2018 FULL YEAR RESULTS PRESENTATION

14 March 2019

C&R CAPITAL & REGIONAL

RESULTS AND MARKET OVERVIEW

Lawrence Hutchings
Chief Executive

EXECUTIVE SUMMARY

- FY18 results – robust operational performance
- Market backdrop – pace of change has accelerated
- Strategy – driving strong results
- Cost efficiencies – delivering annual savings
- Dividend – rebased to support capex investment

2018 OVERVIEW

Community strategy delivering

- Masterplan led capex programme delivering the remerchandising and repositioning of our assets
- Positive footfall growth where strategy most advanced, demonstrating increasing relevance
- Investment in management platform driving leasing occupancy and NRI
- Robust operational performance despite cyclical and structural headwind
- Income and occupancy stable despite retailer restructuring

78.8m shopper visits in 2018 **+1.2%** **(index -3.5%)**	**Adjusted Profit** **+4.8%**
Leasing spreads **+1.5% to ERV** **+3.1% to passing**	**Strong Occupancy rate** **97.0%**
Cost efficiency on track **£2.6m saving**	**NRI** **+0.6%**

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2018 FINANCIAL RESULTS

Stuart Wetherly
Group Finance Director

FINANCIAL RESULTS HIGHLIGHTS

	2018	2017	Change
Profitability			
Net Rental Income[1]	**£51.9m**	£51.6m	+0.6%
Adjusted Profit[2]	**£30.5m**	£29.1m	+4.8%
Adjusted Earnings per share	**4.23p**	4.10p	+3.2%
Loss/(Profit) for the period	**-£25.6m**	£22.4m	-£48.0m

	2018	2017	Change
Net Asset Value			
NAV per share	**60p**	67p	-7p / -11%
EPRA NAV per share	**59p**	67p	-8p / -12%
Group Debt			
Group net debt	**£411.1m**	£404.0m	+£7.1m
Net debt to property value	**48%**	46%	+2.0%

1 All metrics are for wholly-owned portfolio unless otherwise stated.
2 Adjusted Profit and Adjusted Earnings per share 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, exceptional items and other defined terms. A reconciliation to the equivalent EPRA and statutory measures is provided in Note 9 to the financial statements.

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ADJUSTED PROFIT

Amounts in £m	2018	2017
Net rental income (Wholly-owned assets)	**51.9**	51.6
Kingfisher, Redditch	**0.4**	0.7
Net interest	**(18.9)**	(18.7)
Snozone profit	**1.5**	1.5
Central operating costs net of external fees	**(4.3)**	(5.9)
Tax	**(0.1)**	(0.1)
Adjusted Profit	**30.5**	29.1
	+4.8%	
Adjusted Earnings per Share	**4.23p**	4.10p
	+3.2%	

CAPITAL & REGIONAL

CVA'S AND INSOLVENCIES

Pro-actively managing through occupier restructuring headwinds

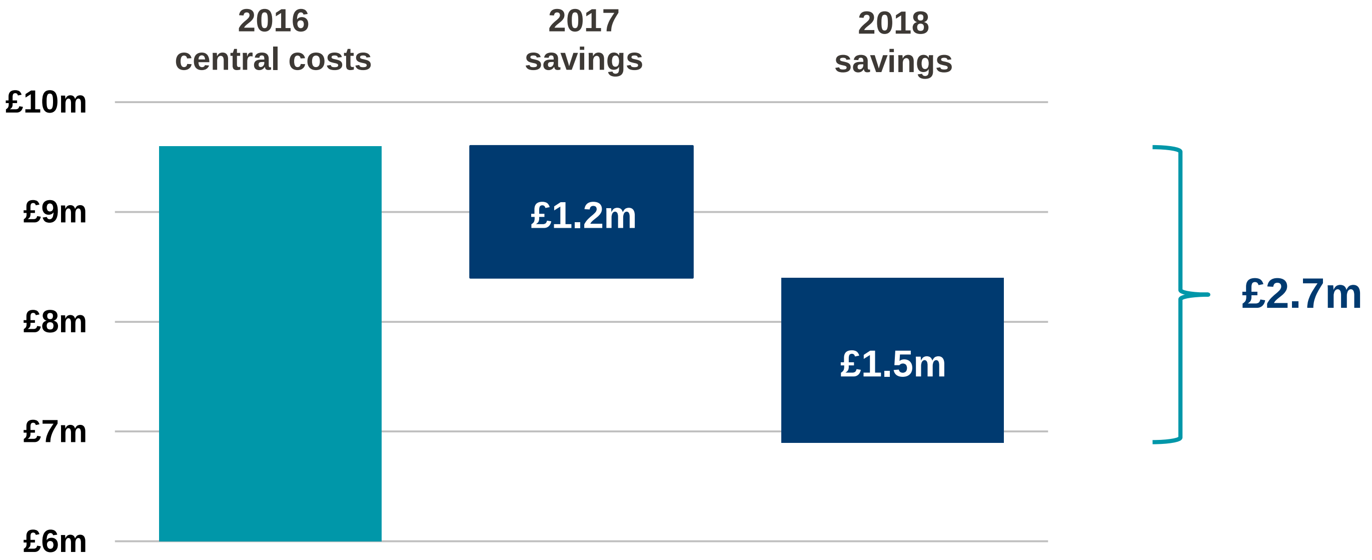
2018 National Retail Failures			C&R wholly-owned portfolio (YE 2018)				
Retailers	Total Stores	Average stores per retailer	Total Stores	H1 2018	H2 2018	Closed	Re-let /trading units
43	2,594	60	35	20	15	11	24

