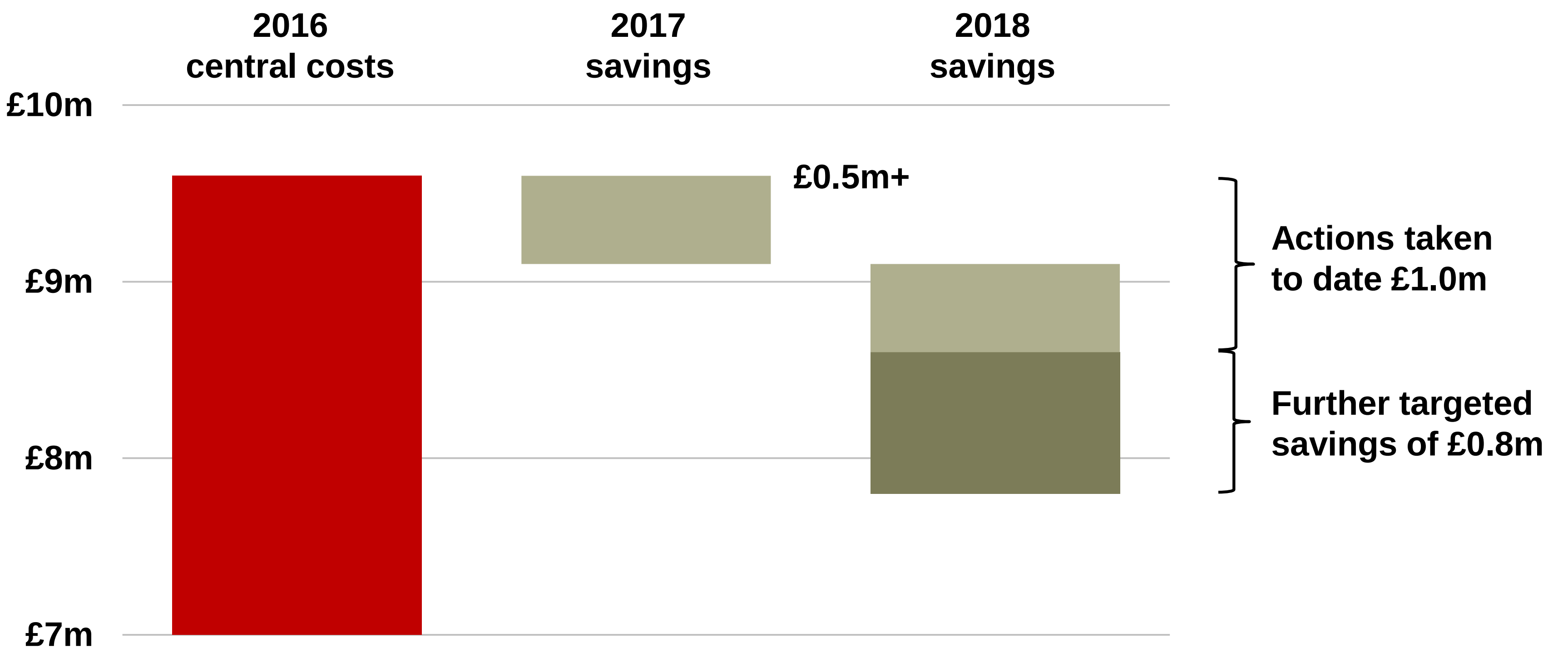
Adjusted Profit

Amounts in £m	Six months to 30 June 2017	Six months to 30 June 2016
Net rental income		
Wholly-owned assets	25.0	25.4
Kingfisher, Redditch	0.7	0.9
Buttermarket, Ipswich	-	0.1
	25.7	26.4
Net interest	(9.4)	(10.5)
Snozone profit	1.0	1.0
Central operating costs net of external fees	(2.7)	(3.2)
Tax	(0.1)	(0.1)
Adjusted Profit	14.5	13.6
	+6.6%	

