

RESULTS FULL YEAR 2022

Accelerating Operational Performance

Lawrence Hutchings
Chief Executive

C&R

CAPITAL &
REGIONAL
SUPPORTING COMMUNITY LIVING.

Community Strategy Driving Performance

Our ongoing focus on needs based, local retail and services remains fundamentally important

↗ **53m**

Footfall visits
+27% vs 2021 YTD

↗ **109**

Leases signed 2022
+34.0% v previous passing
+13.7% v ERV

↗ **94.1%**

Occupancy
(92.9% Dec 2021)

↗ **97.6%**

2022 rent collected

↗ **£10.3m**

Adjusted Profit
£6.5m in 2021

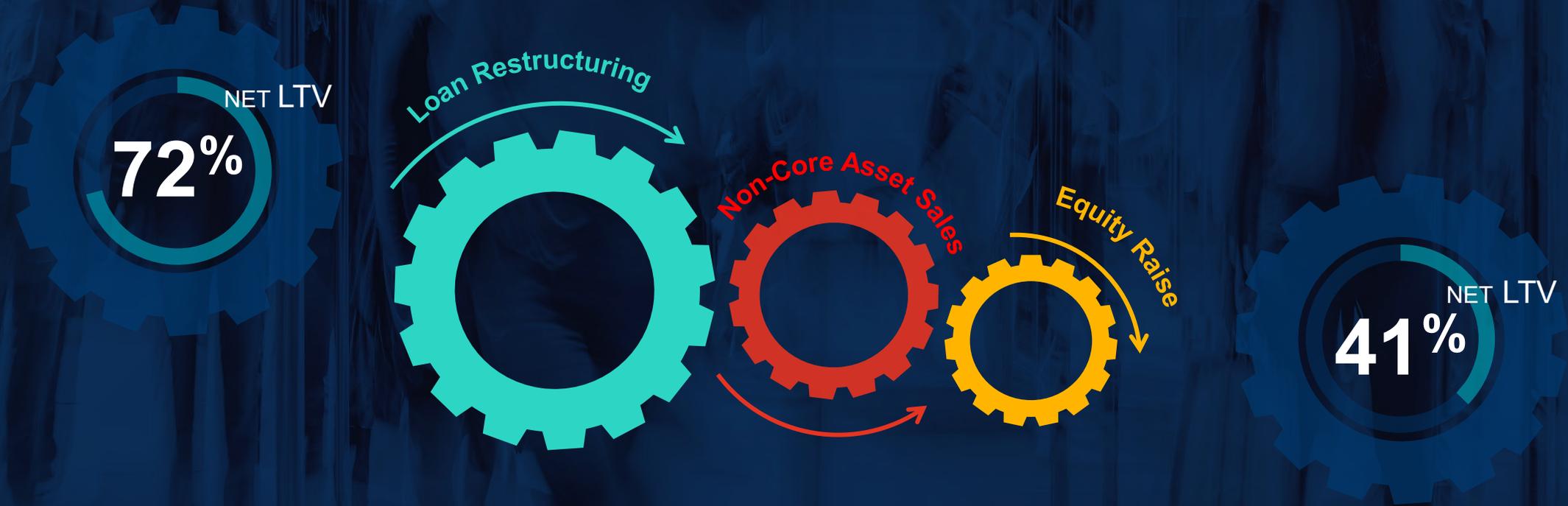
↗ **5.25p**

Total dividend for 2022

Refocus, Restructure and Recapitalisation

Providing stability to focus on operational outperformance

Disciplined Stewardship of Capital



A foundation for income and value growth

Building Blocks to Income Growth

Community Strategy Accelerating Operational Recovery

