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14 October 2021

## **CAPITAL & REGIONAL PLC**

(Incorporated in the United Kingdom)  
(UK company number 01399411)  
LSE share code: CAL JSE share code: CRP  
LEI: 21380097W74N9OYF5Z25  
ISIN: GB00BL6XZ716

### **Mall Debt Restructure and Reduction, Launch of Open Offer, Posting of Prospectus as well as Notice of General Meeting**

Capital & Regional plc (LSE: CAL) ("**Capital & Regional**", the "**Company**", or the "**Group**"), the UK convenience and community focused shopping centre REIT, is pleased to announce that it has reached an agreement with its lenders to restructure and reduce the debt secured over its four Mall Assets (the "**Mall Facility**") (the "**Mall Debt Restructuring**"), including the launch of a fully underwritten open offer to raise £30.0 million (the "**Open Offer**").

**Lawrence Hutchings, Chief Executive Officer, comments:** *"We recently announced a set of results which clearly demonstrate the relevance of our Community Centres Strategy, the underlying strength of our portfolio and the skills and commitment of our team. Against the backdrop of a positive reopening of the economy following the disruption caused by the pandemic and increased confidence in our segment of the retail and services market we have been focusing our resources on generating the highest returns from our core Mall investment assets while working closely with our lenders towards both restructuring and reducing the Group's debt."*

*"These proposed transactions, which will recapitalise the balance sheet, allow us to achieve just that and represent a significant and positive step forward for the Group. They will allow us to once again focus fully on continuing our repositioning and merchandising, while looking at how we can best leverage the expertise in our platform and, in due course, the reintroduction of cash dividends."*

*"I would also like to take this opportunity to thank all of our stakeholders including our lenders, major shareholders and Growthpoint, as well as our teams, retailer customers and the local communities for their continued support throughout the challenges that the pandemic has presented."*

## Key Highlights

- The Mall Facility currently comprises a £265 million debt facility with RBS and TIAA secured over the Four Mall Assets, being the Mall Blackburn, the Mall Maidstone, the Mall Wood Green and the Mall Walthamstow. TIAA currently has a balance outstanding of £165 million and RBS has a balance outstanding of £100 million.
- Under the terms of the Mall Debt Restructuring, Capital & Regional Holdings Limited (the "Purchaser") has agreed to acquire the £100 million of debt outstanding with RBS (the "RBS Debt") for a principal amount of £81 million, representing a discount of £19 million or 19 per cent.
- The proposed Mall Debt Restructuring will be funded through a combination of:
  - TIAA agreeing to acquire from the Purchaser £35 million of the RBS Debt acquired by the Purchaser increasing its lending secured over the Four Mall Assets from the current £165 million to £200 million (the "**TIAA Real Estate Facility Agreement**");
  - The raising of £30.0 million through the Open Offer at an issue price of 56p (the "**Issue Price**") on the pro rata basis of 23 Open Offer Shares for every 48 Existing Ordinary Shares held (the "**Capital Raising**"); and
  - Approximately £16.9 million of cash currently held on the Company's balance sheet (the "**Central Cash**").
- The Capital Raising is being fully underwritten by Growthpoint, the Company's largest shareholder.
- The effect of the Mall Debt Restructuring combined with the Capital Raising would be to reduce the Group's pro forma net LTV as at 30 September 2021 from 61 per cent. to approximately 50 per cent. on the basis of the Group's Investment Assets and Central Operations or from 72 per cent. to 63 per cent. on a total Group basis.
- Under the terms of the Mall Debt Restructuring a waiver of all financial covenants in the Mall Facility will be provided for two years from the date that the TIAA Real Estate Facility Agreement becomes effective and further modifications made to cash trap covenants for 18 months from the date that such agreement becomes effective.
- Assuming rental income returns to a more normalised basis, it is the Company's objective to resume, in line with UK REIT requirements, the distribution of cash dividends in respect of the second half of 2022.
- Completion of the Capital Raising is conditional, amongst other things, upon the approval of Shareholders at a general meeting of the Company which will take place at 2.00 p.m. on 1 November 2021 at 110 Rochester Row, Westminster, London, SW1P 1JQ (the "**General Meeting**").
- Growthpoint which is interested in 58,261,066 Existing Ordinary Shares as at the Latest Practicable Date (representing 52 per cent. of the Company's issued ordinary share capital) has undertaken to the Company to vote or procure that its Nominees vote in favour of all Resolutions at the General Meeting.

## Posting of Prospectus

The Company also confirms that a prospectus, which contains further details regarding the Open Offer and the Mall Debt Restructuring and a notice convening the General Meeting (the "**Prospectus**"), will be posted to Shareholders later today, along with the Application Form (where applicable). The Prospectus will be available shortly from the National Storage Mechanism via

<https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and also, subject to certain access restrictions, on the Company's website <https://capreg.com/>.

## Notice of General Meeting

The General Meeting has been convened for 2.00 p.m. UK time on 1 November 2021 at 110 Rochester Row, Westminster, London, SW1P 1JQ in order to approve the Resolutions to enable, amongst other things, the Capital Raising.

Investec Bank plc is acting as financial adviser and sponsor and Investec Bank Limited is acting as JSE sponsor (Investec Bank plc and Investec Bank Limited together, "**Investec**"). Numis Securities Limited ("**Numis**") is broker to the Company.

There will be a call for analysts at 08.30 a.m. UK time this morning, please contact FTI Consulting using the details below if you would like to attend.

### For further information please contact:

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This Announcement is for information purposes only and does not constitute an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to the Capital Raising or otherwise in any jurisdiction. The Capital Raising is being made solely pursuant to the terms of the Prospectus which contains the full terms and conditions of the Open Offer, and in the case of Company shares held in certificated form on the UK Register, the Form of Acceptance. The terms and conditions of the Open Offer for Company shares held in certificated form on the SA Register is set out in the Supplementary Information Memorandum. This Announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms: “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Announcement and include, but are not limited to, statements regarding the Company’s and/or Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Group’s results of operations, financial position, prospects, growth, strategies and expectations for the retail property market. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

No statement in this Announcement is intended as a profit forecast or estimate for any period.

This Announcement has not been approved by the Financial Conduct Authority or the London Stock Exchange.

## **THE FOLLOWING IS AN EXTRACT FROM THE CHAIRMAN'S LETTER**

### **INTRODUCTION**

The Company has for some time been dealing with the challenge of the major structural changes in the retail industry, which has had a negative impact on the value of the Group’s assets. This industry wide challenge has been materially exacerbated by the effects of the Covid-19 pandemic accelerating these underlying longcycle structural shifts in the sector and altering the balance between physical and online retailing. The measures put in place by the UK Government to manage the pandemic put significant pressure on the Group’s income as a number of stores in the shopping centres were forced to close for an extended period of time, leading to a number of retailers withholding rent payments and a significant reduction in non-contracted revenue including car park income. The combination of these factors and continuing negative sentiment to the retail sector have also negatively impacted the value of the Group’s assets further. This has put significant pressure on the Group’s leverage and management have been forced in recent financial periods to seek covenant waivers on an ongoing basis from the Group’s lenders, which have been granted.

The Board continues to believe that the combination of its community centre strategy, which had clear sight of the structural changes, and focus on local destinations providing non-discretionary goods and services has never been more relevant. In light of this the Board has sought to stabilise the Group by focusing its resources on maximising returns from its core Mall investment assets whilst supporting its managed assets.

The Company announced on 14 October 2021 that it had reached agreement with its lenders and, Growthpoint, its largest Shareholder, to undertake the Proposed Transaction that will, when implemented, restructure and reduce the Group's level of indebtedness significantly strengthening the Group's financial position, and allowing management to focus on delivering their strategy and in turn target delivering positive returns for Shareholders.

The Company's objective with the proceeds from the Capital Raising is to restructure the existing Mall Facility. The Mall Facility currently comprises a £265 million debt facility with RBS and TIAA secured over the Four Mall Assets, being the Mall Blackburn, the Mall Maidstone, the Mall Wood Green and the Mall Walthamstow. Currently, TIAA has a balance outstanding of £165 million and RBS has a balance outstanding of £100 million.

Under the terms of the Mall Debt Restructuring Capital & Regional Holdings Limited (the "**Purchaser**") has agreed to acquire the £100 million of debt outstanding with RBS (the "**RBS Debt**") for a principal amount of £81 million, representing a discount of £19 million or 19 per cent.

The proposed Mall Debt Restructuring will be funded through a combination of:

- TIAA agreeing to acquire from the Purchaser £35 million of the RBS Debt acquired by the Purchaser, increasing its lending secured over the Four Mall Assets from the current £165 million to £200 million;
- Proceeds received via the proposed Capital Raising; and
- Approximately £16.9 million of Central Cash held on the Company's balance sheet.

In addition the Purchaser and Mall LP have agreed they will terminate the interest rate swap held in connection with the £100 million of debt outstanding with RBS at 81 per cent. of its market value. As at the Latest Practicable Date the swap was valued at £1.2 million which would equate to a payment at completion of £1.0 million.

