

2015 Results Presentation

4 March 2016



1. Overview - Hugh Scott-Barrett
2. Financial Review - Charles Staveley
3. Operations - Mark Bourgeois
4. Outlook - Hugh Scott-Barrett
5. Q&A

1 – Overview

Hugh Scott-Barrett



The investment case

- Uniquely positioned portfolio of shopping centres with strong cash generating characteristics and future growth potential
- A dynamically managed £65 million Capex programme which unlocks growth potential and generates very attractive returns
- Entrepreneurial approach to acquisitions coupled with our asset management capabilities further boosts return potential
- Recycling of capital enables us to crystallise gains and reallocate funds to more accretive investments
- Targeting dividend growth in the range of 5% to 8% per annum in the medium term

Overview

- Operating Profit increased by 24% to £24.0 million
- Like-for-like net rental income growth of 7.3% on wholly owned portfolio
- Full year 2015 dividend of 3.12p, an increase of over 200% from 2014 and ahead of previous guidance
- NAV per share increased by 20% to 72p, reflecting strengthening investment markets and, latterly, growth in income and repositioning of our schemes
- Strong occupancy of 97.1%, up from 96.1% in 2014
- Unsolicited offers for Buttermarket Centre, Ipswich provide potential for realising significant returns on completion of leisure redevelopment in summer 2016
- Acquisition of The Marlowes Centre, Hemel Hempstead and adjacent retail parade provide significant control of the retail centre of a strong South East town with excellent growth potential

2 – Financial Review

Charles Staveley



	2015	2014
Operating Profit ¹	£24.0m	£19.3m
Profit for the period	£100.0m	£75.2m
Total shareholder return	29.8%	24.7%
Total dividend per share	3.12p	0.95p
Net assets	£503.2m	£419.0m
NAV per share	72p	60p
EPRA NAV per share	71p	59p
See-through net debt ²	41%	45%³

¹ As defined in Note 1 to the financial statements

² See-through net debt divided by property valuation

³ 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

Operating Profit – Group

	2015	2014
	£m	£m
Mall	24.3	14.6
Other UK Shopping Centres	1.2	0.3
Snozone	1.4	1.2
Group / Central		
- External fee income	2.3	4.3
- Internal fee income / recharges	4.9	3.9
- Administration expenses	(9.3)	(9.6)
- Net interest expense	(0.8)	(1.1)
	(2.9)	(2.5)
Discontinued operations (Germany)	-	5.7
Operating Profit	24.0	19.3
Operating Profit per share (pence)	3.4	2.8

Operating Profit – The Mall

	H1 2015	H2 2015	2015	2014
	£m	£m	£m	£m
Rental income	23.7	24.0	47.7	48.5
Car park income	3.4	4.0	7.4	6.6
Ancillary income	1.2	1.2	2.4	2.4
Gross rental income	28.3	29.2	57.5	57.5
Service charge and void costs	(2.0)	(1.6)	(3.6)	(3.1)
Bad debt	(0.3)	(0.2)	(0.5)	(0.7)
External Operator / Fund Manager fees	-	(0.1)	(0.1)	(1.7)
Other property expenses				
Car park costs	(1.6)	(1.5)	(3.1)	(3.2)
Head leases ¹	(1.5)	(1.6)	(3.1)	(3.0)
IFRS head lease adjustment ³	1.8	1.8	3.6	3.6
Letting and rent review fees	(0.7)	(0.5)	(1.2)	(1.6)
Administration expenses	(0.4)	(0.3)	(0.7)	(1.8)
Repairs and maintenance	-	(0.2)	(0.2)	(0.4)
Other costs	(0.7)	(0.8)	(1.5)	(1.7)
	(3.1)	(3.1)	(6.2)	(8.1)
Net rental income	22.9	24.2	47.1	43.9
Net Interest Expense				
Net Interest on loans ²	(6.5)	(6.5)	(13.0)	(13.1)
Amortisation of refinancing costs	(0.6)	(0.7)	(1.3)	(1.9)
Notional interest charge on head leases ³	(1.8)	(1.8)	(3.6)	(3.6)
	(8.9)	(9.0)	(17.9)	(18.6)
Mall Operating Profit before internal recharges	14.0	15.2	29.2	25.3
Internal Management fees / Group cost allocation			(4.9)	(3.9)
Mall Operating Profit			24.3	21.4

¹ 2014 adjusted to remove one-off impact of £0.3 million credit in respect of Luton

² 2014 Interest adjusted to reflect a full year charge on the basis of the year end debt and interest position

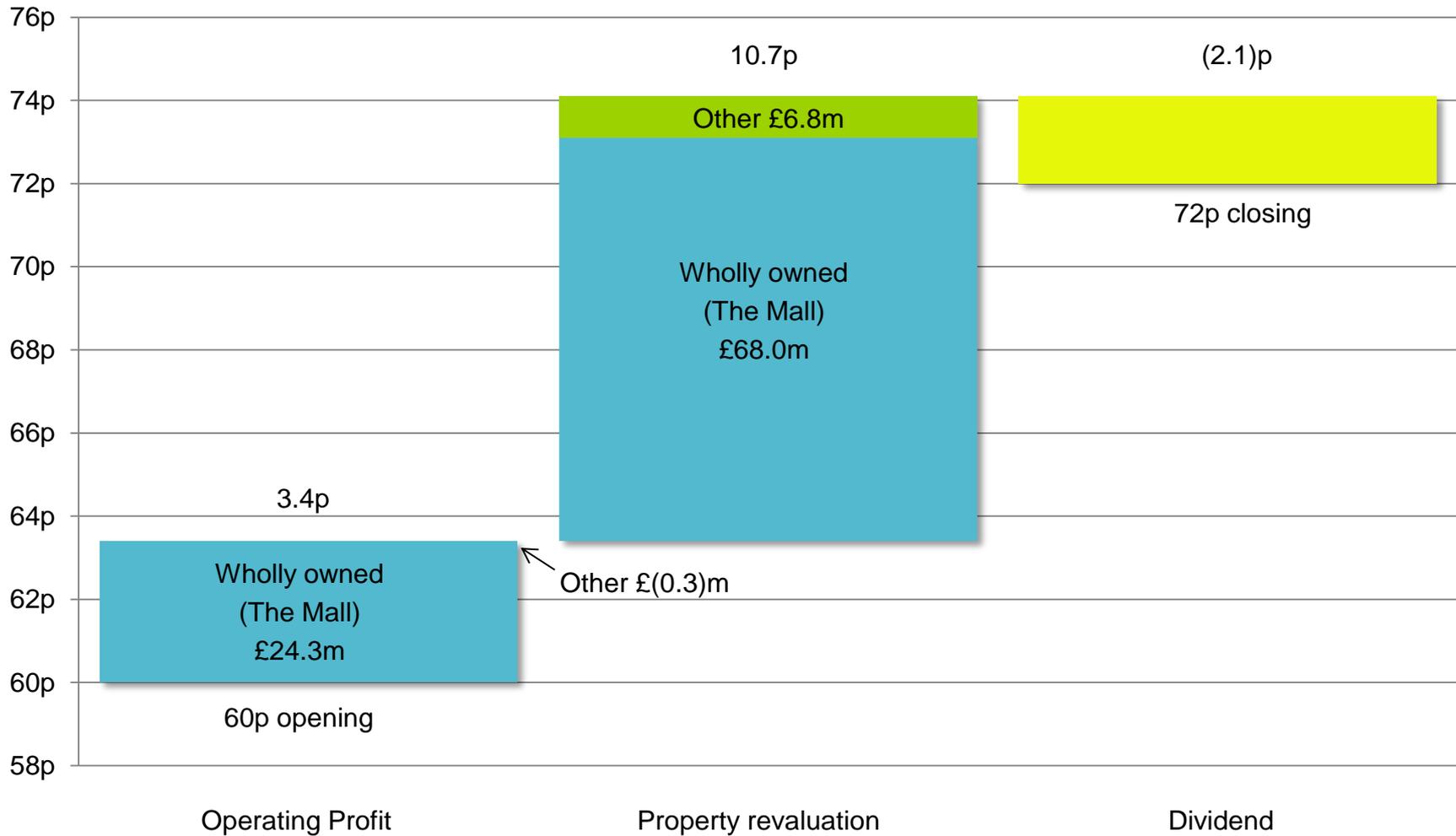
³ Notional interest charge with offsetting opposite and materially equal credit within other property operating expenses above

