

2018 HALF YEAR RESULTS PRESENTATION

14 August 2018



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REGIONAL



Lawrence Hutchings
Chief Executive

C&R

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Highlights

- Delivering on strategy
- Strong operational performance
- Resilient property values

37.9m shopper visits in H1 +1.7%	Adjusted Profit +6.9%
Leasing spreads +3.4% to ERV +3.3% to passing helping drive LFL NRI +1.3%	Occupancy 96.9% +1.4%
Cost efficiency on track £1.8m saving	EPRA NAV per share 65p -1.8%

Underpinning Interim dividend increase of 5.2%

The pillars of our strategy

Redefine —

community shopping centres

- Industry body Revo finalising new classification of UK shopping centres aligning with global practice

Reposition —

assets and retail mix

- Tailoring to the needs of the local community
- Changing use through remerchandising and capex programme, with over 20 projects underway and further capex opportunities of over £100m

Refocus —

management team

- Senior leadership team and decentralised structure now fully in place delivering on strategy
- Reallocation of resources to strengthen income generation

Enhance —

shareholder value

- Benefits feeding through to sustainable dividend, up 5.2%
- Target dividend growth of 5% to 8% over medium term



Charles Staveley
Group Finance Director



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Financial Results

	H1 2018	H1 2017	Change
Profitability			
Net Rental Income ¹ <i>like-for-like</i>	£23.6m	£23.3m	+1.3%
Adjusted Profit	£15.5m	£14.5m	+6.9%
Adjusted Earnings per share	2.15p	2.06p	+4.4%
Dividend			
Dividend per share	1.82p	1.73p	+5.2%
Dividend payout	84.7%	84.0%	

	30 June 2018	30 December 2017	Change
Net Asset Value			
EPRA NAV	£475.0m	£482.6m	-£7.6m
NAV per share	66p	67p	-1p
EPRA NAV per share	65p	67p	-2p
Group Debt			
Net debt to property value	46%	46%	-
Average maturity	6.8 years	7.3 years	-0.5 years
Cost of debt ²	3.27%	3.25%	+0.02%

1. Wholly-owned assets

2. Assuming RCF fully drawn.

Adjusted Profit

Operational performance driving Adjusted Profit growth – up 6.9%

Amounts in £m	H1 2018	H1 2017
Net rental income		
Wholly-owned assets	26.0	25.0
Kingfisher, Redditch	0.7	0.7
	<hr/>	<hr/>
	26.7	25.7
Net interest	(10.0)	(9.4)
Snozone profit	1.0	1.0
Central operating costs net of external fees	(2.2)	(2.7)
Tax	-	(0.1)
Adjusted Profit	15.5	14.5
	<hr/>	<hr/>
	+6.9%	
Adjusted Earnings per Share	2.15p	2.06p
	+4.4%	

Impact of CVAs and Insolvencies

- **CVAs**

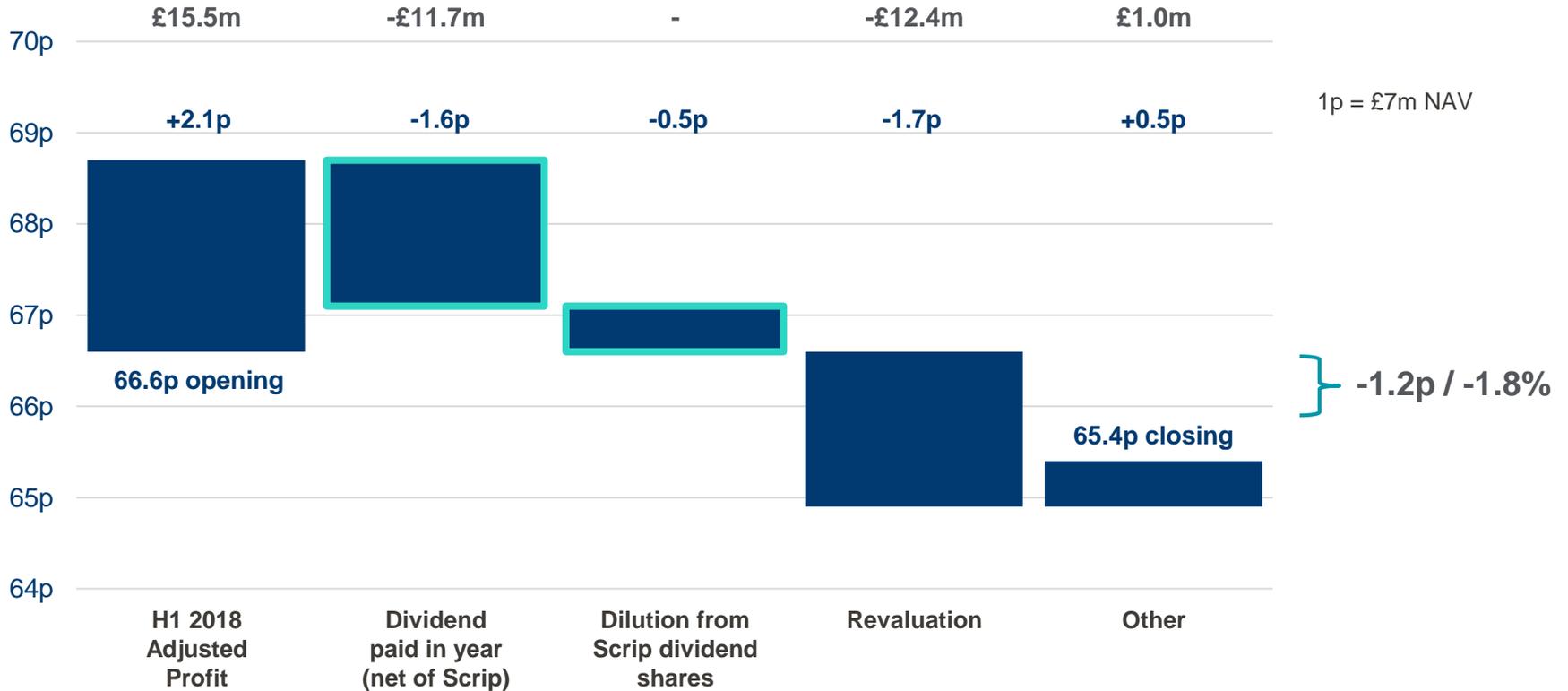
- 3 of 12 CVAs directly impact our centres
- 1% of our total units closed or with a change to terms

