

HALF YEAR RESULTS

4 September 2020

C&R

CAPITAL &
REGIONAL

Results and Market Overview

Lawrence Hutchings
Chief Executive

EXECUTIVE SUMMARY

1.

Navigating
through Covid

2.

Focused on support
for our teams and our
communities

3.

Support of our major
shareholders and our
lenders

4.

Maintaining financial
stability and creating
flexibility to respond
to structural change

5.

Importance of
community centres
remains key

6.

Confidence in
our strategy

NAVIGATING THE COVID-19 ENVIRONMENT

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



- Centres remained open throughout lockdown, providing essential services to the communities they serve
- Free parking during lockdown to support key workers and those requiring their cars to access essential services
- Footfall consistently improving with August outperforming the national index by 7.3%
- Programme of cost saving measures implemented to reduce service charge costs for tenants and central costs
- As of today 605 stores, representing over 96% of units, are back open - increased from 68 stores in early May
- Occupancy has remained robust at 95%
- Seeing a return in leasing momentum with 28 new deals in the pipeline



H1 2020 Financial Results

Stuart Wetherly
Group Finance Director

FINANCIAL RESULTS

COVID-19 has had a pervasive impact on H1 results

	H1 2020	H1 2019	Change
Profitability			
Net Rental Income	£16.2m	£25.2m	-£9.0m
Adjusted Profit ¹	£4.6m	£14.8m	-£10.2m
Adjusted Earnings per share ²	4.4p	20.4p	-16.0p
	30 June 2020	30 December 2019	
Net Asset Value			
Portfolio valuation	£611.3m	£727.1m	-£115.8m
EPRA NTA	£264.4m	£378.6m	-£114.2m
NAV per share ²	229p	361p	-132p
EPRA NTA per share ²	236p	364p	-128p
Group Debt			
Net debt to property value	57%	46%	+11 pps
Average maturity	4.9 years	5.4 years	-0.5 year

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 Per share amounts are adjusted to reflect the impact of the 10 for 1 share consolidation that completed on 15 January 2020.

GROUP ADJUSTED PROFIT

Impacted by COVID-19 trading restrictions and rent collection

	H1 2020	H1 2019	Change
NRI	£16.2m	£25.2m	−£9.0m
Interest	£(9.5)m	£(9.4)m	−£0.1m
Snozone	£(0.1)m	£1.0m	−£1.1m
Investment income	-	£0.1m	−£0.1m
Net Group costs	£(2.0)m	£(2.1)m	+£0.1m
Group Adjusted Profit	£4.6m	£14.8m	−£10.2m

- NRI significantly impacted by COVID-19:
 - Bad debt
 - CVAs and Administrations
 - Car Park and Ancillary income
- Snozone closed on 20 March 2020 in line with government guidance. Re-opened on 7 August 2020.
- Net Group costs reduced by £0.1m (c 5%) with efficiency savings offsetting inflation.

RENT COLLECTION

Business wide focus on rent collection delivering progress

	Rent collection £6m to 30 June 2020		Rent collection £9m to 30 September 2020	
	£m		£m	
Rent collected	18.2	76%	23.6	69%
Deferred	0.5	2%	1.1	3%
Total collected and deferred	18.7	78%	24.7	72%
In negotiation	4.1	17%	7.4	22%
Provided in full	1.1	5%	2.0	6%
Total billed	23.9	100%	34.1	100%

All data up to end of August 2020.