	2015	2014
The Mall (like-for-like 100%)	£m	£m
- Service charge and void costs	3.6	3.1
- Bad debt	0.5	0.7
- External Operator / Fund Manager fees	0.1	1.7
- Other property expenses	6.2	8.1
	<hr/>	<hr/>
	10.4	13.6
Group / Central		
- Staff costs	6.0	6.5
- Other management expenses	1.5	1.9
- Depreciation	0.1	0.1
- Variable overhead	1.7	1.1
	<hr/>	<hr/>
	9.3	9.6

- Mall operating costs cut by 24%
- Central cost base reduced by 3%, with capacity to absorb acquisitions

2015 NAV Bridge

1p = £7m NAV



	Debt	Cash	Net debt	Loan to value	Net debt to value	Blended interest rate	Fixed	Duration to loan expiry
	£m	£m	£m	%	%	%	%	(years)
The Mall	380.0	(18.4)	361.6	46	44	3.47	61	3.4
Group	-	(23.5)	(23.5)	-	-	3.58	-	3.4
On balance sheet debt	380.0	(41.9)	338.1					
Kingfisher Redditch (20%)	16.8	(1.1)	15.7	51	48	4.58	100	3.3
Buttermarket Ipswich (50%)	2.2	(0.3)	1.9	16	14	3.51	-	1.0 ¹
Off balance sheet debt	19.0	(1.4)	17.6					
See-through debt	399.0	(43.3)	355.7	46	41			

Hemel Hempstead 2016 acquisitions (£48.5m including acquisition costs) part funded with new £23m debt (50% LTV). Five year facility with options to extend to seven, all in cost of debt of around 3.3%.
Group see through debt increases to 44%

¹ The Ipswich development facility expires six months after practical completion of the development. The Joint Venture has an option to convert to an investment facility with maturity on 11 December 2020

3 – Operations

Mark Bourgeois



The portfolio

A portfolio with income and capital growth potential

- 9 centres
- Market value of £1.0 billion+
- 4.6 million square feet
- Over 450 retailers and leisure operators
- Over 950 retail units
- Over 11,500 car park spaces
- 93 million visitors in 2015



The retail landscape

Favourable conditions support rental growth

- Retail sales across the portfolio up 1.7% in 2015¹
- Affordable rents: 6.2% rent to sales ratio
- 71% of our occupiers offer click & collect services, up from 56% two years ago
- Strong leasing activity, at a significant premium to ERV, reflecting the benefits of ongoing investment in the schemes

UK Shopping centres (like for like)	December 2015 £m	December 2014 £m
Contracted rent	69.7	67.8
Passing rent	66.4	64.5



¹ Capital & Regional trade index

Beyond Retail: Leisure opportunities

Leisure continues to present a sustainable source of rental growth for our assets

£2.2m leisure lettings in 2015
40% of total portfolio letting

Leisure was 8.3% of portfolio ERV up from 6.5% at Dec 2014¹

Leisure trading strongly in our centres
4.0%² up in 2015



¹ Like for like excluding Buttermarket, Ipswich

² Centres with leisure and cinema offer

Beyond Retail: Ipswich

A failed shopping centre transformed into a vibrant leisure destination

- Retail relocated to make way for new leisure.
TK Maxx and New Look now open and trading
- Contracts exchanged with Empire Cinema, Coast to Coast, Prezzo and Pure Gym, agreements with Byron and Wagamama
- 84% of income pre-let
- Cinema and restaurants hand over due Q3 2016
- 12.2% leisure pre-acquisition, 56.7% expected upon completion



Sustainable income with longevity of lease length



Beyond Retail: Redditch

A revitalised scheme with new leisure offer

- £1.0 million leisure lettings since acquisition, leisure now 12.1% of scheme ERV
- Creation of “The Hub” provides a leisure identity recognised by shoppers
- Occupancy of 97%, up from 89% pre-acquisition
- Average retail spend of £48, 83 minutes dwell time



Continued progress on £65m Capex plan

£14.9 million invested to the end of 2015, including:

Blackburn	Unit subdivision and letting	Completed October 2015
	Gym	Delivered January 2016
Camberley	Key lettings and reconfigurations	Completed October 2014
Luton	Delivery of key lettings	Completed June 2015
Maidstone	Gym	Delivered December 2015
	Office conversion	Part delivered, remainder targeted June 2017
	Refurbishment	Target completion June 2016
Walthamstow	Refurbishment	Completed May 2015
	Sports Direct	Delivered May 2015
	TK Maxx	Delivered November 2015
Wood Green	Key restaurant and gym lettings	Part delivered, remainder targeted September 2016

Capex plan – 2016 case studies

Half of the £65 million Capex to be invested by the end of 2016, including:

Wood Green - Travelodge

- Exchanged contracts for 78 bedroom hotel
- Planning consent received February 2016
- Target delivery date Q1 2017
- Capex £5.3 million
- Income return in excess of 10%



Maidstone – TJ Hughes

- Exchanged contracts for a new 33,000 sq ft anchor store
- Works commenced, delivery August 2016
- Total Capex £2.9 million
- Income return in excess of 10%



Luton - Food Zone

- Under offer with 5 catering operators to deliver new Food Zone in The Mall Luton
- £700k Capex to convert existing A1 space to A3
- Income return in excess of 15%



The Mall Walthamstow

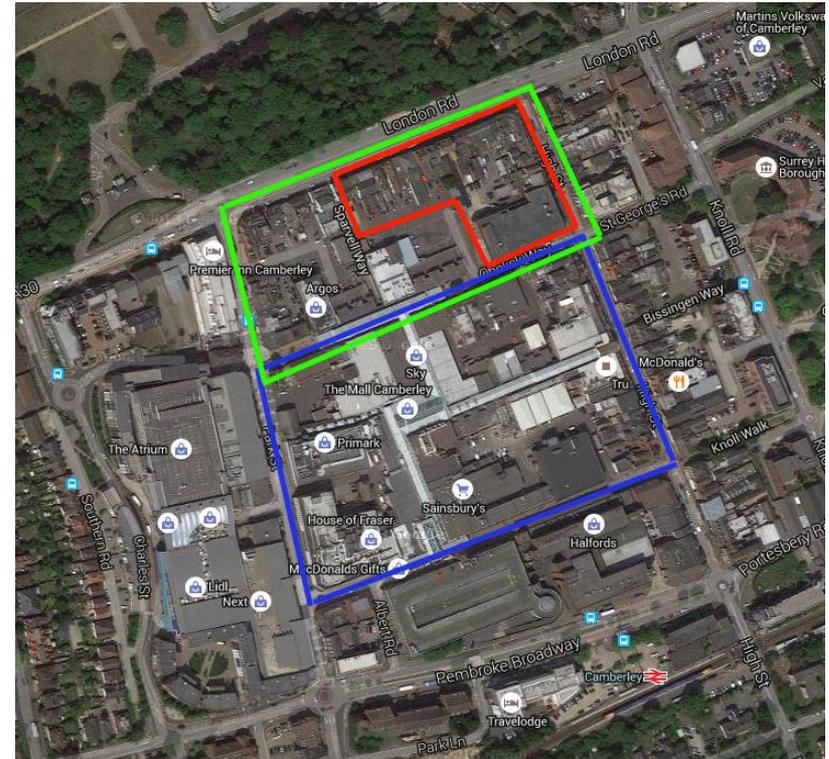
Walthamstow – significant milestones for transformational extension