The effect of the Mall Debt Restructuring combined with the Capital Raising would be to reduce the Group's pro forma net LTV as at 30 June 2021 from 61 per cent. to approximately 50 per cent. on the basis of the Group's Investment Assets and Central Operations or from 72 per cent. to 63 per cent. on a total Group basis.

Under the terms of the Mall Asset Facility Amendment and Restatement Agreement a waiver of all financial covenants in the Mall Facility will be provided for two years from the date that the Mall Asset Facility Amendment and Restatement Agreement becomes effective following the Purchaser's acquisition of the RBS Debt and TIAA's acquisition of £35 million of the RBS Debt from the Purchaser and various relaxations will also be made to cash trap covenants for 18 months from the date that such agreement becomes effective.

Assuming, therefore, rental income returns to a more normalised basis, it is the Company's objective to return to operating in line with UK REIT requirements and resuming the distribution of cash dividends in respect of the second half of the financial year ending 2022.

## **SUMMARY OF TERMS OF THE MALL DEBT RESTRUCTURING**

The Group, through its wholly owned limited partnership, the Mall LP, currently has in place the Mall Facility which is a £265 million debt facility with RBS and TIAA, secured over the Four Mall Assets, being the Mall Blackburn, the Mall Maidstone, the Mall Wood Green and the Mall Walthamstow. Under the terms of the Mall Facility, TIAA has a balance outstanding of £165 million and RBS has a balance outstanding of £100 million. Under the terms of the Mall Debt Restructuring, RBS has agreed to sell

its £100 million share of the Mall Facility (the “**RBS Balance**”) to Capital & Regional Holdings Limited (the “Purchase”) for a principal amount of £81 million i.e. at a discount of £19 million. TIAA has agreed to acquire from the Purchaser of £35 million of the RBS Balance acquired by the Purchaser to partially fund the purchase of the RBS Balance. TIAA will therefore be increasing its total lending to the Group from the current £165 million to £200 million. The remainder of the RBS Balance will be met from Central Cash and the funds raised through the Capital Raising.

In addition the Purchaser and Mall LP have agreed to terminate the interest rate swap held in connection with the £100 million of debt outstanding with RBS at 81 per cent. of its market value. As at the Latest Practicable Date the swap was valued at £1.2 million which would equate to a payment at completion of £1.0 million.

As a result of the above steps the Group will have effectively reduced its borrowings on the Four Mall Assets from £265 million pursuant to the Mall Facility (which will no longer be in place) to £200 million.

The ongoing terms of the Mall Facility Agreement will, on completion of the transactions referred to above be amended and restated in accordance with the Mall Asset Facility Amendment and Restatement Agreement. Further details of the Mall Asset Facility Amendment and Restatement Agreement are set out in paragraph 9.3 of Part 9 of the prospectus.

## **SUMMARY OF TERMS OF THE CAPITAL RAISING**

The Capital Raising is being implemented by way of an open offer. The Company is proposing to raise proceeds of approximately £27.4 million (net of fees, costs and expenses) by way of an open offer of 53,580,237 Open Offer Shares.

Qualifying Shareholders are being given an opportunity to apply for Open Offer Shares at the Issue Price on the following *pro rata* basis: 23 Open Offer Shares at 56 pence each for every 48 Existing Ordinary Shares held and registered in their name at the Record Date.

The Issue Price represents a 2.4 per cent. discount to the Closing Price of 57.4 pence per Ordinary Share as at the Latest Practicable Date.

The Open Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the Open Offer Shares, save in respect of any dividend or distribution with a record date falling before the date of issue of the Open Offer Shares. The Open Offer Shares will be denominated in Sterling.

Subject to various conditions referred to below, Growthpoint, the Company’s major shareholder, has agreed to subscribe in cash at the Issue Price, for its full Open Offer Entitlements in full, being 27,916,761 Open Offer Shares. Growthpoint has also agreed to underwrite the Capital Raising by subscribing for such number of Open Offer Shares as are not taken up by Qualifying Shareholders under the Open Offer. Immediately following completion of the Capital Raising, and if no Open Offer Shares were taken up by Qualifying Shareholders under the Open Offer, Growthpoint would hold approximately 67.6 per cent. of the Enlarged Share Capital.

The aggregate net proceeds of the Capital Raising, after deduction of expenses, are expected to be approximately £27.4 million.

Applications will be made to: (i) the FCA for the Open Offer Shares to be admitted to listing on the premium segment of the Official List and (ii) an application will be made to the London Stock Exchange for the Open

Offer Shares to be admitted to trading on the Main Market and the JSE for the Open Offer Shares to be listed and traded on the Main Board of the JSE. It is expected that UK Admission will become effective and that dealings in the Open Offer Shares will commence on the Main Market at 8.00 a.m.

(London time) on 5 November 2021 and that SA Admission will become effective and that dealings in the Open Offer Shares will commence on the Main Board of the JSE at 10.00 a.m. (South African time) on 5 November 2021.

The Open Offer Shares will be in registered form and from Admission will be capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). The Open Offer Shares will be admitted with the ISIN GB00BL6XZ716 and SEDOL (Stock Exchange Daily Official List) number BL6XZ71 and LEI 21380097W74N9OYF5Z25, being the same ISIN, SEDOL and LEI under which the Existing Ordinary Shares are admitted.

## **The Open Offer**

### ***Details of the Open Offer***

Under the Open Offer, 53,580,237 Open Offer Shares will be made available to Qualifying Shareholders at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares, on the terms and subject to the conditions of the Open Offer on the basis of:

#### **23 Open Offer Share for every 48 Existing Ordinary Shares**

held and registered in their name at the Record Date.

There is no excess application facility in respect of the Open Offer.

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit of their Open Offer Entitlements. In the case of Qualifying Non-CREST Shareholders, the Open Offer Entitlements is equal to the number of Open Offer Entitlements as show in Box 1 on their Application Forms, or in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock accounts in CREST.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 29 October 2021. Valid applications under the Open Offer will be satisfied in full up to an applicant's Open Offer Entitlements (rounded down to the nearest whole number).

Details of the entitlements for Qualifying Shareholders on the SA Register are set out in the Supplementary Information Memorandum.

Not all Shareholders will be Qualifying Shareholders. In particular, Overseas Shareholders who are located in, or are citizens of, or have a registered office in an Excluded Territory will not qualify to participate in the Open Offer.

The terms and conditions of application under the Open Offer for Qualifying Shareholders on the UK Register are set out in Part 3 of the prospectus and in the case of Qualifying Non-CREST Shareholders, the Application Form. The terms and conditions of application for Qualifying Shareholders on the SA Register are set out in the accompanying Supplementary Information Memorandum. These terms and conditions should be read carefully before an application is made. Shareholders who are in any doubt about the Open Offer arrangements should consult their

stockbroker, bank manager, solicitor, accountant or other duly authorised appropriate financial adviser.

Applications under the Open Offer are not subject to any minimum subscription requirement.

To the extent that Open Offer Shares remain unallocated pursuant to the Open Offer, they will be subscribed for by Growthpoint subject to the terms and conditions set out in the Underwriting Agreement.

The Open Offer Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Open Offer Shares held in uncertificated form, the Articles permit the holding and transfer of Open Offer Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors will apply for the Open Offer Shares to be admitted to CREST. The records in respect of Open Offer Shares held in uncertificated form will be maintained by Euroclear, the Registrar and the Receiving Agent (details of whom are set out on page 33 of the prospectus).

The transfer of Open Offer Shares out of the CREST system following the Capital Raising should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Open Offer Shares to be issued in certificated form and is holding such Open Offer Shares outside CREST, a share certificate will be dispatched either to him, her or it or his, her or their nominated agent (at his, her or its risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Open Offer Shares. Shareholders holding definitive certificates may elect at a later date to hold such Open Offer Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

### ***Underwriting Arrangements***

Subject to the terms and conditions of the Underwriting Agreement, Growthpoint has agreed to subscribe in cash at the Issue Price, for its full Open Offer Entitlements. Growthpoint has also agreed to underwrite the Capital Raising by subscribing in cash at the Issue Price for any Open Offer Shares which remain unallocated pursuant to the Open Offer.

The obligations of Growthpoint under the Underwriting Agreement are subject to certain conditions including:

- (a) the FCA having approved the prospectus for despatch to Shareholders;
- (b) the despatch of the prospectus to Shareholders (other than those who the Company determines are not entitled to receive copies);
- (c) the passing (without amendment) of the Capital Raising Resolution at the General Meeting;
- (d) an application being made to Euroclear UK & Ireland to admit the Open Offer Shares to CREST;
- (e) Admission occurring;
- (f) the Government of South Africa or the South African Reserve Bank not imposing exchange controls which make it unlawful or impossible for Growthpoint to meet its obligations under the Underwriting Agreement or the Open Offer; and
- (g) the agreements for the acquisition of part of the Mall Facility not having been terminated.