Snozone H2 seasonality will be offset by BHS and Acquisition/Disposals impact

Focus on cost efficiencies

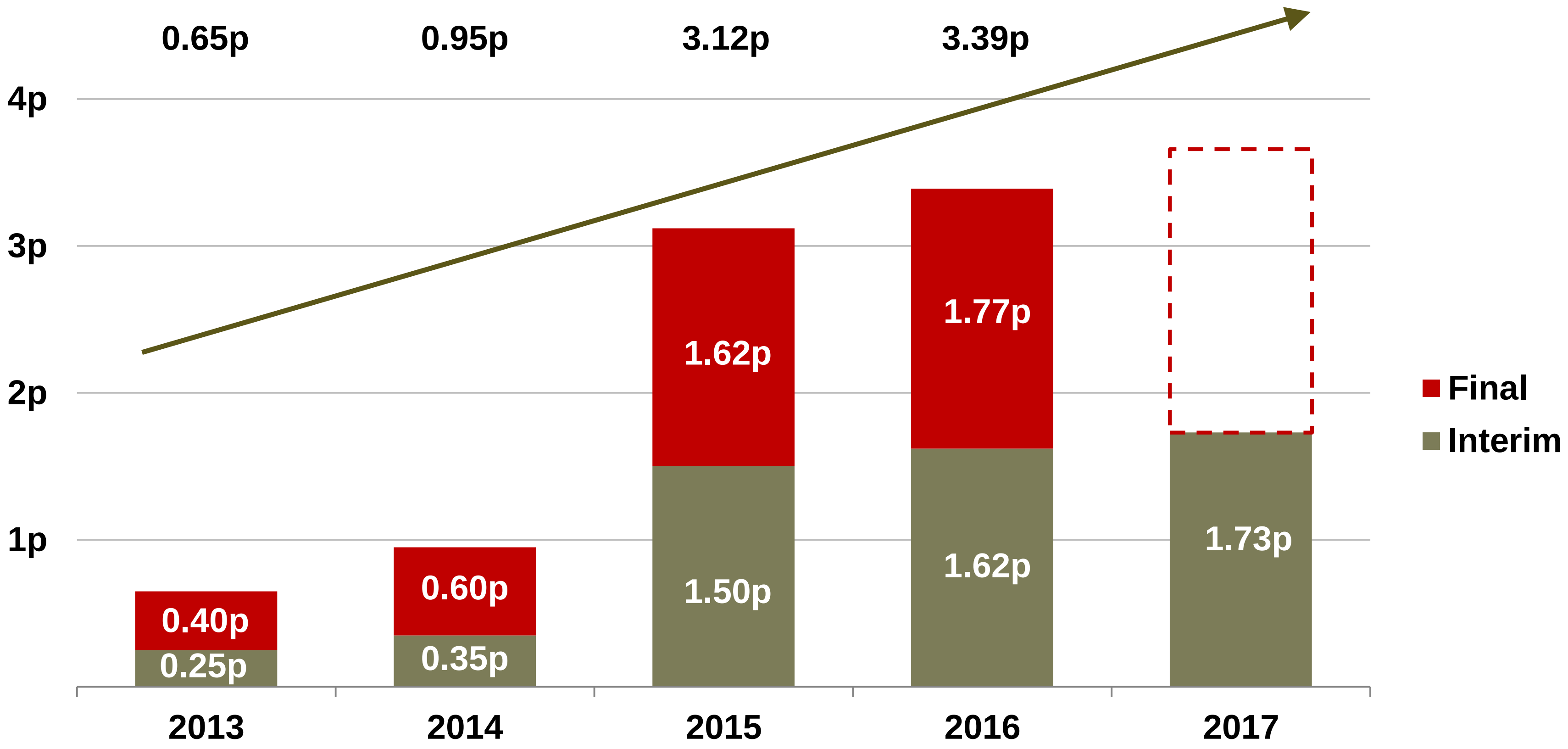
Targeting annualised savings of at least £1.8m by 2018, a c. 20% reduction on 2016 central costs