Source: Centre for Retail Research

- £1.5m NRI impact of occupier restructuring on NRI over 2018.
- 46% of affected portfolio units within the fashion category, reinforcing merchandising strategy to more resilient categories.
- Robust occupier replacement / retention outcomes, c.70% of affected units trading at year end.

CENTRAL COST EFFICIENCIES

Cost efficiencies delivered annual savings of £1.5 million in 2018 and total savings of £2.7 million from 2016, equating to circa 25% of 2016 gross central costs



C&R CAPITAL & REGIONAL

DIVIDEND POLICY

Rebased dividend assisting Capex funding but maintaining attractive yield

	2018	2017
Proposed Final FY18 Dividend*	**0.60p**	1.91p
Proposed Total FY18 Dividend*	**2.42p**	3.64p
Proposed Payout Ratio	**57.2%**	88.8%

** Final Dividend subject to Shareholder approval*

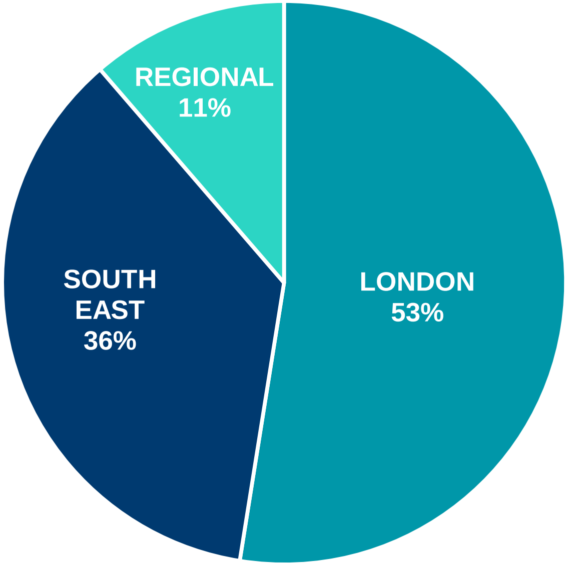
- Proposed final FY18 dividend at 0.60p per share
- Reduced pay-out ratio to assist with preserving cash to fund capex investment and mitigate leverage
- Dividends for Financial Year 2019 are expected to be set at around the same level subject to material retailer administrations and the Board's intention to at least meet its minimum REIT distribution requirements

C&R CAPITAL & REGIONAL

VALUATIONS

Geographic weighting providing mitigating investment market headwinds

Property at independent valuation	30 December 2018		30 December 2017		Headline Valuation Change
	£m	NIY %	£m	NIY %	
London					
Ilford	**86.2**	**5.69%**	82.4	6.54%	**+6.6%** **+£27.8m**
Walthamstow	**124.6**	**5.01%**	107.7	5.25%	
Wood Green	**238.3**	**5.12%**	231.2	5.25%	
South East					
Hemel Hempstead	**44.9**	**7.35%**	54.0	6.88%	**-10.1%** **-£34.7m**
Luton	**195.4**	**7.01%**	214.0	6.35%	
Maidstone	**69.0**	**7.74%**	76.0	6.70%	
Regional					
Blackburn	**96.8**	**7.70%**	121.3	6.65%	**-20.2%** **-£24.5m**
Wholly-owned portfolio	**855.2**	**6.23%**	886.6	6.06%	**-3.5%** **-£31.4m**



Valuation at 30 Dec 2018

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GROUP DEBT

Pro-active approach to managing debt

	Debt £m	Cash £m	Net debt £m	Net debt to value %	Average interest rate[1] %	Fixed %	Duration with extensions Years
Four Mall assets	**265.0**	(9.3)	**255.7**	48	3.33	100	7.6
Hemel Hempstead	**26.9**	(1.7)	**25.2**	56	3.32	100	4.1
Ilford	**39.0**	(2.3)	**36.7**	43	2.76	100	5.2
Luton	**107.5**	(5.2)	**102.3**	52	3.14	100	5.0
RCF	**-**	(8.8)	**(8.8)**	-	3.87	-	3.1
Total	438.4	(27.3)	411.1	48	3.27	94	6.3

[1] Assuming loans fully drawn.

