

2015 Half Year Results Presentation

12 August 2015



1. Overview - Hugh Scott-Barrett
2. Financial Review - Charles Staveley
3. Operations - Mark Bourgeois
4. Outlook - Hugh Scott-Barrett
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1 – Overview

Hugh Scott-Barrett



Overview

- Increase in H1 Operating Profit from £6.7 million to £11.8 million underlines the benefit of 100% ownership of the Mall portfolio
- Interim dividend of 1.5p per share reflects commitment to offer an attractive and growing dividend. Based on H1 Mall Operating Profit we anticipate paying a total 2015 dividend of at least 3.0p per share
- Increases of 12% and 13% in NAV and EPRA NAV per share from December 2014 to 67p. Reflecting quality of the portfolio, asset management initiatives and strengthening investment market
- Demand from leisure operators (gyms, hotels, restaurants) driving 26 new lettings and renewals at rents significantly above ERV
- Strong operational metrics provide sound base for income growth from the existing portfolio
- Positive momentum in delivery of capex plan including:
 - Completion of £3 million refurbishment and upsized Sports Direct at Walthamstow, on time and on budget
 - Commencement of £5 million Maidstone refurbishment, due to complete by June 2016
- Following acquisition of the Buttermarket Centre, Ipswich in 50:50 JV, almost 80% of the redeveloped scheme is pre-let (signed or in solicitors' hands) with handover targeted by end of Q3 2016

2 – Financial Review

Charles Staveley



	<u>H1 2015</u>	<u>FY 2014</u>
Net assets	£470.5m	£419.0m
NAV per share	67p	60p
EPRA NAV per share	67p	59p
See-through net debt ¹	43%	45%²
	<u>H1 2015</u>	<u>H1 2014</u>
Operating Profit ³	£11.8m	£6.7m
Profit for the period	£57.0m	£11.7m
Total shareholder return	10.1%	6.4%

Benefits of Mall acquisition, restructuring and REIT conversion translating into shareholder returns

¹ See-through net debt divided by property valuation

² FY2014 adjusted for £42.1 million of German joint venture net proceeds received in February 2015 and £8.9 million of payments due in respect of Mall performance fee and income due to former unit holders

³ As defined in Glossary in Half Year Results

H1 2015 Operating Profit – Mall

	H1 2015	H1 2014 ¹
	£m	£m
Rental income	23.7	24.0
Car park income	3.4	3.1
Ancillary income	1.2	1.2
Gross Rental Income	28.3	28.3
Service charge and void costs	(2.0)	(1.9)
Bad debt	(0.3)	(0.4)
Asset & Fund Manager fees	(2.1)	(2.9)
Other property operating expenses		
- Car park costs	(1.6)	(1.6)
- Head leases	(1.5)	(1.5)
- IFRS head lease adjustment	1.8	1.8
- Letting & rent review fees	(0.7)	(0.6)
- Administration expenses	(0.4)	(0.6)
- Repairs & maintenance	-	(0.4)
- Other costs	(0.7)	(0.9)
	(3.1)	(3.8)
Net Rental Income	20.8	19.3
Interest expense		
- Interest on loans	(6.5)	(7.2)
- Amortisation of refinancing costs	(0.6)	(1.0)
- Notional interest charge on head leases ²	(1.8)	(1.8)
	(8.9)	(10.0)
Mall Operating Profit	11.9	9.3

¹ H1 2014 restated on like-for-like basis

² Notional interest charge with offsetting opposite and materially equal credit within other property operating expenses above