Covid recovery



External Drivers



Deliver portfolio income and value growth

BUSINESS UPDATE

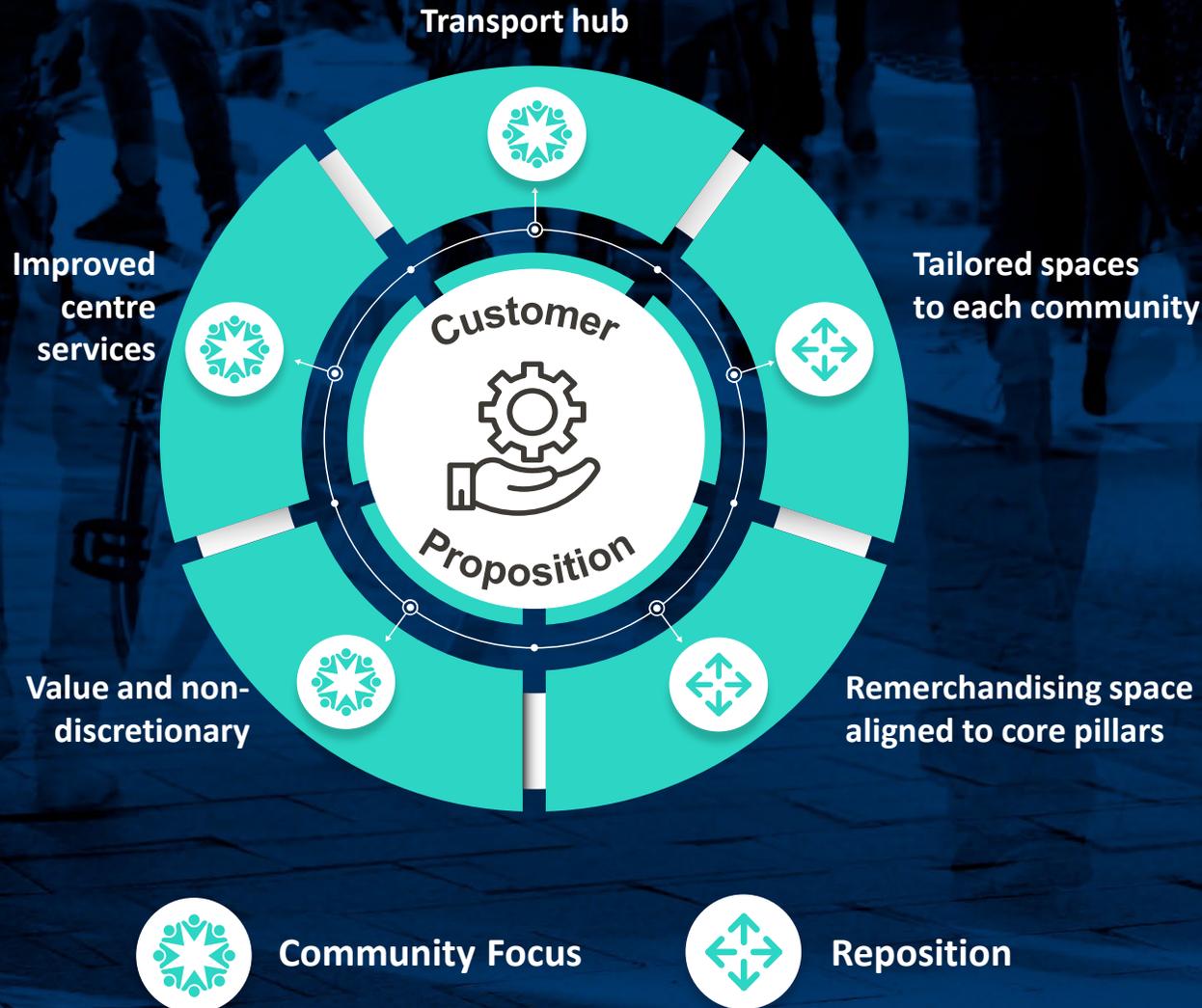
Lawrence Hutchings
Chief Executive



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Community Strategy

Essential part of community infrastructure



Core Pillars of Merchandising



Return to Physical Retail Stores Continues

Footfall recovery has seen 2m additional visits across our portfolio in 2022



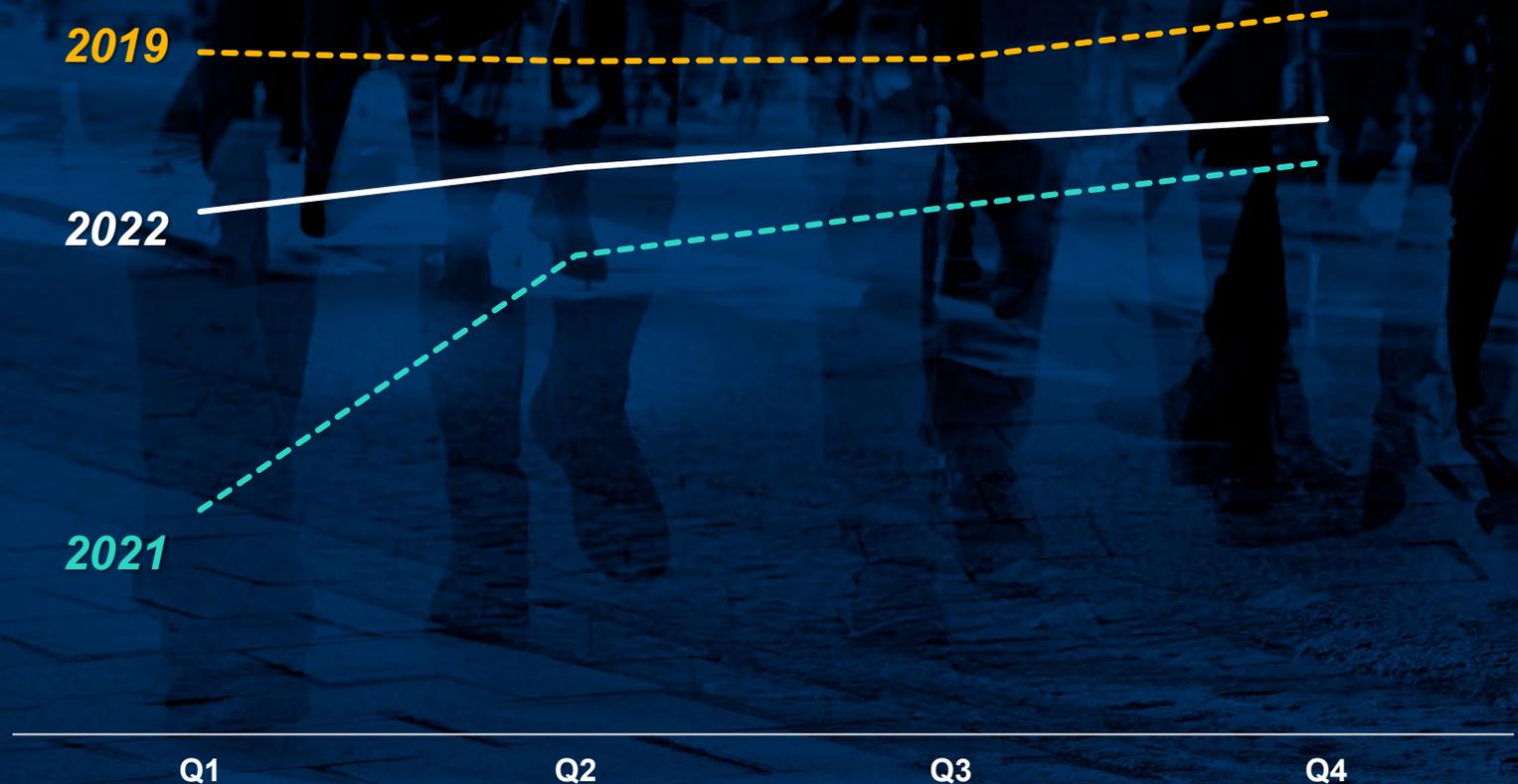
FY 2022 + 27%
vs. 2021



84% of 2019



H2 2022 88%
vs. H1 2022 80%
of 2019



2022 Leasing Performance

Highest levels of leasing activity in core community centre categories



FY2022	
New lettings	71
Renewals settled	38
Total	109
Comparison to previous rent ¹	34.0%
Comparison to ERV ¹	13.7%
Weighted average lease length to expiry	6.9
Weighted average lease length to break	4.1

