

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.** If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares before 8.00 a.m. on 14 October 2021, being the date upon which the Existing Ordinary Shares will be marked “ex” the entitlement to the Open Offer, please send this document, together with the Form of Proxy and, if relevant, Application Form and Supplementary Information Memorandum, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of the registration or any other local securities laws or regulations. If you have sold or transferred part of your holding of Existing Ordinary Shares, you should retain this document and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected, as to the action you should take. However, the distribution of this document and/or any accompanying documents into a jurisdiction other than the UK may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States, any member state of the European Economic Area, Australia, Canada, Japan, New Zealand or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares, you should retain any such documents received.

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## **Capital & Regional PLC**

*(incorporated in England and Wales with registered number 01399411)*

**Mall Debt Restructuring**

**and**

**Open Offer of 53,580,237 Open Offer Shares at 56 pence per Share**

**and**

**Notice of General Meeting**



**Financial Adviser,  
Sponsor and JSE  
Sponsor**

**Numis**

**Broker**

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**The whole of this document (in particular the section headed “Risk Factors” set out on pages 11 to 22 of this document) should be read together with the documents incorporated by reference in their entirety. Recipients of this document should review the risk factors set out on pages 6 to 7 of this document for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Proposed Transaction. In making a decision, each Shareholder must rely on its own examination, analysis and enquiry of the Company and the terms of the Proposed Transaction, including the merits and risks involved.**

This document, which comprises: (a) a circular prepared in compliance with the Listing Rules of the FCA for the purposes of the General Meeting convened pursuant to the Notice of General Meeting contained in this document; and (b) a simplified prospectus for the purposes of Article 14 of the Prospectus Regulation relating to the Company prepared in accordance with the Prospectus Regulation Rules made under Section 84 of FSMA and made available to the public in accordance with section 85 of FSMA and Rule 3.2 of the Prospectus Regulation Rules. This document has been approved by and filed with the FCA in accordance with the Prospectus Regulation Rules.

This document has been approved as a simplified prospectus by the FCA of 12 Endeavour Square, London, E20 1JN, as the competent authority under the Prospectus Regulation. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Company or the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in securities. The Company and each of the Directors whose names appear on page 32 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The Existing Ordinary Shares are admitted to: (a) the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s main market for listed securities and (b) listing and trading on the Main Board of the JSE. Application will be made to: (a) the FCA and to the London Stock Exchange for the Open Offer Shares to be admitted to the premium segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, respectively and (b) the JSE for the Open Offer Shares to be listed and traded on the Main Board of the JSE. It is expected that 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 on the Main Board of the JSE at 10.00 a.m. (South African time) on 5 November 2021. No application is currently intended to be made for the Existing Ordinary Shares or the Open Offer Shares to be admitted to listing or dealing on any other exchange.

**The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of territories other than the United Kingdom and South Africa (including, without limitation, a nominee or trustee who has a contractual or legal obligation to forward this document or any other document if and when received, to a jurisdiction outside the United Kingdom) is drawn to pages 73 to 78 of this document.**

## Notice to Overseas Shareholders

This document does not constitute or form part of any offer or invitation to buy, subscribe for, or sell Open Offer Shares in the United States or any other jurisdiction in which such offer or solicitation is unlawful. In particular, the securities described in this document have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”), or qualified for sale under the laws of any state of the United States or under the applicable laws of Australia, Canada, Japan or New Zealand and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons or to any national, resident or citizen of Australia, Canada, Japan or New Zealand (collectively, the “Excluded Territories”). This document may not be distributed, directly or indirectly, in or into the United States, Australia, Canada, Japan or New Zealand.

The release, publication or distribution of this document, the Application Form, the Supplementary Information Memorandum, the Open Offer Shares or the Open Offer Entitlements in or into jurisdictions other than the United Kingdom and South Africa may be restricted by laws and/or regulations of those jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom or South Africa to vote at the General Meeting may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom or South Africa or who are subject to other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction. Unless otherwise determined by the Company, and permitted by applicable law and regulation, the Capital Raising will not be implemented and documentation relating to the Capital Raising shall not be made available, directly or indirectly, in, into or from an Excluded Territory where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Resolutions by any use, means, instrumentality or form within an Excluded Territory or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and the accompanying documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Excluded Territory and persons with access to this document and any documents relating to the Capital Raising (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Excluded Territory.

This document has been prepared for the purpose of complying with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy, acquire or subscribe for shares in the capital of Capital & Regional in any Excluded Territory or to any person to whom it is unlawful to make such offer or solicitation. None of the securities referred to in this document shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation.

It is the responsibility of each person into whose possession this document and the accompanying documents comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this document and the receipt of the Open Offer Shares and to obtain any governmental, exchange control or other consents which may be required, comply with other formalities which are required to be observed and pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, Capital & Regional, the Directors, the Group, Investec and Numis (as defined below) and all other persons involved in the Capital Raising disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

Investec Bank plc (“Investec”), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting as Sponsor and financial adviser in relation to the Capital Raising exclusively for the Company and no one else in connection with the matters referred to in this document, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, for the contents of this document or for providing any advice in relation to this document.