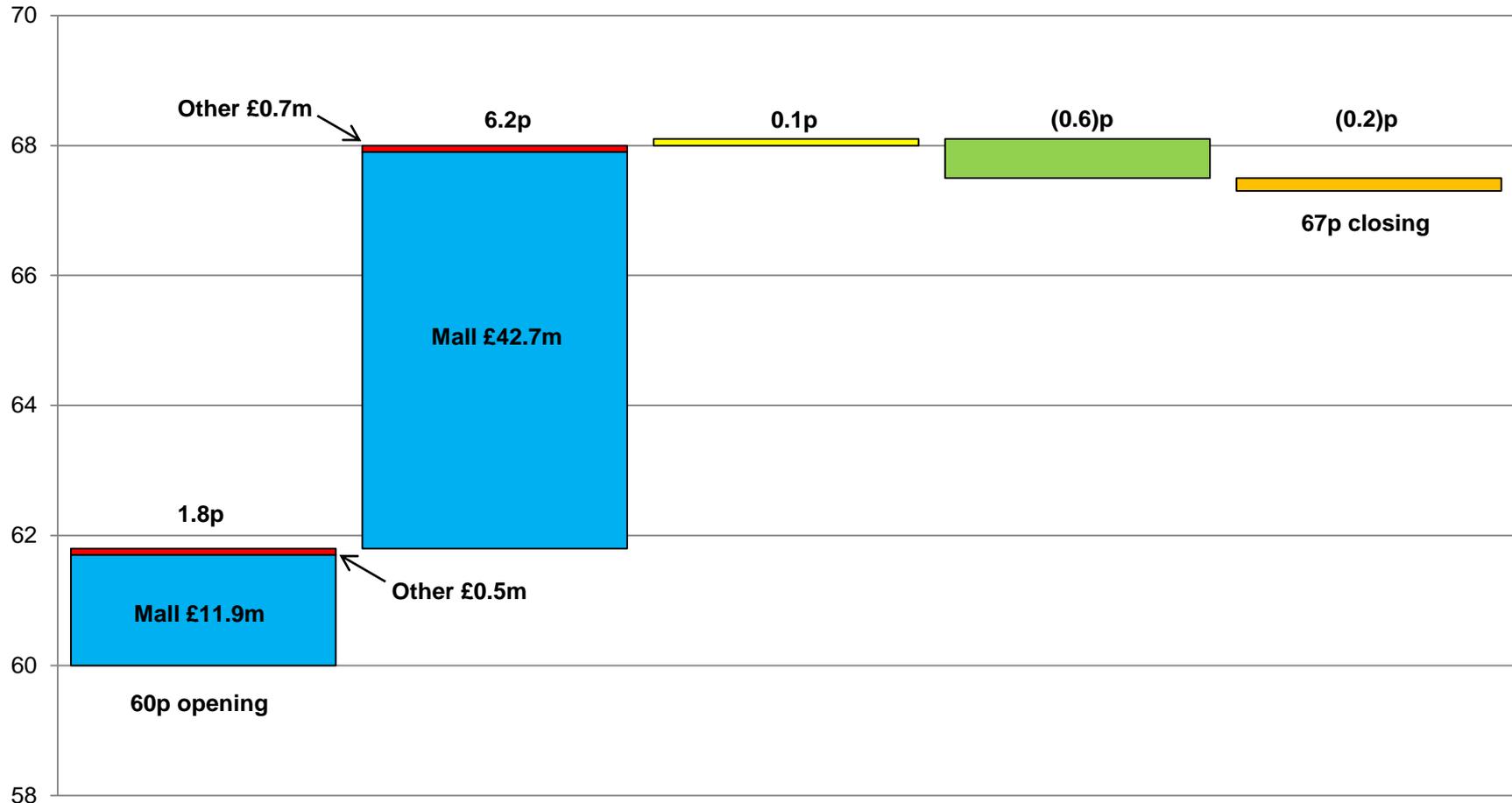
H1 2015 Operating Profit – Group

	H1 2015	FY 2014
	£m	Proforma £m
Mall	11.9	22.9
Other UK Shopping Centres	0.5	0.8
Snozone ¹	1.0	1.2
Property management / other items	(1.6)	(3.6)
Operating Profit	11.8	21.3
Operating Profit per share (pence)	1.7	3.0

¹ Snozone profits are typically stronger in H1 due to the seasonality of the business

NAV Bridge – H1 2015

1p = £7m NAV



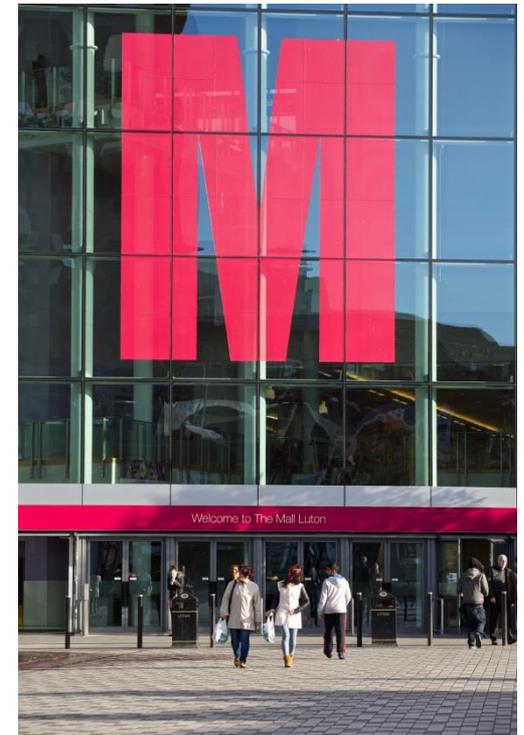
UK Shopping Centres		Profit on sale of Germany	Dividend	Other
Operating Profit	Property revaluation			