All UK CVAs nationwide (year to date)		C&R wholly-owned portfolio (year to date)	
Total stores	Units closed	Total stores	Units closed
2,154	480	12	1

- **CVAs and Insolvencies – financial impact**

- £0.4m impact on H1 2018 from CVAs (£0.2m) and administrations (£0.2m)
- Full year impact on 2018 NRI, assuming no further retailer failures, expected to be c £1.2m (£0.4m CVAs, £0.8m administrations)

H1 2018 EPRA NAV Bridge



Valuations

Property at independent valuation	30 June 2018		30 December 2017		Valuation change
	£m	NIY %	£m	NIY %	
London					
Ilford	84.2	6.00%	82.4	6.54%	} +4.5%
Walthamstow	116.0	5.00%	107.7	5.25%	
Wood Green	240.0	5.11%	231.2	5.25%	
South East					
Hemel Hempstead	46.8	7.15%	54.0	6.88%	} -3.7%
Luton	209.0	6.50%	214.0	6.35%	
Maidstone	75.5	7.00%	76.0	6.70%	
Regional					
Blackburn	111.9	7.04%	121.3	6.65%	-7.7%
Wholly-owned portfolio	883.4	6.04%	886.6	6.06%	-0.4%

Group Debt

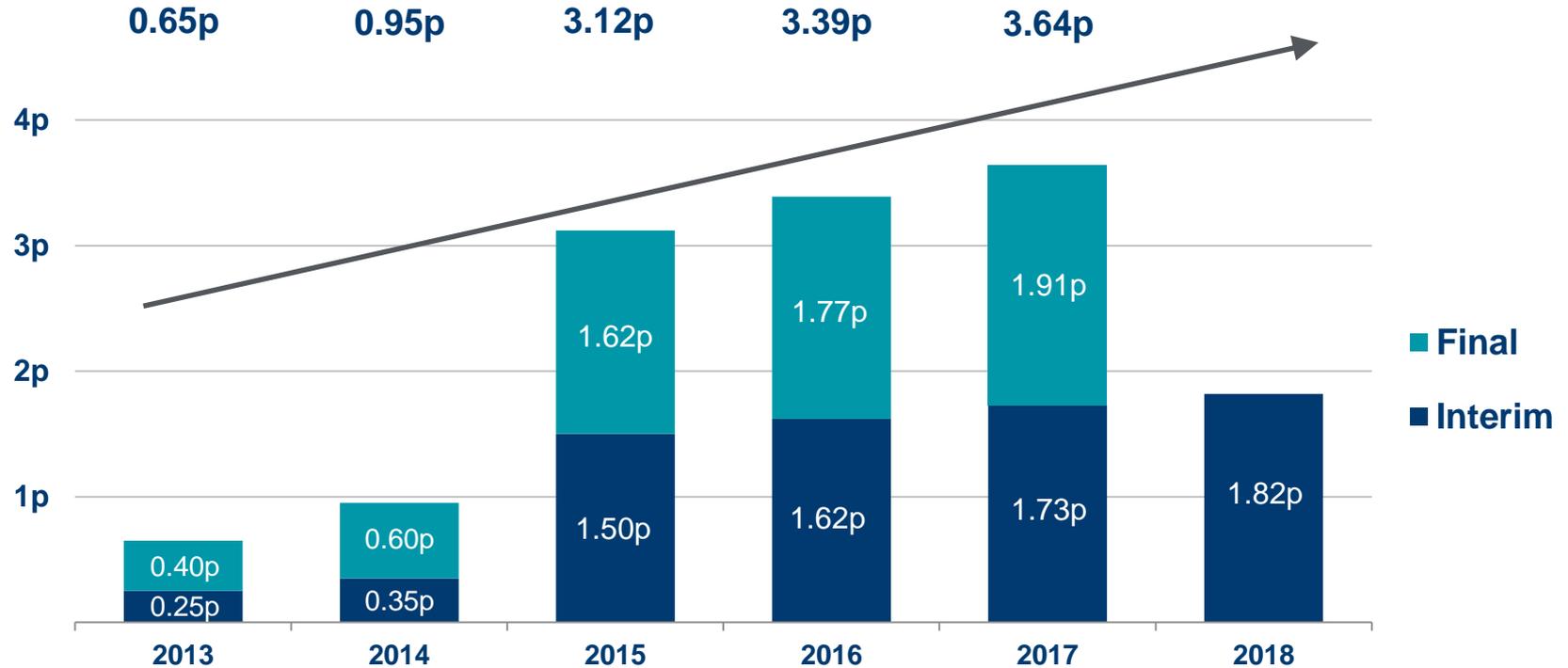
Efficient long term debt structure