- Additional £7m Capex facility on Hemel Hempstead to support Cinema project – valuation and income covenants relaxed or waived to accommodate development
- Revolving Credit Facility rebased at £15m with improved headroom on Gearing and Total Net Worth covenants

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COVENANT HEADROOM

Wide valuation spreads increase need for maintaining significant headroom

Facility	Debt £m	Current LTV as at 31 Dec 2018	LTV cash trap covenant	Covenant shortfall (£m) to cash trap At change from December 2018 valuation:			
				-10%	-15%	-20%	-25%
Hemel Hempstead[1]	26.9	43%[1]	60%	-	-	-	-
Ilford	39.0	45%	60%	-	-	-	0.2
Four Mall Assets	265.0	50%	65%	-	-	-	7.3
Luton	107.5	55%	65%	-	-	5.9	12.2
Total	**438.4**			**-**	**-**	**5.9**	**19.7**

[1] Hemel Hempstead LTV reflects amended agreement with new £7m development facility completed on 13 March 2019. Covenant assessed on current loan to projected Gross Development Value of scheme with leisure development. Default covenant shown as no cash trap.

DELIVERING STRATEGY

Lawrence Hutchings
Chief Executive

THE PILLARS OF OUR STRATEGY

Redefine –

community shopping centres

Reposition –

assets and retail mix

Refocus –

management team

Enhance –

shareholder value

STRATEGY DELIVERING POSITIVE RESULTS

Driven by capex programme and repositioning

Footfall to benchmark

YE 2018 operational KPIs

Footfall	78.8m	+1.2%
Footfall to benchmark		+4.7%
Frequency of visits		1.2 per week
Click and collect		+29%
Occupancy	97%	-0.3 pps

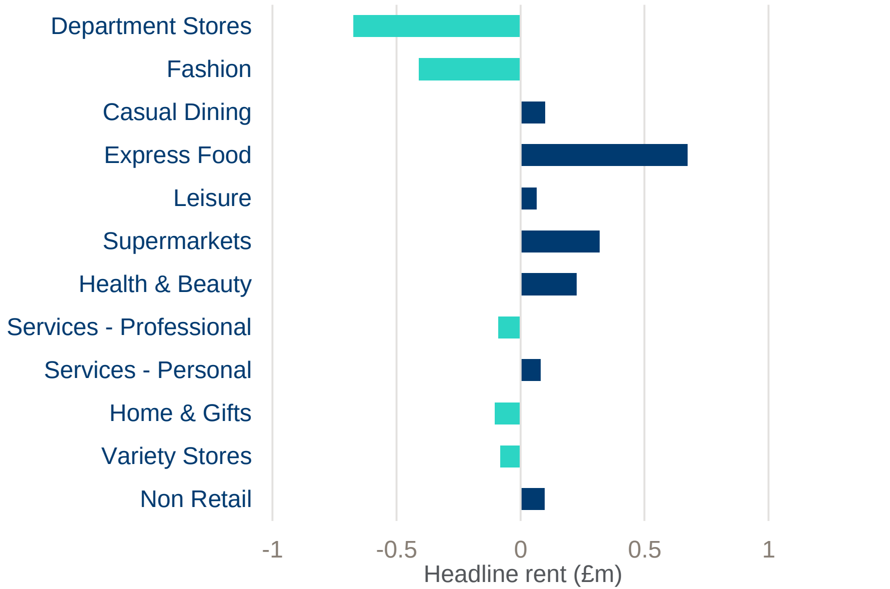
CUSTOMERS RESPONDING TO INVESTMENT

Positive leasing conversion and occupier retention

YE 2018 leasing KPIs

New lettings	42	£2.9m
Renewals settled	45	£2.6m
Total	87	£5.5m
Premium to previous rent [1]		+3.1%
Premium to ERV [1]		+1.5%
WALE		7.8 years

Change of use over 24 months to 31 Dec 2018



1. For lettings and renewals (excluding development deals) with a term of five years or longer which do not include a turnover rent element

Remerchandising Evolution

Proactive and disciplined leasing delivery aligned to asset masterplan framework

Reposition

- Continued remerchandising focus to community “needs” based offers.
- Leasing focus aligning occupiers to defined precincts
- Capex investment and strategy strengthening retailer relationships
- Capex delivery providing showcases for future letting.
- Investment in leasing resource to deliver at pace and with agility

CAPITAL EXPENDITURE – DELIVERING OUR STRATEGY

£18.5m of investment over 2018 delivering tailored community asset enhancement

Reposition

- Wide-ranging capex investment across all assets, combining on site delivery and project work-up
- Key projects include:

  Hemel – guest services, family and cinema
  Ilford – guest services & family
  Luton – office refurbished & letting
  Walthamstow – retail & residential planning consent

Scheme	Projects	2018
Blackburn		£1.2m
Hemel Hempstead		£2.8m
Ilford		£4.0m
Luton		£6.8m
Maidstone		£1.4m
Walthamstow		£1.4m
Wood Green		£0.9m

Retail extension
Cinema / leisure
Casual dining
Residential
Grab & Go dining
Fresh & Grocery
Family area
Guest amenities
Ambiance upgrades

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CASE STUDY – FAMILY PRECINCT, ILFORD

Delivering Masterplan Strategy

Reposition

- Cold and sterile guest environment
- Confused merchandise mix
- Long-term void units
- Under-performing existing occupiers
- Weak occupier demand
- No guest engagement touch points