Growthpoint can also meet its subscription and underwriting obligations in whole or in part through the Growthpoint Nominees. Immediately following completion of the Capital Raising, and if no Open Offer Shares were taken up by Qualifying Shareholders under the Open Offer, Growthpoint would hold approximately 67.6 per cent. of the Enlarged Share Capital.

A summary of the principal terms of the Underwriting Agreement is set out in paragraph 9.2 of Part 9 of the prospectus.



### ***Further Information***

Further details of the terms and conditions of the Capital Raising, including the procedure for acceptance and payment are set out in Part 3 of the prospectus and, where relevant, the Application Form.

## **BACKGROUND TO AND REASONS FOR THE PROPOSED TRANSACTION**

The global Covid-19 pandemic has accelerated the structural changes that were already underway within the UK retail sector. High street retail has faced a considerable amount of pressure as a result of the UK's uncertain macro-economic backdrop and structural changes in retailing driven by technology, particularly online shopping. This has also been the case in the UK shopping centre market which is rapidly evolving with increasing polarisation between discretionary focused centres, typically anchored by major department stores with a large fashion presence and increasingly entertainment uses, and non-discretionary focused centres, such as those owned by the Group, anchored by grocery, professional and personal services including health and beauty and day-to-day services. While the Group's strategic focus on non-discretionary goods and services has seen it perform well operationally on a relative basis, the pace of structural change has resulted in continuing pressure on both revenues and property valuations.

The Covid-19 pandemic has created significant global economic uncertainty and has had a materially adverse impact across key retail markets. UK retail market spend declined by 3.9 per cent. (£13.5 billion) to £330.5 billion over 2020 and UK GDP fell by 9.9 per cent. over 2020. Unemployment had risen to 5.1 per cent. by the end of December 2020, with 3.8 million jobs still on the government job retention scheme. Home working and stay at home guidance has seen an acceleration in online shopping, which in 2020 accounted for 26.2 per cent. of retail market share, up from 17.2 per cent. in 2019.<sup>1</sup>

However, despite the restrictions on non-essential retail, physical retailing still accounted for 73.8 per cent., of retail market share in 2020. Food and grocery, a key part of the Group's community merchandising and positioning strategy, performed strongly; and retailers with an established and well-developed omni-channel offer have seen sales growth, providing some mitigation to the reduction of in-store sales. The centres benefit from strategic locations in town centres with strong transport links, benefit from affordable occupancy costs and are supported by their local communities.

The Board believes that the Group is well positioned to capitalise on the changes taking place in the industry by focusing on retail categories, such as non-discretionary retail and services, which are more defensive to the structural changes driven by online retailing affecting the wider retail sector, affordable rents and convenience locations which serve the daily 'needs' rather than the 'wants' of underlying communities. The Covid-19 pandemic has seen an increased focus on the community; staying local, working local and shopping local. The Board believes elements of these changes will remain as the UK emerges from the pandemic and its shopping centre locations in the heart of town centres are ideally placed to benefit from this evolving live/work/shop dynamic.

### ***Operational performance***

Whilst all seven of the Group's community shopping centres remained open through the various UK Government imposed lock-downs, at times when non-essential retailers have been required to close only approximately a third of units have been able to trade. The multi-phased approach to lifting restrictions by the UK Government meant that over time occupiers were able to open initially with social distancing requirements, and since June 2021, 99 per cent. of the Group's leased units were back open and trading. Up until 12 April 2021, the date on which non-essential retailers were able to re-open, approximately one third of leased units were open and trading and footfall was at approximately 30 per cent. of the equivalent weeks in 2019. At the time of publishing the Interim

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<sup>1</sup> Source: GlobalData Jan 2021

Results on 9 September 2021 the Group disclosed that in the 20 weeks since the full re-opening, footfall was approximately 70 per cent. of the corresponding weeks in 2019.

Both the enforced restrictions of lock-downs, together with the closures of certain retailers, meant that naturally footfall across the Group's portfolio suffered as a result.

Despite the challenges impacting the retail sector, together with a number of retailers including Debenhams going into administration during the pandemic, occupancy across the Group's estate has remained robust throughout and as at 30 June 2021 was 90 per cent..

The Group has made good progress in re-letting the three Debenhams units which closed in April 2021 following Debenhams' administration. Plans to break up the Ilford unit across its three floors are progressing with a lease signed to let the majority of the top floor space for a new Job Centre. Terms have been agreed on a relocation of a national retailer into the middle floor and the Group is pursuing options, including grocery, on the ground floor level. At Blackburn a letting has been concluded for a new Job Centre taking up approximately 15,000 sq ft of the space. Discussions are ongoing with different operators about letting the balance of space. At Luton, the Group has agreed a deal on a medium-term basis to let the entirety of the unit which will cover costs with a turnover top-up with break options to maintain flexibility for a permanent solution.

Political uncertainty caused by concern regarding Brexit and trading uncertainty caused by the Covid-19 pandemic contributed to a slowing of leasing momentum in 2020. However, strong progress was still made in securing a number of key deals across the portfolio and leasing volumes achieved in 2020 were equivalent to those in 2019 and at combined average premiums to passing rent and ERV. Leasing progress has been encouraging following the first stage of the lifting of the UK Government pandemic restrictions on 12 April 2021. As at 30 June 2021, 54 new lettings and renewals have been completed for a combined value of £1.4 million. The Board believes this reflects both the increased focus and investment of the Group's commercial team and because retailers continue to be attracted to the Group's strategy and community centres, including the affordable and sustainable rents at £12-£15 per square foot.

### ***Rent collection***

The Group's retailer customers' ability to trade was impacted throughout the Covid-19 pandemic by the various restrictions that were put in place. In addition the UK Government's introduction of a rent moratorium compromised the measures the Group would normally have available as a last resort to protect its contractual positions; particularly in the unfortunate cases where some large well-funded retailers were able, but unwilling, to pay. In response, management dedicated significant resource to this area, assembling a team from across the business to best utilise relationships with the tenant base at all levels. The Group has worked closely with its retailers to understand the specific impact of the Covid-19 pandemic on their individual businesses, seeking to come to agreements that amicably resolve the position and appropriately share the cost of periods when retailers have been unable to operate. These agreements have typically provided some form of a modest concession related to the period during which the retailer was unable to trade in return for settling the remainder of their rent arrears and their service charge obligations in full.

As a result of this focus on rent collection, as at the time of publishing the Interim Results on 9 September 2021, the Group had collected approximately 88 per cent. of the rent due for the financial year ending 30 December 2020. This is an improvement of approximately 8 per cent. from the position at the time of announcing the Company's results for the financial year ending 30 December 2020 on 9 March 2021.

### ***Property portfolio valuation***

As at 30 June 2021 the Group changed its reportable segments reflecting the position of its shopping centre investments. As a result, the Group has split out what was previously referred to as Shopping Centres into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'.

**'Shopping Centres – Investment Assets'** incorporates the centres at the Exchange, Ilford and within the Mall Facility, namely the Mall Blackburn, the Mall Maidstone, the Mall Walthamstow and the Mall Wood Green. These represent the asset pools where the Group retains net equity and is focussed on long-term solutions for the loan positions potentially involving the investment of further capital.

**'Shopping Centres – Managed Assets'** incorporates Hemel Hempstead and the Mall Luton where the current loan balances in the non-recourse special purpose vehicle structures exceed the respective property values and therefore the Group has negative equity and the substance of the Group's involvement as a manager and the future position of the investments is uncertain. The Group has determined that the economic and strategic rationale for additional investment to cure and/or to pay down these non-recourse facilities is, at the present time, insufficient. The Group continues to manage these assets for the time being, whilst various outcomes are explored in conjunction with the lenders.

|   | 30 September |        | 30 June |        | 30 December |        |
|---|--------------|--------|---------|--------|-------------|--------|
|   | 2021         |        | 2021    |        | 2020        |        |
|   | £m           | NIY    | £m      | NIY    | £m          | NIY    |
| <b>Shopping Centres – Investment Assets</b> |              |        |         |        |             |        |
| Exchange, Ilford                            | 56.40        | 5.84%  | 54.8    | 4.60%  | 60.0        | 5.30%  |
| Mall Blackburn                              | 38.50        | 12.41% | 38.8    | 11.61% | 40.6        | 13.17% |
| Mall Maidstone                              | 43.00        | 10.76% | 43.0    | 10.97% | 46.0        | 10.67% |
| Mall Walthamstow                            | 100.40       | 5.88%  | 100.4   | 5.79%  | 106.6       | 5.17%  |
| Mall Wood Green                             | 148.20       | 7.50%  | 147.7   | 7.33%  | 158.0       | 6.71%  |
|   | <hr/>        | <hr/>  | <hr/>   | <hr/>  | <hr/>       | <hr/>  |
|   | –            | –      | –       | –      | –           | –      |
|   | 386.50       | 7.78%  | 384.7   | 7.45%  | 411.2       | 7.28%  |
| <b>Shopping Centres – Managed Assets</b>    |              |        |         |        |             |        |
| Mall Luton                                  | 82.00        | 10.54% | 84.0    | 9.59%  | 92.5        | 9.8%   |
| Marlowes, Hemel Hempstead                   | 11.00        | 11.37% | 14.0    | 11.24% | 23.3        | 10.0%  |
|   | <hr/>        | <hr/>  | <hr/>   | <hr/>  | <hr/>       | <hr/>  |
|   | –            | –      | –       | –      | –           | –      |
|   | 93.00        | 10.66% | 98.0    | 9.81%  | 115.8       | 9.80%  |
|   | <hr/>        | <hr/>  | <hr/>   | <hr/>  | <hr/>       | <hr/>  |
|   | –            | –      | –       | –      | –           | –      |
| <b>Portfolio</b>                            | 479.50       | 8.37%  | 482.7   | 7.96%  | 527.0       | 7.88%  |
|   | <hr/>        | <hr/>  | <hr/>   | <hr/>  | <hr/>       | <hr/>  |
|   | <hr/>        | <hr/>  | <hr/>   | <hr/>  | <hr/>       | <hr/>  |