	Debt £m	Cash £m	Net debt £m	Net debt to value %	Average interest rate ¹ %	Fixed %	Duration with extensions Years
Four Mall assets	255.0	(9.2)	245.8	45	3.33	100	8.1
Hemel Hempstead	26.9	(2.3)	24.6	53	3.32	100	4.6
Ilford	39.0	(1.2)	37.8	44	2.76	100	5.7
Luton	107.5	(4.7)	102.8	49	3.14	100	5.5
Group RCF	-	(4.6)	(4.6)	-	3.80	-	3.6
On balance sheet debt	428.4	(22.0)	406.4	46	3.27	94	6.8

1. Assuming loans fully drawn.

Dividend

Increase of 5.2% on 2017 interim dividend



Average growth in interim dividend of 6.7% pa over the last 3 years

Market overview

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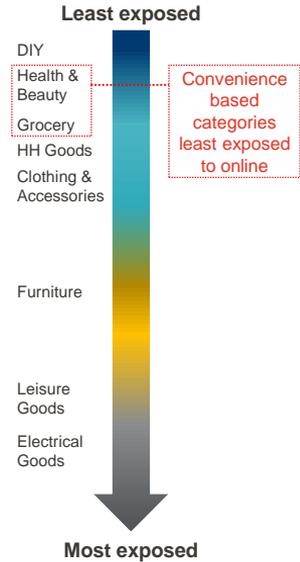
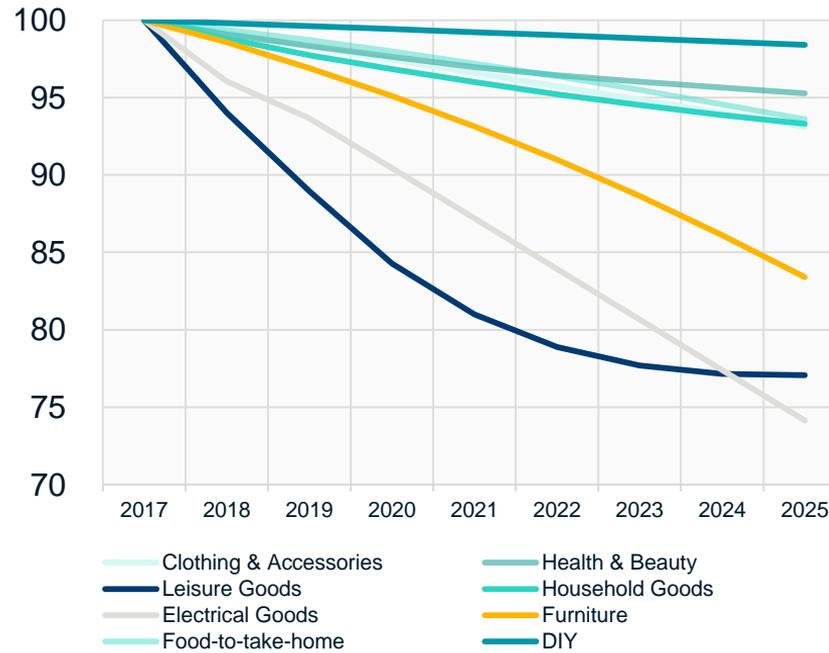


The continuing evolution of retail

Market dynamics support our strategy and offering

- Polarisation to convenience and experiential
- Further growth of online and omni-channel retailing
- Evolving role of the store
- Click and collect drives centre footfall and spend
- Diversification of retail space