C&R CAPITAL & REGIONAL

CASE STUDY - FAMILY PRECINCT, ILFORD

Multi-layered capex investment approach to deliver performance

Reposition

OBJECTIVE

- Drive asset performance through enhanced engagement with our core Family Group

ACTIONS

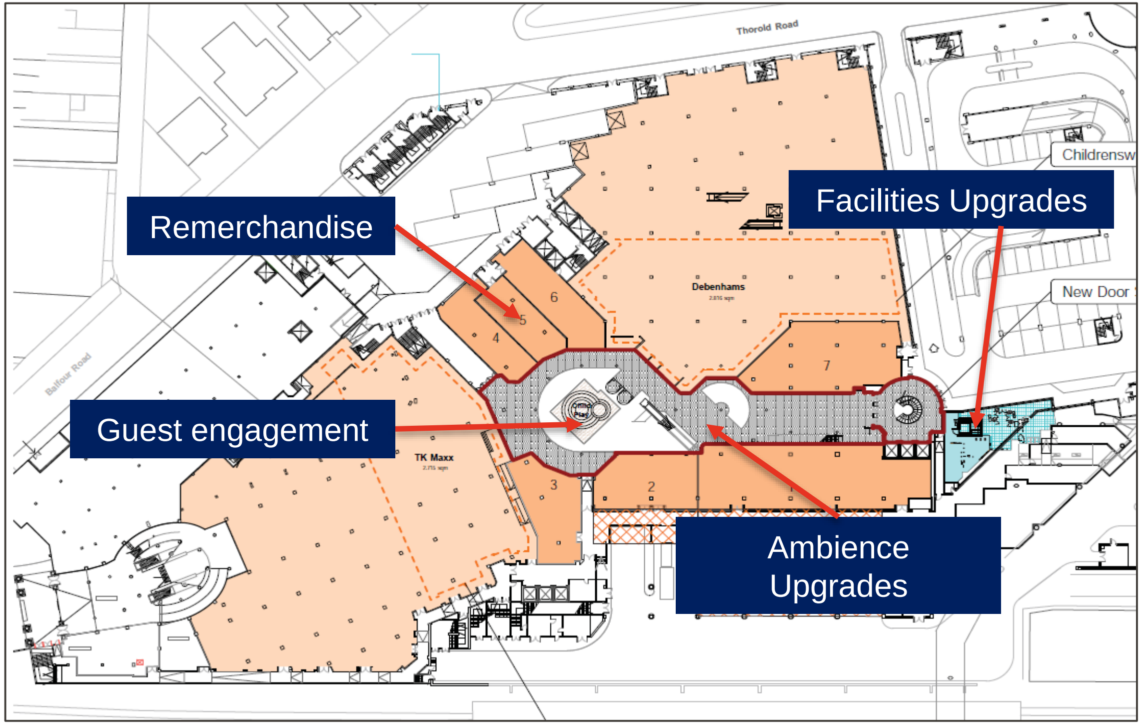
- Physical improvements to ambience and guest facilities
- Delivering points of guest engagement
- Aligned re-merchandising of commercial offer

INVESTMENT

- **£2m**

OUTCOMES

- Drive footfall, occupancy and income growth
- Target yield on cost of 11.7%



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CASE STUDY – FAMILY PRECINCT, ILFORD

Capex investment driving customer commitment and guest engagement

+4.0%

footfall increase

The Entertainer
TheToyShop.com

COSTA COFFEE
SINCE 1971

kidz zone

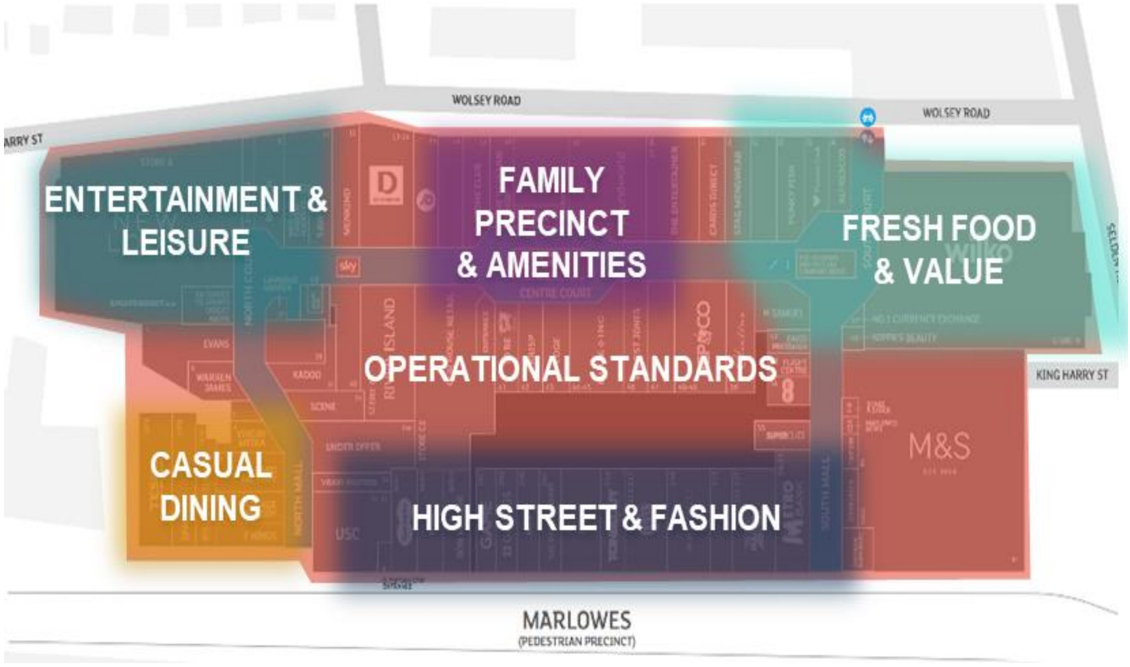
CASE STUDY – LEISURE & FAMILY PRECINCTS, HEMEL HEMPSTEAD