Debt

	Debt £m	Cash £m	Net debt £m	Loan to value %	Net debt to value %	Blended interest rate %	Fixed %	Weighted average duration to expiry (years)
The Mall	380.0	(28.3)	351.7	48	44	3.46	61	3.9
Group	-	(12.6)	(12.6)	-	-	-	-	1.1
On balance sheet debt	380.0	(40.9)	339.1					
Kingfisher Redditch (20%)	16.9	(1.2)	15.7	54	50	4.58	99	3.8
Buttermarket Ipswich (50%)	-	(0.4)	(0.4)	-	-	-	-	-
Off balance sheet debt	16.9	(1.6)	15.3					
See-through debt	396.9	(42.5)	354.4	48	43			

3 – Operations

Mark Bourgeois



New lettings, renewals and rent reviews

Asset management and leisure demand driving letting performance

H1 2015

UK Shopping Centres

Number of new lettings	26
Headline rent of new lettings	£1.5m
Comparison to ERV	23.2%
Number of lease renewals settled	21
Revised rent	£0.8m
Comparison to ERV	5.7%
Number of rent reviews settled	15
Revised passing rent	£1.7m
Uplift to previous rent	6.9%



Consumer and Occupier insight

Data insight informing letting strategy

- Gross retailer sales of over £1bn per annum
- Average sales per sq ft of £473
- Average rent to sales ratio of 6.2%

58 mins
avg dwell time



£39
avg retail spend



65%
retail conversion



14 min
avg drive time



66 p/a
avg visit frequency



235,000
loyalty members



350,000
shopper database



1.3 million
website visits p/a



3.1 million
WiFi sessions p/a

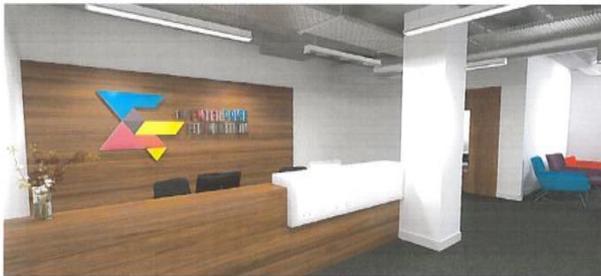
data excludes Buttermarket Centre, Ipswich

Capex Plan – major Mall projects

£65m asset management plan accelerating and delivering tangible improvements

Completed H1 2015

- Walthamstow – refurbishment
- Walthamstow – Sports Direct
- Blackburn – unit sub-division



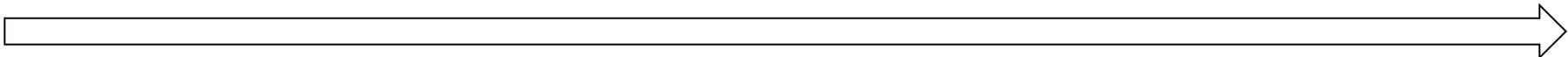
In progress H2 2015

- Walthamstow – TK Maxx
- Blackburn – new gym
- Wood Green – supermarket
- Maidstone – refurbishment
- Wood Green – office conversion
- Maidstone – office conversion
- Camberley – refurbishment