Cost efficiencies help underpin future dividend growth

Dividend

Targeting dividend growth of 5% to 8% pa over the medium term



On track for fifth year of Dividend growth

Asset Review

James Ryman
Investment Director

Secure income attributes

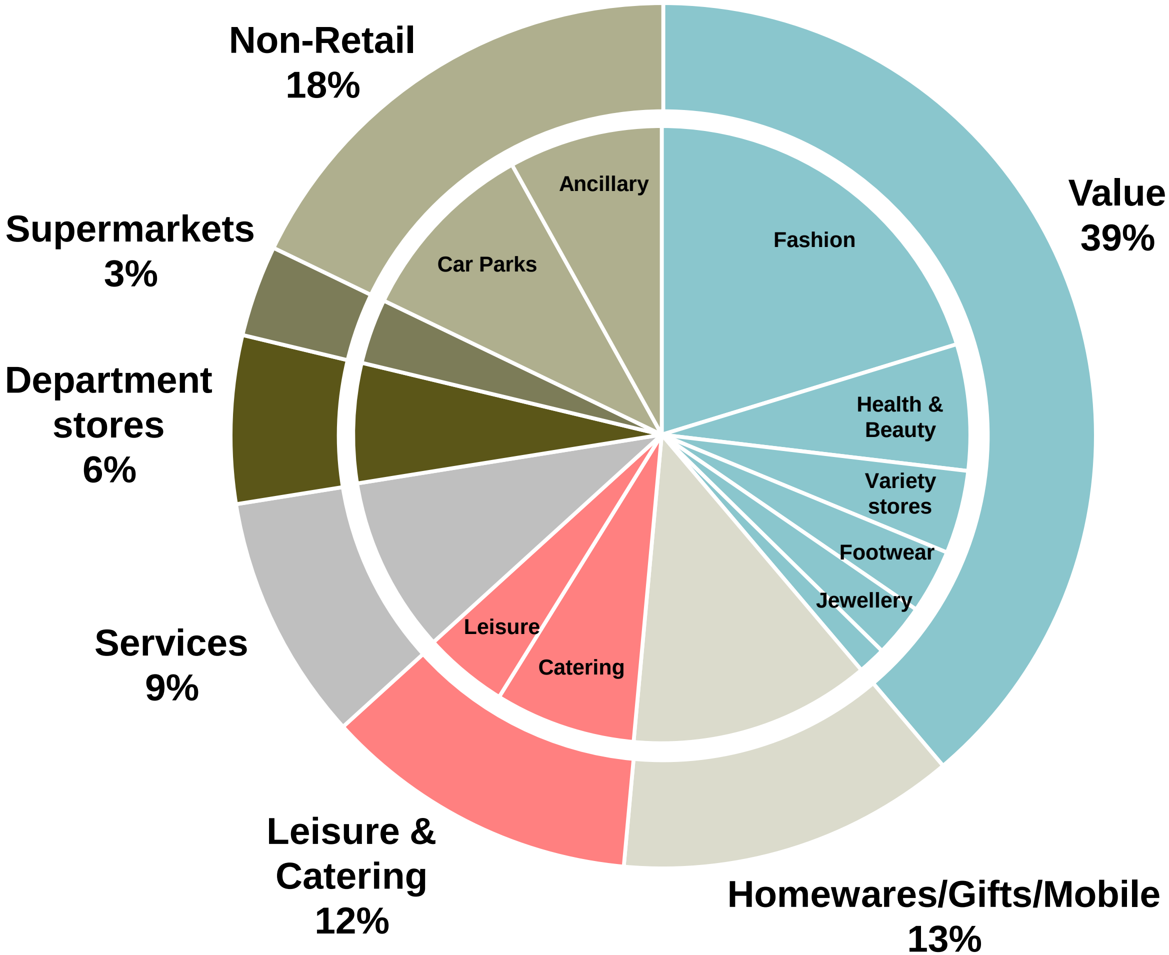
Local and convenient assets delivering sustainable and resilient performance

220k per week Significant footfall	**1.2 per week** High frequency of visits	**59 min av. stay** Convenient ease of use	**70%** Strong Conversion
63% non-car Easy accessibility	**Av. drive time** Local catchment	**£42** Spend per visit	**12.6% OCR** Affordable occupancy