Change in store based share of spend (Index vs. 2017): 2017 - 2025

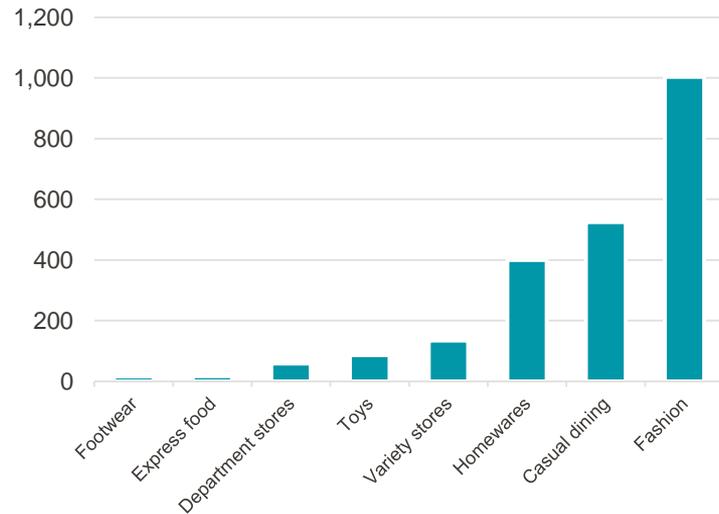


Source: Javelin Group X-SPEND

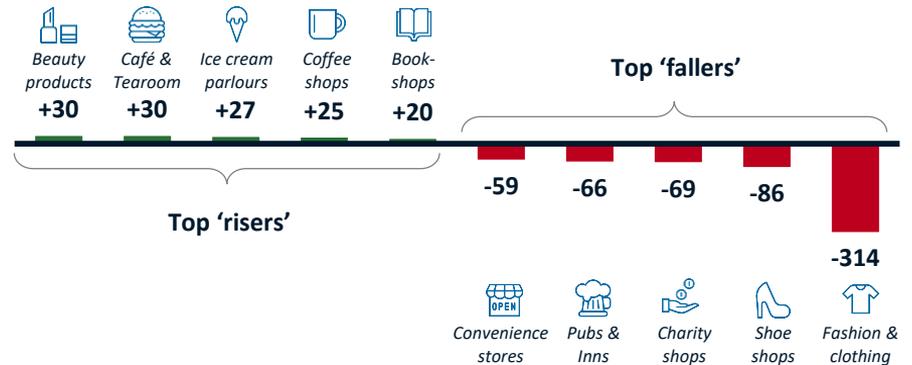
Occupier restructuring

Changing demands for physical presence

National operator CVAs by number and type of store, year to date



Net change in store numbers by retail & leisure business type, 2017⁽¹⁾



1. Excludes service retailers

Source: Local Data Company

Our response

Accelerate remerchandising and repositioning

- Rebased affordable rents (£15psf) provide remerchandising and occupier optionality
- Reduce exposure to categories most affected by online and continued evolution of retailing
- Disciplined masterplan execution – flexible and accretive
- Better insight through strong relationships with retailer customers
- Increased resources in leasing and capex delivery team



Needs and value based retailers and occupiers continue to demonstrate robust sales

As shoppers focus on convenience and value, our schemes are well placed



Sales up 9.7%
(12 weeks to
15 July 2018)



Revenue up 2.9%
(Quarter to
28 March 2018)



Sales up 1.5%
(6 weeks to
30 June 2018)



Sales up 4.5%
(12 weeks to
15 July 2018)



Sales up 2.3%
(12 weeks to
15 July 2018)



Sales up 3%
(18 weeks to
16 January 2018)



Sales up 6%
(40 weeks to
23 June 2018)



Sales up 3.7%
(12 weeks to
15 July 2018)



Revenue up 2%
(Six months to
30 June 2018)



8 gym openings &
revenue up 15.8%
(3 months to
31 March 2018)

 Online shopping presence

Strategy in action

THE
MARLOWES
HEMEL

C&R

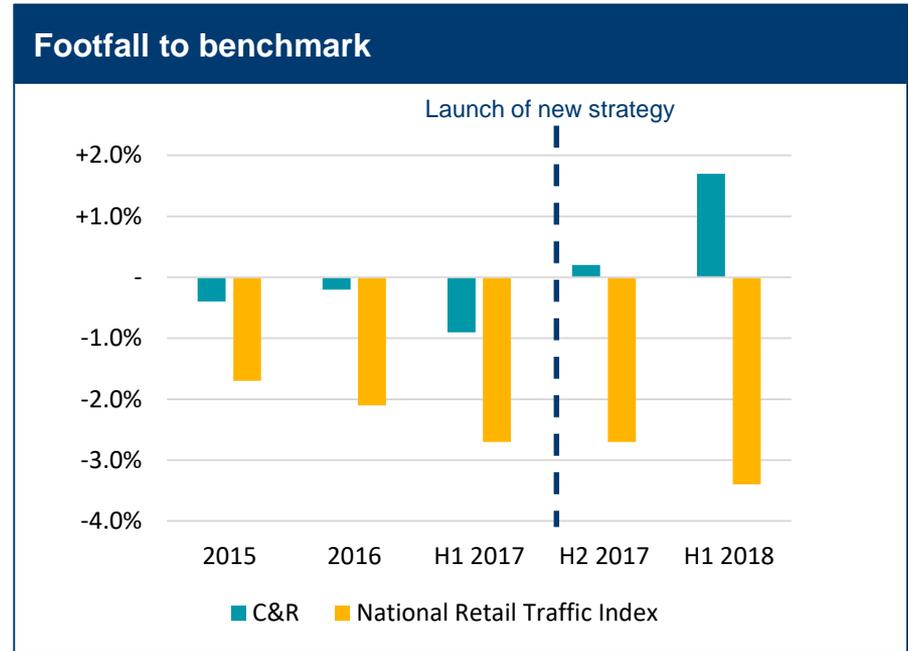
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Delivering for our communities