Numis Securities Limited (“Numis”), which is authorised in the United Kingdom by the FCA and regulated in the United Kingdom by the FCA, is acting as broker in relation to the Capital Raising exclusively for the Company and no-one else in connection with the matters referred to in this document, and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Numis nor for providing advice to any other person in relation to the matters referred to in this document.

Investec Bank Limited, which is authorised and regulated in South Africa by, *inter alia*, the Financial Sector Conduct Authority, is acting as JSE Sponsor in relation to the Capital Raising exclusively for the Company and no one else in connection with the matters referred to in this document, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, for the contents of this document or for providing any advice in relation to this document.

Apart from the responsibilities and liabilities, if any, which may be imposed by the FCA, FSMA or the Main Board of the JSE or the regulatory regime established thereunder, none of Investec or Numis, or any person affiliated with them, accept any responsibility whatsoever and make no representation or warranty, express or implied, in respect of the contents of this document including its accuracy or completeness or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company or any matter described in this document and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. None of Investec or Numis have approved the contents of, or any part of, this document and no liability whatsoever is accepted by Investec or Numis for the accuracy of any information or opinions contained in this document and accordingly, each of Investec, Numis and their respective affiliates disclaim, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have to any person, other than the Company, in respect of this document or any such statement.

**Notice of a General Meeting of the Company to be held at 110 Rochester Row, Westminster, London SW1P 1JQ at 2.00 p.m. (London time) on 1 November 2021 is set out at the end of this document. The Form of Proxy for use at the General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but, in any event, so as to reach the Company’s Registrars, Equiniti, not later than 2.00 p.m. on 28 October 2021. Completion and posting of the Form of Proxy does not prevent a Shareholder from attending and voting in person at the General Meeting.**

**The latest time and date for acceptance and payment in full for the Open Offer Shares under the Open Offer is 11.00 a.m. on 29 October 2021. The procedures for acceptance and payment are set out in Part 3 of this document and, where relevant, in the Application Form. Qualifying Non-CREST Shareholders will be sent an Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements, which is expected to be enabled for settlement on 5 November 2021. Qualifying Shareholders on the SA Register should follow the instructions in the Supplementary Information Memorandum.**

**Applications under 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 arising out of a sale or transfer of Ordinary Shares prior to the Ex-entitlements Time. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsor regarding the action to be taken in connection with this document and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy *bona fide* market claims. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.**

**This document is available on the Company’s website at <https://capreg.com/>. This document will only be provided in hard copy on request. Such requests should be made by either writing to the Company Secretary at 22 Chapter Street, London SW1P 4NP or contacting the Company Secretary by telephoning +44 (0)207 932 8000.**

The date of this document is 14 October 2021.

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# SUMMARY

## 1. INTRODUCTION, CONTAINING WARNINGS

This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole, including the information incorporated by reference. An investor could lose all or part of their invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.

The securities which Capital & Regional intends to issue are ordinary shares of the company of £0.10 each (“**Ordinary Shares**”), whose ISIN is GB00BL6XZ716.

Capital & Regional PLC (the “**Company**”), can be contacted by writing to its registered office, 22 Chapter Street, London, SW1P 4NP or by calling, within business hours, +44 (0)207 932 8000. The Company’s Legal Entity Identifier (“**LEI**”) is 21380097W74N9OYF5Z25.

This document was approved on 14 October 2021 by the FCA of 12 Endeavour Square, London, E20 1JN as competent authority under the Prospectus Regulation. Contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

## 2. KEY INFORMATION ON THE ISSUER

### 2.1 Who is the issuer of the securities?

Capital & Regional PLC is a public limited company limited by shares incorporated in England and Wales under the Companies Act 1985 (with registered number 01399411) and is domiciled in the United Kingdom. The Company’s Legal Entity Identifier (“**LEI**”) is 21380097W74N9OYF5Z25.

The Company is a UK focused retail property REIT specialising in community shopping centres that serve the non-discretionary and value-orientated needs of their local communities, across a portfolio comprising seven properties with a total portfolio value of approximately £479.5 million as at 30 September 2021. The principal activity of the Company is the generation of rental income and capital growth from its role as a property owner, operator and asset manager.

As at the close of business on 4 October 2021, the following parties were known to be the Company’s major shareholders:

<i>Shareholder</i>	<i>No. of Existing Ordinary Shares</i>	<i>Percentage of existing issued ordinary share capital</i>
Growthpoint Properties Limited	58,261,066	52.1
Mstead Limited*	5,742,052	5.1
Black Crane Capital	4,662,460	4.2
PDI Investment Holdings*	4,536,568	4.0
Peens Family Holdings	4,515,416	4.0
ICAMAP Investments	3,709,725	3.3

\* these entities are beneficially owned by Louis Norval, a Non-Executive Director of the Company.

The Company maintains a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange in South Africa.

The Company’s board of directors (“**Board**”) is comprised of David Hunter (Chairman, Non-Executive Director), Lawrence Hutchings (Chief Executive Officer), Stuart Wetherly (Group Finance Director), Ian Krieger (Non-Executive Director), Louis Norval (Non-Executive Director), Laura Whyte (Non-Executive Director), George Muchanya (Non-Executive Director), Norbert Sasse (Non-Executive Director) and Katie Wadey (Non-Executive Director).