Leasing spreads to previous rent ¹



Leasing Transactions - Volumes and Values



Converting Temporary Occupancy to Permanent Leases



Leasing Pipeline

Gap between headline and base (ex temp lets) occupancy has reduced from 7% to 4%



Continuing retailer demand driving leasing pipeline

New lettings & renewals

16

Signed

£663k

Headline rent

20

Lawyers instructed

£908k

Headline rent

12

Heads of Terms Agreed

£407k

Headline rent

48

£1.98m

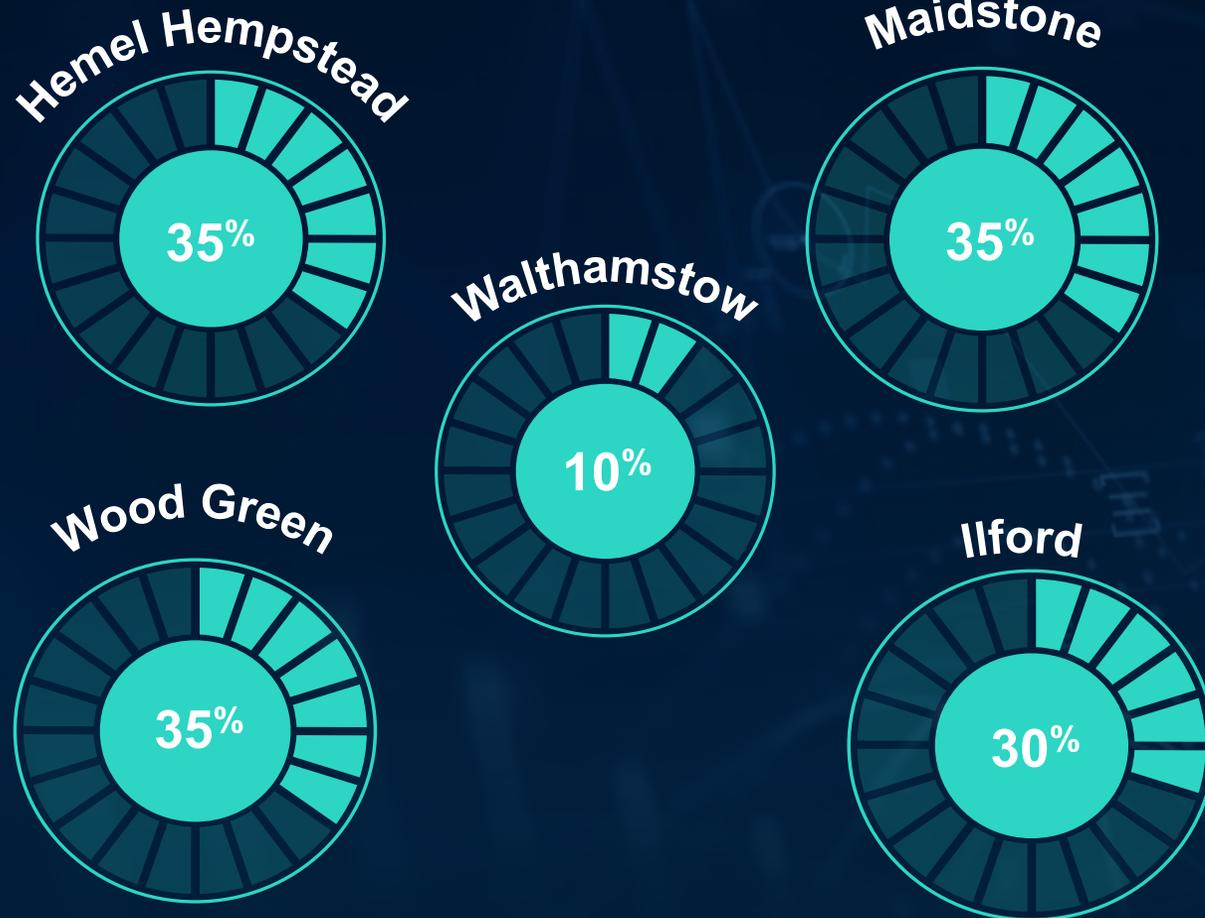


Typically temporary lettings cover costs only, conversion to permanent leases creates organic income growth

Business Rates

Material reductions in 2023 Rateable Values will deliver significant benefit to store affordability and profitability

Average Reduction in Rateable Value



 New Rateable Values effective from April 2023, average UK Retail reduction of 10%

 C&R assets typically seeing 30-35% reductions. Walthamstow aligned to national benchmark

 Downwards transitional arrangements withdrawn – occupiers see immediate and full benefit of reductions from April-23

 Additional Covid relief benefit continues for small Retail and Leisure occupiers

Remerchandising our Centres into Community Centre Format

Increase in-store and income representation in key community categories including:
Grocery, Pharmacy and Services

2017 Customer Proposition

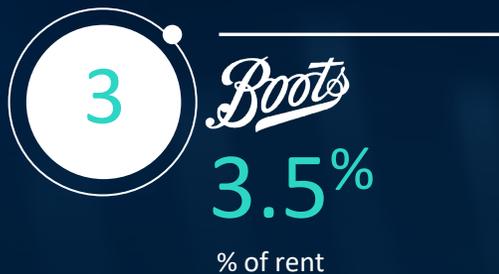
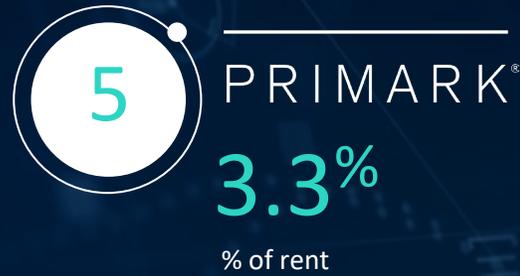