Implementing first phases of repositioning strategy

Reposition

OVERVIEW

- £18.4m total investment to deliver key precincts
- Projected Income Return of 7% excluding wider scheme "halo" benefits
- Family precinct on site for delivery in 2019
- Leisure precinct delivery over 2019-2021 following cinema commitment



CASE STUDY – LEISURE PRECINCT, HEMEL HEMPSTEAD

Cinema-led leisure offer repositioning asset and town centre

Reposition

OBJECTIVES

- Reposition asset profile by addressing key leisure gap

ACTIONS
- 9-screen cinema commitment signed with Empire Cinemas.
- Supporting mix of restaurants and express food units.
- Ambience upgrade

PROGRAMME
- £16.4m investment over 2019-2021, with target opening by Summer 2021.

OUTCOMES
- Drive footfall, dwell time, occupancy and mix
- Associated “halo” benefit to scheme

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CASE STUDY – AMENITIES / AMBIENCE, HEMEL HEMPSTEAD

Delivering fundamental facilities and environments that delight our guests

Reposition

OBJECTIVES

- Deliver environment and facilities that secure guest engagement and local pride.

ACTIONS

- Replacement and upgrade of all guest facilities.
- Provision of Changing Places accessible toilets
- Façade enlivenment

PROGRAMME

- £1.7m capex investment delivered in 2019.

OUTCOMES

- Enhanced guest and community experience, driving engagement and spend.

+4.0%

footfall increase

Hemel Community & Conversation post received 61 comments and 395 reactions

Social media feedback:

"If this is anything to go by, the entire refurbishment of the Marlowes is going to be amazing!"

CAPEX PIPELINE– 2019-2021

Flexible pipeline of accretive remerchandising projects and contingency plans

Asset	Projects	2019-21 Possible spend £m	Target yield on cost %
Hemel	Family zone	1.6	15+
Hemel	Cinema and food & beverage	16.4	6+
Maidstone	Remerchandising	0.8	20+
Walthamstow	Residential, extension, tube	2.2	-
Luton	M&S remerchandising	-0.2[1]	-
		20.8	7+
Ilford	New MSU for healthcare trust	2.8	7+
Luton	Finser House serviced offices	2.6	10+
Maidstone	Grab & go and guest amenities	2.6	9+
Maidstone	Family zone	0.8	8+
Walthamstow	Food court and guest amenities	1.2	8+
Wood Green	Family zone	3.4	8+
Wood Green	Food court & dining	1.5	8+
	Strategic Asset Plans	0.5	-
		15.4	8+
Ilford	Cinema and food & beverage	15.6	7+
Ilford	Crossrail mall	4.9	1+
Ilford	First floor ambience works	1.5	-
Ilford	Residential planning & enabling works	4.0	-
Ilford	Residential receipt	-10.0	-
		16.0	8+
Luton	Major Unit remerchandising	7.0	22+[2]
Blackburn	Major Unit remerchandising	1.6	-
		8.6	18+

[1] Net of assumed surrender premium   [2] Assumes unit vacated

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SUMMARY AND OUTLOOK

- FY18 results – robust operational performance
- Market backdrop – pace of change has accelerated
- Strategy – driving strong results
- Cost efficiencies – delivering annual savings
- Dividend – rebased to support capex investment

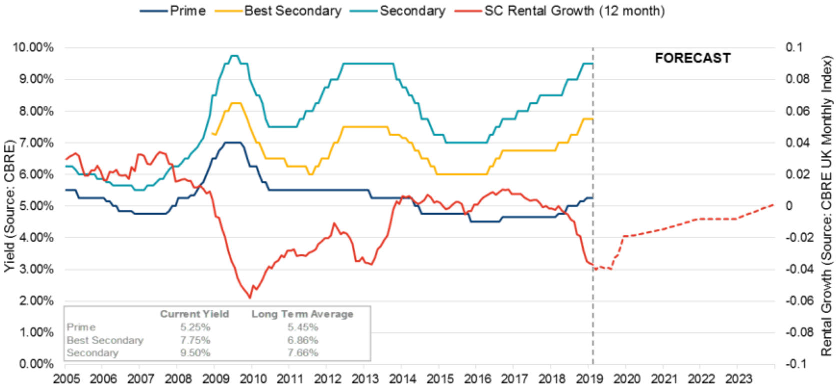
APPENDIX

MARKET BACKDROP

Retailer failures and weak transactional sentiment driving asset value reductions