The auditor of the Company for the financial year ended 30 December 2020 was Deloitte LLP of 1 New Street Square, London, EC3A 3HQ.

### 2.2 What is the key financial information regarding the issuer?

#### **KEY HISTORICAL FINANCIAL INFORMATION**

The selected historical financial information set out below, which has been prepared under IFRS, has been extracted, or derived, without material adjustment from the Group’s audited financial statements for the financial year ended 30 December 2020 and from the Group’s unaudited interim financial statements for the six-month periods ended 30 June 2020 and 30 June 2021:

## INCOME STATEMENT

	Year to 30 December 2020 (£m)	Interim 30 June 2021 Unaudited (£m)	Comparative Interim 30 June 2020 Unaudited (£m)
Revenue	72.7	34.1	36.5
Adjusted Profit	10.3	2.3	4.6
Loss for the year/period	(203.4)	(41.3)	(115.5)
Basic earnings per share	(188.3)p	(36.9)p	(111.0)p

1 Adjusted Profit 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. Adjusted Profit excludes revaluation of properties, profit or loss on disposal of properties or investments, gains or losses on financial instruments and exceptional one-off items. Results from Discontinued Operations are included up until the point of disposal or reclassification as held for sale.

## BALANCE SHEET

	Year to 30 December 2020 (£m)	Interim 30 June 2021 Unaudited (£m)
Total assets	671.3	645.0
Total equity	167.8	126.7
Net financial debt (debt before unamortised issue costs minus cash)	345.1	348.0

## CASH FLOW

	Year to 30 December 2020 (£m)	Interim 30 June 2021 Unaudited (£m)	Comparative Interim 30 June 2020 Unaudited (£m)
Cash flows from operating activities	5.3	(0.5)	(8.8)
Cash flows from investing activities	(11.5)	(0.3)	(1.0)
Cash flows from financing activities	(5.6)	(4.6)	(4.0)
Cash and cash equivalents	84.1	78.7	82.1

## PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information presented below has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Capital Raising and the Mall Debt Restructuring had taken place on 30 June 2021.

The unaudited pro forma financial information has been prepared for illustrative purposes and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual position and results.

## UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

	Consolidated net assets of the Group at 30 June 2021 Note 1 £'m	Capital Raising – Proceeds, net of expenses Note 2 £'m	Mall Debt Reduction Note 3 £'m	Pro forma consolidated net assets at 30 June 2021 Total £'m
<b>Non current assets</b>				
Investment properties	492.4	–	–	492.4
Plant and equipment	2.5	–	–	2.5
Right of use assets	25.3	–	–	25.3
Fixed asset investments	0.6	–	–	0.6
Receivables	13.7	–	–	13.7
<b>Total non-current assets</b>	<b>534.5</b>	<b>–</b>	<b>–</b>	<b>534.5</b>
<b>Current assets</b>				
Receivables	31.8	–	–	31.8
Cash and cash equivalents	78.7	27.4	(47.9)	58.2
<b>Total current assets</b>	<b>110.5</b>	<b>27.4</b>	<b>(47.9)</b>	<b>90.0</b>
<b>Total assets</b>	<b>645.0</b>	<b>27.4</b>	<b>(47.9)</b>	<b>624.5</b>

	<i>Consolidated net assets of the Group at 30 June 2021 Note 1 £'m</i>	<i>Capital Raising – Proceeds, net of expenses Note 2 £'m</i>	<i>Mall Debt Reduction Note 3 £'m</i>	<i>Pro forma consolidated net assets at 30 June 2021 Total £'m</i>
<b>Current liabilities</b>				
Trade and other payables	(35.8)	–	–	(35.8)
Current tax	(3.7)	–	–	(3.7)
<b>Total current liabilities</b>	<u>(39.5)</u>	<u>–</u>	<u>–</u>	<u>(39.5)</u>
<b>Net current assets</b>	71.0	27.4	(47.9)	50.5
<b>Non current liabilities</b>				
Bank loans	(420.6)	–	65.0	(355.6)
Other payables	(0.7)	–	–	(0.7)
Derivatives	(4.9)	–	2.1	(2.8)
Obligations under finance leases	(52.6)	–	–	(52.6)
<b>Total non-current liabilities</b>	<u>(478.8)</u>	<u>–</u>	<u>67.1</u>	<u>(411.7)</u>
<b>Total liabilities</b>	<u>(518.3)</u>	<u>–</u>	<u>67.1</u>	<u>(451.2)</u>
<b>Net assets</b>	<u>126.7</u>	<u>27.4</u>	<u>19.2</u>	<u>173.3</u>
<b>Net debt to property value</b>				
– Investment Assets and Central Operations (Note 5)	<u>61%</u>			<u>50%</u>
– Total Group	<u>72%</u>			<u>63%</u>

*Notes:*

- (1) The net assets of the Group as at 30 June 2021 have been extracted without material adjustment from the unaudited interim consolidated financial statements of the Group for the period ended 30 June 2021.
- (2) Adjustment to reflect the net proceeds from the Capital Raising receivable by the Company of £27.4 million (being gross proceeds of £30.0 million less estimated fees relating to the Proposed Transaction of £2.6 million).
- (3) The Group's bank loans will be reduced by the amount of debt being refinanced under the Mall Debt Restructuring. As the amount of debt being refinanced has a face value greater than the amount paid this results in an overall increase to net asset value.
- (4) The unaudited pro forma financial information does not take into account the financial or trading performance of the Group subsequent to the interim balance sheet date of 30 June 2021 or of any other event, save as disclosed above.
- (5) The Group's Investment Assets and Central Operations incorporate the centres at the Exchange, Ilford and within the Mall Facility, the centres at Blackburn, Maidstone, Walthamstow and Wood Green and includes the Group's property management and Snozone businesses. It excludes the Group's interests in the Marlowes Hemel Hempstead and the Mall Luton centres.