2022 Customer Proposition



Diversified Income

Strong trading performance from well capitalised, store-focused retailers



December Retailer sales



+20%

Superdrug +16%



+15%

PRIMARK +15%



+5%



retailers reported year on year increases in Christmas sales

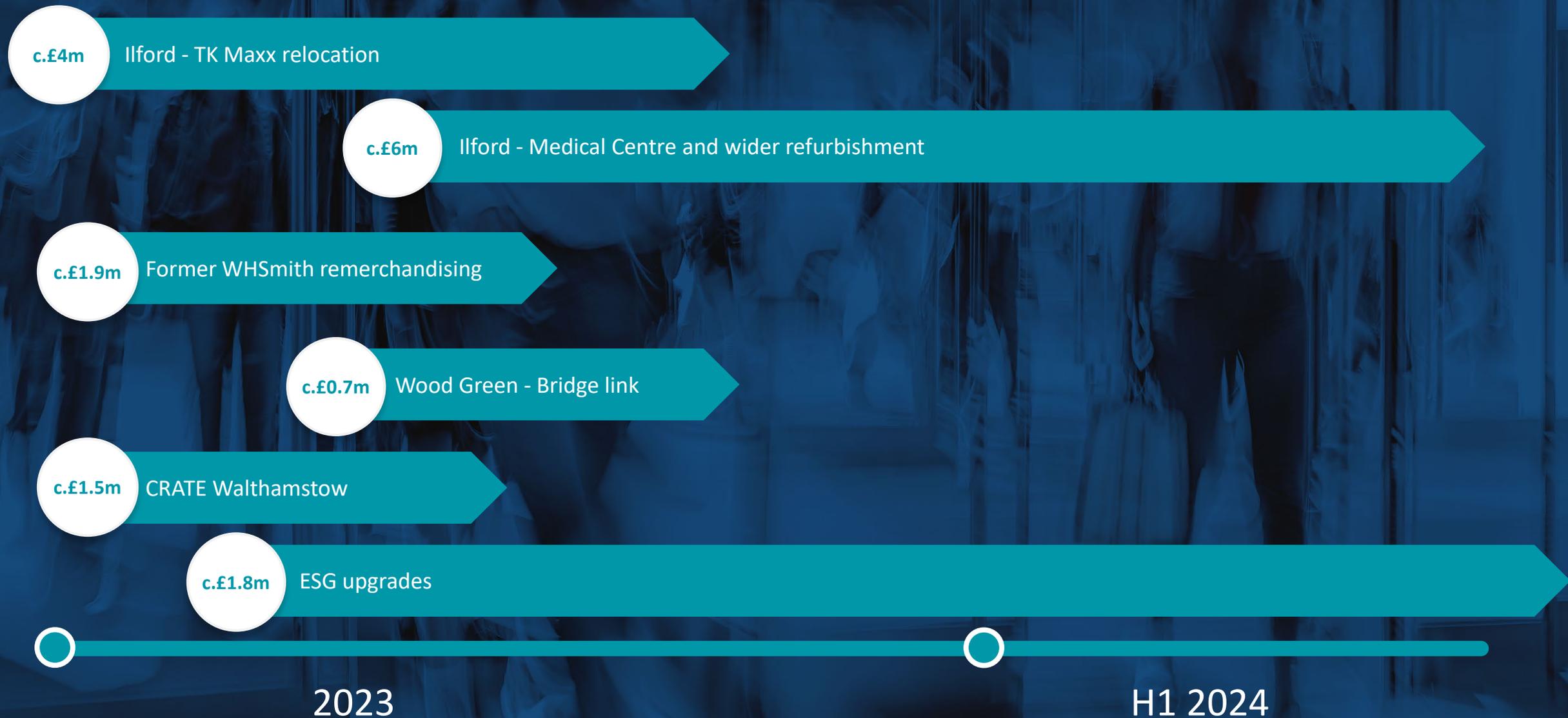
(source: Retail week)

BRC - sales growth for December +8%

Repositioning Capex Programme



Pipeline of transformational accretive repositioning projects driving income and value growth



Walthamstow Food Hall

Redefining Food Service within a community shopping centre



7 Street eats operators alongside an in-house bar and coffee kiosk



Community event spaces



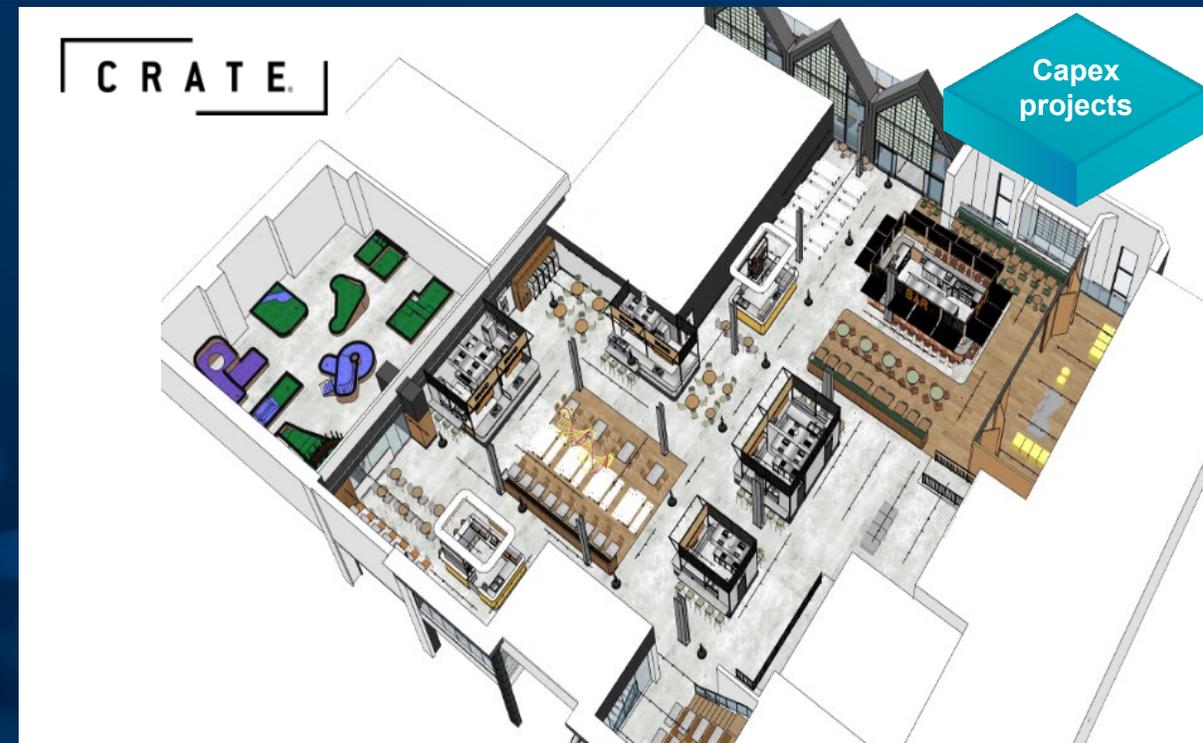
Leisure offering

 CRATE is an established local experienced operator and were selected from amongst seven offers:

- Community focussed offering start-ups, small and growing local businesses the opportunity to expand
- Leading retail interior designer appointed to create, dynamic and relevant environment new vibrant community hub

 Agreement for lease signed

 Construction commenced and scheduled opening summer 2023



Ilford

Repositioning into Community Centre format

Phase 1: Completed

- ❖ DWP into level 3 former department store

Phase 2 and 3: Under Construction

- ❖ £0.8m in rent
- ❖ Construction commenced
- ❖ **T.K.maxx** targeting Christmas 23 opening
- ❖ **NHS** Primary Care Targeting Q2 24

Phase 4: Advanced Planning and Pre-leasing

- ❖ Kids play – Under offer

Phase 5 and 6: Design and Pre-lease

- ❖ Grocery and convenience offer



Wood Green

Bridge link food catering

- 6 new Food & Beverage kiosks plus exciting new dining area
- Fully leased
- c. 14% YOC

Former WHSmith

- Subdivision into 3 units:
 - ✓ WingStop
 - ✓ Wendy's
 - ✓ Putt Golf
- Fully leased, tendering construction contract
- c.10% YOC

Comprehensive repositioning masterplan in advanced design stage - further accretive initiatives identified



Walthamstow Residential

Value creation through multi-phase Master Plan



New 250-year headleases



Phase 1:



495 Build to Rent apartments



560 jobs



Future Phases



43 residential units



50,000 sq ft new retail/leisure floorspace



Victoria Line station entrance



New Town Square



Walthamstow Phase 1 – Delivery in Action

Capex projects

Major Repositioning Initiatives

2022

- Long Harbour unconditionality and £21.65m land receipt
- Phase 1 residential enabling works and demolition commenced

2023

- Demolition completed
- Piling and substructure underway
- Commencement of residential towers superstructure

2025

- Scheduled completion phase one residential towers
- Return of retail floorspace

2026 +

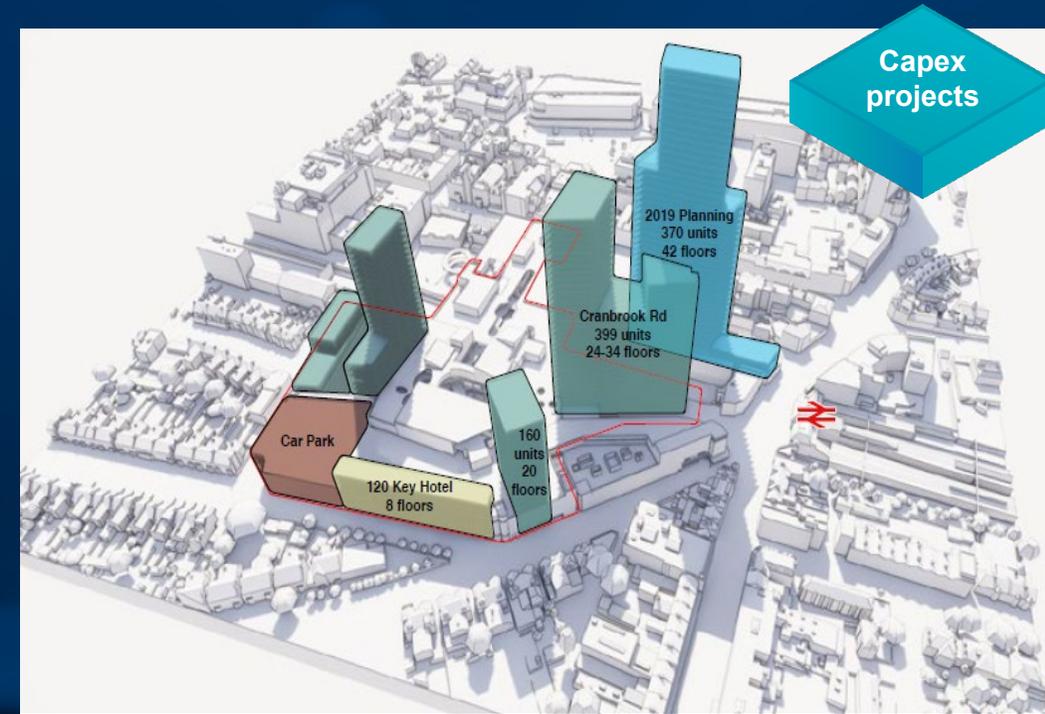
- Future phases of retail / leisure, low-rise residential, public realm

Mixed Use Value Creation

Continued focus on unlocking mixed use value potential building on Walthamstow success

Future Residential Projects

- Architects appointed with FEC to establish further residential projects
- Increasing density on both existing and adjoining sites
- Residential, hotel, serviced apartments and offices
- Early-stage engagement with local authorities
- Initial focus on London assets





Continued recovery in operating performance

FY22 Revenue **£13.0m** (FY 2021 £6.8m)

FY22 EBITDA **£1.4 m** (FY 2021 £0.8m)

Snozone Madrid FY22 Revenue: **£3.5m +65%**

Positive start to 2023 with Q1 pre bookings **exceeding 2019 levels**

Madrid solar array operational from November 2022 – **40% reduction in Jan 2023 energy costs vs. Jan 2022**



winner

Best Sporting Venue



Best of the Best



FY2022 FINANCIAL RESULTS

Stuart Wetherly
Group Finance Director



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2022 Transactional Activity Transforming Balance Sheet

▶▶ Loan restructuring

Hemel Hempstead – discounted debt buyback

- Paid £11.8m to settle £24.0m of loan liabilities (51% discount)
- Increased Group NAV by £12.5m
- Reclassified to Investment Asset

Ilford – loan amendment and major leasing activity

- Signed package of loan amendments linked to NHS community centre and TK Maxx relocation lettings

Luton – proposed disposal

- Working with lender on planned disposal - expected to complete imminently
- Deconsolidated from May 2022 resulting in NAV increase of £6.8m

▶▶ Asset sales

Walthamstow – residential receipt

- Completed in July 2022 with proceeds of £21.6m received
- Construction commenced on first phase development of 495 apartments being built above the scheme

Blackburn – disposal

- £40m sale of The Mall, Blackburn completed in August 2022 at premium to December 2021 valuation
- Together the Walthamstow and Blackburn receipts reduced Net LTV by c 900 basis points

Operational Recovery and Balance Sheet restructuring

	FY 2022	FY 2021	Difference
PROFITABILITY			
Net Rental Income (Investment Assets) ²	£23.5m	£20.1m	+£3.4m/+16.9%
Adjusted Profit ^{1,2}	£10.3m	£6.5m	+£3.8m/+58.5%
Adjusted Earnings per share ^{1,2}	6.2p	5.4p	+0.8p/+14.8%
IFRS Profit/(Loss) for the period	£12.1m	£(26.4)m	+£38.5m
Final Dividend	2.75p	-	+2.75p
Total Dividend	5.25p	-	+5.25p

	30 December 2022	30 December 2021	Difference
NET ASSET VALUE			
Net Asset Value	£179.1m	£168.4m	+£10.7m
EPRA NTA per share	103p	102p	+1p
DEBT			
Group net debt	£130.9m	£185.3m	-£54.4m
Net LTV	41%	49%	-800 bps
Average cost of debt ³	3.58%	3.74%	-16 bps
Average maturity ³	4.5 years	5.4 years	-0.9 years

1. Adjusted Profit/Earnings per share 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. 2021 Net Rental Income and Adjusted Profit has been restated for a prior year adjustment of £(1.6)m related to the treatment of rent concessions due to an IASB IFRS interpretation issued in October 2022.

