

2021 HALF YEAR RESULTS

RESILIENT OPERATING PERFORMANCE

9 September 2021

C&R

CAPITAL &
REGIONAL



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REGIONAL**

Supporting
Community Living

OVERVIEW

Lawrence Hutchings
Chief Executive

OVERVIEW

OPERATIONAL DELIVERY DURING COVID-19

Community Centre strategy provides a sound platform for navigating these challenging times

90%

Resilient occupancy
as at 30 June 2021

83%

FY 2021 rent has
been collected YTD

18.3m

H1 Footfall Visits
(+9.1% vs
National Index)

54

Leases signed at
premium to ERV
and passing rent in
H1 2021

45

Leases signed / in
pipeline since June
2021



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H1 2021 FINANCIAL RESULTS

Stuart Wetherly
Group Finance Director

FINANCIAL

FINANCIAL RESULTS

Covid-19 disruption has had a pervasive impact on financial results

	H1 2021	H1 2020	DIFFERENCE
PROFITABILITY			
Net Rental Income	£13.4m	£15.2m ²	£(1.8)m
Adjusted Profit ¹	£2.3m	£4.6m	£(2.3)m
Adjusted Earnings per share	2.1p	4.4p	-2.3p
IFRS Loss for the period	£(41.3)m	£(115.5)m	+£74.2m

	30 June 2021	30 December 2020	DIFFERENCE
NET ASSET VALUE			
Portfolio valuation	£482.7m	£527.0m	£(44.3)m
EPRA NTA	£131.6m	£176.7m	£(45.1)m
NAV per share ²	113p	150p	-37p
EPRA NTA per share ²	117p	158p	-41p

1. 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.
 2. Comparatives for six months to 30 June 2020 have been restated for the amended approach to IFRS 16 adoption as recognised in the financial statements for the year ending 30 December 2020.

INVESTMENT ASSETS AND MANAGED ASSETS

New classification reflecting the position of the Group's Shopping Centre Assets

SHOPPING CENTRES:

INVESTMENT ASSETS

- The Mall – Blackburn, The Mall – Maidstone, The Mall – Walthamstow, The Mall – Wood Green, The Exchange – Ilford
- Assets where the Group retains net equity and is focussed on long term solutions potentially involving the investment of new capital

MANAGED ASSETS

- The Marlowes – Hemel Hempstead, The Mall – Luton
- Assets in which the Group no longer retains net equity and hence involvement is in substance as a Manager

GROUP ADJUSTED PROFIT

Impacted by COVID-19 trading restrictions and rent collection

	H1 2021	H1 2020	DIFFERENCE
PROFITABILITY			
Shopping Centres Contribution – Investment Assets	£4.4m	£4.3m	£0.1m
Shopping Centres Contribution – Managed Assets	£0.4m	£2.5m	£(2.1)m
Shopping Centres - Total	£4.8m	£6.8m	£(2.0)m
Snozone	-	£(0.4)m	£0.4m
Net Group costs	£(2.5)m	£(1.8)m	£(0.7)m
Adjusted Profit ¹	£2.3m	£4.6m	£(2.3)m

- Investment Assets – level of disruption in line with 2020
- Managed Assets – increased void impact due to major units in transition at Luton and higher Hemel Hempstead vacancy
- Snozone – UK operations closed until 12 April 2021. Results supported by £2.5m Covid Insurance receipt
- Group costs – increase primarily due to 2020 one-off reductions

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RENT COLLECTION

Business wide focus delivering progress to 83% collection in YTD

	RENT COLLECTED 9M TO 30 SEPTEMBER 2021 ¹	
	£m	%
Rent collected	30.5	82.6%
Rent deferred/payment plans	1.3	3.4%
Total collected and deferred	31.8	86.0%
Outstanding	3.4	9.3%
Written off	0.1	0.3%
Retailer support	1.6	4.4%
TOTAL BILLED	37.0	100%

- Rent collection for 2021 YTD is 83%, an improvement of 13% from market update at end of June 2021