Increasing relevance to our guests and communities

H1 operational KPIs		
Footfall	38m	+1.7%
Footfall to benchmark		+5.1%
Frequency of visits	1.1 per week	
Click and collect		+35%
Occupancy	96.9%	+1.4 pps ¹

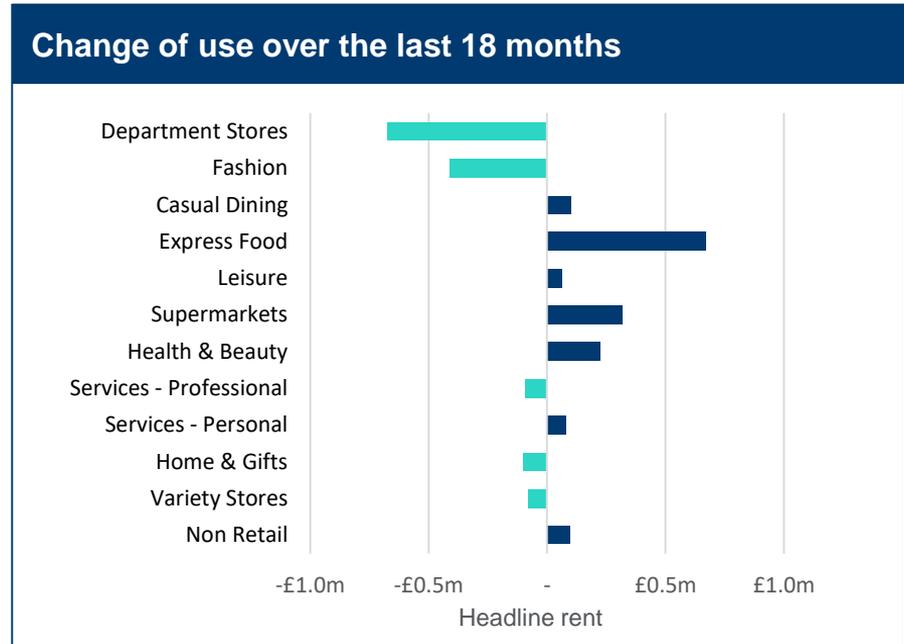


1. Compared to 30 June 2017.

Strong footfall drives retailer demand

Remerchandising strategy driving positive leasing spreads

H1 leasing KPIs		
New lettings	21	£1.4m
Renewals settled	23	£1.8m
Total	44	£3.2m
Premium to previous rent ¹		+3.4%
Premium to ERV ¹		+3.3%
WALE	8.0 years	+0.2



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

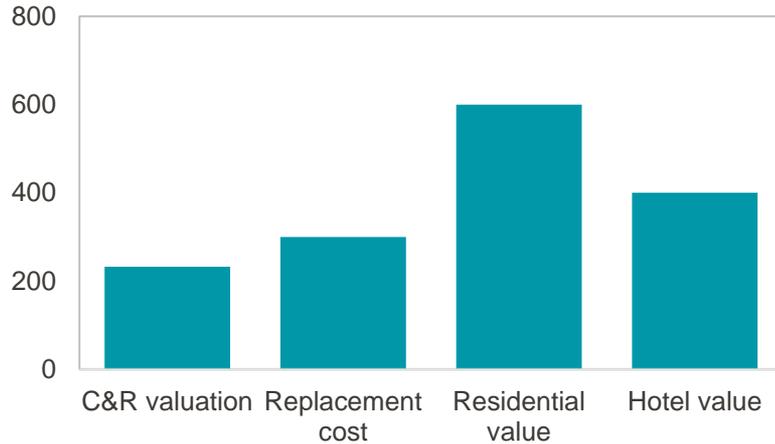
Delivering on the strategy of remerchandising to diversify uses and tenant mix