3. Weighted average. Maturity is stated assuming extension options are triggered.

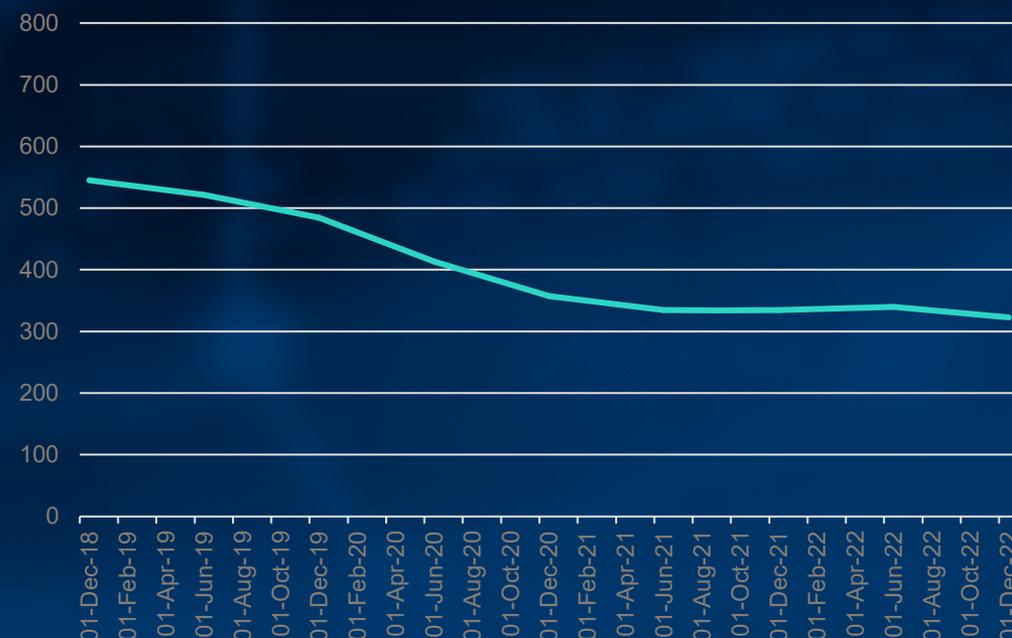
Recovery in Adjusted Profit

	FY2022	FY2021	Difference	Comment
PROFITABILITY				
Net Rental Income ²	£23.5m	£20.1m	+£3.4m	Operational recovery driving improvement
Interest Payable	£(9.3)m	£(10.8)m	+£1.5m	Impact of Nov 21 restructuring and further debt reductions
Snozone (EBITDA)	£1.4m	£0.8m	+£0.6m	Return to more normalised trading year
External Management Fees	£3.3m	£2.4m	+£0.9m	Inclusion of Luton Asset Management fee as external, (likely to reduce)
Central operating costs	£(7.0)m	£(7.0)m	-	Efficiency improvements offsetting inflation
Variable overhead	£(1.6)m	£(0.9)m	-£0.7m	Impact of one-off Executive retention awards that run until September 2023
Managed Assets - Contribution	-	£1.9m	-£1.9m	No longer recognised following Luton deconsolidation and Hemel loan buyback
Adjusted Profit ^{1,2}	£10.3m	£6.5m	+£3.8m/+58.5%	
Adjusted Earnings per Share ^{1,2}	6.2p	5.4p	+0.8p/+14.8%	Impact of Nov 2021 equity raise

Valuations Stabilising

	30 December 2022			30 December 2021			Like for like variance (%)
	£m	NIY (%)	NEY (%)	£m	NIY (%)	NEY (%)	
Maidstone	32.65	11.28%	11.49%	36.2	10.44%	11.22%	-9.8%
Walthamstow	80.0	5.97%	7.00%	100.4	5.84%	6.55%	-3.3%
Wood Green	144.0	7.55%	7.38%	148.9	7.33%	6.88%	-3.3%
Hemel Hempstead	10.5	14.49%	17.49%	10.5	12.49%	18.20%	-
Ilford	55.6	5.04%	7.79%	56.4	5.86%	7.99%	-1.4%
TOTAL	322.75	7.23%	8.59%	352.4	7.21%	8.29%	-3.6%

Like for Like Valuation Movements



H2 value decline of 5.0%, offsetting asset value growth of 1.5% in H1



Yield expansion of 50bps over H2 reflecting wider macro factors affecting all sectors with little transactional evidence



Portfolio Valued Rent and ERV both increased over H2 and full year



REPOSITION

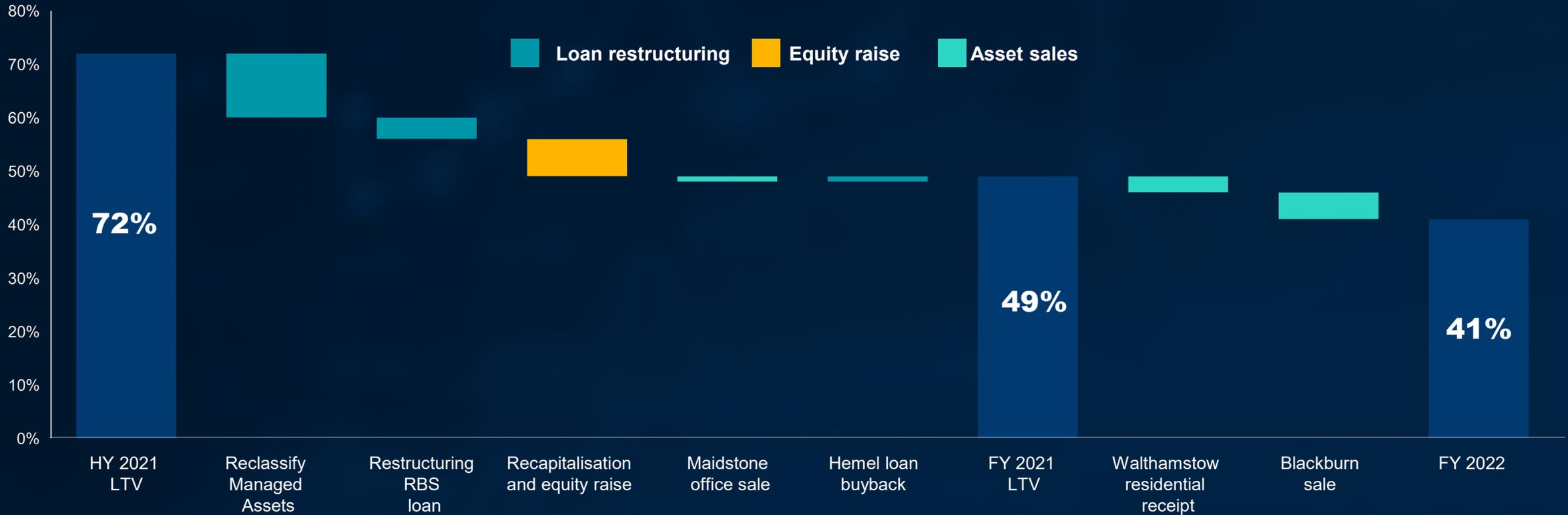


REBUILD



RECOVER

Net LTV bridge



The combination of loan restructuring, non-core asset sales and the November 2021 equity raise has delivered a reduction in Net Loan to Value from 72% to 41% over the last 18 months