Averages for wholly-owned portfolio

Functionality and range of offer

Our assets cater for the non-discretionary and value-oriented needs of our shoppers



Analysis by contracted rent

Leverage the scale of our assets to capture demand

Extensive opportunities to drive revenue over the short, medium and long term

Retail floorspace

- Reconfigurations
- Mix
- Customer service
- Lettings
- Community uses
- Leisure

Ancillary space flexibility

- Malls
- Offices
- Upperparts
- Community uses
- Service yards
- Pop-up uses

Car parks

- Contract parking
- Roof top extensions
- Space conversion
- Tariffs
- Operational savings

Further opportunities

- Residential
- 24/7
- On-site expertise
- Strategic locations
- Trading hours
- Infrastructure availability

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Community values delivering

Trading performance confirming non-discretionary, value focus

H1 Performance	
New lettings	22
Renewals	12
Premium to previous rent[1]	+21%
Premium to ERV[1]	+8.4%
Footfall[2] to benchmark	+1.8%
Occupancy[3]	+0.2%
C&R Trade index[4]	+0.3%
Collect+[4]	+34%

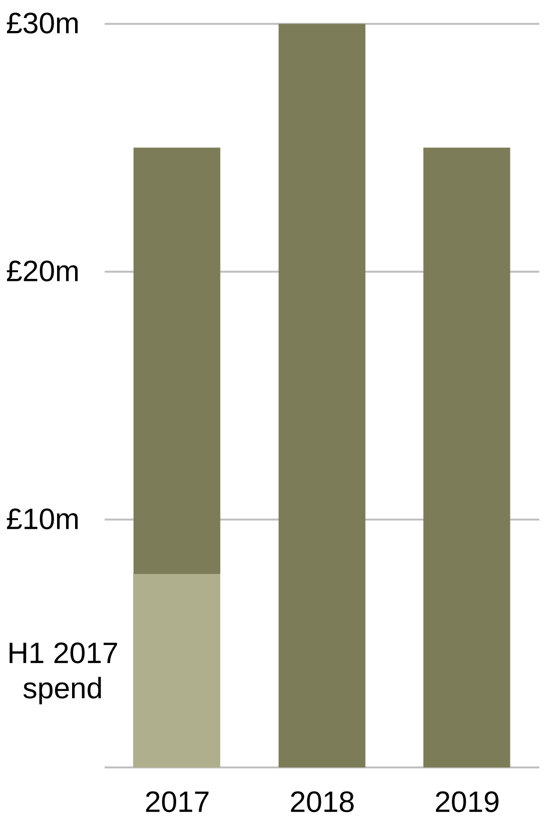
1. For lettings and renewals (excluding development deals) with a term of five years or longer which do not include a turnover rent element.
2. Compared to H1 2016, excluding The Exchange Centre, Ilford and entrances impacted by development work.
3. Compared to 30 December 2016, excluding The Exchange, Ilford.
4. Compared to H1 2016, excluding The Exchange Centre, Ilford.

Transformational Capex investment

Extensive programme of initiatives to deliver income variety and consistent growth

Over 30 initiatives and £80m+ investment identified across all schemes targeting average return of 9%+ on new investment

Scheme	Key projects	
Blackburn - £4m+	Retail anchoring	Deliver new 25,000 sq ft Wilko store
Hemel Hempstead – 13m+	Leisure	Creating new town centre leisure hub with 9 screen cinema and 6 catering units
	Refurbishment	Extensive refresh to enhance the customer offer
Ilford - £11m+	Leisure	Creating 9 screen cinema and 6 catering unit leisure hub
	Refurbishment	Tactical enhancements to benefit from Crossrail
Luton - £10m+	Office	Refurbishment and reletting of 65,000 sq ft vacant offices
	Major retail	Conversion of non-income producing space to major retail uses
Maidstone - £5m+	Anchor lettings	Converting former BHS for new occupier(s) / uses
Walthamstow- £22m+	Extension	Delivery of 90,000 sq ft retail extension and 470 residential units
	Retail Space reconfiguration	Completion of BHS breakup
Wood Green- £15m+	Hotel	Delivery of 78 room Travelodge
	Supermarket	Utilising development site to develop 16,000 sq ft supermarket and parking
	Refurbishment	Targeted enhancements linked to improving tenant mix
	Major retail	Reconfiguration of space to enhance mix