- In total we have collected 69% of rent related to the first nine months of the year
- Collection of 54% of rents for Q2 and Q3 combined, a 14% improvement on when we updated the market at the start of July
- Over half of the balance outstanding due from major, well-capitalised retailers who have capacity to pay

RESTRUCTURING ACTIVITY

Continued occupier restructuring activity

National CVAs		C&R	
Retailers	Total Stores	Retailers	Units impacted
9	2,125	3	10

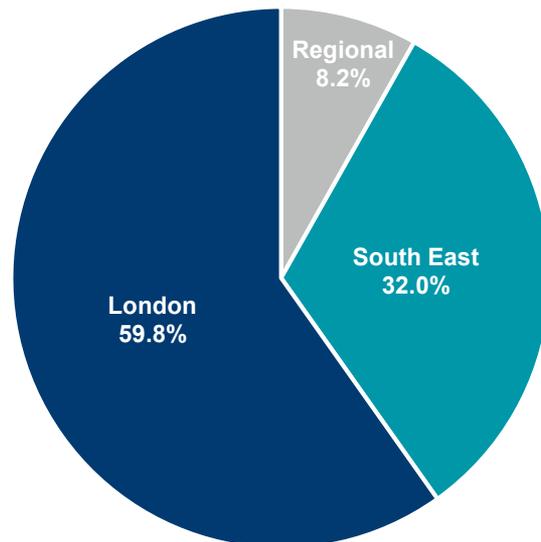
All data up to end of August 2020.

- We are exposed to only three of the nine national CVAs that have been launched in 2020 up to the end of August. Estimated ongoing impact of proposals if approved is c. £0.6m p.a. equivalent to approximately 1% of passing rent.
- Administrations and the full year impact of prior year CVAs has resulted in a loss of income of c. £1.0m in H1 2020.
- In addition there has been a one-off £1.4m impact in the period from the write-off of incentives for those tenants entering administration.
- Debenhams - combined impact of 2020 administration and full year impact of 2019 CVA - represents £0.8m of the £2.4m total.

VALUATIONS

London assets continue to outperform, mitigating worst of investment market headwinds

	30 Jun 2020		30 Dec 2019		Variance (%)
	£m	NIY (%)	£m	NIY (%)	
Walthamstow	118.0	4.69	126.0	5.28	-6.3%
Wood Green	180.0	5.96	211.5	5.48	-14.9%
Ilford	67.8	4.69	77.4	6.06	-12.4%
Hemel Hempstead	27.8	9.29	34.7	8.50	-19.9%
Luton	116.5	9.00	148.7	8.00	-21.7%
Maidstone	51.0	9.68	61.9	8.38	-17.6%
Blackburn	50.2	11.77	66.9	10.24	-25.0%
Portfolio	611.3	7.18	727.1	6.95	-15.9%



- Valuation declines of retail assets across industry accelerated in H1 2020 as COVID factors exacerbated structural trends
- Continued disconnect of London and regional asset values
 - London -11.8% v Rest of Portfolio -21.4% across H1 2020
- Alternate/mixed use options underpin London valuations

GROUP DEBT

Focus on maintaining cash flexibility in light of ongoing uncertainties

	Debt £m	Cash £m	Property value less debt £m	LTV	Net LTV	LTV default covenant	Headroom as % of June 2020 valuation
Four Mall assets	265.0	(9.1)	134.2	66%	64%	70%	5.2%
Ilford	39.0	(1.0)	28.8	58%	56%	70%	17.8%
Hemel Hempstead	26.9	(0.6)	0.9	97%	95%	60% ¹	27.7% ¹
Luton	96.5	(1.1)	20.0	83%	82%	80% ²	(3.5)%
Central Cash	-	(67.2)	n/a	-	-	-	-
Total	427.4	(79.0)	183.9	70%	57%	-	-

¹ Covenant assessed on projected Gross Development Value of scheme of £62m per loan agreement

² Luton covenant reverts to 70% on 1 October 2020

- Focus on preserving central cash to ensure stability of the group, providing contingency for further trading disruptions and enabling continued judicious investment in capital expenditure where it supports income and remerchandising strategy.
- The Group's four asset backed loan facilities are non-recourse with no cross-default clauses.
- Working closely with lenders to manage headroom on individual facility basis:
 - Luton – in detailed discussions over restructuring for medium term.
 - Hemel – working through a revised agreement to reflect evolving asset plans with cinema development currently under review.
 - Four Mall Assets – income covenants waived for rest of 2020. Advanced discussions on longer term covenant relaxation. Targeted proceeds from Walthamstow residential development also provide an opportunity to de-lever the facility.
- Reflecting focus on cash preservation the dividend has been suspended until markets improve.