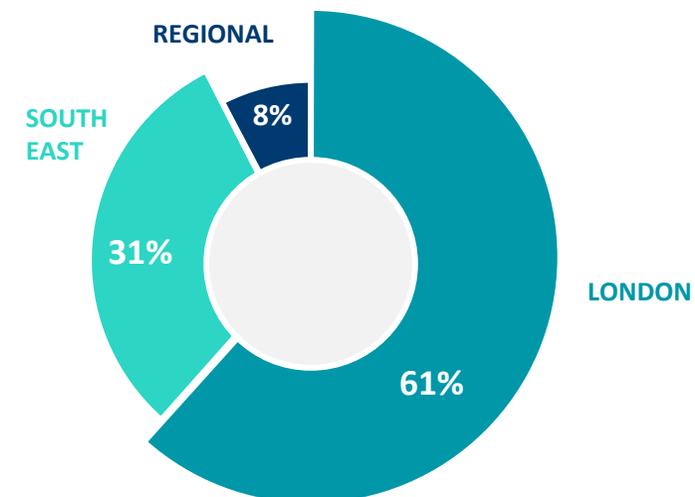
- Rent collection for FY20 has improved to 88% from 80% at time of Year End results in March 2021

VALUATIONS

Rate of decline approximately half that in 2020

	June 2021			December 2020			VARIANCE (%)
	£m	NIY (%)	NEY (%)	£m	NIY (%)	NEY (%)	
Ilford	54.8	4.60%	8.03%	60.0	5.30%	7.49%	-8.6%
Walthamstow	100.4	5.79%	6.62%	106.6	5.17%	6.15%	-5.8%
Wood Green	147.7	7.33%	6.92%	158.0	6.71%	6.43%	-6.5%
Blackburn	38.8	11.61%	13.26%	40.6	13.17%	12.23%	-4.4%
Maidstone	43.0	10.97%	10.97%	46.0	10.67%	10.75%	-6.5%
INVESTMENT ASSETS	384.7	7.45%	8.59%	411.2	7.28%	7.99%	-6.4%
Luton	84.0	9.59%	10.49%	92.5	9.8%	9.50%	-9.2%
Hemel Hempstead	14.0	11.24%	16.58%	18.0 ¹	10.00%	12.69%	-22.2%
MANAGED ASSETS	98.0	9.81%	12.09%	110.5¹	9.80%	10.65%	-11.3%
PORTFOLIO (LFL)	482.7	7.96%	9.38%	521.7¹	7.88%	8.63%	-7.5%

REGIONAL WEIGHTING OF INVESTMENT ASSETS



- Investment Assets have fared better than the portfolio and industry benchmarks
- Rate of decline is approximately half that of the two six-month periods in 2020

GROUP DEBT

Covenant waivers extended to enable discussions on longer term solutions to conclude

	DEBT £m	CASH £m	NET DEBT £m	PROPERTY VALUE LESS DEBT £m	LTV %	NET LTV %	LTV COVENANT	COVENANT WAIVERS/ DEFERRALS	MATURITY	STATUS
The Mall - Blackburn, Maidstone, Walthamstow, Wood Green	265.0	(7.9)	257.1	64.9	80.3%	78%	70	Jan 22	£100m - Jan 24 £165m - Jan 27	All covenants waived until January 2022
Ilford	39.0	(2.8)	36.2	15.8	71%	66%	70	Apr 22	Mar 24	All covenants waived until April 2022
Luton	96.5	(7.4)	89.1	(12.5)	115%	106%	70	Jan 22	Jan 24	Agreed terms of income covenant waiver extension to January 2022
Hemel Hempstead	23.0	(0.6)	22.4	(9.0)	164%	160%	60	Oct 21	Feb 23	Proceeds from Edmonds Parade disposal used to reduce debt
Central cash (incl. Snozone)	-	(56.8)	(56.8)	n/a	n/a	n/a	n/a	n/a	n/a	
TOTAL	423.5	(75.5)	348.0	59.2	88%	72%				