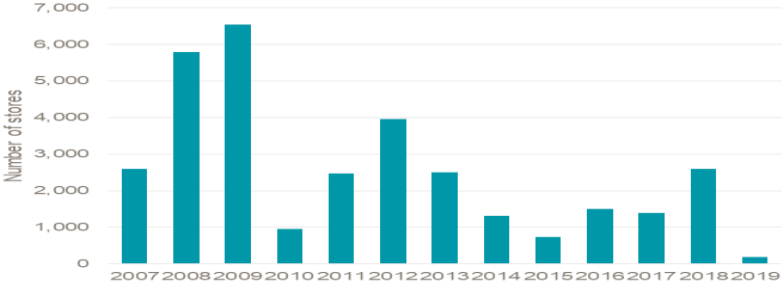
- Shopping Centre benchmark yields weakened throughout 2018, largely driven by sentiment.
- Subdued investment market activity. Transaction volumes below previous 2008 low point.
- Increased occupier failures, but significantly below 2008/2009 high points. Majority of failures operating within discretionary “wants” categories.
- Income uncertainty impacting asset values.

Shopping Centre Yields



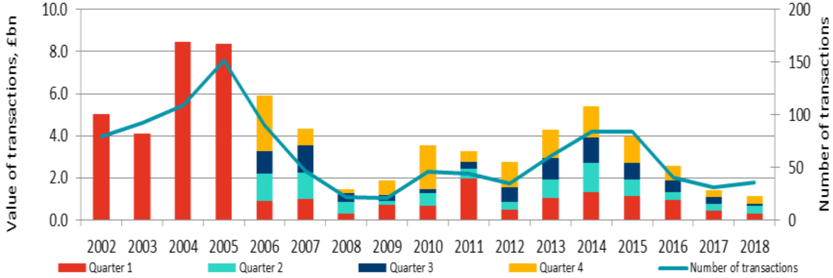
Source: CBRE

Retailer Failures



Source: Centre for Retail Research

Shopping Centre Transaction Volumes



Source: Knight Frank LLP

MARKET BACKDROP

2018 saw predominately ‘want’ retailers failing in a challenging UK retail market

2017				2018			
Name	Retail Sector	Market Position	Want vs Need	Name	Retail Sector	Market Position	Want vs Need
Dickinsons	General Furniture	LM	Needs	Warren Evans	Bedroom Furniture	M	Wants
Linens Direct	Drapery / Soft Furnishings	L	Needs	House Of Fraser	Department Stores	UM	Wants
Feather & Black	Bedroom Furniture	U	Wants	Maplin Electronics	Electrical	LM	Wants
Shoon	Footwear	UM	Wants	Claire’s	Fashion Accessories	LM	Wants
Brantano	Footwear	L	Needs	Cloggs	Footwear	M	Wants
ModaIn Pelle	Footwear	UM	Wants	Coast	Ladieswear	UM	Wants
Basler	Ladieswear	M	Wants	High & Mighty	Menswear	UM	Wants
Multiyork	General Furniture	UM	Wants	Jacques Vert	Ladieswear	UM	Wants
Joy	Mixed Clothing	M	Wants	East	Ladieswear	UM	Wants
Theo Fennell	Jewellers	U	Wants	Saltrock	Mixed Clothing	M	Wants
Jaeger	Ladieswear	U	Wants	Grainger Games	Computer Software & Accessories	M	Wants
Agent Provocateur	Ladieswear	U	Wants	Henri Lloyd	Mixed Clothing	UM	Wants
Greenwoods	Menswear	L	Needs	Bench	Mixed Clothing	UM	Wants
Just For Pets	Pet Shops	M	Wants	Toys R Us	Toys	LM	Wants
Jones Bootmaker	Footwear	M	Wants	Gaucho	Restaurants	LUX	Wants
99p Stores	Variety Stores	L	Both	Evans Cycles	Sportswear & Equipment	M	Wants
				American Golf	Sportswear & Equipment	M	Wants
				Pound World	Variety Stores	L	Both
				Joe Delucci’s	Juice/Smoothies/Milkshake/Ice Cream	M	Wants
				New Look	Mixed Clothing	M	Wants
				Regis	Personal Services	LM	Needs
				Select	Ladieswear	LM	Wants

N.B. Non-exhaustive list of retail closures, administrations & CVA’s

Source: Javelin Group

RETAILER PERFORMANCE

Continued resilient trading across key community retailers and categories

Online shopping presence 💻

Retailer	Performance	Online shopping presence
the gym	Sales up 35.6% (Year ended 31 December 2018)	
JD	Sales up 15% (48 weeks to 5 January 2019)	💻
LIDL	Sales up 8% (Six weeks to 30 December 2018)	
cineworld	Sales up 7.2% (Year ended 31 December 2018)	
WHSmith	Sales up 6% (20 weeks to 19 January 2019)	💻
TheWorks.co.uk	Sales up 4.5% (11 weeks to 13 January 2019)	
MATALAN	Sales up 4% (Five weeks ended 29 December 2018)	
GREGGS	Sales up 2.9% (Five weeks ended 29 December 2018)	