COMMUNITY CENTRE STRATEGY PROVIDING RESILIENCE

Operational resilience underpinned by cash resources and stakeholder support

- Support from key stakeholders
- Strong cash reserves
- Resilient operating performance



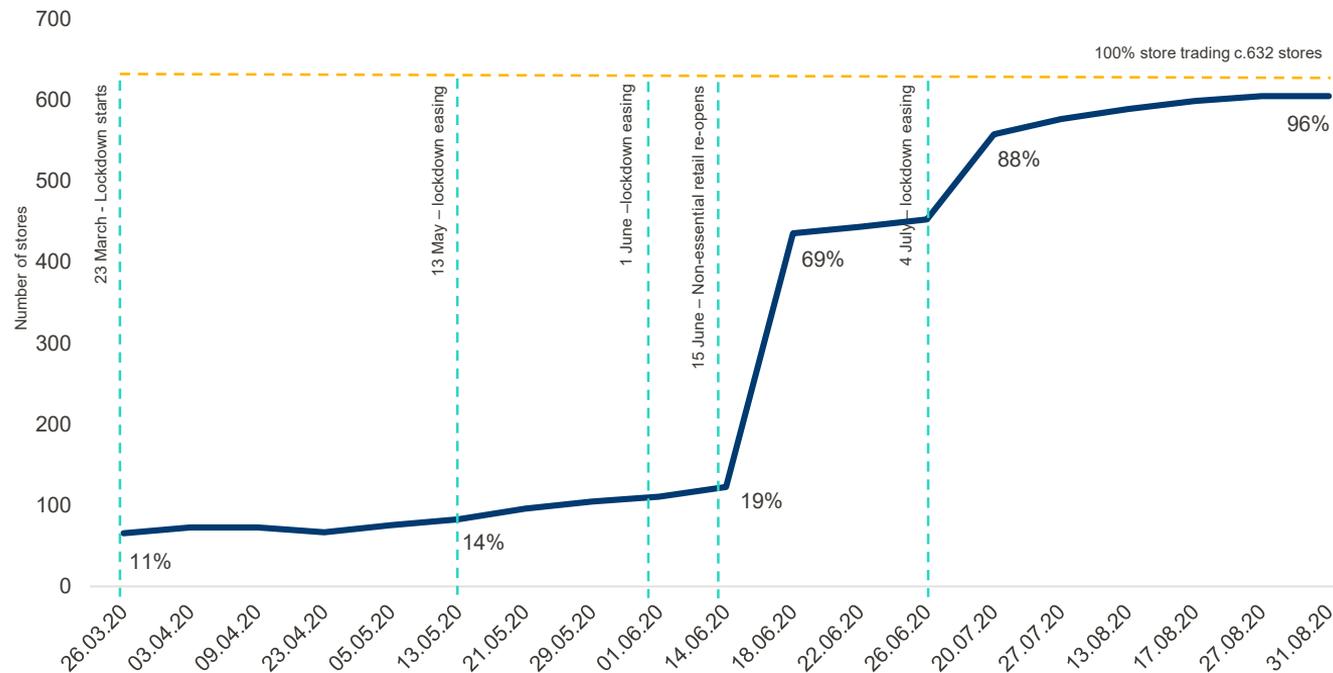
Business Update

Lawrence Hutchings
Chief Executive

96% OF OUR STORES HAVE RE-OPENED

On the road to recovery - rapid return to trading by retailers

Only 3% of stores eligible to be open remain closed



Wholly owned assets as at 31 August 2020

Accelerated re-opening of stores due to our community positioning

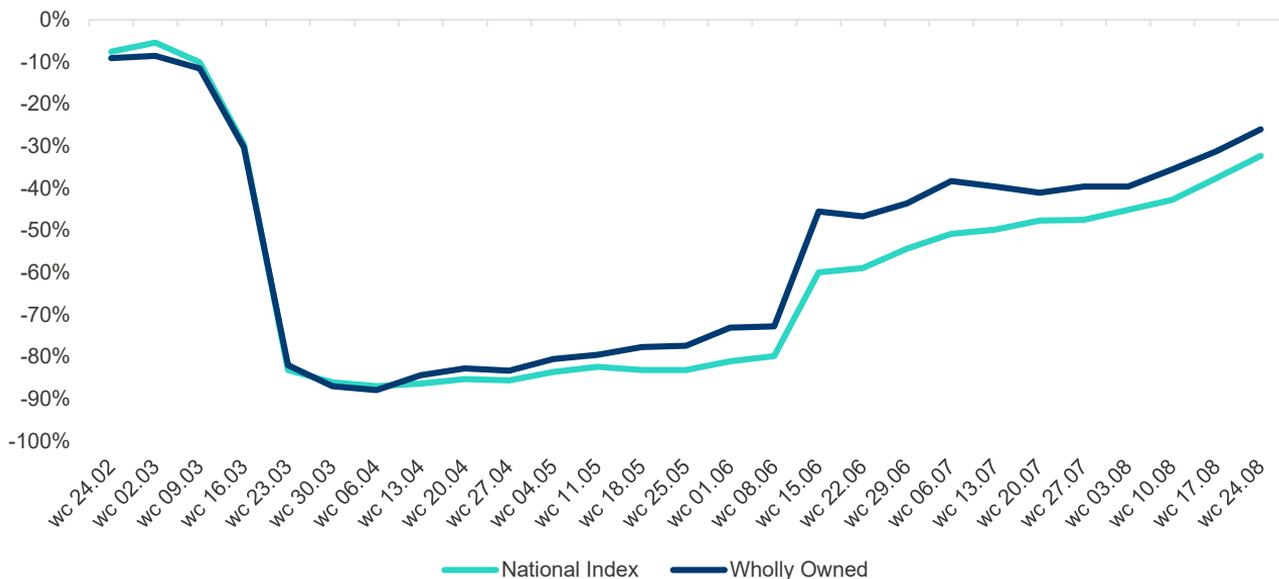
Supporting our retailers to re-open:

- Reducing costs for our retailer customers - 25% service charge savings in H1 2020
- Promoting store re-openings through our digital channels
- Communicating capacity levels and the best time to shop
- Assisting with queue management

FOOTFALL INCREASING SINCE NON-ESSENTIAL TRADING RESUMED

Our footfall continues to outperform the national index

C&R Weekly Performance vs National Index



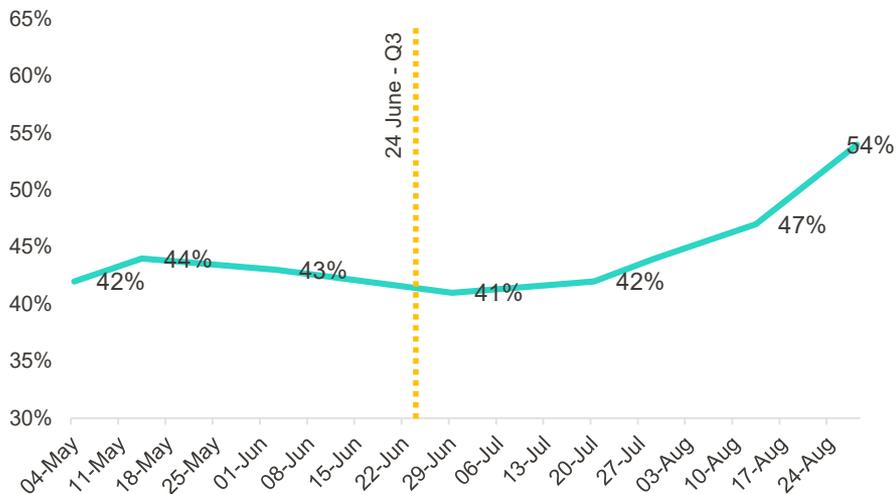
- More people shopping locally due to working from home and avoiding public transport
- 1.7m live in the core catchment area
- 14 minutes average drive time
- Retail parks and locally based centres are typically outperforming other retail destinations