- Net Debt to LTV increased to 72% (61% excluding Managed Assets)
- Agreed extensions of covenant waivers on The Mall and Luton to January 2022, Ilford until April 2022
- Central cash of £56.8m equates to more than annual Contracted Rent

COMMUNITY CENTRE STRATEGY PROVIDING RESILIENCE

Operational stability underpinned by cash resources and stakeholder support

WAIVERS EXTENDED
ON ALL FACILITIES

£56.8m

CENTRAL CASH

90%

OCCUPANCY

83%

YTD 2021 RENT
COLLECTION



Support from key stakeholders



Strong cash reserves



Resilient operating performance



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BUSINESS UPDATE

Lawrence Hutchings
Chief Executive

BUSINESS

COMMUNITY STRATEGY AND PLATFORM PROVIDING ROBUST OPERATIONAL PERFORMANCE

STRUCTURAL CHANGE AWARE

Community centre strategy continues to increase our relevance and operational performance

PROACTIVE REPOSITIONING

Significant progress on key initiatives provides confidence over medium to long term

MANAGEMENT MATTERS

Integrated, multi-disciplinary platform delivering sector leading results

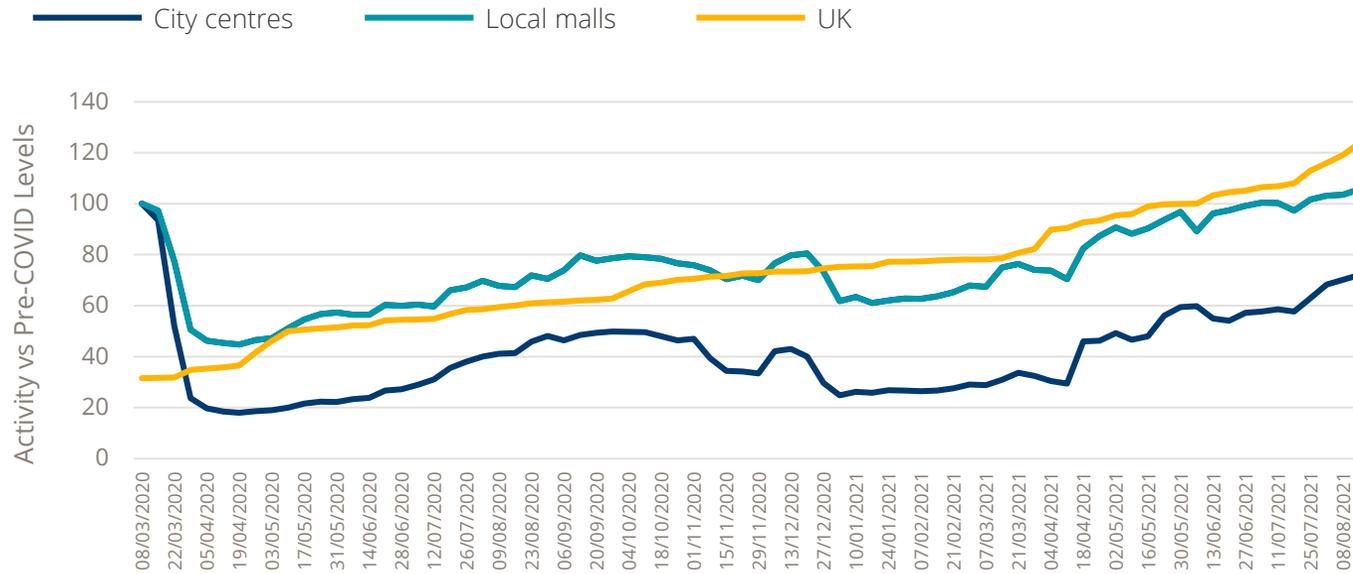
COMMUNITY CENTRIC

Placing our teams and communities at the centre of everything we do

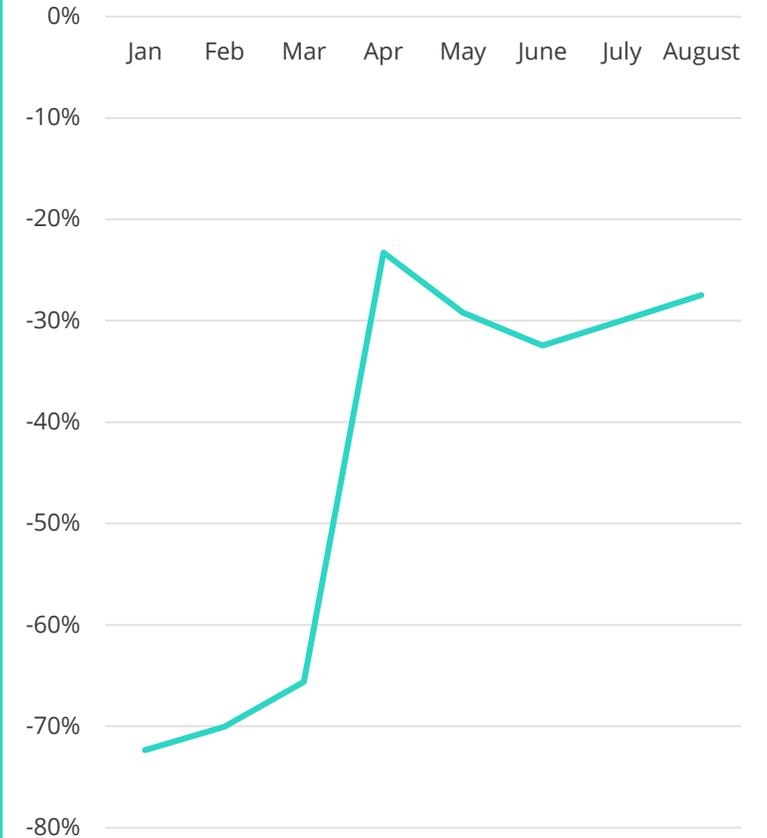
FOOTFALL

Post lockdown activity continues to favour staying and shopping "local"

CACI Movement of people – City Centres v Local Malls



Footfall Performance vs 2019



H1 2021 Footfall KPIs

18.3m

Footfall

+9.1%