Platform for accretive repositioning

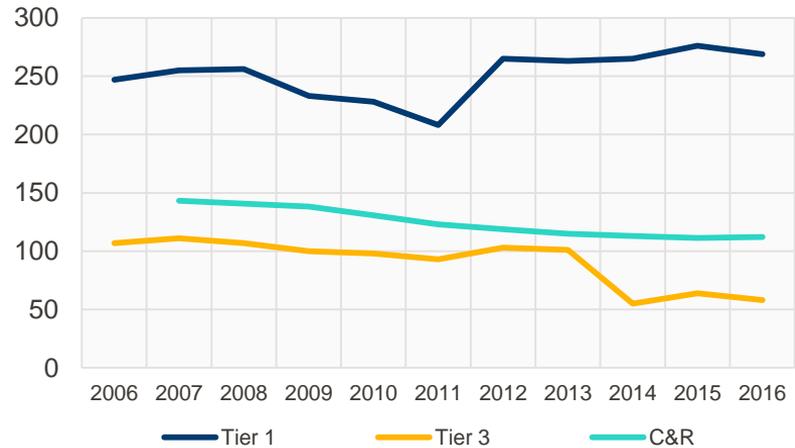
Capital values below replacement cost

Value psf (£)



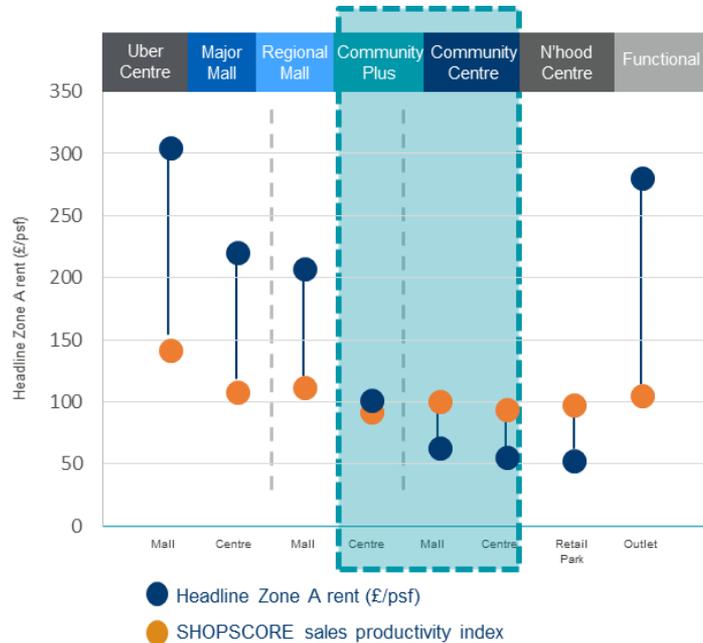
Secondary rents have rebased and remain affordable

Headline Zone A Rent (£/sqft)



Rebased rents, strong trading densities create vibrant places to trade

These venues deliver high proportions of retailer total profits due to dynamic between rental levels & retailer performance



Source: Javelin group SHOPSCORE & VENUESCORE

Community shopping centres – the “engine room” for UK retailers

Capital expenditure – delivering our strategy

- £6.8m spent in H1 2018, accelerating in H2 for full year £18m to £20m with over 20 live projects
- In excess of £100m of opportunities – greater than 50 specific initiatives
- £15m to £25m per year, targeting an average return of 9%+ on new investment
- Enables flexibility to respond to changes in consumer and retailer occupier demand

Scheme	Projects	H1 2018	H2 2018	2019
Blackburn	   	£0.4m	£1.0m	£0.1m
Hemel Hempstead	     	£0.5m	£2.0m	£8.0m
Ilford	     	£1.0m	£2.0m	£3.0m
Luton	  	£3.6m	£3.0m	£1.0m
Maidstone	   	£0.1m	£2.0m	£3.0m
Walthamstow	   	£0.7m	£0.2m	£4.0m
Wood Green	     	£0.5m	£1.0m	£4.0m

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

Attributes of successful community shopping centres

Positive footfall from local and convenient assets delivering the non-discretionary and value-orientated needs of the local community