As a result of the factors outlined above there has been significant pressure on the Group's property valuations which is a feature consistent across the UK shopping centre industry. As at 30 June 2021, the Group's property portfolio was valued at £482.7 million compared to £527 million as at 31 December 2020; representing a decline of approximately 7.5 per cent. on a like for like basis adjusting for the sale of the Edmonds Parade block that was part of the Marlowes, Hemel Hempstead. This is a slowing in the rate of decline experienced in 2020 where the valuation of the Group's assets fell by £200.1 million or 27.5 per cent. The Group's Investment Assets, supported by their London centres, have fared relatively better declining by 6.44 per cent. over the six month period, to 30 June 2021.

As at 30 September 2021, the Group's property portfolio was valued at £479.5 million compared to £482.7 million as at 30 June 2021. The valuation of the Group's Investment Assets was £386.5 million at 30 September 2021, compared to £384.7 million at 30 June 2021.

Following the removal of all UK Government restrictions related to the Covid-19 pandemic in July 2021, the Directors expect that the downward trend in the Group's property valuations is likely to continue to stabilise in the short term. This is based on the limited transactional data points in the retail property sector, which provide some evidence that valuations of certain types of assets are better than expected, and the improving momentum in the Group's rent collections.

### Group debt facilities

| <i>£m as at 30 June 2021</i>                     | <i>Debt</i>  | <i>Cash</i>   | <i>Net debt</i> | <i>Property</i>  |            | <i>Net debt</i> |
|--|--------------|---------------|-----------------|------------------|------------|-----------------|
|  |              |               |                 | <i>valuation</i> | <i>LTV</i> | <i>LTV</i>      |
| <b>Investment Assets</b>                         |              |               |                 |                  |            |                 |
| Four Mall Assets                                 | 265.0        | (7.9)         | 257.1           | 329.9            | 80%        | 78%             |
| Exchange, Ilford                                 | 39.0         | (2.8)         | 36.2            | 54.8             | 71%        | 66%             |
| Group Central debt/(cash)                        | –            | (56.8)        | (56.8)          | –                | n/a        | n/a             |
| Group's Investment Assets and Central Operations | 304.0        | (67.5)        | 236.5           | 384.7            | 79%        | 61%             |
| <b>Managed Assets</b>                            |              |               |                 |                  |            |                 |
| Marlowes Hemel                                   |              |               |                 |                  |            |                 |
| Hempstead  | 23.0         | (0.6)         | 22.4            | 14.0             | 164%       | 160%            |
| Mall Luton                                       | 96.5         | (7.4)         | 89.1            | 84.0             | 115%       | 106%            |
| <b>Group</b>                                     | <b>423.5</b> | <b>(75.5)</b> | <b>348.0</b>    | <b>482.7</b>     | <b>88%</b> | <b>72%</b>      |

The Group has four non-recourse asset secured loan facilities that each sit within their own ring-fenced special purpose vehicle ("SPV") structure. The Group is relatively heavily indebted given the capital-intensive nature of asset ownership and as at 30 June 2021, the Group had net debt of £348.0 million. The fall in valuations of the Group's properties as described above resulted in a Group net LTV ratio of 61 per cent. on the basis of the Group's Investment Assets and Central Operations or 72 per cent. (compared to 65 per cent. as at 31 December 2020) on a total Group basis.

On the Mall Facility, the Group has obtained a waiver of all financial covenants until the IPD at the end of January 2022.

On the Exchange, Ilford, the Group has secured a waiver of all financial covenants until the April 2022 IPD in return for the Group funding from Central Cash landlord works and incentives of £1.1 million to facilitate the creation of a Job Centre in part of the former Debenhams unit. The Group has also agreed outline terms on a longer term modification of the covenants until at least the end of 2022 to facilitate the completion of the proposed major asset management initiatives at the asset, being the planned medical centre and the re-letting of the remainder of the Debenhams anchor unit, which, if they proceed, the Group will partially fund from Central Cash. The estimated capital expenditure spend on the two projects are £6.7 million and £5.9 million respectively.

On the Mall Luton loan facility, the Group is in the final stages of agreeing terms on a further extension to the waiver until the January 2022 IPD. The Group has advanced its discussions with the lender about: (a) resetting the covenant position; (b) enacting certain modifications to the loan agreement and (c) agreeing the scope of the Group's asset management activities in return for instituting a mechanism to apply surplus cash generated at the asset to the gradual reduction of the loan balance. The Group anticipates that this arrangement will be formalised to facilitate a stabilisation of the operating performance of the asset, whilst broader strategic alternatives are evaluated.

On Hemel Hempstead financial covenants on the loan facility are currently deferred until the October 2021 IPD. The lender on Hemel Hempstead is in the final states of selling the loan as part of a portfolio of other unrelated debt facilities. The Group intends to continue its constructive engagement with the lender, or any successor lender, to regularly assess whether it is in the Group's interest to retain an ongoing involvement in relation to the asset.

The Group intends to utilise the net proceeds of the Capital Raising, together with approximately £16.9 million of Central Cash to undertake the Mall Debt Restructuring as described above. The effect of this would be to reduce the Group's pro forma net LTV as at 30 June 2021 from 61 per cent. to approximately 50 per cent. on the basis of the Group's Investment Assets and Central Operations or 72 per cent. to approximately 63 per cent. on a total Group basis.

### ***Dividends***

As a result of the significant reductions to the Group's revenues and, therefore, cash flows, during the Covid-19 pandemic, coupled with restrictions in the Group's banking facilities, the Company paused cash dividend payments in 2020. As a result of the Proposed Transaction, restrictions to passing cash flow up to the Company from its core Mall Facility will be removed. Therefore, assuming rental income returns to a normalised basis, the Company should be capable of distributing limited cash dividends to Shareholders during the second half of the financial year ending 30 December 2022.

### ***Conclusion***

Overall the Board believes that the recommended Proposed Transaction will allow the Group to achieve the best outcome for Shareholders. The Proposed Transaction will allow the executive management team to continue to pursue its growth strategy, continue delivering sound levels of operational performance of its assets, pursue leasing and asset repositioning opportunities as well as improving balance sheet strength. The Board is also fully cognisant that a very wide range of possible retailer and economic outcomes remain, therefore, it is important that the Company and the Group have robust balance sheets and the Proposed Transaction provides this.

Without the Proposed Transaction, the Group would need to take various actions in the short term to preserve cash, enter into negotiations with its lenders to extend the covenant waivers currently in place, potentially including the need to realise cash from asset sales from the Group's portfolio to reduce the Group's leverage and put on hold its capital expenditure programme. Accordingly, such actions would compromise the Group's competitive position and growth prospects.

## **USE OF PROCEEDS**

The Capital Raising will deliver proceeds of approximately £30.0 million (before costs) and net proceeds of approximately £27.4 million to the Company. The Group intends to utilise the net proceeds of the Capital Raising, together with approximately £16.9 million of Central Cash, to repay part of the Mall Facility as described above.

Approximately £2.6 million of the proceeds from the Capital Raising will be used to pay fees and expenses incurred in connection with the Proposed Transaction.

## **EFFECTS OF IMPLEMENTATION OF THE PROPOSED TRANSACTION**

### ***Group Leverage***

As a result of the Proposed Transaction, the Group's pro forma net LTV as at 30 June 2021 will reduce from 61 per cent. to approximately 50 per cent. on the basis of the Group's Investment Assets and Central Operations, or from 72 per cent. to 63 per cent. on a total Group basis.

On a pro forma basis and assuming the net proceeds from the Capital Raising were £27.4 million, the Group would have had net assets of £173.3 million at 30 June 2021, as extracted from the unaudited pro forma statements of the net assets of the Group at Section A of Part 7 of the prospectus.

### ***Dilutionary impact of the Capital Raising***

If a Qualifying Shareholder does not take up any of its Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 32.4 per cent. as a result of the Capital Raising.