Footfall to benchmark

MERCHANDISE MIX MATTERS

Focus on creating relevant, vibrant trading places



71%

Centres with Grocery representation



Pharmacy now our largest segment by income



-7%

Continued reduction in fashion exposure



Diversified income

- Job Centres
- Medical
- Gyms and wellness
- Professional suites
- Offices
- Dark and Grey Kitchens
- New Food Hall and Fresh Food Markets
- Family Zones

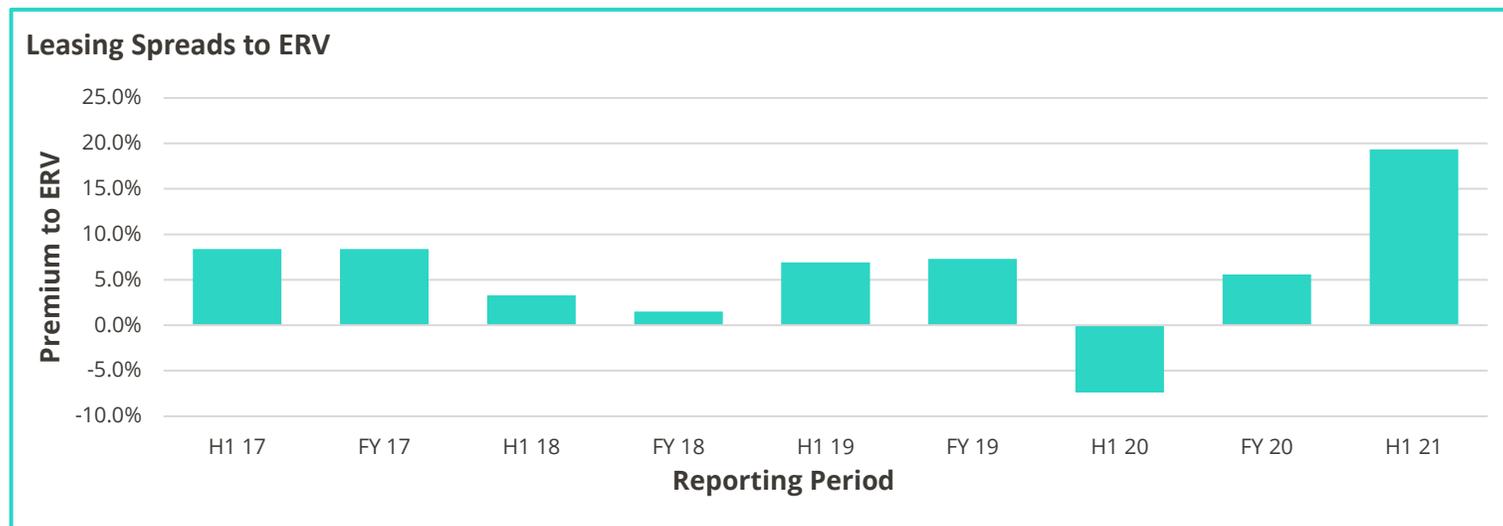
TOP 10 OCCUPIERS BY CONTRACTED RENT	% OF RENT	STORES
Superdrug [★] THE PERFUME SHOP	4.22%	20
Boots	3.86%	5
PRIMARK [®]	3.60%	3
T.K.maxx [®]	3.39%	4
SPORTS DIRECT	3.12%	7
wilko	2.89%	5
H&M	2.71%	5
Maidstone Borough Council	2.57%	n/a
JD	2.43%	5
Blackburn Council	2.29%	n/a
TOTAL	31.08%	54