20%+¹

Growing demographics



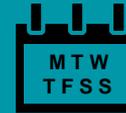
+1.7%

Increasing footfall



12.6% OCR

Affordable occupancy



1.1 per week

High frequency of visits



71%

Strong Conversion



96.9%

occupancy
The right size



13 minutes
Av. drive time

Local catchment



63% non-car

Easy accessibility



59 min av. stay

Convenient ease of use



£43

Spend per visit

Masterplans at work

Repositioning community shopping centres

High Street

Hemel Hempstead,
Wood Green

Hotel

Blackburn,
Wood Green

Entertainment & Leisure

Hemel Hempstead, Ilford, Wood Green

Retail

Office

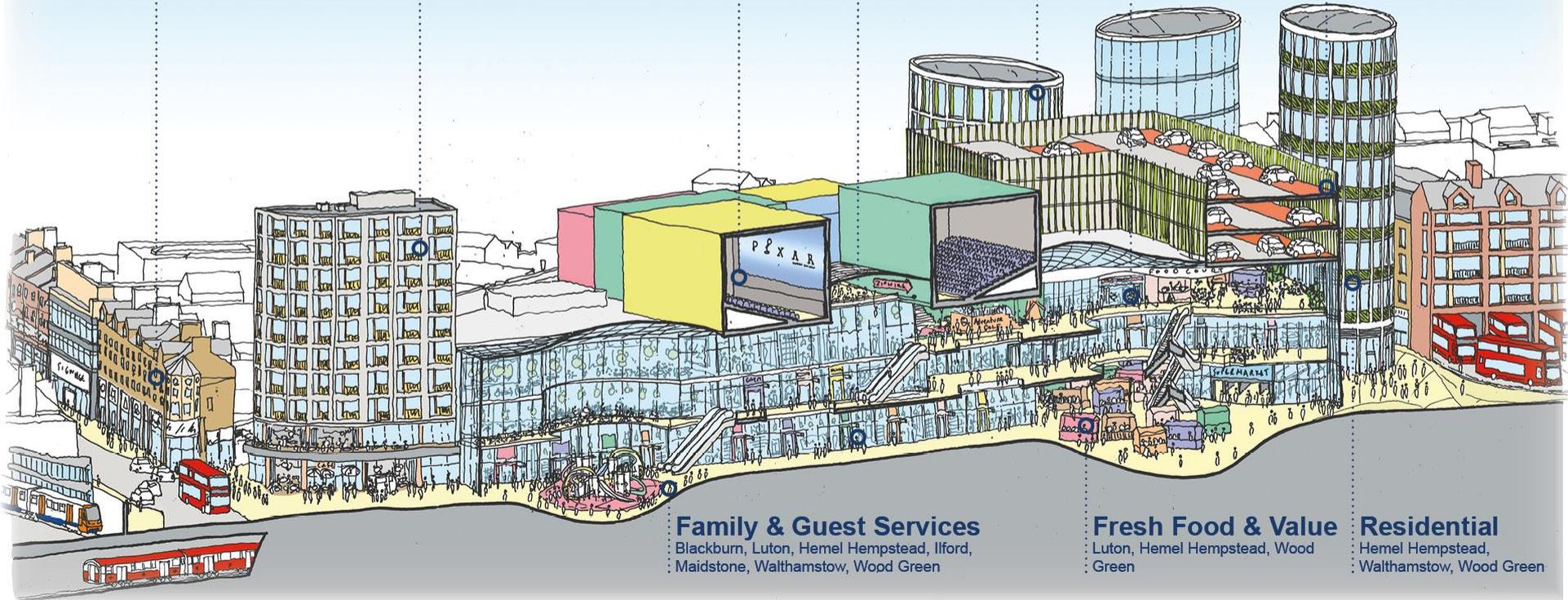
Luton,
Maidstone

Casual Dining

Hemel Hempstead, Ilford,
Wood Green

Car Parks

Blackburn, Hemel Hempstead,
Ilford, Luton, Maidstone,
Walthamstow, Wood Green



Summary

- **Strategy delivering for our communities, retailer customers and shareholders**
- **Resilient demand for high quality, convenient “needs” focussed community shopping centres:**
 - Strong letting progress
 - Growth in footfall
 - Improved profitability
- **Progress across all areas of the business**

Outlook

- Continue to focus on income, objective of dividend growth 5% to 8% over medium term
- Occupier restructurings present a short term challenge, full year 2018 dividend growth expected to be at low end of this range
- Our in-house expertise, accretive Capex programme and the strength and affordability of our assets enables us to successfully remerchandise to maintain positive momentum

Appendix

DAVID
BAILEY

ARTIST

IF YOU DON'T HAVE
YOU DON'T HAVE ANYTHING.



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Walthamstow's
CREATIVE
HEROES

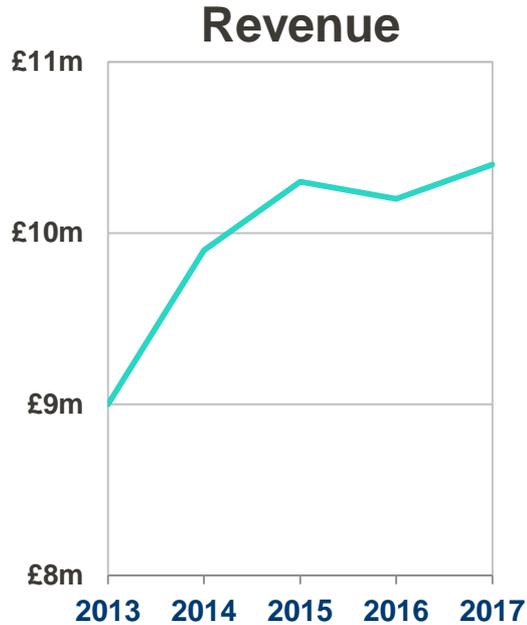
“
CURIOSITY IS
EVERYTHING
HAVE CURIOSITY,
ANYTHING.
”