Subject to certain limited exceptions, shareholders in Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

Shareholders who are otherwise not Qualifying Shareholders will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

## **DIVIDEND POLICY**

As a result of the significant reductions to the Group's revenues and, therefore, cash flows, during the Covid-19 pandemic, coupled with restrictions in the Group's banking facilities, the Company paused cash dividend payments in 2020. As a result of the Proposed Transaction, restrictions to passing cash flow up to the Company from its core Mall Facility will be removed. Therefore, assuming rental income returns to a normalised basis, the Company should be capable of distributing limited cash dividends to Shareholders during the second half of the financial year ending 30 December 2022.

The Company will target a sustainable dividend pay-out ratio and to distribute on a semi-annual basis (in approximate proportions of 45 / 55 and in that order in respect of each financial year) not less than approximately 90 per cent. of the Company's EPRA earnings, in line with the Company's requirements to distribute at least 90 per cent. of its taxable profits under the REIT regime.

## **RETENTION AWARDS AND AMENDMENTS TO THE LTIP**

### ***Background and rationale for the Proposed Long Term Retention Awards***

The retention of key individuals has been identified as a risk factor (as set out at paragraph 2.8 in the section headed "Risk Factors" on pages 11 to 22 of the prospectus). In order to mitigate this risk factor and support the retention of the Chief Executive Officer, Lawrence Hutchings, and the Group Finance Director, Stuart Wetherly, it is therefore proposed that a cash Long term Retention Award is provided of £1,000,000 and £500,000 respectively. The Long Term Retention Awards will be paid subject to each individual's continuous employment until the award vests and becomes payable on 30 September 2023, subject to the terms below. It is the Board's view that the retention and motivation of the Chief Executive Office and the Group Finance Director is central to delivery of the business strategy, including those actions arising from and enabled by the proposals contained within the prospectus. The Board believes that the Chief Executive Officer and the Group Finance Director have demonstrated exceptional leadership throughout the challenges presented by the global pandemic and the subsequent shifts in the market and in consumer behaviours. The Board therefore wishes to make the proposed Long Term Retention Awards both in recognition of the efforts to date and also in order to mitigate the risk set out in paragraph 2.8 of the section headed "Risk Factors".

### ***Rationale for amendment of the Directors' Remuneration Policy***

The Company's existing Directors' Remuneration Policy does not currently allow for the proposed Retention Award to be made. Payments to executive directors can only be made if they are within the approved Directors' Remuneration Policy; an amendment to the Directors' Remuneration Policy is therefore required.

### ***Principal Terms of the Long Term Retention Awards for Executive Directors***

**Participants** Lawrence Hutchings (Chief Executive Officer); and Stuart Wetherly (Group Finance Director)

**Quantum** Lawrence Hutchings: £1,000,000 to be paid in cash Stuart Wetherly: £500,000 to be paid in cash

|                               |   |
|-------------------------------|---|
| <b>Award date</b>             | Immediately following approval at the General Meeting   |
| <b>Payment date</b>           | 30 September 2023   |
| <b>Performance conditions</b> | Continued employment and not subject to disciplinary or performance procedures at the payment date.   |
| <b>Leaver terms</b>           | <p>If, prior to the payment date, a participant ceases to be employed by the Group, his Long Term Retention Award will lapse with immediate effect. Where, however, a participant ceases employment as a 'good leaver', any Long Term Retention Award held by that individual will not lapse and may be retained to the extent that the Remuneration Committee in its discretion determines taking into account such factors as the Remuneration Committee in its discretion determines including the period of time that the participant was employed from the award date. Such retained Long Term Retention Award will vest on the normal payment date (unless the Remuneration Committee in its discretion determines that it will be settled earlier) and in the normal manner subject to the other conditions applying to the Long Term Retention Award being met.</p> <p>A participant will be a good leaver if their employment ceases: a) due to death; b) due to injury, ill-health or disability (in each case evidenced to the satisfaction of the Remuneration Committee); c) due to redundancy or upon the transfer out of the Group of a company or business by which the participant is employed; d) in any other circumstance that the Remuneration Committee determines (other than dishonesty, fraud, misconduct or any other circumstance that justifies the summary dismissal of the participant).</p> <p>If, prior to the payment date, a participant has given or received notice to terminate their employment with the Group, his Long Term Retention Award will not be paid unless the Committee is satisfied that the participant has performed satisfactorily and to have met the</p> <p>reasonable expectations of the role for which they are employed during the period from the date of the award to the payment date.</p> |
| <b>Change of Control</b>      | In the event of a takeover or scheme of arrangement of the Company (other than a takeover or scheme of arrangement to give effect to an internal reorganisation) or winding-up of the Company before the normal payment date of the Long Term Retention Award, the award will vest early and in full.   |
| <b>Malus and Clawback</b>     | <p>Clawback provisions will apply to the Long Term Retention Awards if it is discovered within two years of the payment of a Long Term Retention Award that:</p> <ul style="list-style-type: none"> <li>there has been a material misstatement or miscalculation in the results of the Company;</li> <li>the award holder has committed an act of gross misconduct;</li> </ul>  |

- | the award holder has committed an act which in the Remuneration Committee's opinion has given or could give rise to serious reputational damage to the Group;
  - | the award holder has committed an act which in the Remuneration Committee's opinion deliberately misled the Board or the market as to the performance of the Group;
  - | the award holder has committed an act which in the Remuneration Committee's opinion has caused the Company or business in which the award holder is employed to suffer a material failure of risk management; and/or
  - | the Company enters an involuntary administration or insolvency process or a company voluntary arrangement.
- Malus provisions will apply to allow the Remuneration Committee to reduce the payment under a Long Term Retention Award if any of the circumstances set out above occur prior to the payment of the Long Term Retention Award.

**Other Terms**  
meeting:

Without the prior approval of the Company in general

| these arrangements will not be extended to any additional participants; and

| the maximum entitlement for any one participant will not be amended to the participant's advantage.

The Long Term Retention Awards are not pensionable.

***Background and rationale for the Proposed Amendment to LTIP for non-directors***

As referred to above, the retention of key individuals has been identified as a risk factor (as set out at paragraph 2.8 in the section headed "Risk Factors" on pages 11 to 22 of the prospectus). In order to mitigate this risk factor, in parallel with the awards proposed to be made to executive directors, the Board plans to also make Long Term Retention Awards to select members of senior management. Similarly to the proposed executive director arrangements, the planned awards reflect the importance of retaining key staff over a critical period where the business seeks to recover from the impact of Covid-19 and consolidate and grow following the completion of the Capital Raising. These below-Board awards will be made under the Company's LTIP as this helps align the interests of recipients to shareholders and recognises that the proposed recipients of these awards are not currently in receipt of any "live" share awards as all awards previously granted under the LTIP are either already available to exercise or are not expected to qualify for vesting.

***Proposed Amendment to LTIP for non-directors***

To simplify the award structure and keep it closely aligned to the aim of retention, in line with the proposed approach for the two executive directors, these below-Board level awards will not be subject to the achievement of performance conditions and will be contingent only on remaining in continued employment within the Group for an 18 month period. To facilitate this approach, the Board is seeking shareholder approval to amend the rules of the LTIP to reduce the minimum vesting term from three years to 18 months for employees below Board level. The Board's view is that reducing this term and allowing flexibility for a one off award without performance conditions will provide a stronger incentive over a critical period for the business.

**GENERAL MEETING**

You will find set out at the end of the prospectus a Notice of General Meeting convening a general meeting to be held on 1 November 2021 at 2.00 p.m. at 110 Rochester Row, Westminster, London, SW1P 1JQ. The full text of the Notice of General Meeting is set out in Part 12 of the prospectus.



At the General Meeting, the following Resolutions will be proposed:

- an ordinary resolution (requiring approval of more than 50 per cent. of the votes cast in person or by proxy in respect of the resolution) to allot shares under section 551 of the Companies Act;
- an ordinary resolution (requiring approval of more than 50 per cent. of the votes cast in person or by proxy in respect of the resolution) to approve the Long Term Retention Awards to the executive directors of the Company and an amendment to the current Directors' Remuneration Policy (that was approved by Shareholders in 2019) authorising the Company to award such Long Term Retention Awards to the executive directors of the Company; and
- an ordinary resolution (requiring approval of more than 50 per cent. of the votes cast in person or by proxy in respect of the resolution) to approve an amendment to the rules of the Capital & Regional PLC 2018 Long Term Incentive Plan to reduce from three years to 18 months the minimum vesting period of awards that may be granted pursuant to the LTIP to non-director employees.

**The Capital Raising will not proceed unless the Capital Raising Resolution is passed by the requisite majority.**

If the Capital Raising Resolution is not passed, the Company would not benefit from the funds raised through the Capital Raising. In such circumstances the Company will have the option to proceed with the Mall Debt Restructuring, but to do so the Company would need to utilise substantially all of its Central Cash. The Board will therefore consider the circumstances at the time, should this eventuality arise.