Wholly owned assets as at 31 August 2020 (excluding Walthamstow from 21 July 2020 due to fire in prior year)

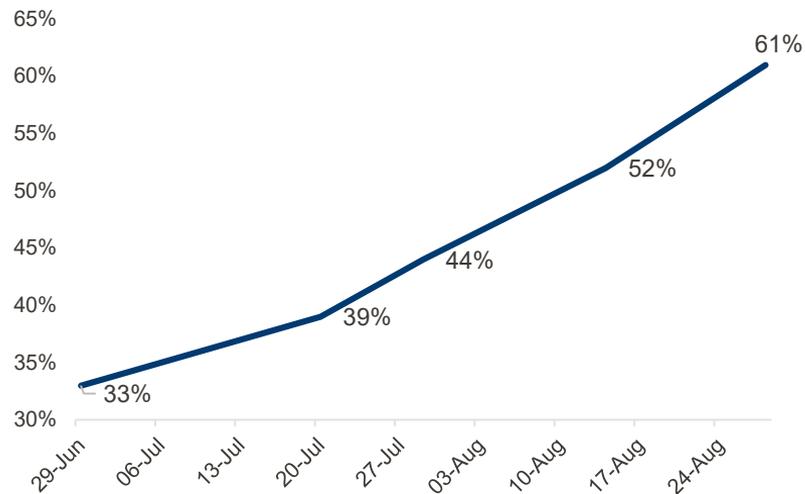
COLLECTED 54% OF RENT DUE FOR Q2 AND Q3 2020

Focus on rent collection while supporting our smaller and independent retailers

Rent collected since 25 March 2020



Q3 quarterly rent collected (since 24 June)



Wholly owned assets as at 31 August 2020

- Improving trading performance since re-opening has strengthened our discussions with retailers regarding non-payment of rent
- Working with our tenants to find mutually acceptable agreements
- Supporting small independent retailers and encouraging those that can pay to pay

CONTINUED DELIVERY OF KEY INITIATIVES

Further progress during lockdown

Following the administration of BHS in 2016, we converted the former BHS store in Walthamstow into units for alternative uses including Lidl, The Gym and further leisure and retail space. We converted the former BHS unit at Blackburn into Wilko.

In 2020, we will deliver Matalan and Pure Gym in the final remaining BHS unit in Maidstone.

Offer: Everyday Apparel



MATALAN

Action:

- Converting the lower level to a 23,000 sq. ft. Matalan
- 10 year lease
- Unit handed over July 2020, opening late September 2020

Asset /Community Impacts:

- Enhances the needs based staple apparel offer
- Enhances family offer for our key community groups

Action:

- Converting the top floor to a 14,000 sq. ft. Pure Gym
- 10 year lease
- Taking possession in mid September 2020