- Barratt London selected as preferred development partner to deliver 92,000 sq ft retail extension and over 400 residential units
 - Planning application progressing, public consultation early April 2016
 - Strong demand from retail and leisure occupiers: Heads of Terms agreed with 25,000 sq ft fashion operator
 - Expected delivery of retail and leisure first phase at end of 2018
 - Council head lease to be extended from 71 to 250 years
- 
- Development partner delivers retail premises to C&R and will be granted 250 year lease over residential podium
 - Potential for attractive returns on net C&R Capex of £20 million and risk limited to this amount

The Mall Camberley

Camberley

- Refined master plan progressing with Surrey Heath Borough Council
- Plans include:
 - Mixed use development on London Road site
 - 600 space car park delivering footfall into the mall
 - £4.5 million refurbishment of the Mall interior
 - Reduction of entrances and redirection of footfall
 - Reconfiguration of existing units to provide key footfall driving anchors
- Healthy retailer demand for reconfigured space
- Potential for additional £13.5 million Capex identified, beyond our £65 million programme, offering attractive income returns and wider scheme benefit



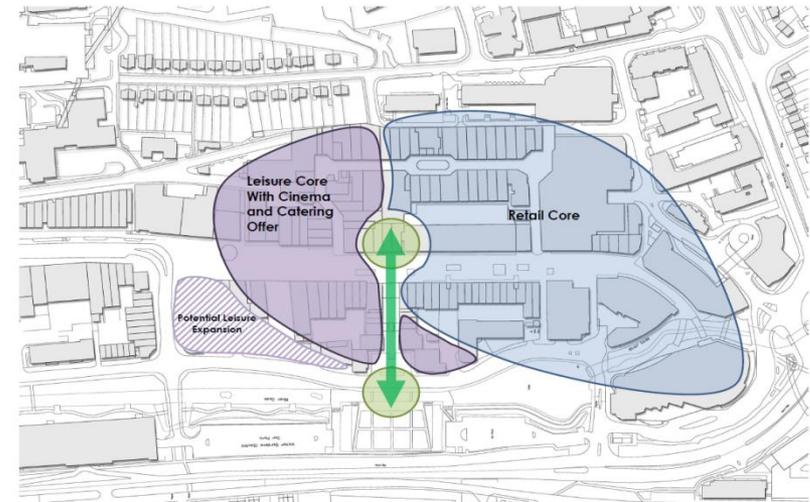
Gaining significant control of town centre retail in a fast growing London satellite town with significant growth opportunity

- The Marlowes centre acquired for £35.5 million (7.0% IY)
 - 270,000 sq ft centre including M&S, New Look and River Island. 1,200 car parking spaces.
- Edmonds Parade acquired for £10.5 million (7.8% IY)
 - 22 retail units including Cafe Nero, Vodafone, NatWest and Robert Dyas
 - Potential flexibility for part residential conversion
- A strong base to improve the town centre retail offer, delivering attractive returns
- Actively pursuing further opportunities in surrounding area to increase control and open up longer-term options
- Aligned with £30 million local authority investment programme for town centre improvement



Hemel Hempstead – longer term prospects

- Potential to deliver a transformational repositioning and enhancement of an historically under-invested town centre with strong underlying fundamentals
- Significant opportunities including:
 - Environment enhancements to drive **aspirational tenant mix**
 - Integration of an **in-town leisure core**
 - Development potential for **residential and other uses**
- Delivering enhanced returns and ongoing growth potential



4 – Outlook

Hugh Scott-Barrett



Outlook

- The fundamentals of Capital & Regional's business present compelling reasons for optimism
- Momentum in delivery of £65 million Capex plan continues to accelerate and drive strong demand from retail and leisure operators
- Opportunities in our existing schemes extend beyond our original plan, including Luton and Wood Green, offering attractive returns and further consolidation of local dominance
- Entrepreneurial approach to acquisitions and potential for capital recycling present exciting possibilities to further enhance returns
- Reflecting the growth prospects for the business, the Group is targeting dividend growth of in the range of 5% to 8% in the medium term

5 – Q&A

Dial-in for questions from webcast viewers:

020 3059 8125

Please quote “Capital & Regional” to the operator.

Appendix

New lettings, renewals and rent reviews

UK Shopping Centres

Number of new lettings 2015	72
Headline rent of new lettings (£m)	5.4
Comparison to ERV (%) ¹	36.4
Number of lease renewals settled in 2015	52
Revised passing rent (£m)	2.4
Comparison to ERV (%) ¹	(1.6)
Number of rent reviews settled in 2015	31
Revised passing rent (£m)	3.6
Uplift to previous passing rent (£m)	0.2

¹ For lettings and renewals with a term of five years or longer which did not include a turnover rent element (excluding Ipswich)

JACK & JONES

SPORTS DIRECT.COM

H. SAMUEL
THE JEWELLER



claire's



vodafone

GAME

PEP & CO

The Fragrance Shop



DEICHMANN

Wholly owned (The Mall) portfolio information

Number of properties	6
Properties at valuation	£822.7m
Initial yield	5.9%
Equivalent yield	6.1%
Reversion	14.2%
Lease length (years)	
Weighted average lease length to break	7.3
Weighted average lease length to expiry	8.5
Contracted rent at year end (£m)	
Passing rent at year end (£m)	55.0
ERV at year end (£m per annum)	62.7

Net Assets – 30 December 2015

	Property £m	NAV £m	% of NAV
The Mall	870.0	452.2	90
Kingfisher, Redditch	32.1	15.9	3
Buttermarket, Ipswich	13.6	11.7	2
Other net assets	-	23.4	5
Net Assets	915.7	503.2	100
Net Assets per share		72p	
EPRA NAV		71p	

Property valuations

	December 2015		December 2014	
		NIY		NIY
Blackburn	£127.8m	6.37%	£120.0m	6.65%
Camberley	£87.8m	6.14%	£84.3m	6.50%
Luton	£215.1m	6.00%	£207.5m	6.10%
Maidstone	£81.4m	6.85%	£72.4m	7.15%
Walthamstow	£94.3m	5.49%	£71.0m	6.15%
Wood Green	£216.3m	5.25%	£189.5m	5.90%
Redditch	£164.4m	6.25%	£151.0m	6.26%
Ipswich	£27.9m	-	-	-
Portfolio	£1,015.0m	5.95%	£895.7m	6.27%