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Space flexibility – Walthamstow

Asset management solutions delivering exceptional results

- BHS store closed August 2016
- Quickly implemented asset plan to break up space and deliver impactful new uses
- Two phase delivery strategy
- Phase 1 complete with lettings handed over to Lidl and The Gym for Q4 2017 opening
- Phase 2 works delivering a further 12,000 sq ft, to complete by end of 2017. Letting to Gökyüzü Turkish restaurant contracted, strong interest on remaining 5,000 sq ft of new retail space
- £4.3m projected capex

Ground floor

First floor

Travelodge – Wood Green

Accretive solutions from non-core-space

- £6.4m project to creatively convert outdated office accommodation and surplus parking to 78 room hotel
- Delivering significant long-term secure income, enhancing investment profile
- Works programme nearing completion with imminent handover for Q3 2017 opening

Leisure core – Hemel Hempstead

Repositioning investment driving town centre recovery

- Planning application lodged August 2017 for 25,000 sq ft, nine screen cinema and conversion of retail space into six catering units
- Terms agreed with national cinema operator for a 25 year lease
- Strong local authority support, with planning consent expected by early Q4 2017
- Start on site anticipated by Q1 2018, for cinema opening by early 2019
- Expected capex of £13m
- Further potential for transformational enhancements

Outlook

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- Continuing strong occupier demand for our **convenient, town centre** assets, which dominate their localities and cater for the **non-discretionary and value-orientated** needs of our shoppers
- **Proven track record** of driving income with specialist asset management initiatives
- **£80 million Capex investment programme** underpins future growth
- **Opportunities** to enhance profitability by taking further advantage of the potential of our assets, **streamlining costs**, utilising the **scalability of the management platform**, and **recycling capital** into more accretive opportunities
- The Board is reaffirming its guidance for **dividend growth of at least 5% to 8% per annum** in the medium term

Q&A

Dial-in for questions from webcast viewers

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Secure income attributes

Local and convenient assets delivering sustainable and resilient performance

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Significant footfall

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High frequency of visits

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Averages for wholly-owned portfolio