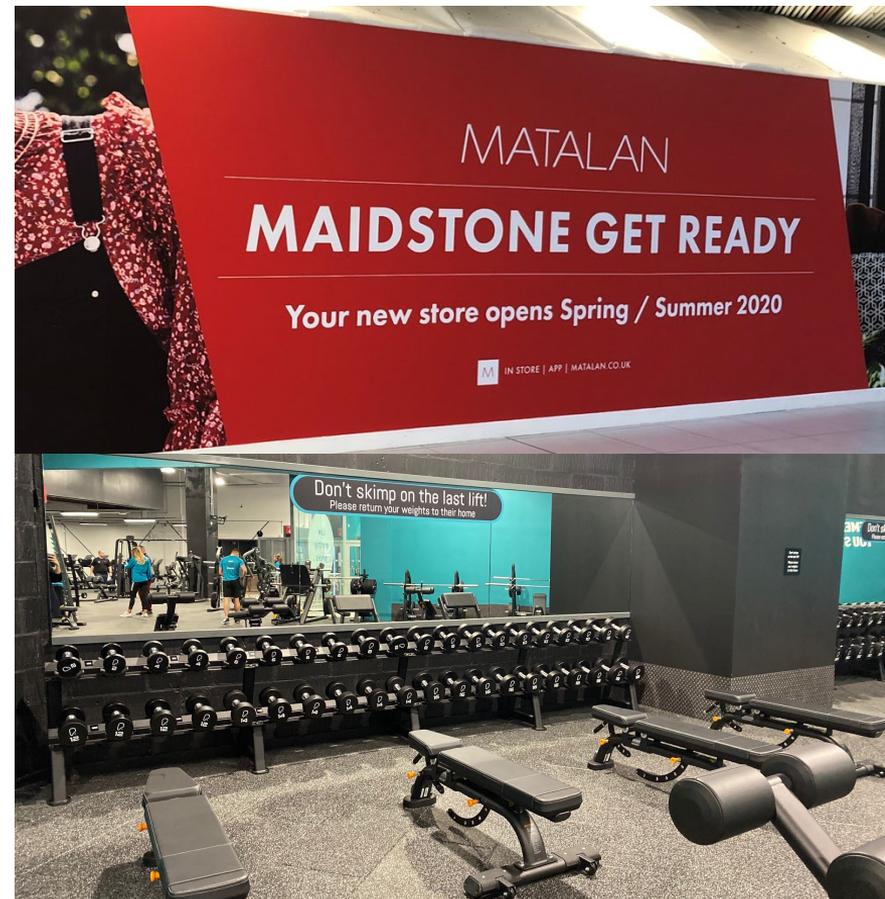
Asset /Community Impacts:

- New and diversified use and income stream
- Enhances town centre leisure provisions - footfall driver
- Highly accretive remerchandising of off-pitch location

Offer: Gym



PUREGYM



LEASING PERFORMANCE & PIPELINE

24 new lettings and renewals during the period with a strong leasing pipeline

H1 2020 Performance

New lettings	10	£0.6m
Renewals settled	14	£0.9m
Total	24	£1.5m
Comparison to previous rent ¹		+9.59%
Comparison to ERV ¹		-7.4%
Weighted average lease length to expiry		5.9 years
Weighted average lease length to break		4.0 years

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

Leasing Pipeline

New Lettings	No.	Headline Rent
Signed	6	£0.23m
Lawyers Instructed	8	£0.47m
HoTs Agreed	14	£0.67m
Total	28	£1.37m
Lease Renewal	No.	Headline Rent
Signed	1	£0.08m
Lawyers Instructed	2	£0.31m
HoTs Agreed	10	£0.05m
Total	13	£0.44m

- Commercial or casual mall leasing (CML) accounts for 9 of the 28 new lettings illustrating strong demand
- Local Authorities looking to invest and 'kick start' their local community with funds available to facilitate healthcare facilities, libraries and other municipal facilities
- Investing capital to support this programme and to bring in new deals

COMMUNITY CENTRE MERCHANDISING PILLARS

Best in class national, local and independent retailers



REPURPOSING AND REPOSITIONING

Considerable progress made to reposition our centres to align to community needs with 60+ projects delivered



2017

- Travelodge, Wood Green
- Amenities refresh, Ilford
- Soft play, Ilford
- Babyfresh, Maidstone

2018

- Family Zone, Ilford
- Fareham House refurbishment, Hemel Hempstead
- Management Suite refurbishment, Hemel Hempstead
- Amenities refresh, Wood Green
- Amenities and family room refurbishment, Ilford and Hemel Hempstead
- Soft play, Wood Green, Luton, Blackburn

2019

- Centre ambience upgrade, Hemel Hempstead
- Family Zone, Hemel Hempstead
- Tinies Creche, Hemel Hempstead
- Pure Gym, Hemel Hempstead
- Tesco refurbishment, Luton
- Arndale House, Luton