### 2.3 What are the key risks that are specific to the issuer?

The attention of Shareholders is drawn to the risks associated with an investment in the Company which, in particular, include the following:

- The Group has relatively high levels of indebtedness. The Group incurs and will continue to incur gearing to fund its real estate business. The debt facilities oblige the Group to comply with certain financial covenants, including LTV ratios. The structural challenges faced by the retail property market has led to declines in property valuations. Additionally, the global Covid-19 pandemic, which led to a series of national lockdowns in the UK from March 2020 and into 2021 had a further significant impact on the Group's property values and its income generation as the retail, leisure and hospitality industries were amongst the hardest hit by significant restrictions on operations imposed as part of Government's efforts to mitigate the impact of the pandemic. The properties have various covenant packages with net LTV ratio limits and the lenders of the respective loan facilities have either provided waivers of net LTV covenants or not tested the valuations since the start of the Covid-19 pandemic. If the Capital Raising does not go ahead, the Board has the option to continue with the Mall Debt Restructuring but would need to assess the implications of doing so at the relevant time. Ultimately, if covenants in the Group's banking facilities are breached and waivers of such breaches cannot be agreed, the lenders could take action to enforce their loans by taking control of some or all of the Group's assets and potentially selling them to part repay the loans, which could deprive Shareholders of any value associated with those assets.
- Restrictions put in place in respect of the Covid-19 pandemic materially impacted all aspects of the Groups operations. The extensive social distancing policy had an immediate negative impact on consumer-led spending and the trading activities and liquidity of the Group's tenants, which in turn materially adversely affected the collection of rents and led to the write-off of rental income and service charge receivables. The Group has collected approximately 83 per cent. of the rent due in the year to date for the financial year ending 30 December 2021, based on billings up to the end of August 2021. Furthermore, as a result of Covid-19 restrictions, valuers have materially marked down the value of shopping centres resulting in a marked increase in debt to property value ratios. As at 30 June 2021, the Group's combined net LTV ratio

was 72 per cent. or 61 per cent. in respect of the Group's Investment Assets and Central Operations (being those within the Mall Facility and the Exchange, Ilford). If another lockdown was imposed, this could materially adversely affect the Group's business, financial condition, results of operations and prospects.

- The Group invests in the UK retail real estate sector. As a result, during periods of difficult market conditions or slowdown the Group's investments can experience significant declines in returns or increased volatility in valuations. Small changes in property market yields can have a significant effect on the value of the properties owned by the Group. The effect of debt funding magnifies the impact of valuation movements. Any significant deterioration in economic conditions or conditions in the commercial real estate market which contributes to a decline in rental revenues or decline in market values of the assets of the Group may adversely affect the Group's business, financial condition, results of operations and prospects.
- The Mall Debt Restructuring is subject to a number of customary conditions. There can be no assurance that these conditions will be satisfied and that the Mall Debt Restructuring will be completed. In the event that the Mall Debt Restructuring did not complete, although the Group has pre-agreed with the lenders under the Mall Facility for a covenant waiver for a further three months, the Company would need to agree an alternative arrangement with the lenders on the Mall Facility in order to avoid a breach of covenants following expiry of that period. This could include the need to pay down debt, continuing to postpone the dividend over a longer time frame, reducing capital expenditure investment and/or potentially agreeing to the sale of properties from within the Group's portfolio which in turn may adversely affect the Group's business, financial condition, results of operations and prospects.
- The Capital Raising is conditional upon a number of matters including Shareholders approving the Capital Raising Resolution. There can be no assurance that these conditions will be satisfied and that the Capital Raising will be completed. If the Capital Raising does not proceed the Board would need to consider whether or not to proceed with the Mall Debt Restructuring, having regard to the circumstances at the time. Without the funds committed under the Capital Raising, if the Company were to proceed with the Mall Debt Restructuring it would need to do so out of Central Cash, and the Company would need to take various actions in the short term to provide adequate headroom under the Group's debt facilities including continuing to postpone the dividend and/or reducing capital expenditure investment and/or the sale of properties within the Group's portfolio which in turn may adversely affect the Group's business, financial condition, results of operations and prospects.
- The Group's properties are exposed to factors that affect the retail sector. Retailers face increasing competition from the internet and the increased penetration of online retailing trends which have rapidly accelerated during the Covid-19 pandemic as a consequence of the temporary closure of non-essential retail, home working and the stay at home guidance. Any resulting trade diversion from traditional retail outlets to the internet could adversely affect footfall in the Group's community shopping centres as well as trading conditions or performance of certain of the Group's tenants, with the risk that tenant defaults and voids could increase as well as potentially reducing the demand for retail space. This could result in higher vacancy rates, lower rental income, and revaluation losses on the value of the investment properties of the Group, or otherwise have an adverse effect on the Group's business, financial condition, results of operations and prospects.
- Market conditions in the UK retail sector continue to be challenging. Tenant restructuring, in the form of company voluntary arrangements ("CVA") and administrations, have the effect of reducing the Group's rental income. In the context of CVAs in particular, landlords are usually the most compromised creditor group as cost reduction plans invariably include rent cuts and store closures determined by unit profitability. Examples of CVAs or administrations impacting the Group recently include Debenhams, Arcadia and Moss Bros. In total CVAs and administrations in 2020 impacted net rental income by approximately £4.4 million, equivalent to approximately 13 per cent. of the Group's annual Net Rental Income in 2020. Such CVAs and administrations could result in higher vacancy rates, lower rental income, and revaluation losses on the value of the investment properties of the Group, or otherwise have an adverse effect on the Group's business, financial condition, results of operations and prospects.
- The properties owned by the Group are relatively illiquid, in that there may not be buyers available and willing to pay fair value at the time the Group decides to sell any such properties. If the Group were required to sell any of its properties for any reason, it may not be able to sell those properties on favourable terms, or at all. There may be a significant shortfall between the carrying value of a property on the balance sheet and the price that the Group would be able to achieve on an accelerated sale of such property. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.
- Financial loss to the Group might result from a single major incident if it is capable of hindering trade or impacting upon shopper footfall in retail centres. For example, a fire at the shopping centre in Walthamstow in July 2019 caused parts of the shopping centre to be closed to the public for several months. While insurance for loss of rent and rebuilding cost was maintained, it still resulted in an economic and business recovery task force needing to be established to support businesses affected by the fire and to manage the re-opening and rebuilding process. Business disruption from a major incident such as fires, flood or acts of terrorism could therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group maintains insurance policies to counteract the financial risk of a number of such major incidents occurring, but it cannot possibly foresee and insure against every possible risk of this nature.