Asset Management Plans

The Mall Blackburn

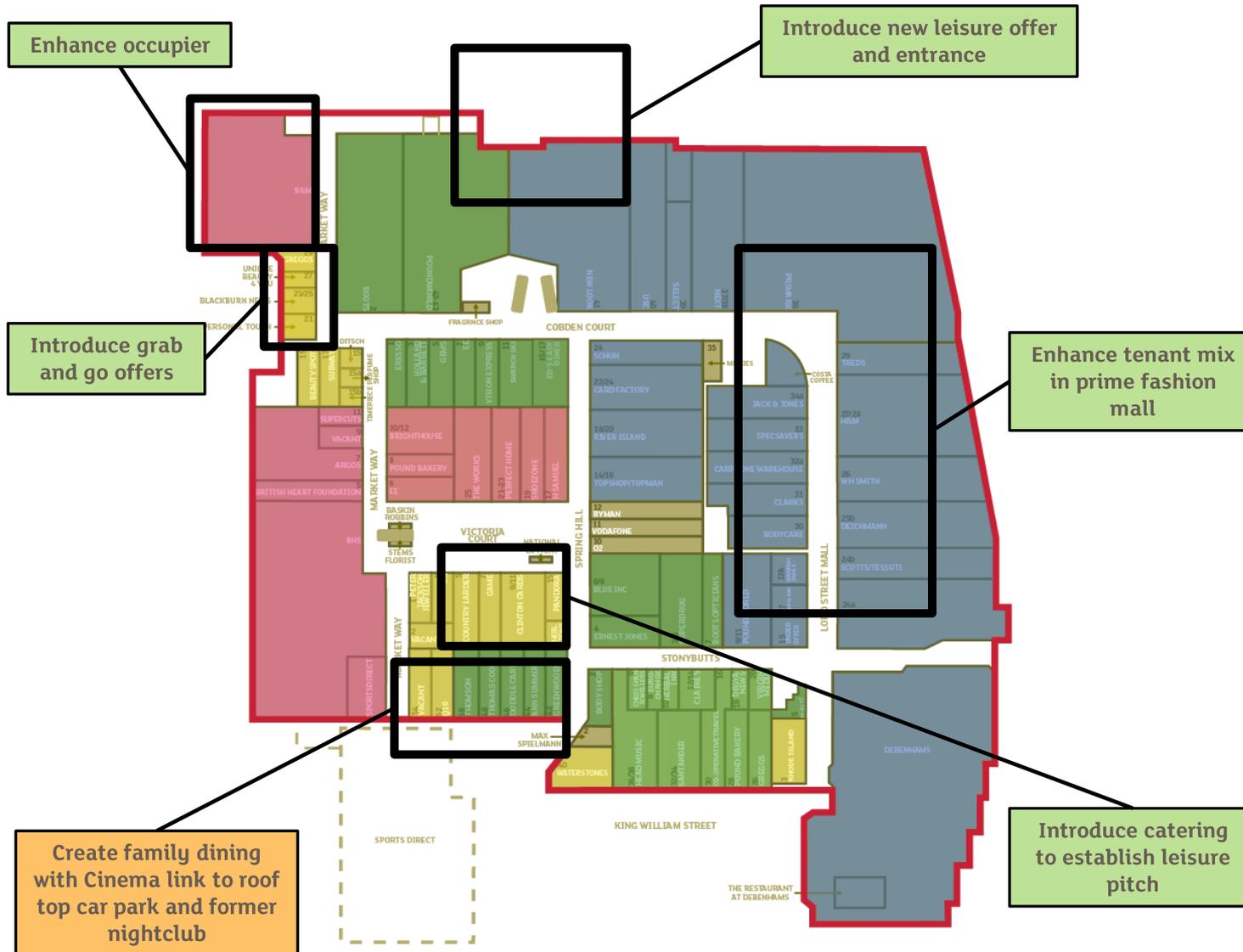
The Vision

To be recognised as the best mall in east Lancashire with a full range of multiple fashion retailers set within a vibrant modern environment and a growing leisure provision all within a purposefully governed town.

Delivering the Vision

- Delivery of Gym Space and creation of new improved entrance adjoining bus station
- Leasing of newly created units fronting bus station
- Refine tenant mix through introduction of leisure into Victoria Court and King William Street
- Maintain excellence in marketing and operations, aiming to win increasing market share away from Preston and Burnley

The Mall Blackburn



Target Tenants

Fashion

- Accessorize / Monsoon
- Bon Marche
- Footlocker
- Footasylum
- Peacocks
- Roman Original
- Simply Be
- Yours Clothing

Catering/Leisure

- Reel Cinema
- The Light Cinema
- BB's
- Burger King
- Chopstix
- KFC
- Muffin Break
- Pizza Hut
- Starbucks
- Taco Bell / Taco Loco

Value

- Iceland
- Poundland
- Savers
- Wilkos

Services/High Street

- Blacks
- Clas Ohlson
- Decathlon
- Mountain Warehouse
- Tiger
- Tresspass

The Mall Camberley

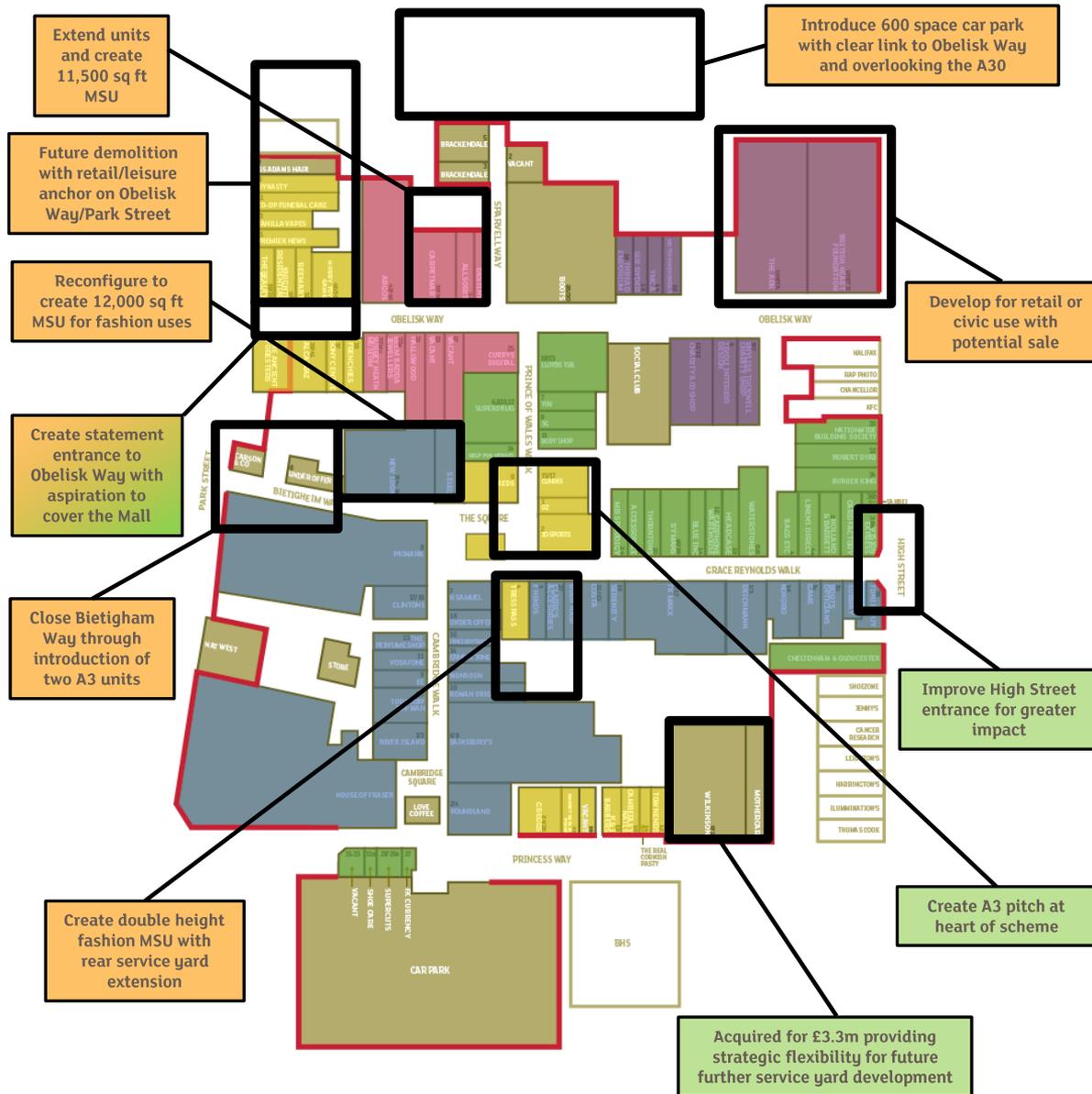
The Vision

To create a high quality shopping centre environment that meets the aspirations of the wealthy discerning residents and complements quality lifestyle retailer brands, attracting new occupiers to the town.