2020

- Healthcare Centre concept, Ilford
- Food and Beverage concept, Walthamstow
- Lidl and Market concept, Luton
- Matalan, Maidstone
- Pure Gym, Maidstone
- Public realm kiosks, Ilford



COMPLEMENTING OUR RETAIL OFFER

Fresh food and grocery

- Open units to allow for site lines into the fresh food market and grocery
- Central, flexible event space to hold pop ups, kitchen demos and events
- Extended seating areas into the mall, making better profitable use of the current mall circulation



MIXED USE OPPORTUNITIES

Services – Healthcare provision at Ilford

- We are in advanced discussions with the NHS to open a 20,000 sq. ft. healthcare centre at Exchange, Ilford
- Interest in developing similar concepts at three of our other centres
- Destination led and doesn't occupy prime retail space
- A key part of community shopping centres in future
- Provides scope for ancillary offers



MIXED USE OPPORTUNITIES

Residential - Further progress at Walthamstow

- Revised detailed planning applications submitted in August, with the support of our preferred residential partner
- Applications incorporate the second station entrance for Victoria Line underground and several enhancements to scheme design and deliverability
- Targeting planning committee before end of calendar year
- Legal documentation with partner approaching final form, with conditional exchange anticipated during Q3 2020
- Target gross land receipt of £20m+ with anticipated payment in Q1 2021



THE RIGHT STRATEGY

“Passionate creation of vibrant spaces and exceptional guest and customer experience”

Define

Community Shopping Centres

Our assets anchor their catchment, serving the non-discretionary and value orientated needs of their local communities.

- Family focus
- Grocery and fresh food
- Food & beverage
- Leisure and entertainment
- Health and beauty
- Mixed use (residential, hotel, office)
- Services
- Transport connectivity

Position

Assets and Retail Mix

Operations & Marketing

- Attract customers
- Drive footfall
- Retailer performance

Leasing

- Remerchandise
- Adapt and innovate retail footprint
- Income generation & growth

Investment

- Add density
- Mixed use
- Maximise value

Focus

Management Team

To accelerate decision making and delivery we focus on:

- Agile management
- Data driven
- Decentralised structure

Enhance

Stakeholder Value

We operate and invest with our key stakeholders in mind:

- Community
- Environment
- Our People
- The Marketplace
- Income return focus

1.

Proven differentiated strategy - scale enables agility and responsiveness

2.

Rigorous management focus - operational expertise and efficiency

3.

Prominent community locations - town centre in boroughs with growth projected

4.

Focus on technology, people and systems - enhanced data, greater insights, agile decision making and improved efficiency

SUMMARY

1. Central cash provides financial stability and flexibility to invest in our assets
2. Strong relative operational performance
3. Community Centre strategy increasingly relevant
4. Continue to support our teams and communities
5. Significant progress on key initiatives
6. Support from major stakeholders

Appendix

SUPPORTING OUR LOCAL COMMUNITIES

Supporting local initiatives and our staff during lockdown and recovery

- Donated care and food packages to those on the NHS frontline and vulnerable people within our communities
- Supported local food banks through donations and by helping to recruit volunteers
- Creatively used vacant space within our centres and previously committed press ads to promote messages of support for the NHS and to display local guests' artwork, banners and paintings in support of the NHS and the #loveforthe lost campaign
- Promoted store re-openings on our digital channels and promoted retailer customers taking part in 'Eat Out to Help Out'
- Supporting our staff through the launch of our 'All About You' Committee, responsible for coordinating weekly initiatives to ensure teams stay connected, not just on a practical level, but mentally and emotionally; to boost team building, communication, trust and cohesion, while working remotely



INCREASING OUR OPERATIONAL AGILITY

Accelerating shift to flexible, technology driven propositions to diversify income and align to community needs

Casual Mall Leasing (CML)

- Maximising revenue through quality uses, experiences and partnerships, embracing physical, digital and emerging platforms
- Strong growth achieved pre-COVID-19
- CML is one of the first areas we are experiencing income recovery driven by the London assets

Payment Technology and Opportunities

- New payment methods including card, text, Android/ Apple App, and auto-pay account.