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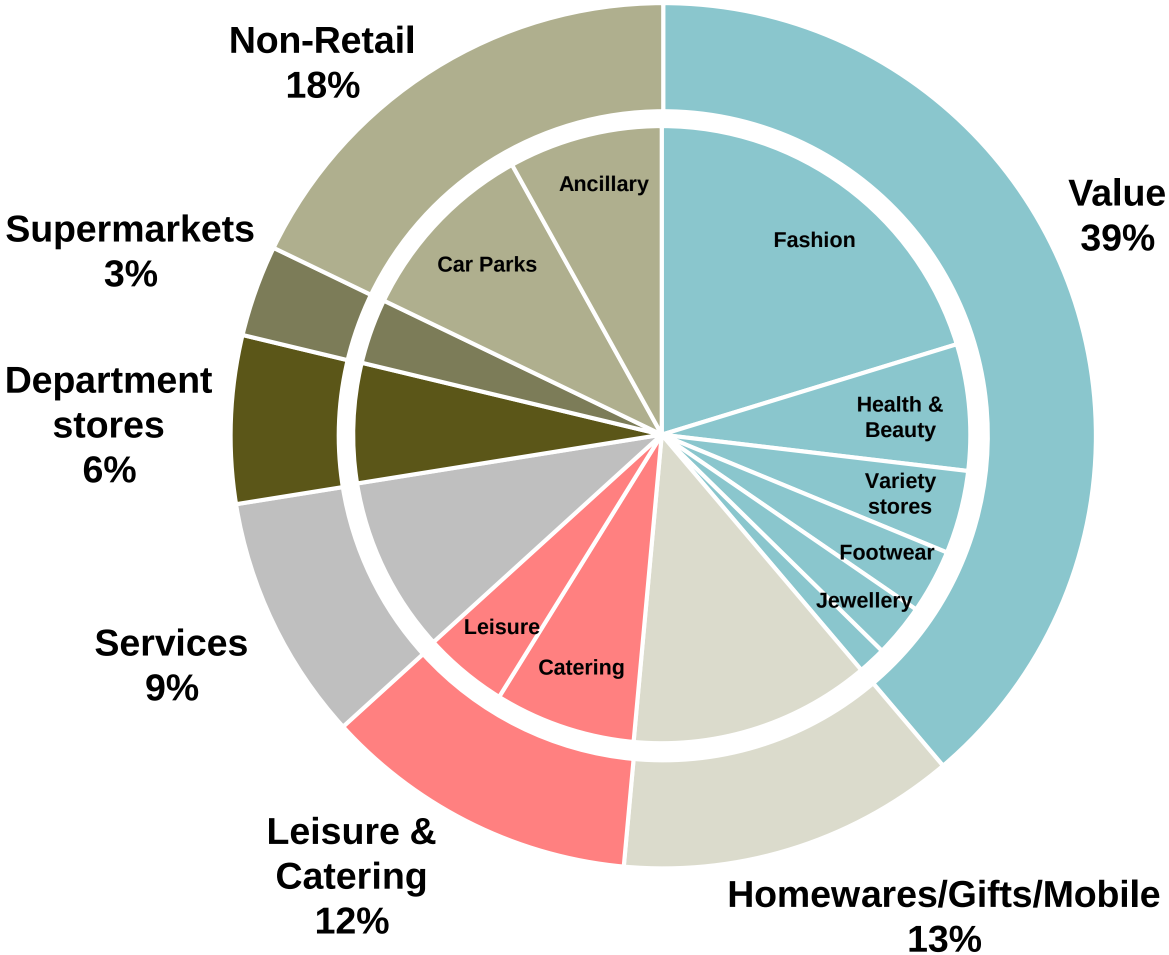


Analysis by contracted rent

Appendix

Portfolio characteristics

Convenience with dominance

- High footfall
  - c 1.7m shopper visits per week
- Large centres, dominant locations
- Locations with strong & improving demographics
- Strong and diversified tenant mix
- Provide a convenience, non-discretionary/value offer
- London and South-East bias
- Convenient town centre locations
- Affordable rent
  - Average rent c. £15 psf
  - Low occupancy costs of c. 12.6%[1]

1. Estimate based on Blackburn, Luton, Maidstone, Walthamstow and Wood Green

Skill set of the platform

Over the past 10 years our team has applied its capabilities to over 25 UK shopping centres with a combined area of around 9m sq ft

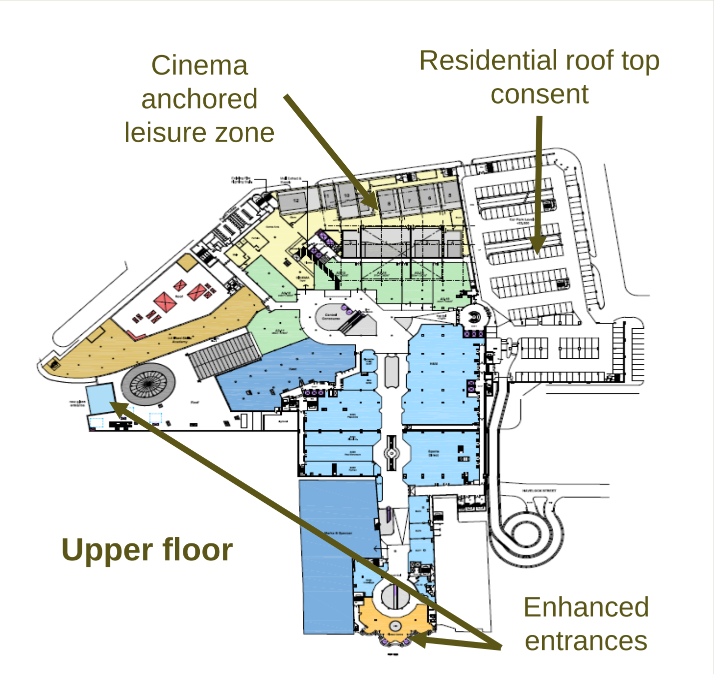
The core strengths of the C&R team which we believe differentiate us include:

- An in-house platform providing all the relevant disciplines of property and asset management
- Proven ability of delivering successful, complex asset management initiatives
- Strong relationships with our occupier customers
- A track record of being at the forefront of technological change
- Approximately 30% of centre income derives from sources beyond retail
- A track record of delivering value for money for occupiers
- Scalable management structure and business model

The Exchange, Ilford

Acquisition plans gaining momentum

- Acquired March 2017 - £78m / 6.70% NIY
- Key asset management opportunities
  - 50,000 sq ft cinema and catering hub
  - Tactical refurbishment aligned to Crossrail opportunity
  - Residential potential
- Cinema / leisure designs well advanced. Targeting planning submission by Q1 2018
- Residential consent under review, exploring options for more radical solution to materially increase provision
- Refurbishment – early stage consideration of targeted investment. Tie in with 2019 Crossrail timings



Regeneration Growth Potential

Influential positions at the heart of major regeneration opportunities

Luton

- Luton Borough Council promoting new 15 year local plan
- C&R visionary plan to bring forward truly mixed use town centre development to transform central Luton with The Mall at its nucleus
- Flexible delivery programme phased over a 5 to 10 year period

Wood Green

- Haringey Borough Council promoting new 15 year local plan, with Development Delivery Vehicle in place with Lendlease
- Major developer commitments including St William Homes and Workspace
- Mixed use focus with significant residential and commercial transformation
- Retail and leisure focus centred on The Mall
- Flexible delivery programme phased over a 5 to10 year period

Wholly-owned asset information

As at 30 June 2017

Number of properties	7
Properties at valuation	£879.8m
Initial yield	6.0%
Equivalent yield	6.3%
Reversion	13.0%

Weighted average lease length to break	6.4 years
Weighted average lease length to expiry	7.7 years

Contracted rent	£63.8m
Passing rent	£59.9m
ERV	£67.6m
Occupancy	95.5%

Wholly-owned assets

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Property	Description	Principal occupiers	Size (sq feet)	Number of lettable units	Annual footfall (m)	Car park spaces
The Mall, Blackburn	Leasehold partially covered shopping centre on three floors	Primark, Debenhams, H&M, Next, Wilko	600,000	127	12.0	1,304
The Marlowes, Hemel Hempstead	Freehold covered scheme on one principal trading level	Wilko, New Look, Sports Direct, River Island	350,000	110	6.6	1,200
The Exchange, Ilford	Predominantly freehold scheme over three trading levels	Debenhams, Next, H&M, TK Maxx, New Look, M&S	300,000	77	11.3	1,060
The Mall, Luton	Leasehold covered shopping centre on two floors, offices extending to over 65,000 sq ft	Debenhams, Primark, H&M, M&S, TK Maxx	900,000	166	20.7	1,706
The Mall, Maidstone	Freehold covered shopping centre on three floors with offices extending to 40,000 sq ft	TJ Hughes, Boots, New Look, Wilko, Next	500,000	104	9.0	1,050
The Mall, Walthamstow	Leasehold covered shopping centre on two floors	TK Maxx, Sports Direct, Lidl, Asda, Boots, New Look, River Island, The Gym	260,000	68	9.3	850
The Mall, Wood Green	Freehold, partially open shopping centre, on two floors	Primark, Wilko, H&M, Boots, TK Maxx, New Look	540,000	111	10.8	1,500