Delivering the vision

- Refurbishment of mall to high quality, de-cluttered environment
- Evolution of clear retail and leisure mix, including a greater leisure element
- Strengthen the links between the improving Park Street drawing shoppers to Obelisk Way
- Working with Surrey Heath Borough Council to deliver a phased mixed use development on London Road site, introducing retail, leisure and residential plus a car park (600 spaces)
-

The Mall Camberley



Target Tenants

Fashion

- Best Seller
- Fatface
- Fraser Hart
- Goldsmiths
- Hotel Chocolat
- Hotter Footwear
- Paperchase
- Schuh
- Swarovski
- White Stuff

Homeware/Outdoor

- AGA
- B&Q
- Barker & Stonehouse
- Cotswold
- Cycle Surgery
- Decathlon
- Dunelm
- Evans Cycles
- Farrow & Ball
- Feather & Black
- Furniture Village
- Go Outdoors
- Harveys
- Hobbycraft
- Ikea
- Lakeland
- Laura Ashley®
- Magnet
- Oak Furnitureland
- Tiger
- Wren Kitchens

Value

- Asda
- B&M
- Bon Marche
- Peacocks
- Pep&Co
- Poundworld
- Yours Clothing

Catering/Leisure

- Auntie Anne's
- Chopstix
- Cote
- Eds Diner
- Muffin Break
- Pret
- Patisserie Valerie
- Pretzel

Services/High Street

The Mall Luton

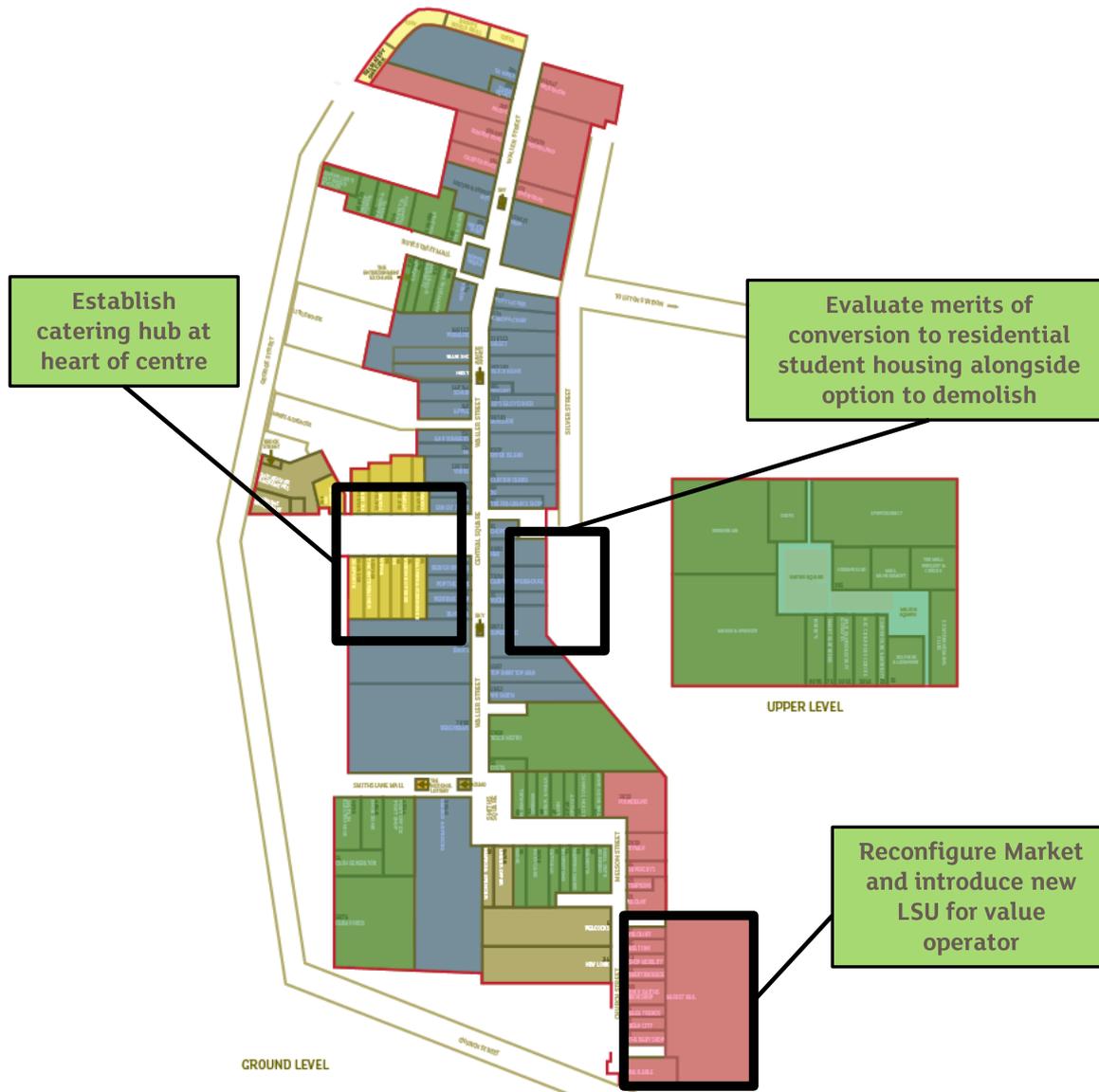
The Vision

For Luton to be the high quality mall of choice for south Bedfordshire, within an increasingly confident and prosperous town, that is benefitting from continued inward investment in this strategically important SE location.

Delivering the Vision

- Refine retail mix with continued improvement of fashion offer
- Create catering hub in the heart of the scheme
- Deliver a quality retail solution to the underperforming market hall
- Encourage inward investment and new office development through the promotion of adjoining development sites
- Work with stakeholders to develop complementary solutions for adjacent sites

The Mall Luton



Target Tenants

Fashion

- Apricot
- Bon Marche
- Foot Asylum
- Gap
- Hotter
- Jack & Jones
- JD
- Kiko
- Moss
- Office
- Pep & Co
- Quiz
- Simply Be
- Store 21
- Swarovski
- tReds

Catering

- Abbies
- Burrito Kitchen
- KFC
- Krispy Kreme
- Millie's Cookies
- Shake away
- The Cake Box

Services/High Street

- Eurochange/ No.1 Currency
- Jessops
- Metro Bank
- Thomas Cook
- Thomson
- Waterstones