Alternative Use

- Partnership with REEF to invest in a new car park management, providing new opportunities to drive income and efficiency
- Alternative income opportunities include dark kitchens, bike and scooter rental stations, electric vehicle charging, ride-share and delivery buffer zones and community spaces for pop-up businesses

Data

- Introduction of ShopperTrak in partnership with Sensormatic Solutions to monitor individual centre occupancy levels in real time
- Collating user insights through enhanced data collection technologies, guest loyalty reward schemes and visitor tracking

Systems

- Ensuring we have fast, flexible access to our data, being realised through the implementation of Salesforce, Anaplan, Office 365, Power BI and Voyager



ADJUSTED PROFIT TO IFRS PROFIT

Amounts in £m	Six months to 30 June 2020	Six months to 30 June 2019
Adjusted Profit	4.6	14.8
Property revaluation	(115.7)	(64.3)
Profit /(Loss) on disposals	0.4	(0.2)
Loss on financial instruments	(5.5)	(4.9)
Other items	0.7	(0.8)
Loss for the period	(115.5)	(55.4)

C&R ASSET INFORMATION

As at 30 June 2020

Number of properties	7
Properties at valuation	£611.3m
Initial yield	7.18%
Equivalent yield	8.08%
Reversion	2.9%
Weighted average lease length to break	4.0 years
Weighted average lease length to expiry	5.9 years
Contracted rent	£57.9m
Passing rent	£57.1m
ERV	£58.8m
Occupancy	95.0%

ASSET OVERVIEW

Our 7 shopping centres

Property	Description	Principal occupiers	Size (sq ft)	Number of lettable units	Annual footfall (m) ¹	Car park spaces	Valuation (m)
The Mall, Blackburn	Leasehold partially covered shopping centre on three floors	Primark, Debenhams, H&M, Next, Wilko, Pure Gym	600,000	109	11.9	1,286	50.2
The Marlowes, Hemel Hempstead	Freehold covered scheme on one principal trading level	Wilko, New Look, Sports Direct, River Island	350,000	110	6.0	1,175	27.8
The Exchange, Ilford	Predominantly freehold scheme over three trading levels	Debenhams, Next, H&M, TK Maxx, M&S	300,000	79	10.6	1,031	67.8
The Mall, Luton	Leasehold covered shopping centre on two floors with over 65,000 sq ft of offices	Debenhams, Primark, H&M, TK Maxx, Wilko, Luton BC (offices)	900,000	165	18.2	1526	116.5
The Mall, Maidstone	Freehold covered shopping centre on three floors with over 40,000 sq ft of offices	Boots, New Look, Wilko, Next, Iceland, Maidstone BC (offices)	500,000	110	8.2	1,050	51.0
The Mall, Walthamstow	Leasehold covered shopping centre on two floors	TK Maxx, Sports Direct, Lidl, Asda, Boots, The Gym	260,000	67	9.5 ²	670	118.0
The Mall, Wood Green	Freehold, partially open shopping centre, on two floors	Primark, Wilko, H&M, Boots, TK Maxx, Travelodge	540,000	111	9.9	1,500	180.0

¹ As at December 2019

² Includes Walthamstow (pre and post fire)

TENANT BASE

A diverse tenant mix

Top 10 occupiers by contracted rent (June 2020)		% of rent	Stores
A.S. Watson (Health & Beauty) Limited	  	3.68%	18
Alliance Boots Ltd.		3.66%	7
Primark		3.13%	3
TK Maxx		2.89%	4
H&M		2.62%	4
Sports World		2.60%	7
Wilko		2.53%	5
Debenhams		2.38%	3
Maidstone Borough Council		2.24%	n/a
John David Sports Limited		2.12%	5
TOTAL		27.81%	56

Wholly-owned portfolio



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.

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