Source: FTI Christmas Company Leaderboard

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MARKET BACKDROP

Traditional retail is evolving from 'brick & clicks' towards true omni-channel

Source: Javelin Group

TENANT BASE

A diversified tenant mix – but structural headwinds

	% of rent	Stores
Debenhams	5.72	3
AS Watson	3.25	17
TK Maxx	3.01	4
Primark	2.98	3
H&M	2.61	4
Wilko	2.41	5
Sports World	2.23	7
JD Sports	2.02	5
New Look	1.98	6
M&S	1.83	3[1]
TOTAL	28.04	55

c. 400 different tenants

[1] Wholly-owned portfolio

WHOLLY-OWNED ASSET INFORMATION

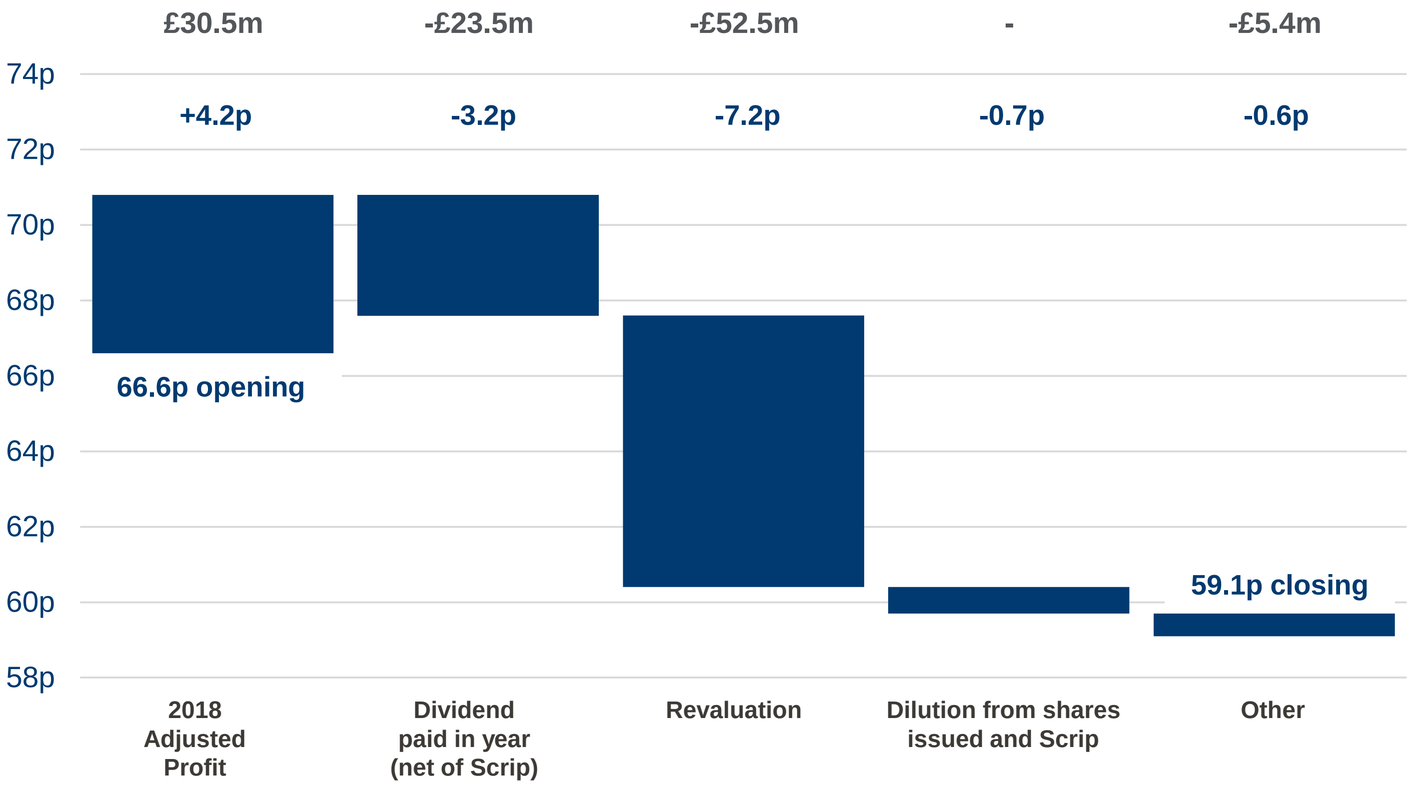
As at 30 December 2018

Number of properties	**7**
Properties at valuation	**£855.2m**
Initial yield	**6.2%**
Equivalent yield	**6.6%**
Reversion	**10.7%**
Weighted average lease length to break	**6.5 years**
Weighted average lease length to expiry	**7.8 years**
Contracted rent	**£63.4m**
Passing rent	**£60.7m**
ERV	**£67.3m**
Occupancy	**97.0%**