Leasing demand greatest in our key community centre nondiscretionary categories



LEASING VOLUMES DRIVING PERFORMANCE

Transaction volumes in H1 in excess of H1 2019 with positive leasing spreads



2021 Performance (to 30 June 2021)

New lettings 30 £1.1m

Renewals settled 24 £0.3m

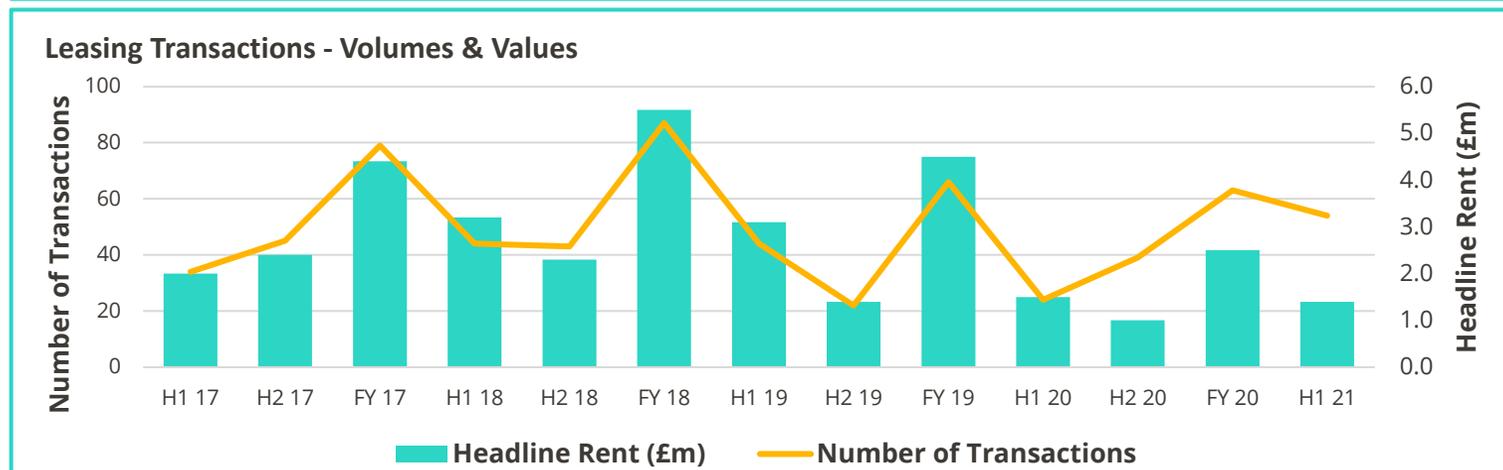
Total 54 £1.4m

Comparison to previous rent ¹ +36.3%

Comparison to ERV ¹ +19.3%

Weighted average lease length to expiry 4.4 years

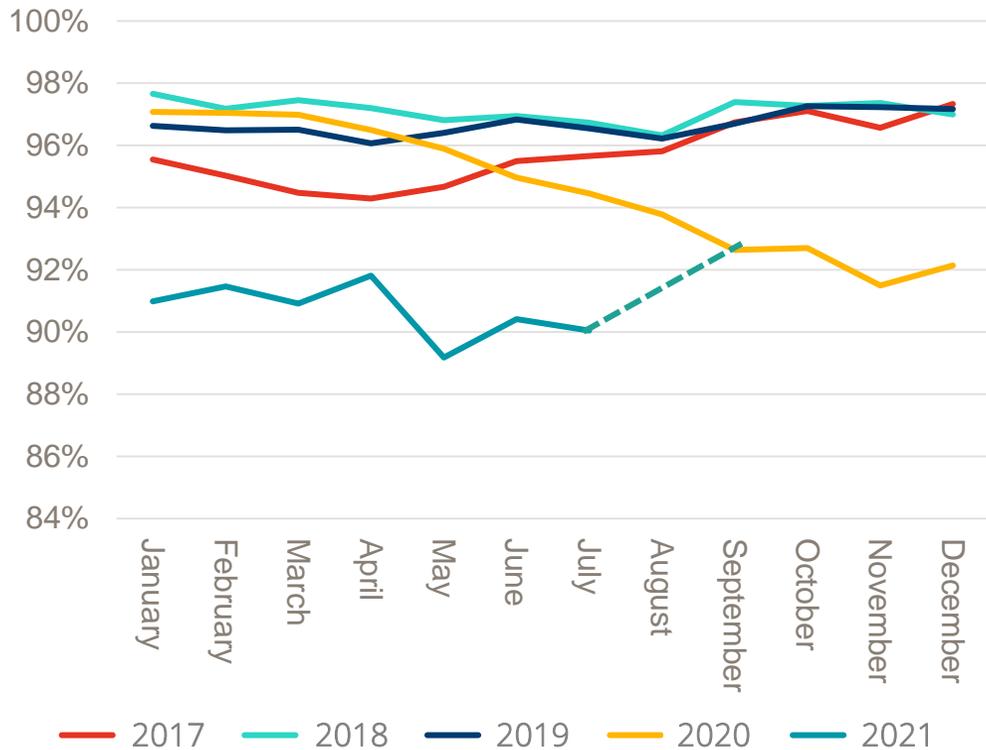
Weighted average lease length to break 6.2 years