Value

- Decathlon
- Linens Direct
- Matalan
- Ponden Home
- Savers
- TJ Hughes

The Mall Maidstone

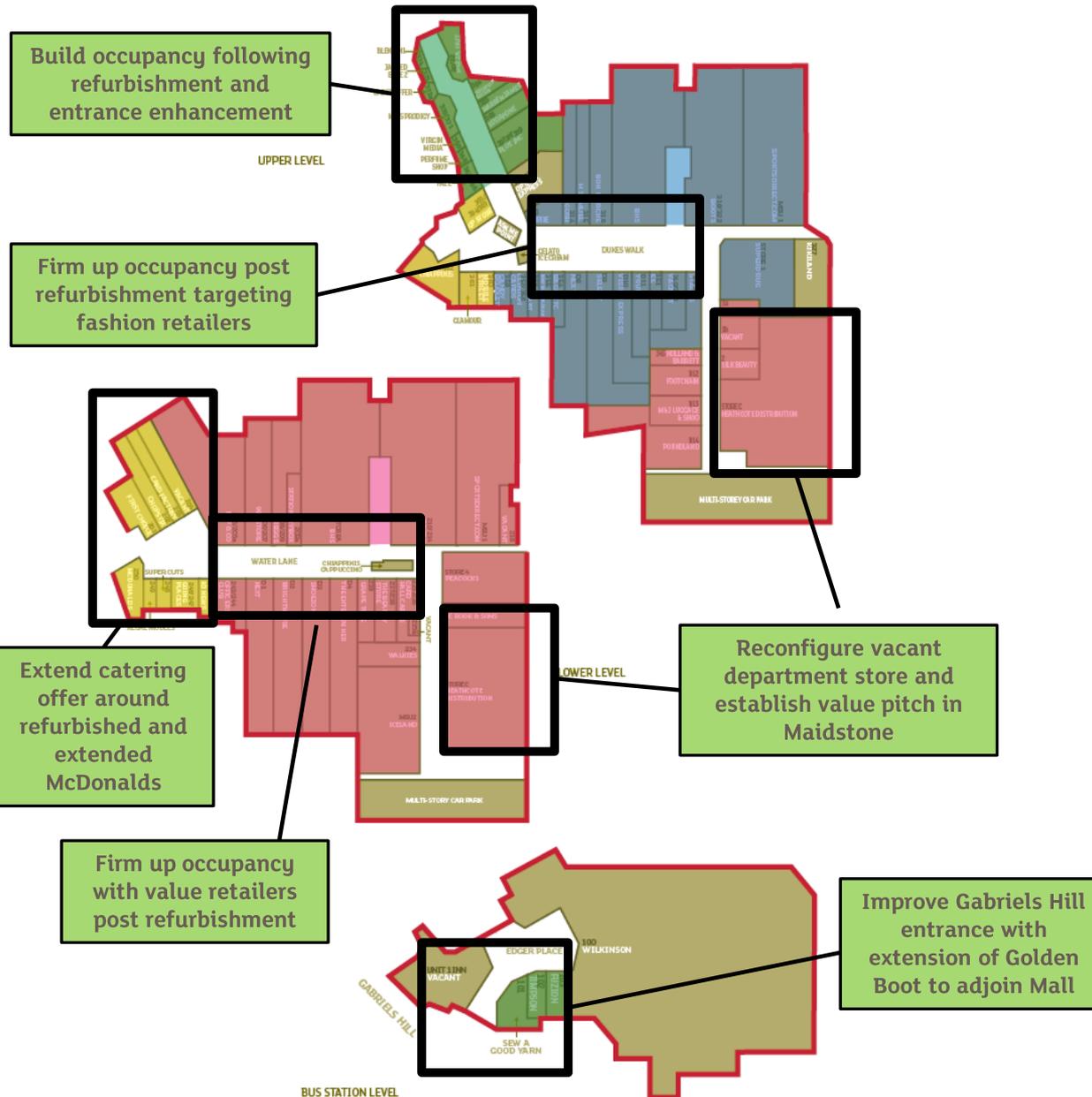
The Vision

To create the Mall of choice in Maidstone, offering a wide range of everyday retail in a high quality modern environment, alongside a major complementary leisure offer.

Delivering The Vision

- Refurbish the Mall to a high quality
- Improve key entrances
- Refine the tenant mix, firming up the retail offer and occupancy
- Work up a significant retail and leisure development with Council support

The Mall Maidstone



Target Tenants

Fashion

- Ann Summers
- F Hinds
- Foot Asylum
- Footlocker
- Gap
- Jack & Jones
- JD
- Kiko
- Roman Originals
- Simply Be
- Store 21
- TJ Hughes

Catering

- Ed's Diner
- Fuel
- KFC
- Krispy Kreme (RMU)
- Millie's Cookies
- Shake away
- Spudulike
- Subway
- Taco Bell
- West Cornish Pasty

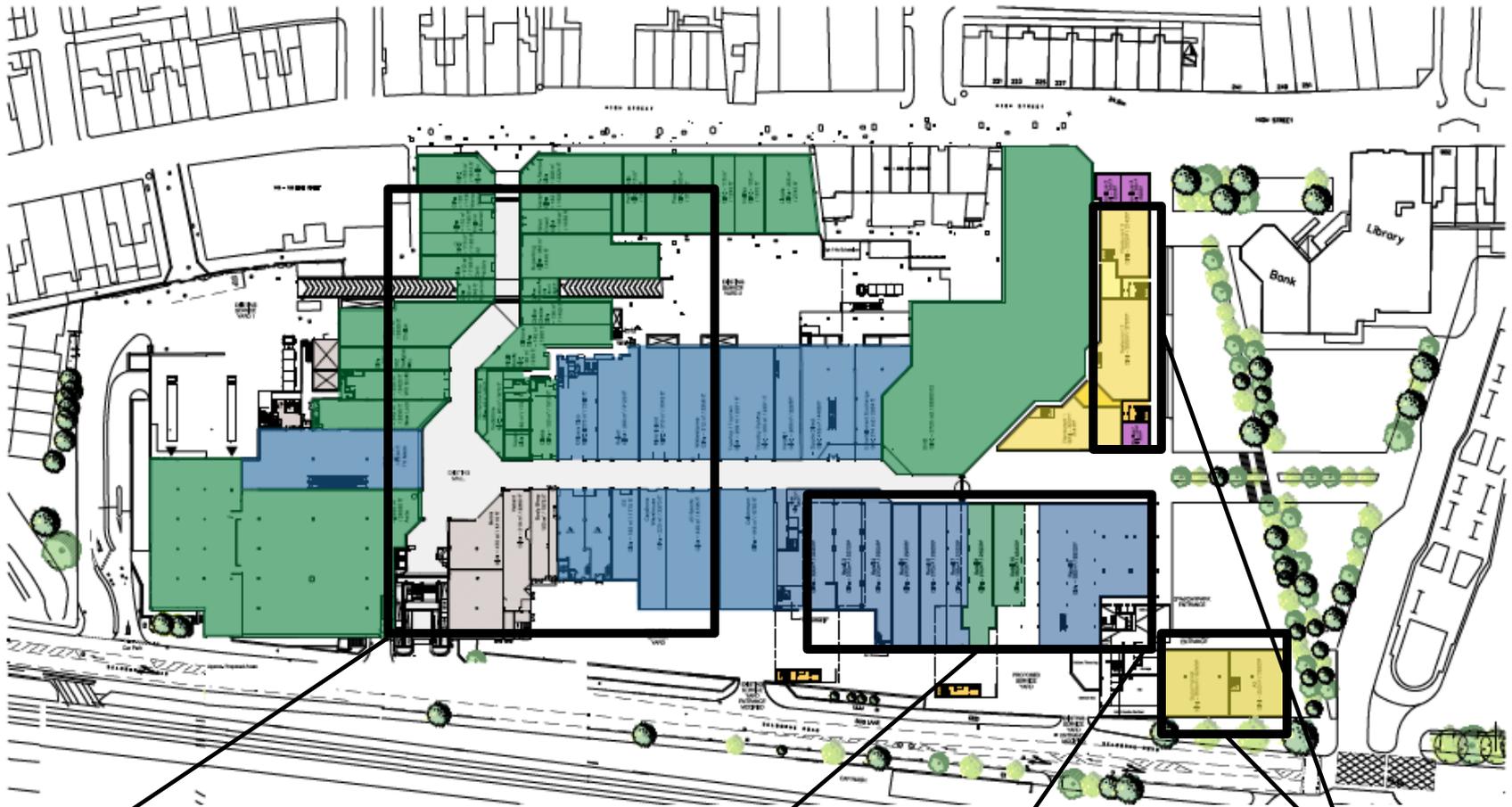
Value

- Argos
- Blacks
- Clas Ohlson
- Decathlon
- Linens Direct
- Millets
- Ponden Home
- Poundworld
- Store 21

Services/High Street

- Cook
- Eurochange/No.1 Currency
- Games Workshop
- Headmasters
- Jessops
- Scrivens Optician

The Mall Walthamstow



Build on new investment to enhance retail mix and rents in the existing centre

Deliver high quality retail/fashion extension

JV with developer to deliver high quality housing

Enhance leisure offer with excellent links to "The Scene"

The Mall Wood Green

The Vision

To re-establish The Mall as the go-to location for inspiring fashion, original leisure/A3 and a unique and vibrant market hall, all within an exciting mall environment forming part of an increasingly prosperous metropolitan town centre.