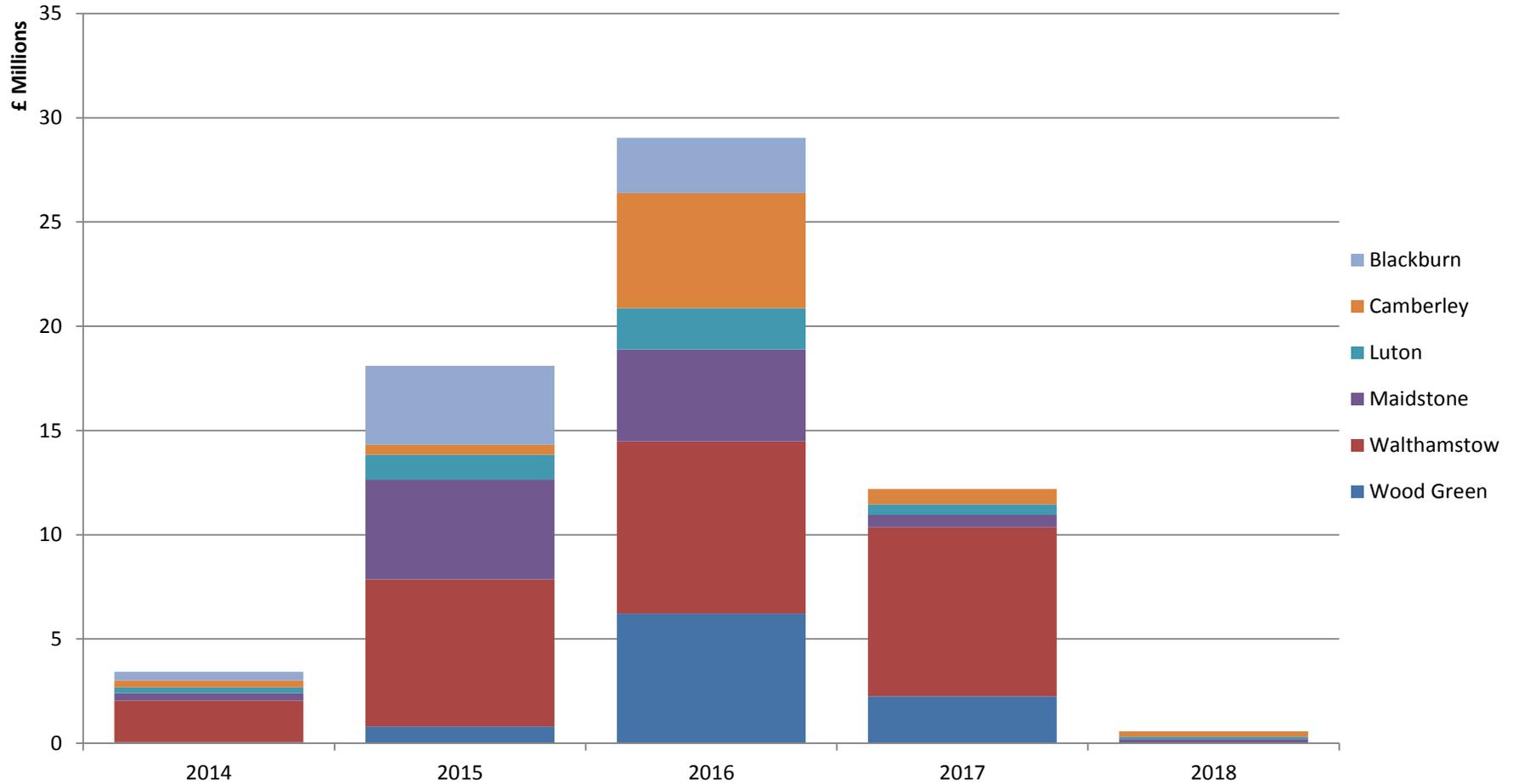
Planned 2016

- Walthamstow – extension
- Maidstone – department store re-let
- Luton – market hall reconfiguration
- Luton – office refurbishment/re-let