Long Term Secured Debt Position

December 2022	Debt £M	Cash £M	Net debt £M	Gross LTV %	Net LTV %	LTV Covenant %	Interest%	Fixed %	Maturity	Status
The Mall - Maidstone, Walthamstow, Wood Green	140.0	(10.3)	129.7	55%	51%	n/a	3.45%	100%	Jan 27 +12m	All covenants waived until Nov 23 12m conditional extension option
Hemel Hempstead	4.0	(1.7)	2.3	38%	22%	50%	9.04%	-	Jun 25	
Ilford	39.0	(10.9)	28.1	70%	51%	75%	3.51%	100%	Mar 24 +18m	Covenant relaxation through to end 2024 18 conditional extension option
Central cash (incl. Snozone)	-	(29.2)	(29.2)	-	-	-	-	-	-	
TOTAL	183.0	(52.1)	130.9	57%	41%		3.58%	97.8%		

- 
 The Mall – loan reduced by £60m during 2022 from Blackburn and Walthamstow disposals. Interest benefit of further c £1.8m per annum will be realised in 2023
- 
 Hemel Hempstead – new loan drawn in July 2022 to part fund discounted debt buyback
- 
 Ilford – amended loan agreement signed in May 2022 to support capital investment and provide 18m conditional extension option

Final Dividend Delivering Uplift from HY 2022

Operational performance, valuation stability and restructuring activity have enabled reinstatement and progression of dividend



2022 Rent Collection
+4.5% on 2021



Net LTV reduced from 49% at Dec 21



Proposed Final Dividend



Proposed Total FY22 Dividend

- ✓ Proposed final dividend of 2.75p per share
- ✓ Total FY2022 dividend of 5.25p per share
- ✓ Meets dividend policy of paying at least 90% of EPRA profits on an annualised basis and keeps pace with REIT requirements



Improved operating performance and stabilisation of values



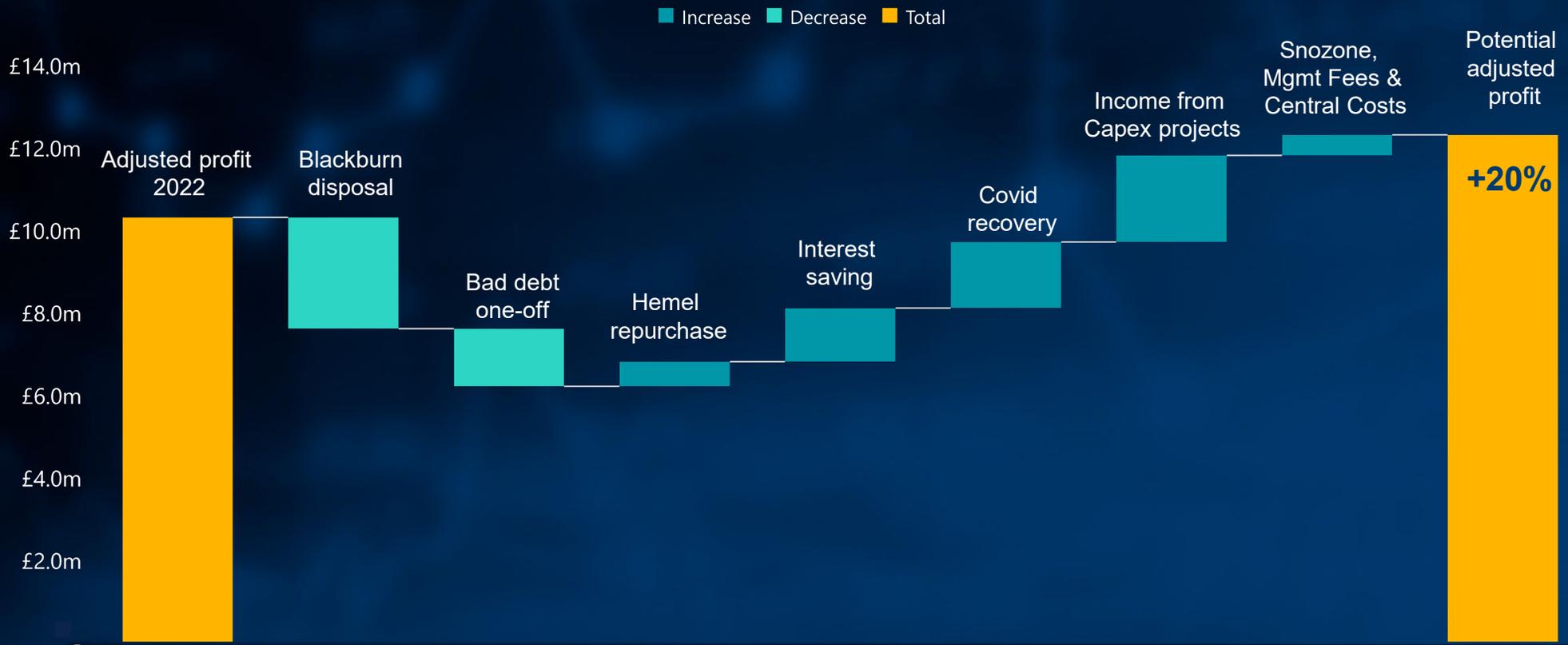
Completed restructuring of Balance Sheet



Reinstated Dividend

Positioned for Further Earnings Recovery

Adjusted Profit build



ESG UPDATE

Lawrence Hutchings
Chief Executive

C&R

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ESG Strategy Progress

Year of significant progress delivering against our objectives

Environmental Impact



Scope 2 H1:
Electricity Consumption
-20% vs 2019*



11,500 trees planted
between C&R and Snozone,
offsetting 1,446.54 tons of
CO2



C&R are approved
signatories of BBP



Total Emissions
-42% vs 2019*



Total Energy Consumption
-28% vs 2019*



Scope 1 H1:
Natural Gas Consumption
-53% vs 2019*



Achieved zero waste to
landfill

Social Impact



187 Charities supported



224 Community events
hosted



Raised **£129,000**
through hosted events
driving footfall



1,324 Volunteering
hours



Supported 36 startup
businesses



300k invested in
supporting
communities



4,000+ students
receiving free school
uniforms



Wood Green
Community Diagnostic Centre

Working in partnership to deliver the
Wood Green Community Diagnostic Centre —
doing things differently