Adjusted Profit to IFRS Profit

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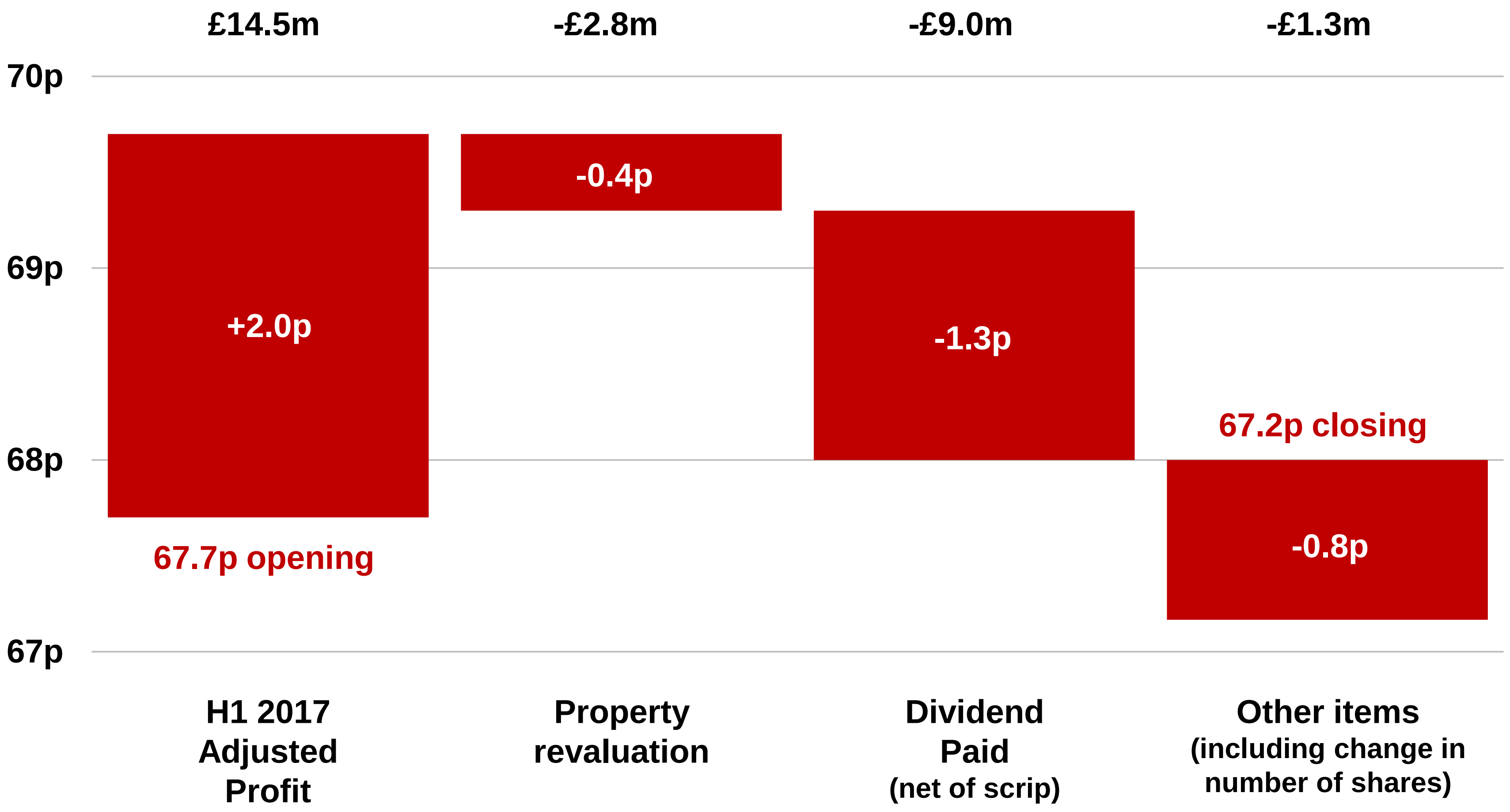
Amounts in £m	Six months to 30 June 2017	Six months to 30 June 2016
Adjusted Profit	**14.5**	**13.6**
Property revaluation	(2.8)	(8.6)
Profit on disposals	-	4.3
Gain/(loss) on financial instruments	0.6	(1.8)
Other items	(0.2)	(0.3)
Profit for the period	**12.1**	**7.2**

EPRA NAV Bridge – H1 2017



1p = £7m NAV

Valuations

	30 June 2017		30 December 2016	
		NIY		NIY
Wholly-owned portfolio	£879.8m	5.97%	£794.1m	6.01%

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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