WHOLLY-OWNED ASSETS

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, Pure Gym	600,000	122	12.6	1,304
The Marlowes, Hemel Hempstead	Freehold covered scheme on one principal trading level	Wilko, New Look, Sports Direct, River Island	350,000	109	6.6	1,200
The Exchange, Ilford	Predominantly freehold scheme over three trading levels	Debenhams, Next, H&M, TK Maxx, M&S	300,000	79	10.6	1,060
The Mall, Luton	Leasehold covered shopping centre on two floors with over 65,000 sq ft of offices	Debenhams, Primark, H&M, M&S, TK Maxx, Wilko, Luton BC (offices)	900,000	170	19.9	1,706
The Mall, Maidstone	Freehold covered shopping centre on three floors with over 40,000 sq ft of offices	TJ Hughes, Boots, New Look, Wilko, Next, Iceland, Maidstone BC (offices)	500,000	107	8.8	1,050
The Mall, Walthamstow	Leasehold covered shopping centre on two floors	TK Maxx, Sports Direct, Lidl, Asda, Boots, The Gym	260,000	69	9.0	850
The Mall, Wood Green	Freehold, partially open shopping centre, on two floors	Primark, Wilko, H&M, Boots, TK Maxx, Travelodge	540,000	109	10.5	1,500

2018 EPRA NAV Bridge



1p = c. £7m NAV

ADJUSTED PROFIT TO IFRS PROFIT

Amounts in £m	**Year to 30 December 2018**	Year to 30 December 2017
Adjusted Profit	**30.5**	29.1
Property revaluation (including Deferred Tax)	**(52.5)**	(6.3)
Loss on disposals	**(3.8)**	-
Gain/(Loss) on financial instruments	**2.6**	1.1
Refinancing costs	**-**	(0.5)
Other items	**(2.4)**	(1.0)
Profit/(loss) for the period	**(25.6)**	22.4

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ASSET MASTERPLANS

Create comprehensive 3 to 5 year positioning plan for each scheme

- Tailored to community needs
- Based on data and local research
- Maps quickest path to improve performance
- Re-profiling relevant capex
- Delivering the financial returns
- Opportunities across the whole portfolio

CASE STUDY – FAMILY PRECINCT, HEMEL HEMPSTEAD

Meeting the needs of our core guest group

Reposition

OBJECTIVES

- Provide family facilities to address fundamental town centre weakness

ACTIONS

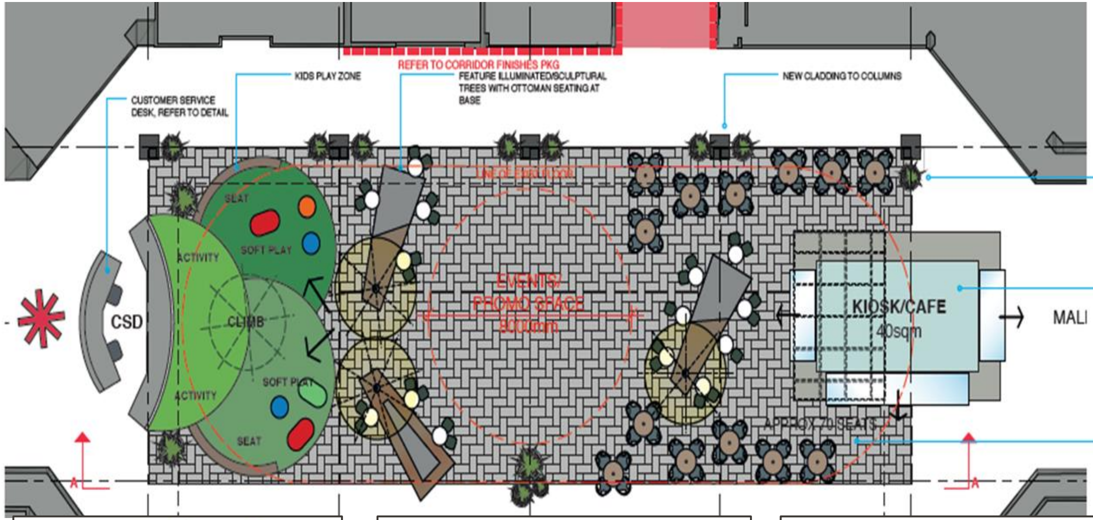
- Create defined family precinct in centre of scheme.
- Provision of soft play, ambience enhancements and supporting retail mix.

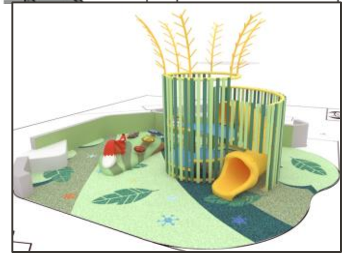
PROGRAMME

- £2.0m capex investment delivered in 2019.

OUTCOMES

- Drive retail mix, footfall, dwell time and income
- Associated “halo” benefit to scheme






COMMUNITIES
CAFÉ
UBER CENTRE 10 MILES
YOUR LOCAL MALL
TOYSHOP
COMING SOON
GYM

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.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this document.
The Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Group should not be relied upon as a guide to future performance.