### **3. KEY INFORMATION ON THE SECURITIES**

#### **3.1 What are the main features of the securities?**

##### ***Ordinary Shares***

The Existing Ordinary Shares and the Open Offer Shares are ordinary shares of the Company of £0.10 each with ISIN GB00BL6XZ716 and LEI 21380097W74N9OYF5Z25. The ISIN of the Open Offer Entitlements is GB00BP6S9729.

As at the close of business on the Latest Practicable Date, the Company had in issue 111,819,626 fully paid Ordinary Shares. The Company has no partly paid Ordinary Shares in issue. The Ordinary Shares are denominated in Sterling.

The Open Offer Shares will be offered pursuant to an open offer (the “**Capital Raising**”). Pursuant to the Capital Raising, the Company will issue 53,580,237 new Ordinary Shares of £0.10 each in the capital of the Company. Each Open Offer Share is expected to be issued at a premium of 46 pence to its nominal value of £0.10.

#### ***The rights attaching to the Ordinary Shares***

The rights attaching to the Open Offer Shares will, once issued, be uniform in all respects and they will form a single class together with the Existing Ordinary Shares for all purposes, including with respect to voting, pre-emption rights and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

The Ordinary Shares have the following rights:

- (a) Dividend rights: all Ordinary Shares are entitled to participate in dividends which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Ordinary Shares;
- (b) Rights as respect to capital: all Ordinary Shares are entitled to a distribution of capital in the same proportions as capital is attributable to them (including on a winding up). In the event of insolvency, the Shareholders will be entitled to a share in the capital of the Company in the same proportions as capital is attributable to them, only after the Company has settled all amounts owed to its creditors;
- (c) Voting rights: every Shareholder shall have one vote for each Ordinary Share held by it; and
- (d) Pre-emption rights: the Company is not permitted to allot (for cash) “equity securities” (which include Ordinary Shares or rights to subscribe for, or convert securities into, Ordinary Shares) or sell (for cash) any such equity securities held in treasury, without first offering such shares to Shareholders on a *pro rata* basis. These pre-emption rights may be excluded, disapplied or modified by special resolution of the Shareholders.

#### ***Restrictions on free transferability of Ordinary Shares***

The Ordinary Shares are freely transferable and there are no restrictions on transfer in the UK.

#### ***Dividend Policy***

Subject to market conditions, it is the Company’s intention to resume paying dividends from the second half of the financial year ending 2022 in line with its previous dividend policy which was to distribute on a semi-annual basis (in the 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.

### **3.2 Where will the securities be traded?**

Application will be made to: (a) the FCA and to the London Stock Exchange for the Open Offer Shares to be admitted to the premium segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, respectively (“**UK Admission**”) and (b) the JSE for the Open Offer Shares to be listed and traded on the Main Board of the JSE (“**SA Admission**” and together with UK Admission, “**Admission**”).

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.