Capex Plan – Mall overview

A focussed plan with an income return of at least 10%



Excludes Kingfisher Redditch and Buttermarket Ipswich

Development update - Walthamstow

Local authority engaged with strong interest from occupiers and developers

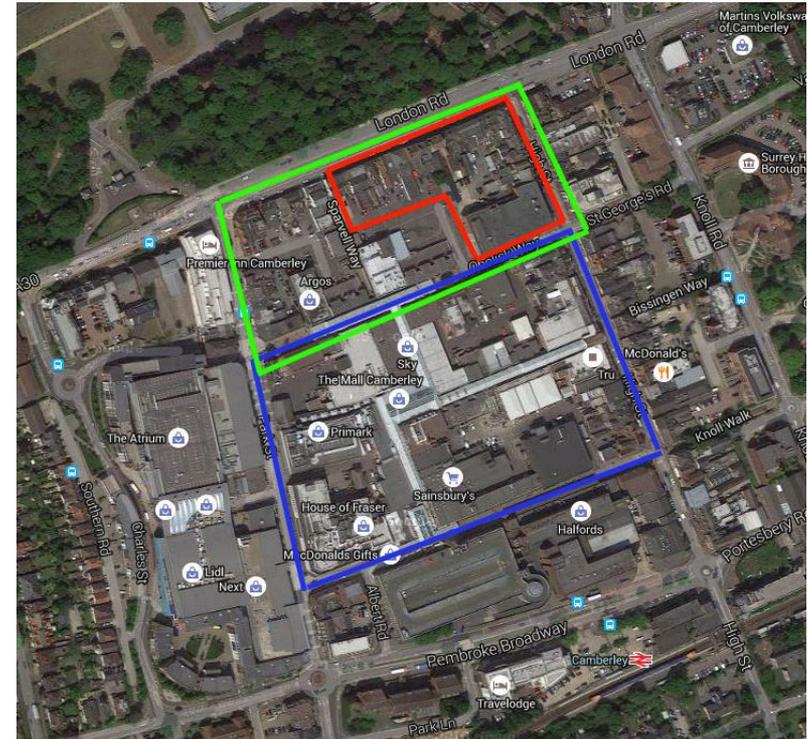
- **Retail/Leisure Demand**
 - Positive retailer response to refurbishment of existing scheme
 - Strong interest from target anchors. On track for opening of 86,000 sq ft retail extension in Q2/Q3 2018
 - Attractive returns net of receipt from residential developer
- **Residential**
 - Market testing reveals strong demand from potential residential developers supporting recent market evidence in excess of £585 per sq ft
- **London Borough of Waltham Forest**
 - Detailed development agreement & S106 negotiations at an advanced stage – target exchange by Q4 2015
 - Consultation process commenced with planning application by end of Q1 2016



Development update - Camberley

Refurbishment underway as part of phased development strategy

- The design and procurement of £4.5m refurbishment has commenced with completion targeted for Q4 2016. Forecast to accelerate income growth in the existing scheme (outlined blue)
- Working with Surrey Heath Borough Council, development of the London Road site (outlined green) remains an ambition
- Phase 1 (outlined red) being worked up with potential for attractive returns
 - Retail/residential/car park development with a strong requirement from a 40,000 sq ft retail anchor
 - Healthy residential demand supporting values up to £400 per sq ft



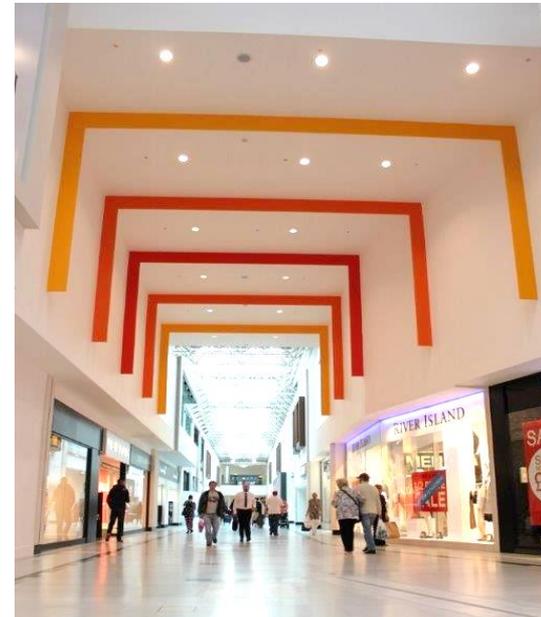


Investment driving letting activity



- H&M has significantly upsized its unit to 22,300 sq ft for 15 years
- New 5 year letting to Pep&Co for 6,000 sq ft unit
- Final restaurant space in The Hub leisure space now exchanged with Prezzo
- Food offer further enhanced with lettings to Ed's Diner and Burger King

Evesham Walk – before and after



Development update - Ipswich

Repositioning of scheme progressing rapidly

Acquired for £9.2m in March 2015 in 50:50 joint venture, equating to £40/sq ft at 8.5% NIY