OVER 45 LEASING TRANSACTIONS IN THE PIPELINE

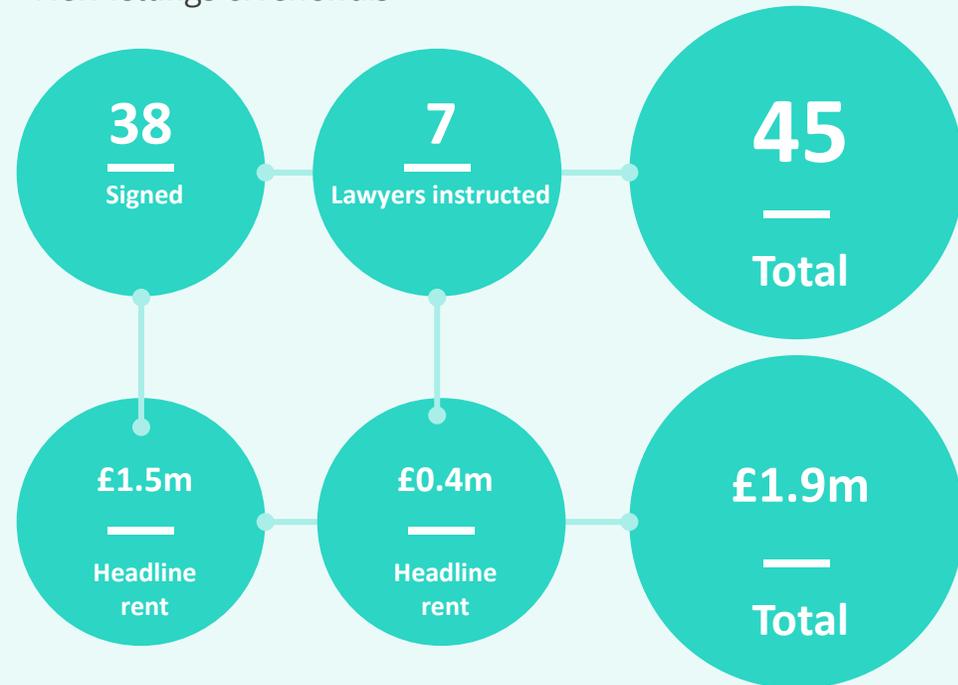
Enabling a rebuilding of occupancy

Occupancy to July 2021



Leasing pipeline (30 June 2021 to 30 September 2021)

New lettings & renewals



LEASING INSIGHTS

Growth in independent retailers

Polarization in retailer demand

- Large format anchor and marquee retailers / smaller format stores and kiosks
- Personal services
- Grab and Go food

Growing next generation of retailers

- Embedded in the communities in which we serve
- Tailoring to the needs of our customers by nurturing local independent retailers

Retailer support and development key

- Presentation and store design
- Business support / retail skills
- Commercial terms attractive > our £12 psf portfolio average rent

Encouraging us to think and work differently

- Investing in leasing capability
- Differing skillsets (non-RE backgrounds)
- Active sourcing



Facilitating new retail and service entrepreneurs

MARQUEE AND NEW ANCHOR RETAIL & SERVICES

Transformational letting initiatives that will enhance the schemes trading, driving income and capital growth

Re purposing Debenhams Ilford & medical centre

- Top Floor – 20,000 sq ft Lease completed with **DWP (Job Centre)**
- Middle Level – Heads of Terms agreed with TK Maxx opening in Q3 2022
- Lower Level – **Grocery** focus discussions to take the floor targeting Q3 2022 opening
- Lawyers instructed to Create a **modern healthcare facility** of circa 20,000 sq ft on the top floor

Food Hall Walthamstow

- Proposals received from two **Food Market Hall** operators. Potential delivery for Q2/Q3 2022



Our £12psf average rents facilitating active and accretive remerchandising

WALTHAMSTOW RESIDENTIAL PROJECT

Continued progress towards Long Harbour unconditionality

- Greater London Authority validation of planning secured in May
- S.106 agreement now in agreed form and in circulation for signing. Completion will simultaneously trigger formal planning consent
- Planning Decision Notice expected to be issued in September, with a six week statutory Judicial Review challenge period to follow
- Planning consent facilitates phased delivery of:
 - 538 residential units
 - 47,000 sqft of commercial space
 - New Victoria Line underground station entrance
- Planning consent is a key milestone condition under Long Harbour commercial agreement, enabling us to move forward in satisfying remaining works, site possession and lease conditions
- Revised Development Agreement and Headlease documentation well advanced and targeting agreement this autumn
- Current programme continues to envisage a start on site by year end 2021 and receipt of c.£20m land payment



STRATEGIC RESIDENTIAL DEVELOPMENT ACCORD

Partnership with FEC to realise portfolio residential potential

- Collaboration agreement entered into with **Far East Consortium (FEC)** to bring enhanced focus to unlock and maximise residential development opportunities
- FEC are an international business with a **strong track record in residential development and active across the UK**. Examples include; Dorsett Hotels in City & Shepard's Bush, Hornsey Town Hall redevelopment in Haringay, Meadowside residential development in Manchester.
- FEC provide specialist expertise to assess sites at pace then work up deliverable residential development
- Ground breaking partnership to unlock further mixed use opportunities in our respective portfolios and potential new projects
- The partnership will ultimately aim to facilitate projects that will enhance asset value and generate land receipts for C&R