If the Board were to resolve not to proceed with the Mall Debt Restructuring, the Group would need to enter into negotiations with its lenders to extend the covenant waivers currently in place. The Group had previously secured a number of covenant waivers for the Mall Facility since July 2020. If the Proposed Transaction does not go ahead then the Board would seek further covenant relaxations from the lenders. In the case of the Exchange, Ilford the Group has a waiver of all covenants until April 2022 and has agreed outline terms on an agreement where further relaxation will be provided until at least the end of 2022 in return for the Group providing new funding to facilitate completion of major asset management initiatives at the centre. If these further covenant relaxations are not put in place and no alternative agreement is reached with the lenders then the Group could face a potential need to partially cure the loans with a cash contribution. In respect of the Four Mall Assets and the Exchange, Ilford, the Central Cash balance maintained by the Group at 30 June 2021, in addition to available cash within the relevant structures, at that point in time, provides sufficient funds to remedy the LTV covenants if values fell by up to a further 10 per cent. across these assets by reference to the June 2021 valuations.

If the Group did not choose to cure the loan breach then there is a risk that ultimately the loan could be enforced and as such the Group would no longer control the asset or consolidate the income, costs, assets and liabilities in respect of the entity. Accordingly, such actions would compromise the Group's competitive position and growth prospects.

**Accordingly, it is, therefore very important that Shareholders vote in favour of the Capital Raising Resolution so that the Capital Raising can be completed in full.**

The results of the votes cast at the General Meeting will be announced as soon as possible once known through an RIS and on the SENS, and on the Company's website. It is expected that this will be on 1 November 2021.

## **RECOMMENDATION**

**The Board considers the Proposed Transaction and the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole.**

Accordingly, the Board recommends unanimously that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors (other than Louis Norval) have irrevocably undertaken to do in respect of their own beneficial holdings and those of persons connected to them, which together amount to 180,150 Ordinary Shares, representing approximately 0.1 per cent. of the Ordinary Shares in issue as at the Latest Practicable Date. Each of Lawrence Hutchings and Stuart Wetherly have undertaken not to vote on the Long Term Retention Award Resolution at the General Meeting. The Undertaking from Louis Norval is to vote in favour of the Resolutions in respect of such number of shares as he may hold at the General Meeting.

Shareholders should also be aware that if the Capital Raising Resolution to be proposed at the General Meeting is not passed, the Capital Raising will lapse and will not be completed. The Long Term Retention Award Resolution and the LTIP Resolution are not conditional on the Capital Raising being approved, and are both independent and separate resolutions.

### CAPITAL RAISING STATISTICS

|  |   |
|--|---|
| Issue Price for each Open Offer Share  | 56 pence  |
| Discount of Issue Price to the Closing Price as at the Latest Practicable Date   | 2.4 per cent.   |
| Number of Existing Ordinary Shares in issue as at the Latest Practicable Date  | 111,819,626   |
| Basis of Open Offer  | 23 Open Offer Shares for every<br>48 Existing Ordinary Shares |
| Number of Open Offer Shares to be issued pursuant to the Open Offer  | 53,580,237  |
| Number of Ordinary Shares in issue immediately following completion of the Capital Raising (*)   | 165,399,863   |
| Open Offer Shares as a percentage of the Enlarged Share Capital of the Company immediately following completion of the Capital Raising (*) | 32.4 per cent.  |
| Estimated expenses in connection with the Capital Raising  | £2.6 million  |
| Estimated net proceeds receivable by the Company from the Capital Raising (after deduction of fees and expenses)                           | £27.4 million   |
| ISIN of the Open Offer Shares  | GB00BL6XZ716  |
| SEDOL of the Open Offer Shares   | BL6XZ71   |
| ISIN of the Open Offer Entitlements  | GB00BP6S9729  |
| SEDOL of the Open Offer Entitlements   | BP6S972   |
| LSE code for the Ordinary Shares   | CAL   |
| JSE code for the Ordinary Shares   | CRP   |

(Notes: \*Assuming that no Ordinary Shares are issued between the Latest Practicable Date and Admission becoming effective other than pursuant to the Open Offer.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|   |   |
|---|---|
| Record Date for Open Offer Entitlements   | close of business on 11 October                         |
| <b>Announcement of the Capital Raising and Open Offer opens</b>   | <b>7.00 a.m. on 14 October</b>                          |
| Ex-Entitlements Time for the Open Offer   | 8.00 a.m. on 14 October                                 |
| Record date to appear in the SA Register in order to receive the prospectus, the Supplementary Information Memorandum and Form of Proxy     | close of business on 8 October                          |
| Publication and posting of the prospectus, the Supplementary Information Memorandum and Forms of Proxy and Application Forms (to Qualifying | 14 October  |
| Publication of Notice of the Open Offer in the London Gazette   | 14 October  |
| Open Offer Entitlements enabled in CREST and credited to stock accounts in CREST (Qualifying CREST Shareholders only)                       | as soon as practicable after<br>8.00 a.m. on 15 October |
| Last date to trade to appear in the SA Register in order to participate and vote at the General Meeting                                     | 19 October  |
| Record date to appear in the SA Register in order to participate and vote at the General Meeting  | 22 October  |
| Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST   | 4.30 p.m. on 25 October                                 |
| Latest time and date for depositing Open Offer Entitlements in CREST  | 3.00 p.m. on 26 October                                 |
| Latest date and time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)                                       | 3.00 p.m. on 27 October                                 |
| Latest time and date for receipt of completed Application Forms and payments in full and settlement of CREST instructions (as appropriate)  | 11.00 a.m. on 29 October                                |
| Announcement of the results of the Open Offer through a Regulatory Information Service and SENS   | 1 November  |
| <b>General Meeting</b>  | <b>2.00 p.m. on 1 November</b>                          |
| Announcement of the results of the General Meeting  | 1 November  |
| UK Admission of and commencement of dealings in Open Offer Shares   | <b>8.00 a.m. on or around 5 November</b>                |
| SA Admission of and commencement of dealings in Open Offer Shares   | <b>10.00 a.m. on or around 5 November</b>               |
| Open Offer Shares issued and credited to CREST accounts   | on or soon after 8.00 a.m. on 5 November                |
| Where applicable, expected date for despatch of definitive share certificates for Open Offer Shares in certificated form                    | By 19 November  |

### Notes:

- (1) The times set out in the expected timetable of principal events above and mentioned throughout this announcement are times in London unless otherwise stated, and may be adjusted by the Company in consultation with or, if required, with the agreement of Investec and Numis, in which

event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders.

- (2) These dates and times given are indicative only and are based on the Company's current expectations and may be subject to change (including as a result of changes to the regulatory timetable). If any of the times and/or dates above change, the revised times A12 5.1.9 and/ or dates will be notified to Shareholders by announcement through a Regulatory Information Service and SENS.
- (3) If your Open Offer Entitlements are in CREST and you wish to convert them to certificated form.
- (4) If your Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form.

If you have any queries on in relation to the prospectus or the timetable please call the relevant Shareholder helpline as follows:

Equiniti Shareholder Helpline for Shareholders registered on the UK Register, on 0371 384 2050 or, if telephoning from outside the UK, on +44 (0)371 384 2050 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales). Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Capital Raising and/or the Capital Raising nor give any financial, legal or tax advice.

JSE Investor Services Helpline for Shareholders registered on the SA Register, on 0861 472 644 if calling from within South Africa (or +27 11 029 0112 for Shareholders registered on the SA Register calling from outside South Africa) between 08:00 and 16:00 (South African time) from Monday to Friday, excluding public holidays in South Africa. Calls made from within South Africa will be charged at the standard geographic rate and will vary by provider. Calls made from outside of South Africa will be charged at the applicable international rates. Lines are open between 8.00 a.m. and 4.30 p.m. (South African standard time) Monday to Friday (except South African public holidays).

## APPENDIX

In this Announcement the following expressions have the meaning ascribed to them unless the context otherwise requires:

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| <b>Adjusted Profit</b>                    | is the total of Contribution from wholly-owned assets, the profit from Snozone and property management fees less central costs (including interest, excluding non-cash charges in respect of share-based payments) after tax                               |
| <b>Admission</b>                          | together, the UK Admission and SA Admission  |
| <b>Admission and Disclosure Standards</b> | the "Admission and Disclosure Standards" of the London Stock Exchange containing among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities. |
| <b>Application Form</b><br>which          | the application form accompanying the prospectus on<br><br>Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer  |
| <b>Articles</b>                           | the articles of association of the Company   |
| <b>Board</b>                              | the Directors of Capital & Regional  |