### **3.3 What are the key risks that are specific to the securities?**

- The value of an investment in the Company may go down as well as up. The market price of Ordinary Shares could be volatile and subject to fluctuations due to a variety of factors relating to the Group. Furthermore, stock markets may experience significant price and volume fluctuations which affect the market prices for securities, including the Ordinary Shares, and which may be unrelated to the Group’s operating performance or prospects.
- Following the issue of the Open Offer Shares, Shareholders not participating in the Capital Raising will experience dilution in their ownership of the Company. In addition, any future issues of Ordinary Shares may further dilute the holdings of Shareholders. Any such issuances may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.
- Growthpoint is a controlling shareholder as it owns 52 per cent. of the issued ordinary share capital of the Company as at the date of this document. Such a shareholding gives Growthpoint the ability to exert substantial influence over the Group and Growthpoint’s interests may differ from or conflict with those of other Shareholders. Growthpoint possesses sufficient voting power to have an influence on all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. Additionally, any significant change in Growthpoint’s shareholding may result in changes in the Group’s business strategy, focus or practices, which may in turn adversely affect the Group. The market price of the Ordinary Shares may decline if Growthpoint uses its influence over the Company’s voting capital in ways that are or may be adverse to the interests of other Shareholders.

## **4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET**

### **4.1 Under which conditions and timetable can I invest in this security?**

#### ***Open Offer***

The Company is seeking to raise approximately £30.0 million (gross) through the Capital Raising of 53,580,237 Open Offer Shares at the Issue Price through Qualifying Shareholders subscribing for their Open Offer Entitlements. There is no excess application facility in respect of the Open Offer. Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements and Qualifying Shareholders can apply for less than their Open Offer Entitlements. Subject to the terms and

conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form, and in the case of Qualifying Shareholders on the SA Register, the Supplementary Information Memorandum, each Qualifying Shareholder is being given an opportunity to apply for Open Offer Shares at the Issue Price (payable in full and free of all expenses) on the following *pro rata* basis: 23 Open Offer Shares at 56 pence each for every 48 Existing Ordinary Share held and registered in their name at the Record Date and so in proportion to any other number of Ordinary Shares then held, rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements which would otherwise arise will be disregarded in calculating Qualifying Shareholders' Open Offer Entitlements.

To the extent that Open Offer Shares remain unallocated following the application by Qualifying Shareholders for their respective Open Offer Entitlements, such Open Offer Shares will be subscribed for by Growthpoint under the terms of the Underwriting Agreement. The total number of Open Offer Shares is fixed.

The Open Offer is not a rights issue and Application Forms cannot be traded. Qualifying CREST Shareholders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Qualifying Shareholders should be aware that in the Open Offer, unlike a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

The Capital Raising is conditional on, *inter alia*, the Capital Raising Resolution having been passed by Shareholders at the General Meeting, UK Admission becoming effective by not later than 8.00 a.m. on 5 November 2021 and SA Admission becoming effective by not later than (South African time) 10.00 a.m. on 5 November 2021 (or such later time and/or date as the Company, Investec and Numis may agree being no later than 8.00 a.m. on 30 November 2021). If any of the conditions are not satisfied or, if applicable, waived, then the Capital Raising will not take place. If the Capital Raising does not proceed, subscription monies received will be returned without interest at the risk of the applicant and the costs of the Capital Raising will be borne by the Company. 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.

#### **Admission**

It is expected that 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 on the Main Board of the JSE at 10.00 a.m. (South African time) on 5 November 2021.

#### **Dilution**

If a Qualifying Shareholder does not take up any of its Open Offer Entitlements, such Qualifying Shareholder's proportionate ownership and voting interests in the Company will be diluted by 32.4 per cent. as a result of the Capital Raising (assuming no Ordinary Shares are issued due to the vesting or exercise of any awards under any of the Company's share plans between the Latest Practicable Date and the completion of the Capital Raising).

#### **Costs and Expenses**

The total estimated costs and expenses of the Capital Raising payable by the Company are £2.6 million (exclusive of VAT). These costs will be funded from the Capital Raising. Investors will not be charged expenses by the Company in respect of the Capital Raising.

#### **Expected Timetable**

2021

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 this document, the Supplementary Information Memorandum and Form of Proxy	close of business on 8 October
Publication and posting of this document, the Supplementary Information Memorandum and Forms of Proxy and Application Forms (to Qualifying Non-CREST Shareholders only)	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 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

#### 4.2 Why is this document being produced?

##### *Background to and reasons for the Proposed Transaction and issue of this document*

The Company has announced the Capital Raising to part fund the proposed Mall Debt Restructuring. As a result, the Group's indebtedness will be reduced from £423.5 million to £358.5 million or from £304 million to £239 million on the Company's Investment Assets and Central Operations.

##### *Use of proceeds and amount of net 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 £47.9 million of Central Cash, to fund the Mall Debt Restructuring.

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.

##### *Underwriting*

Subject to satisfaction of various conditions, the Capital Raising is being fully underwritten by Growthpoint pursuant to the terms and conditions of the Underwriting Agreement.

##### *Material conflicts of interest*

There are no material conflicts of interest in relation to the Capital Raising.