Adjusted Profit to IFRS profit

<i>Amounts in £m</i>	Six months to 30 June 2018	Six months to 30 June 2017
	£m	£m
Adjusted Profit	15.5	14.5
Property revaluation (including Deferred Tax)	(12.4)	(2.8)
Loss on disposals	(1.1)	-
Gain on financial instruments	3.1	0.6
Other items	1.6	(0.2)
Profit/(loss) for the period	6.7	12.1

Snozone

Four years of profit growth to 31 December 2017

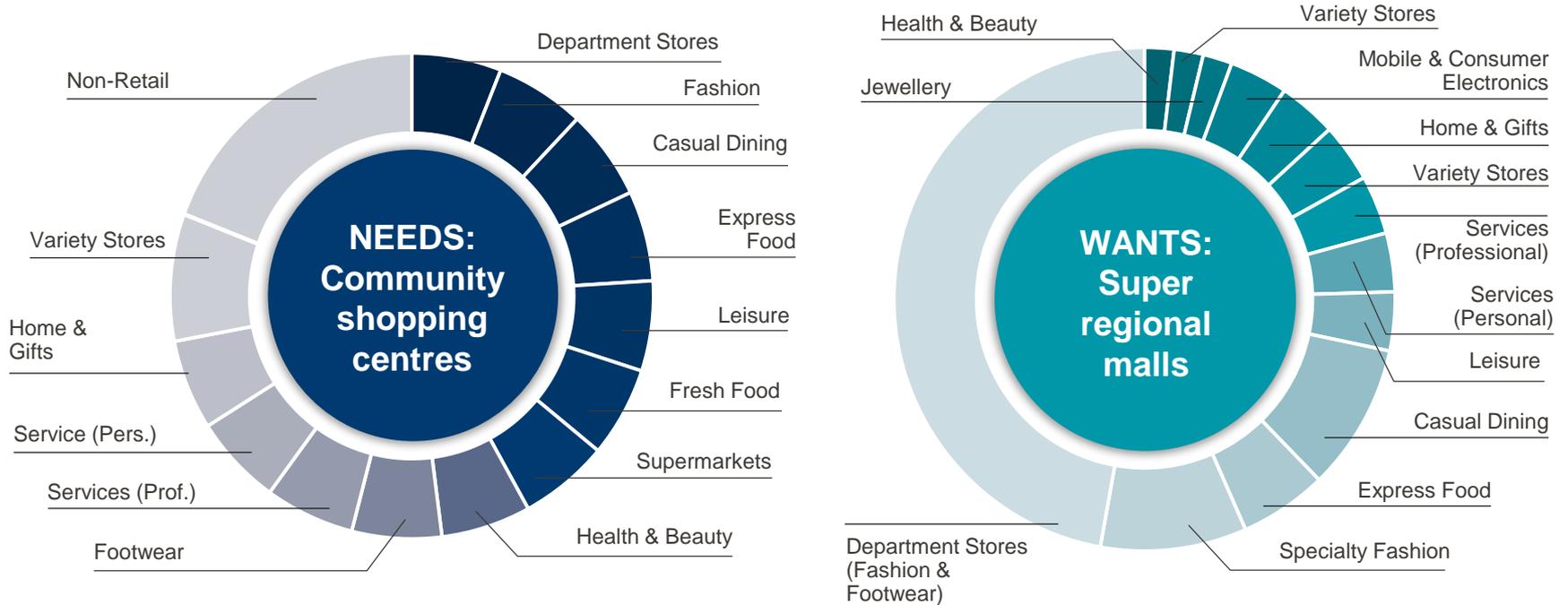


Average of 11% pa growth in profit



Reposition – Evolution of the retail mix

Complement super regional malls with substantially differentiated proposition



Top 10 retailers¹

A strong and diversified tenant mix

		% of rent	Stores
Debenhams	DEBENHAMS	5.81	3
AS Watson		3.20	14
TK Maxx		3.06	4
Primark		3.03	3
H&M		2.65	5
Sports World		2.32	7
Wilko		2.12	5
WH Smith		1.87	6
M&S		1.86	3
JD Sports		1.80	5
TOTAL		29.59	55

¹ Wholly-owned portfolio

c. 400 different tenants – low concentration risk

The Mall, Walthamstow

At the heart of the community – with proposed new tube entrance within the scheme

- Extension proposals for c. 80,000 sq ft retail and leisure extension and c.500 residential units
- Key milestones achieved:
 - development agreement signed
 - new head lease agreed
 - conditional planning consent granted July 2018
 - S106 Agreement signed
 - TfL allocated £15m for new tube entrance unlocks capacity for 2,000 new homes in Walthamstow
- Strong stakeholder relationships with WFBC, TFL & GLA



Wholly-owned asset information

As at 30 June 2018

Number of properties	7
Properties at valuation	£883.4m
Initial yield	6.0%
Equivalent yield	6.4%
Reversion	15.3%
Weighted average lease length to break	6.6 years
Weighted average lease length to expiry	8.0 years
Contracted rent	£62.3m
Passing rent	£59.2m
ERV	£68.3m
Occupancy	96.9%

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

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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