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| <b>Business Day</b><br>on which             | a day (other than a Saturday, Sunday or public holiday)<br><br>banks are generally open for business in the City of London for the transaction of normal banking business  |
| <b>Capital Raising</b>                      | the Open Offer   |
| <b>Capital Raising Resolutions</b>          | the resolution numbered 1 to be proposed at the General Meeting, as set out in the Notice of General Meeting   |
| <b>CBRE</b>                                 | CBRE Limited   |
| <b>Central Cash</b>                         | cash held centrally by the Group that is unencumbered and over which the Group's lenders have no security  |
| <b>certificated or in certificated form</b> | in relation to a share or other security, a share or other security which is not in uncertificated form  |
| <b>Closing Price</b>                        | the closing middle market quotation in Pounds Sterling of an Existing Ordinary Share as derived from the Daily Official List of the London Stock Exchange on a particular day  |
| <b>Code</b>                                 | the US Internal Revenue Code of 1986, as amended   |
| <b>Companies Act</b>                        | the Companies Act 2006 as amended  |
| <b>Company or Capital &amp; Regional</b>    | Capital & Regional PLC, a public limited company incorporated in England and Wales with registered number 01399411   |
| <b>Contribution</b>                         | net rent less net interest, including unhedged foreign exchange movements  |
| <b>Covid-19</b>                             | the Coronavirus Disease 2019 as designated by the World Health Organisation  |
| <b>CREST</b>                                | the relevant system, as defined in the CREST Regulations (in respect of which Euroclear is the operator as defined in the CREST Regulations)   |
| <b>CREST Manual</b><br>the                  | the rules governing the operation of CREST, consisting of<br><br>CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, CREST Courier and Sorting Service Operations Manual and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) |
| <b>CREST Member</b>                         | a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)   |
| <b>CREST Participant</b>                    | a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)  |
| <b>CREST Regulations</b>                    | the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended  |
| <b>CREST Sponsor</b>                        | a CREST participant admitted to CREST as a CREST sponsor (as defined in the CREST Regulations)   |

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| <b>CREST Sponsored Member member</b>                             | a CREST Member admitted to CREST as a sponsored member   |
| <b>CSDP</b>  | a Central Securities Depository Recipient accepted as a participant under the South African Financial Markets Act, 2012, appointed by a Shareholder in South Africa for the purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of such Shareholder  |
| <b>CTA 2010</b>  | the Corporation Tax Act 2010   |
| <b>CVA</b>   | a company voluntary arrangement, a legally binding agreement with a company's creditors to restructure its liabilities   |
| <b>Daily Official List</b>                                       | the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange  |
| <b>Dematerialised Shareholders Dematerialised Shares</b>         | Shareholders on the SA Register who hold Dematerialised Shares   |
| <b>Dematerialised Shares</b>                                     | Ordinary Shares which have been incorporated into the Strate system, title to which is no longer represented by physical documents of title;   |
| <b>Directors</b>   | the executive directors and non-executive directors of the Company, whose names appear on page 34 of the prospectus  |
| <b>Directors' Remuneration Policy</b>                            | the policy in respect of the remuneration of the Directors as approved by Shareholders in 2019   |
| <b>Disclosure Guidance and<br/>accordance Transparency Rules</b> | the rules relating to the disclosure of information made in with section 73A(3) of FSMA  |
| <b>Discontinued Operations</b>                                   | has the same meaning given to the term "classification as discontinuing" as defined in the IFRS  |
| <b>EEA</b>   | the European Economic Area   |
| <b>Enlarged Share Capital</b>                                    | the Company's ordinary issued share capital following completion of the Capital Raising  |
| <b>EPRA</b>  | the European Public Real Estate Association index  |
| <b>Equiniti</b>  | Equiniti Limited   |
| <b>ERISA</b>   | the US Employee Retirement Income Security Act of 1974, as amended   |
| <b>ERISA Entity</b>  | any person that is: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code; or any governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code whose purchase, holding, and disposition of the |

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|   | Open Offer Shares could constitute or result in a non-exempt violation of any such substantially similar law   |
| <b>ERV</b>                                | estimated rental value which is the Group's external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a unit or property  |
| <b>EU</b>                                 | the European Union   |
| <b>EU Prospectus Regulation</b>           | the EU Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market  |
| <b>Euroclear</b>                          | Euroclear UK & Ireland Limited, the operator of CREST  |
| <b>EUWA</b>                               | the European Union (Withdrawal) Act 2018   |
| <b>Ex-Entitlements Time</b>               | the time at which the Existing Ordinary Shares are marked ex-entitlement, being 8.00 a.m. on 14 October 2021   |
| <b>Exchange, Ilford</b>                   | the shopping centre owned by the Group as more particularly described in section 3.1 of Part 2 of the prospectus   |
| <b>Excluded Territories</b>               | Australia, Canada, Japan, New Zealand, the United States of America and any other jurisdiction where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would breach any applicable law or regulation and " <b>Excluded Territory</b> " shall mean any of them  |
| <b>Existing Ordinary Shares</b>           | the 111,819,626 Ordinary Shares in issue as at the Latest Practicable Date   |
| <b>Financial Conduct Authority or FCA</b> | the Financial Conduct Authority of the United Kingdom  |
| <b>Form of Proxy</b>                      | the form of proxy for use at the General Meeting   |
| <b>Four Mall Assets</b>                   | the Mall Blackburn, the Mall Maidstone, the Mall Wood Green and the Mall Walthamstow   |
| <b>FSMA</b>                               | the Financial Services and Markets Act 2000, as amended  |
| <b>GDP</b>                                | gross domestic product   |
| <b>General Meeting</b>                    | the general meeting of Capital & Regional to be held at 2.00 p.m. on 1 November 2021 notice of which is set out in Part 12 of the prospectus   |
| <b>Group</b>                              | the Company and each of its subsidiaries and subsidiary undertakings from time to time   |
| <b>Growthpoint</b>                        | Growthpoint Properties Limited and/or any Growthpoint Nominee (as the case may be)   |
| <b>Growthpoint Nominee or Nominee</b>     | any one or more wholly-owned subsidiaries of Growthpoint Properties Limited or partnerships in which Growthpoint Properties Limited holds (directly or indirectly) all or substantially all of the economic rights, together with any person (including a general partner) who holds Capital & Regional PLC Shares on behalf of any such person or partnership |

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| <b>HMRC</b>  | HM Revenue & Customs   |
| <b>Homestead</b>   | Homestead Group Holdings Limited   |
| <b>Homestead Relationship Agreement</b><br>between the           | the relationship agreement dated 17 October 2019<br><br>Company and Homestead as further described in paragraph 9.7 of Part 9 of the prospectus  |
| <b>IFRS</b>  | International Financial Reporting Standards as issued by the International Accounting Standards Board and, for the purposes of the prospectus, as adopted by the European Union  |
| <b>Interim Results</b>   | the interim unaudited financial statements for the period beginning 31 December 2020 and ended on 30 June 2021   |
| <b>Investec</b>  | Investec Bank plc and/or Investec Bank Limited, as the context requires;   |
| <b>Investment Assets</b>   | the Four Mall Assets together with the Exchange, Ilford, as more particularly described in section 3.1 of Part 2 of the prospectus   |
| <b>Investment Assets and centrally by the Central Operations</b> | the Investment Assets together with any cash held<br><br>Group including within its Snozone entities   |
| <b>IPD</b>   | interest payment date  |
| <b>ISIN</b>  | International Securities Identification Number   |
| <b>Issue Price</b>   | 56 pence per Open Offer Share  |
| <b>JSE</b>   | the exchange operated by JSE Limited (registration number 2005/022939/06), licensed as an exchange under the South African Financial Markets Act, 2012, as amended, and a public company incorporated in terms of the laws of South Africa |
| <b>JSE Sponsor</b>   | Investec Bank Limited, in its capacity as South African sponsor to the Company;  |
| <b>Kingfisher Redditch Joint Venture</b>                         | as defined in paragraph 3.3 of Part 2 of the prospectus  |
| <b>Knight Frank</b>  | Knight Frank LLP   |
| <b>Latest Practicable Date</b>                                   | the latest practicable date prior to the publication of the proepscetus, being 13 October 2021   |
| <b>LIBOR</b>   | London inter bank offered rate   |
| <b>Listing Rules</b><br>FSMA                                     | the Listing Rules made by the FCA under Part VI of   |
| <b>LN Group</b>  | Homestead, PDI Investment Holdings Limited, Mstead Limited and any subsidiary of Homestead   |
| <b>London Gazette</b>  | the daily publication issued in London with such name  |
| <b>London Stock Exchange</b>                                     | London Stock Exchange PLC  |



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| <b>Long Term Retention Award Executive</b>                      | the award of £1,000,000 to Lawrence Hutchings (Chief Officer) and the award of £500,000 to Stuart Wetherly (Group Finance Director)  |
| <b>Long Term Retention Award Memorandum</b>                     | the memorandum setting out the particulars of the Long Term Retention Awards and the ways in which these are inconsistent with the approved Directors' Remuneration Policy                               |
| <b>Long Term Retention Award Resolution</b>                     | the ordinary resolution to be proposed as Resolution numbered 2 at the General Meeting to approve an amendment to the Directors' Remuneration Policy   |
| <b>LTIP</b>   | Capital & Regional PLC 2018 Long-Term Incentive Plan   |
| <b>LTIP Resolution</b>  | the ordinary resolution to be proposed as Resolution numbered 3 at the General Meeting to approve an amendment to the LTIP   |
| <b>LTV</b>  | loan-to-value  |
| <b>Main Board</b>   | the Main Board of the list of securities admitted to listing on the JSE <b>Main Market</b>   |
|   | the London Stock Exchange's main market for listed securities  |
| <b>Mall Asset Facility Amendment and Restatement Agreement</b>  | the agreement dated 14 October 2021 between certain members of the Group and TIAA, a summary of which is set out in paragraph 9.3 of Part 9 of the prospectus document                                   |
| <b>Mall Blackburn</b>   | the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of the prospectus   |
| <b>Mall Debt Restructuring</b>                                  | the proposed restructuring of the debt facility in respect of the Four Mall Assets as described in further detail in section 2 of Part 1 of the prospectus and paragraph 9.3 of Part 9 of the prospectus |
| <b>Mall Facility or Mall Asset Assets as Facility Agreement</b> | the £265 million debt facility secured over the Four Mall described in more detail in paragraph 9.12 of Part 9 of the prospectus   |
| <b>Mall LP</b>  | the Mall LP, being a limited partnership which is wholly owned by the Group  |
| <b>Mall Luton</b>   | the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of the prospectus   |
| <b>Mall Maidstone</b>   | the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of the prospectus   |
| <b>Mall Walthamstow</b>   | the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of the prospectus   |