 **RECOVER**

 Balance Sheet Stability

 Operational Resilience

 **REPOSITION**

 Dividend Reinstated

 Return to Physical Stores

 Accelerate Community Strategy

 **REBUILD**

 Drive Earnings and Value
Recovery and Growth

Q&A

C&R

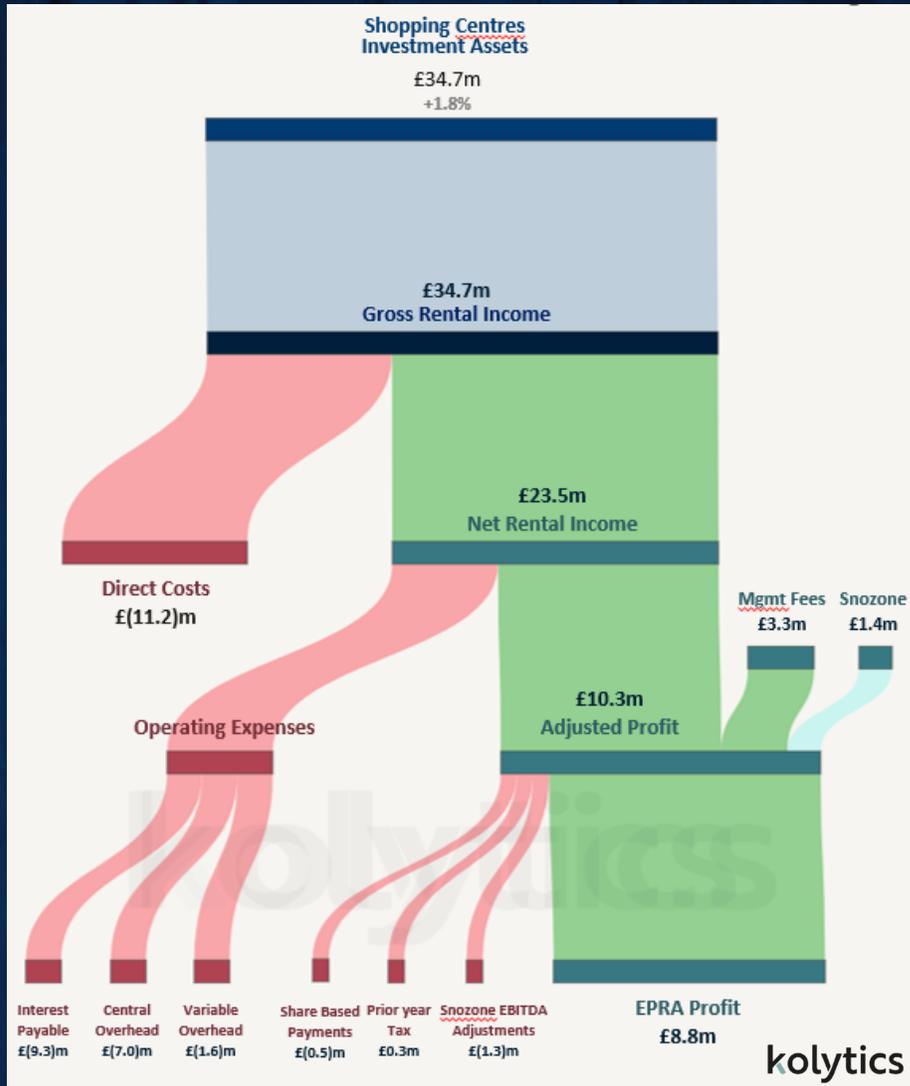
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APPENDIX

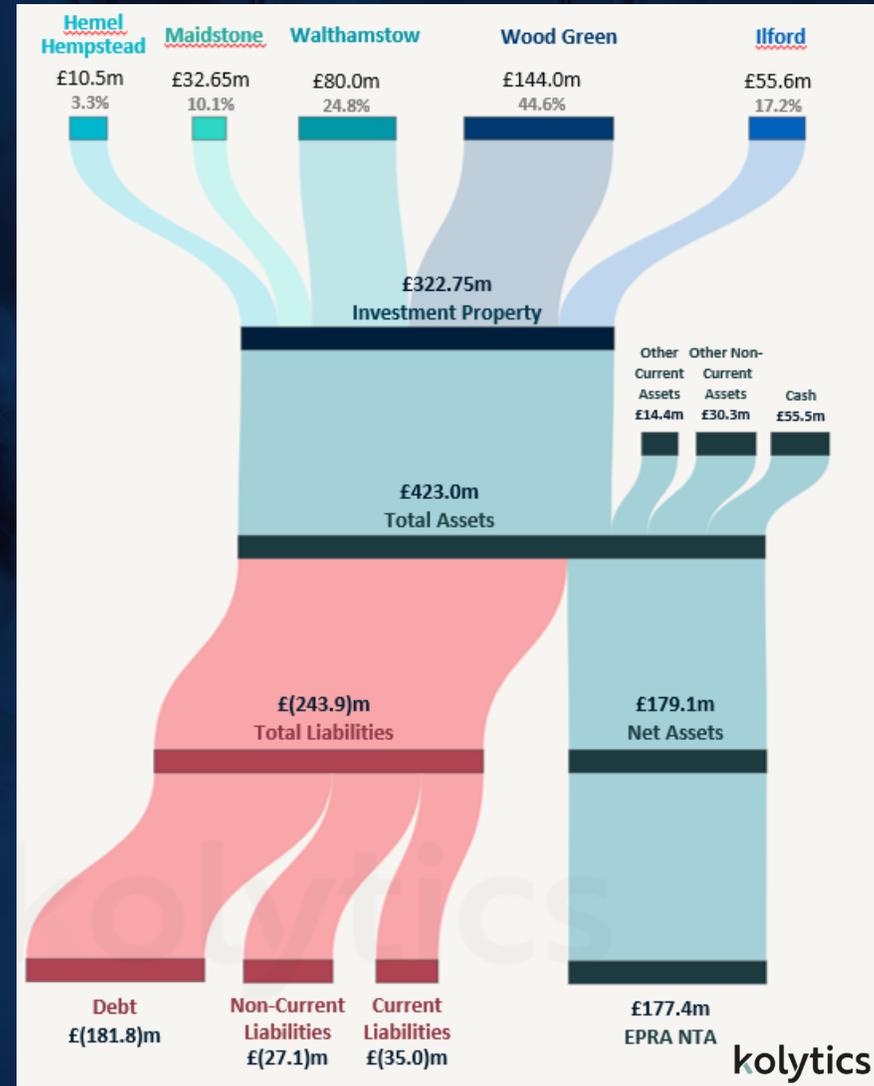
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Capital & Regional FY22 Income Statement



Capital & Regional FY22 Balance Sheet



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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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