- Planning for retail/leisure complex granted June 2015
- Pre-lets secured (signed or in solicitors' hands) for almost 80% of the redeveloped scheme, including:
 - Empire Cinema – 12 screens, 1,600 seats
 - TK Maxx (25,000 sq ft)
 - New Look (14,000 sq ft)
 - Pure Gym (18,000 sq ft)
- Solicitors instructed on 3 of 8 new restaurants. Negotiations proceeding on balance to national family dining brands
- New Look/TK Maxx units to be handed over on budget and on timetable – Sep 2015
- Total capex expected to be c £25m (100%)



Operational progress

Strong operational metrics underpin attractiveness of planned investment

- **Footfall** stable and well ahead of the national benchmark of -2.0%
- **Car Park** usage up 1%, net income up 10% following tariff increase
- **C&R trade index** – retailers' sales up 1.7%
- **Technology** – Collect+ now in all centres, 6,000 parcels handled in H1 2015



- 70% of our retailers offer a Click & Collect service
- 18% of our customers have used C&C (CACI SD average 12%)
- Average spend of C&C £76 plus additional in-mall spend of £16

4 – Outlook

Hugh Scott-Barrett



Strategy & Outlook

- 2015 has seen a strong start for C&R as a specialist shopping centre REIT
- Primary focus is on delivery of capex plan that we remain confident can deliver very attractive returns. Significant acceleration expected in H2 2015 and H1 2016
- Income growth and asset repositioning likely to be primary drivers of further valuation growth
- Strategy is to grow core portfolio of dominant community shopping centres and acquire/recycle capital into smaller schemes where we can deploy asset management skills to deliver attractive returns through repositioning
- Investment market continues to offer attractive opportunities but value lies in smaller schemes and off market portfolio trades

5 – Q&A

Dial-in for questions from webcast viewers:

020 3059 8125

Please quote “Capital & Regional” to the operator.

Appendix

Net Assets – 30 June 2015

	Property £m	NAV £m	% of NAV
The Mall	837.9	427.2	91
Kingfisher, Redditch	30.8	14.8	3
Buttermarket, Ipswich	5.3	5.7	1
Other net assets	-	22.8	5
Net Assets	874.0	470.5	100
Net Assets per share		67p	
EPRA NAV		67p	

Our portfolio

A portfolio of scale and strength



data excludes Buttermarket Centre, Ipswich

Property valuations

	June 2015		December 2014	
		NIY		NIY
Blackburn	£125.2m	6.40%	£120.0m	6.65%
Camberley	£85.6m	6.25%	£84.3m	6.50%
Luton	£214.5m	6.00%	£207.5m	6.10%
Maidstone	£76.7m	6.90%	£72.4m	7.15%
Walthamstow	£82.7m	5.76%	£71.0m	6.15%
Wood Green	£206.3m	5.28%	£189.5m	5.90%
Redditch	£156.5m	6.25%	£151.0m	6.26%
Ipswich	£10.7m	-	-	-
Portfolio	£958.2m	6.00%	£895.7m	6.27%

		NIY
West One, W1	Under Offer	3.4%
Angel Central, Islington	Under Offer	4.0%
Kings Mall, Hammersmith	June 2015	4.5%
Bentalls Centre, Kingston	January 2015	4.7%
The Brunswick Centre, WC1	November 2014	3.6%

Valuations – LFL comparison to June 2007

	June 2015		June 2007		Margin (bps)
		NIY		NIY	
Blackburn	£125.2m	6.40%	£159.4m	3.54% ¹	286
Camberley	£85.6m	6.25%	£173.9m	4.57%	168
Luton	£214.5m	6.00%	£291.3m	4.03%	197
Maidstone	£76.7m	6.90%	£167.0m	4.27%	263
Walthamstow	£82.7m	5.76%	£102.6m	4.78%	98
Wood Green	£206.3m	5.28%	£226.9m	4.35%	93
Total	£791.0m	5.95%	£1,121.1m	4.21%	174

¹ Blackburn was subject to redevelopment in 2007

Retail experts

Insight and strategy through multiple data sources:

acorn
Demographics & profiling

BRITISH RETAIL CONSORTIUM | **BCSC**
Active presence at BRC & BCSC

MILLWARD ASSOCIATES
RETAIL PERFORMANCE CONSULTING
Rent affordability

ShopperTrak
Footfall tracking


Trade Index from 290 store


Database insights

CACI
Exit Surveys & Catchment analysis


Regular on-site retailer meetings

aba
RESEARCH
Focus groups



C&R

Walthamstow – before and after



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.

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