Delivering the Vision

- Complete the conversion of obsolete office space to leisure uses
- Introduce a new supermarket, upgrade and re-launch the market hall
- Invest in new entrances, interiors and a brand refresh
- Create an attractive contemporary fashion mix within the upper and lower link malls.
- Take on central stakeholder role in shaping the longer term strategy for the town and exploit any emerging residential opportunities

The Mall Wood Green – Asset Plan

Extend fashion run through reconfiguration

Strengthen established fashion pitch with enhanced Fashion MSU

Re-model market and position as famous USP of the centre

Enhance existing entrance to provide high quality statement

Deliver supermarket with flexibility for future residential development

Strengthen leisure hub through reconfiguration of pedestrian flow and a step change in operator quality

Deliver repositioning of interior introducing inspirational environment with existing fashion and local heritage retailers



Target Tenants

Fashion

- Accessorise
- Foot Asylum
- Gap
- JD Brands
- Jones the Bootmaker
- Office Shoes
- Pandora
- River Island
- Uniqlo
- Yours

Catering/Leisure

- Bella Italia
- Ed's Diner
- GBK/Byron
- Muffin Break
- Shakeaway
- The Restaurant Group
- Turtle Bay

Value

- Anytime Fitness
- B&M
- Choices
- Poundland
- Poundworld

Services/High Street

- As Nature Intended/Plant Organic
- Decathlon
- Holland & Barrett
- M&S
- Oliver Bonas
- Pret a Manger
- Starbucks
- The Entertainer

Kingfisher Centre, Redditch

The Vision

To establish Kingfisher as the shopping centre and leisure destination of choice for its core catchment, building on the Mall refresh and Hub creation, in this prosperous part of the west Midlands.

Delivering the Vision

- Building upon tenancy mix post refurbishment to improve fashion offer further
- Complete scheme refresh with further refurbishment investment into New Walk and Milward Square
- Working up further commercial developments on strategic sites under centre ownership
- Strengthen Walford Walk through key lettings and refurbishment
- Win increasing leisure and retail share through marketing enhanced tenant line up

Kingfisher Centre, Redditch

Target Tenants

Fashion

- Blacks Leisure
- Foot Asylum
- Footlocker
- Gap
- Jones the Bootmaker
- Monsoon/Accessorize
- Moss Bros
- Mothercare
- Oasis
- Office Shoes
- Superdry
- Warehouse