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| <b>Mall Wood Green</b>                      | the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of the prospectus  |
| <b>Market Abuse Regulation or MAR</b>       | the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the EUWA   |
| <b>Marlowes Hemel Hempstead</b>             | the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of the prospectus  |
| <b>Member State</b>                         | a sovereign state which is a member of the European Union   |
| <b>Money Laundering Regulations</b>         | the Money Laundering Regulations 2007 (S.I. 2007/2157)  |
| <b>Mstead</b>                               | Mstead Limited, a company associated with Louis Norval  |
| <b>NatWest</b>                              | National Westminster Bank plc   |
| <b>Net Asset Value or NAV</b>               | the net asset value   |
| <b>Net Rental Income or NRI</b>             | the Group's share of the rental income, less property and management costs (excluding performance fees) of the Group  |
| <b>NIY</b>                                  | net initial yield   |
| <b>Non-PID Dividend</b>                     | any dividend of the Company other than a PID  |
| <b>Notice of General Meeting</b>            | the notice of the General Meeting contained in Part 12 of the prospectus  |
| <b>Official List to</b>                     | the Official List of the Financial Conduct Authority pursuant to<br>Part VI of FSMA   |
| <b>Open Offer</b>                           | the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in the prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Application Form |
| <b>Open Offer Entitlements</b>              | the <i>pro rata</i> entitlements of Qualifying Shareholders to subscribe for 23 Open Offer Shares for every 48 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer                                 |
| <b>Open Offer Shares Qualifying</b>         | the 53,580,237 new Ordinary Shares to be offered to<br>Shareholders pursuant to the Open Offer  |
| <b>Ordinary Shares or Shares Company</b>    | ordinary shares of £0.10 each in the share capital of the Company   |
| <b>Overseas Shareholders United Kingdom</b> | Shareholders with registered addresses outside the United Kingdom<br>and South Africa or who are citizens or residents of countries outside the United Kingdom and South Africa   |
| <b>Panel</b>                                | The Panel on Takeovers and Mergers  |

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| <b>Participant ID</b><br>CREST to                             | the identification code or membership number used in<br>identify a particular CREST Member or other CREST Participant   |
| <b>PID</b>  | property income distribution  |
| <b>Pounds Sterling, Sterling or £</b>                         | the lawful currency of the United Kingdom   |
| <b>PR Regulation</b>  | the UK version of Regulation (EU) 2019/980 of the<br>European Commission, which is part of UK law by virtue of<br>EUWA  |
| <b>Property Valuation Reports</b>                             | the property valuation reports prepared by the Property<br>Valuers and set out in Part 6 of the prospectus  |
| <b>Property Valuers</b>                                       | CBRE and Knight Frank   |
| <b>Proposed Transaction</b>                                   | the Capital Raising and Mall Debt Restructuring   |
| <b>Prospectus Regulation</b>                                  | the UK version of Regulation (EU) 2017/1129 of the<br>European Parliament and of the Council of 14 June 2017 on<br>the prospectus to be published when securities are offered to<br>the public or admitted to trading on a regulated market, and<br>repealing Directive 2003/71/EC which is part of UK law by<br>virtue of the EUWA |
| <b>Prospectus Regulation Rules</b><br>under                   | the Prospectus Regulation Rules published by the FCA<br>Section 73A of FSMA in accordance with the Prospectus Regulation  |
| <b>Qualifying CREST Shareholders</b>                          | Qualifying Shareholders holding Ordinary Shares on the<br>UK Register in uncertificated form on the Record Date   |
| <b>Qualifying Non-CREST Shareholders</b>                      | Qualifying Shareholders holding Ordinary Shares in<br>certificated form on the Record Date  |
| <b>Qualifying Shareholders</b>                                | holders of Ordinary Shares who are entered on the UK<br>Register and/or the SA Register on or before the Record Date<br>and remain on such register at the Record Date with the<br>exclusion of Overseas Shareholders with a registered address<br>or resident in any Excluded Territory  |
| <b>Rand</b>   | the lawful currency of South Africa   |
| <b>RBS</b>  | The Royal Bank of Scotland plc  |
| <b>Record Date</b>  | 6.00 p.m. on 11 October 2021  |
| <b>Registrars or Receiving Agent</b><br>be;                   | Equiniti and/or SA Transfer Secretaries, as the case may  |
| <b>Regulation S</b>   | Regulation S under the US Securities Act  |
| <b>Regulatory Information</b><br><b>Service</b> or <b>RIS</b> | one of the regulatory information services authorised by the<br>Financial Conduct Authority to receive, process and disseminate<br>regulatory information in respect of listed companies  |
| <b>REIT</b>   | Real Estate Investment Trust  |
| <b>Remuneration Committee</b>                                 | the remuneration committee of the Company   |

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| <b>Resolutions</b>                               | the Capital Raising Resolution, the LTIP Resolution and the Long Term Retention Award Resolution  |
| <b>RICS Standards</b>                            | the Royal Institution of Chartered Surveyors (RICS) Valuation – Profession Standards UK 2014 (revised January 2020)   |
| <b>RPI</b>                                       | retail price index  |
| <b>SA Admission</b>                              | the admission of the Open Offer Shares to listing and trading on the Main Board;  |
| <b>SA Register</b>                               | the share register maintained on behalf of the Company by JSE Investor Services   |
| <b>SA Transfer Secretaries Services</b>          | JSE Investor Services (Pty) Limited or <b>JSE Investor</b>  |
| <b>SDRT</b>                                      | stamp duty reserve tax  |
| <b>SENS</b>                                      | the Stock Exchange News Service of the JSE  |
| <b>Shareholder</b>                               | a holder of Ordinary Shares from time to time   |
| <b>SONIA</b>                                     | the SONIA (sterling overnight index average) reference rate administered by the Bank of England (or any other person which takes over the administration of that rate) and if that rate is less than zero, SONIA shall be deemed to be zero |
| <b>Sponsor</b>                                   | Investec, acting in its capacity as sponsor to the Company pursuant to Chapter 8 of the Listing Rules   |
| <b>Sponsor and Open Offer Agreement</b>          | the sponsor and open offer agreement between the Company, Investec and Numis, as further described in paragraph 9.1 of Part 9 of the prospectus   |
| <b>SPV</b>                                       | special purpose vehicle   |
| <b>stock account</b>                             | an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited   |
| <b>Strate</b>                                    | Strate Proprietary Limited (registration number 1198/0222242/07), a private company incorporated with the laws of South Africa and the electronic clearing and settlement system used by the JSE to settle trades                           |
| <b>Supplementary Information this Memorandum</b> | the supplementary information memorandum sent with document to Qualifying Shareholders on the SA Register   |
| <b>Takeover Code</b>                             | the City Code on Takeovers and Mergers  |
| <b>TIAA</b>                                      | Teachers Insurance and Annuity Association of America   |
| <b>UK Admission listing</b>                      | the admission of the Open Offer Shares (i) to the premium segment of the Official List and (ii) to trading on the London Stock Exchange's main market for listed securities   |
| <b>UK Register Equiniti</b>                      | the share register maintained on behalf of the Company by Equiniti  |

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| <b>UK REIT</b>   | a real estate investment trust established in the United Kingdom to which Part 12 of the CTA 2010 applies  |
| <b>uncertificated or in concerned as uncertificated form</b> | recorded on the relevant register of the share or security being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST                           |
| <b>Underwriting Agreement</b>                                | the underwriting agreement between the Company and Growthpoint, as further described in paragraph 9.2 of Part 9 of the prospectus  |
| <b>United Kingdom or UK</b>                                  | the United Kingdom of Great Britain and Northern Ireland   |
| <b>US or United States</b>                                   | the United States of America, its territories and possessions, any state of the United States and the District of Columbia   |
| <b>US Person</b>   | a "U.S. person" as defined in Regulation S   |
| <b>US Securities Act</b>                                     | the United States Securities Act of 1933, as amended   |
| <b>Valid Applications</b>                                    | means a duly completed Application Form and payment in full for Open Offer Shares received by the Company which complies in all respects with the terms of the Open Offer and with the terms set out in the Application Form |
| <b>VAT</b>   | value added tax  |