Recognising the skills needed to unlock sustainable mixed-use development in urban areas

SNOZONE

Focus on growing and developing the Snozone Brand as a leader in indoor snow sports

HY Review

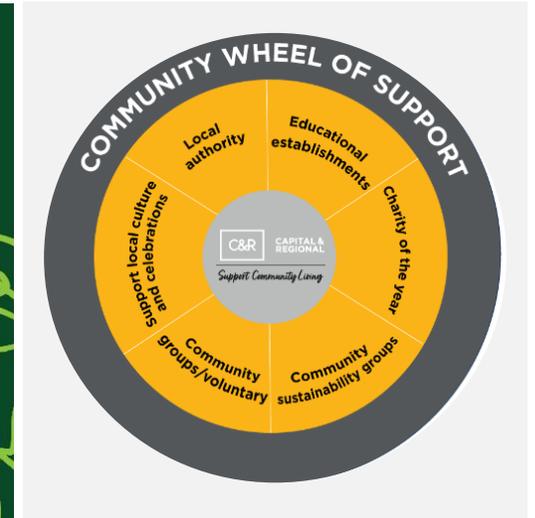
- Closed for peak trading quarter- reopened mid-April
- Operating with reduced capacity and activities since reopening
- Acquisition of Madrid in February . An established business that is performing in line with budget
- Two-time winners of the School Travel Award for Best Sporting Venue in the UK
- Awarded Travellers Choice accreditation by Trip Advisor
- Actively seeking further growth opportunities on the same basis as Madrid i.e. capital light
- Completion of rent regears in May, delivering an annual cash benefit of £0.35m
- Business Interruption Insurance payment £2.5m and VAT rebate; £1.4m
- Revenue in recent weeks has been close to 2019 levels and EBIT is up due to diligent cost management



Snozone is regarded as a leading operator of leisure venues

ESG STRATEGY UPDATE

Advancing our responsible business and initiating work on a broader ESG strategy



We have been awarded the prestigious RoSPA President's (10 consecutive annual Golds) Award, further exemplifying our commitment to ensuring safe shopping environments for our communities.



Our focus is on being better local citizens consistent with our community centre strategy



COMMUNITY STRATEGY AND PLATFORM PROVIDING ROBUST OPERATIONAL PERFORMANCE

STRUCTURAL CHANGE AWARE

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MANAGEMENT MATTERS

Integrated, multi-disciplinary platform delivering sector leading results

COMMUNITY CENTRIC

Placing our teams and communities at the centre of everything we do

SUMMARY

- Covid has accelerated long term structural changes in physical retailing
- Physical retailing remains important. Our Community Centres are essential parts of community infrastructure
- Our 15 minute neighbourhoods that focus on services and non discretionary retail are highly relevant as shift to "local" continues
- Positive operational performance in light of continuing structural and covid related headwinds
- Increased specialisation and operational intensity benefit our strong internalised management platform
- Discussions continue on a long-term solution to ongoing pressure on balance sheet
- Key Stakeholders remain supportive





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APPENDIX

ADJUSTED PROFIT TO IFRS PROFIT

AMOUNTS IN £M	30 JUNE 2021	30 JUNE 2020
Adjusted Profit	2.3	4.6
Property revaluation	(42.4)	(115.7)
Profit /(Loss) on disposals	(1.2)	0.4
Loss on financial instruments	3.5	(5.5)
Corporation tax in lieu of dividends	(3.6)	-
Other items	0.1	(0.7)
Loss for the period	(41.3)	(115.5)

ASSET INFORMATION

30 JUNE 2021

NUMBER OF PROPERTIES	7
Properties at valuation	£482.7m
Initial yield	7.9%
Equivalent yield	9.4%
Reversion	8.5%
Weighted average lease length to break	4.4 years
Weighted average lease length to expiry	6.2 years
Contracted rent	£51.6m
Passing rent	£50.7m
ERV	£55.0m
Occupancy	90%



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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