Value

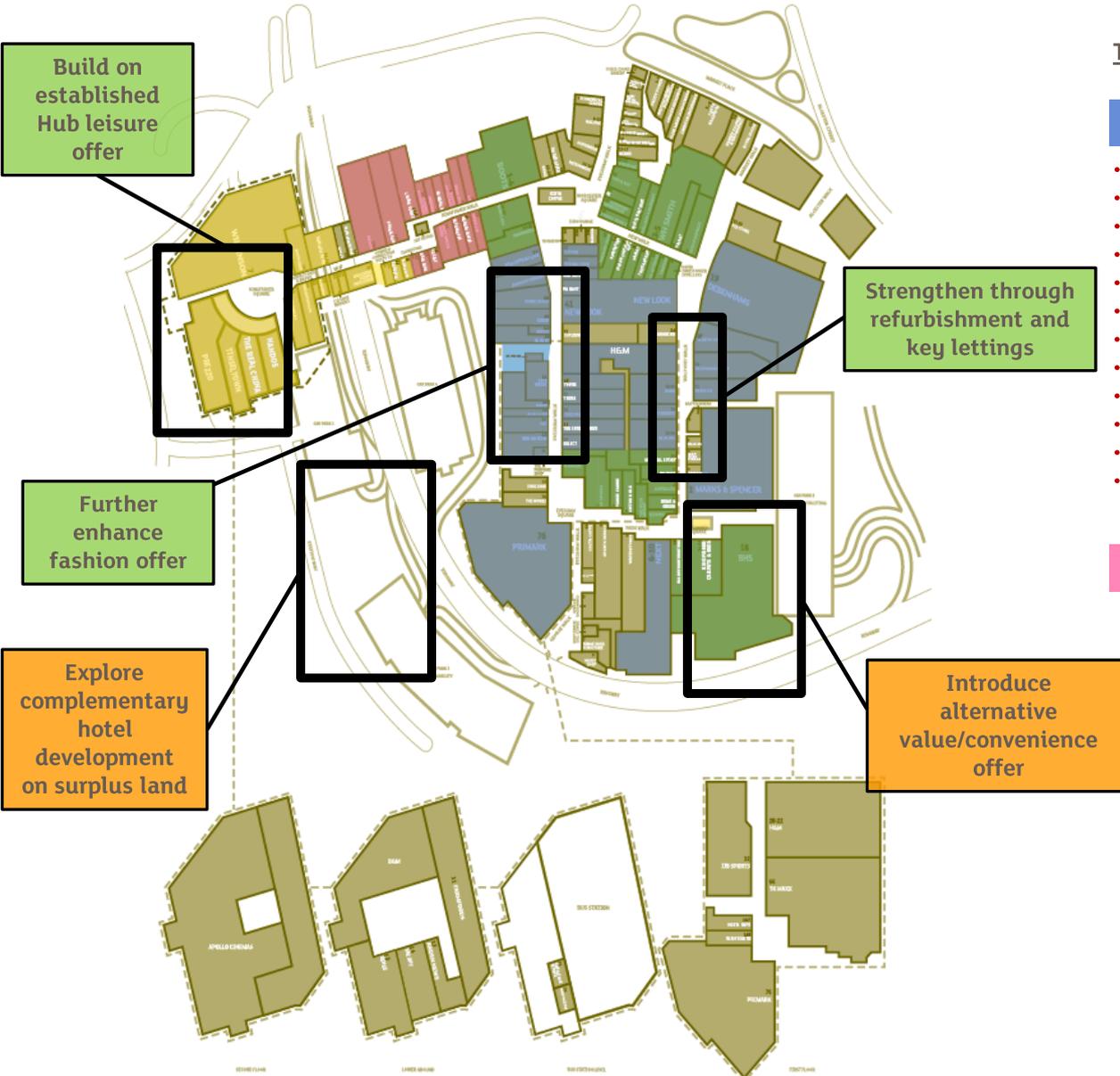
- Market Operator

Catering

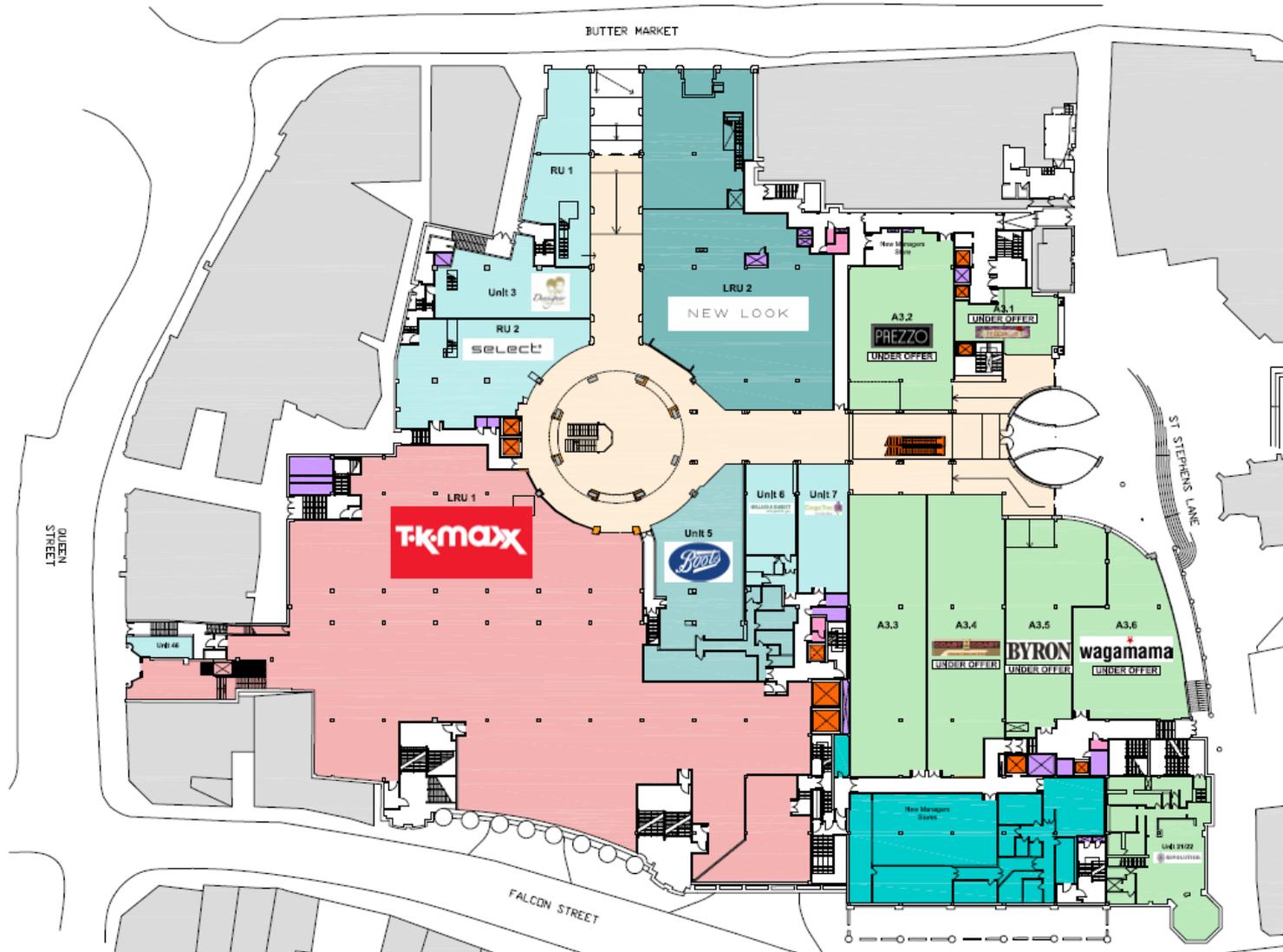
- Byron
- Gourmet Burger
- KFC
- Smash Burger
- Starbucks
- Wagamama
- Whitbread

Services/ High Street

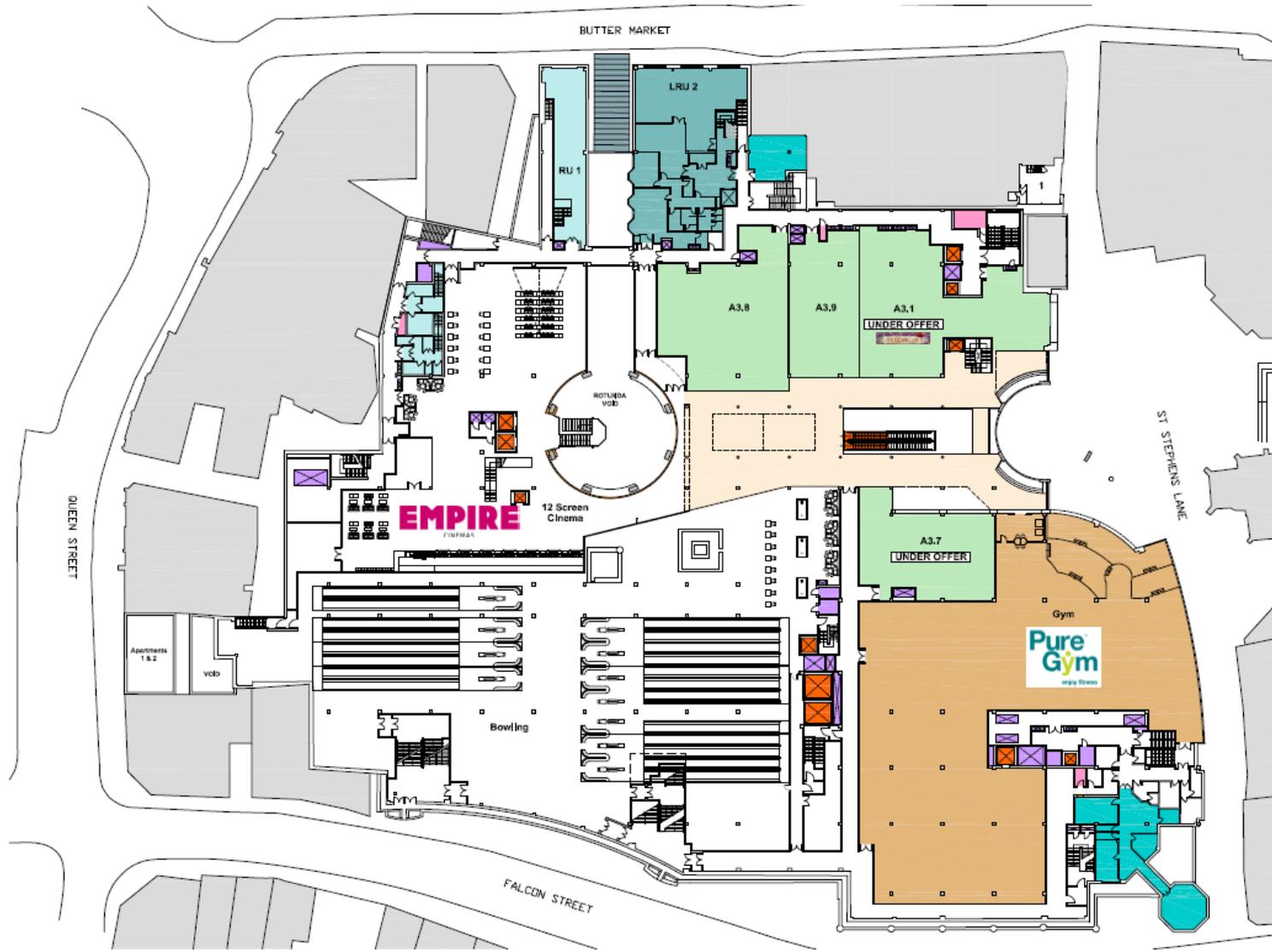
- Blacks
- Flight Centre
- Games Workshop
- Headmasters
- Independent Bakers
- Independent Hairdressers
- Paperchase
- Robert Dyas
- Smiggle
- Steamer Trading
- Tiger



Ipswich – Ground floor



Ipswich – First floor



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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