## RISK FACTORS

*Any investment in Ordinary Shares involves risk. Prior to investing in Ordinary Shares, an investor should carefully consider the risks associated with any investment in securities and, in particular, all the information in this document, including the risks described below. The risks set out below do not purport to be a complete list or explanation of all the risks involved in investing in the Ordinary Shares or which may adversely affect the Company's business, but are those which the Directors are aware of and which they consider material. However, additional risks and uncertainties not currently known to the Directors, or that the Directors currently consider immaterial, may also adversely affect the Group's business, results of operations, financial condition and prospects. If any or a combination of the following risks materialise, the Group's business, financial condition and/or operational performance could be materially adversely affected. In that case, the trading price of the Ordinary Shares may decline and investors may lose all or part of the value of their investment.*

### 1. THE COMPANY'S FINANCIAL POSITION

#### 1.1 **The Group has relatively high levels of indebtedness and declines in property valuations have increased the Group's LTV ratios. The credit facilities and borrowings of the Group contain various covenants, such as LTV ratios, which, if not complied with, could result in acceleration of the maturity of such facilities.**

The Group incurs and will continue to incur gearing to fund its real estate business. The debt facilities oblige the Group to comply with certain financial covenants, including LTV ratios.

The structural challenges faced by the retail property market has led to declines in the Company's property valuations. Additionally, the global Covid-19 pandemic, which led to a series of national lockdowns in the UK from March 2020 and into 2021 had a further significant impact on the Group's property values and its income generation. The retail, leisure and hospitality industries were amongst the hardest hit by significant restrictions on operations imposed as part of Government's efforts to mitigate the impact of the pandemic. This flowed through to the landlords in these sectors and for the Company led to falls in income, profitability and NAV per share. This has resulted in the aggregate fair value of the Company's property portfolio declining from £727.1 million as at 30 December 2019 to £482.7 million as at 30 June 2021 and to £479.5 million as at 30 September 2021. Additionally, as at 30 June 2021, the Group's combined net LTV ratio was 72 per cent. in respect of the total Group and 61 per cent. in respect of the Group's Investment Assets and Central Operations (The Four Mall Assets and the Exchange, Ilford).

The facilities in relation to the Mall Luton, the Exchange Ilford, Marlowes Hemel Hempstead and the Four Mall Assets have various covenant packages with net LTV ratio limits of currently no greater than between 60 per cent. and 70 per cent. The lenders of the respective loan facilities have either provided waivers of net LTV covenants or not tested the valuations since the start of the Covid-19 pandemic.

Under the terms of each facility there is no recourse to the Company itself with no cross-default clauses. This means that ultimately if covenants in the Group's banking facilities are breached and not waived the lenders could take action to enforce their loans by taking control only of those assets against which each facility is secured and potentially selling them to part repay the loans, which could deprive Shareholders of any value associated with those assets. As at 30 June 2021 the Group had total cash on balance sheet of approximately £75 million of which £56.8 million was centrally held and free of any restrictions. The Board believes that this provides a significant cash contingency to cover any disruption to operations for an extended period of time.

Longer-term, adverse changes in the value of the commercial real estate assets of the Group could consequently have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In the case of the Four Mall Assets, as part of the new Mall Asset Facility Amendment and Restatement Agreement with TIAA, all financial covenants will be waived for two years from the date that the Mall Asset Facility Amendment and Restatement Agreement becomes effective. The Group had previously secured waivers for the Mall Facility until 22 January 2022. If the Capital Raising does not go ahead, the Board has the option to continue with the Mall Debt Restructuring, but would need to assess the implications of doing so at the relevant time. If it did not proceed with the Mall Debt Restructuring,

the Group has pre-agreed with the lenders under the Mall Facility for a covenant waiver for a further three months until the IPD on 21 April 2022. If neither the Capital Raising nor the Mall Debt Restructuring goes ahead, the Board would seek to secure further covenant relaxations from the lenders. If this further covenant relaxation is 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 loan with a cash contribution. If the Group did not choose to cure the loan covenant breach then there is a risk that ultimately the loan could be enforced and as such the Group would no longer control the assets or consolidate the income, costs, assets and liabilities in respect of the entity.

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 this further covenant relaxation is not put in place and no alternative agreement is reached with the lender then the Group could face a potential need to partially cure the loan with a cash contribution if the LTV test is not met at the point in April 2022 at which the existing waiver expires. If the Group did not choose to cure the loan 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.

In respect of the Mall Facility 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 approximately 10 per cent. across these assets by reference to the 30 June 2021 valuations.

In the cases of the Mall Luton and Marlowes Hemel Hempstead (classified as the Group's "Managed Assets"), both are now in a negative equity position and the Group does not have sufficient resources to cure the loan facilities. The future of these assets will be dependent on agreeing mutually acceptable terms with the respective lenders to extend waivers and maintain management of the respective centres.

The lender on Marlowes Hemel Hempstead is in the final stages of selling the loan as part of a sale of a portfolio of debt facilities. Financial covenants on the loan facility are currently deferred until the October 2021 IPD. On the assumption that this trade completes, the Company intends to continue its constructive engagement with the lender, or any successor lender, to assess whether it is in the Group's interest to retain an ongoing involvement in relation to the asset.

On the Mall Luton loan facility, the Company is in the final stages of agreeing terms on an extension to the waiver until the January 2022 IPD. The Company is in discussions with the lender about extending this for a further quarter while discussions proceed over a longer term resetting of the covenant position and enhanced asset management terms in return for providing the lender with discretion to apply cash generated by the structure to amortise the outstanding loan balance. Such an arrangement will help provide time to stabilise the operating performance.

If extensions or relaxation of the existing waiver agreements cannot be agreed then the loans could be enforced and as such the Group would no longer consolidate the income, costs, assets and liabilities in respect of those entities.

The Net Asset Value of the Mall Luton at 30 June 2021 was a net liability of £8.7 million and in the six months to 30 June 2021 the Mall Luton contributed £0.5 million to Group Adjusted Profit. This excludes asset management fees of £0.5 million charged by Capital & Regional Property Management which eliminate upon consolidation.

The Net Asset Value of Marlowes Hemel Hempstead at 30 June 2021 was a net liability of £9.4 million and in the six months to 30 June 2021 Marlowes Hemel Hempstead recorded a loss of £0.1 million within the Group's Adjusted Profit.

## **1.2 The Covid-19 pandemic has had and may continue to have a material adverse effect to the Group**

The UK Government's formal announcement on 23 March 2020 to close all non-essential businesses and to implement an extensive social distancing policy had an immediate negative impact on consumer-led spending and the trading activities and liquidity of the Group's tenants. This in turn materially adversely

affected the collection of rents and led to the write-off of rental income and service charge receivables. This was followed by a second lockdown in England which came into force on 5 November 2020 and ended on 2 December 2020 with the return to a Covid-19 three-tier alert system.

In response to the sharp rise in UK infection rates, England entered into a third national lockdown on 6 January 2021 which required non-essential retail businesses to close once again until April 2021. Further easing in May 2021 meant that indoor venues including pubs, restaurants and cinemas could reopen. Limits to social gatherings continued in place from this date until all legal limits on social contact were lifted on 19 July 2021 and the remaining sectors of the economy reopened.

These restrictions materially impacted all aspects of the Group's operations and, in turn, the Company's share price. As at the time of publishing the Company's Interim Results on 9 September 2021, the Group had collected approximately 83 per cent. of the rent due in the year to date for the financial year ending 30 December 2021, based on billings up to the end of August 2021 valuers have materially marked down the value of shopping centres resulting in a marked increase in debt to property value ratios. If another lockdown was imposed, there were further closures of non-essential retail, or restrictions on social gatherings, this could materially adversely affect the Group's business, financial condition, results of operations and prospects.

### **1.3 Weakening economic conditions and poor sentiment in commercial real estate markets could lead to low investor demand and an adverse movement in valuation**

The Group invests in the UK retail real estate sector. As a result, during periods of difficult market conditions or slowdown the Group's investments can experience significant declines in returns or increased volatility in valuations. Small changes in property market yields can have a significant effect on the value of the properties owned by the Group. The effect of debt funding magnifies the impact of valuation movements.

In addition to general economic conditions, which have been exacerbated by the Covid-19 pandemic, there are a number of other factors, which may significantly impact the value of commercial real estate investments, including interest rates and credit spreads, levels of prevailing inflation, the availability of financing in the longer term, the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease, and tax laws and practices. In particular, commercial property values are dependent on current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency, and investment yields (which are, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Rental revenues and commercial real estate values are also affected by factors specific to each local market in which the property is located, including the supply of available space, demand for commercial real estate and competition from other available space. Any declines in UK property valuations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

As a result of the above or other factors, the ability of the Group to maintain or increase occupancy of its properties through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as the ability to increase rents over the longer term, may be adversely affected. In particular, non-renewal of existing leases or early termination by significant existing tenants in the properties owned by the Group would result in a significant decrease in the Group's net rental income. If the net rental income of the Group declines, it would have less cash available to service and repay its indebtedness and the value of those properties would decline further as well. In addition, significant expenditures associated with each property, such as real estate taxes, works to comply with new regulations, service charges, renovation and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, the income, profits and cash receipts of the Group could be adversely affected. Any significant deterioration in economic conditions or conditions in the commercial real estate market which contributes to a decline in rental revenues or decline in market values of the assets of the Group may adversely affect the Group's business, financial condition, results of operations and prospects.

**1.4 The Group may not be able to refinance its borrowings in the longer term and/or the cost of finance could increase**

The Group has a substantial amount of outstanding indebtedness. The ability of the Group to operate its respective businesses depends in part on being able to raise funds.

In the longer term the Group will be required to access further debt funding. There can be no assurances that lenders will be found who are willing to lend on similar terms to those which apply to existing financing arrangements, or at all, or that existing financing arrangements will be able to be refinanced on similar terms, or at all, upon maturity. Declines in property values may occur, for example, as a result of prevailing economic conditions stemming from a global economic downturn, an adverse change in retail economic conditions and the re-introduction of any further Government measures as a result of the Covid-19 pandemic. An increase in LTV ratios as a result of declines in property values, would be one factor which could restrict the ability of the Group to arrange such financing or refinancing in the longer term.

A reduction in the availability of finance or an increase in the future cost of finance (whether for macroeconomic reasons, such as a lack of liquidity in debt markets or reasons specific to the Group, such as the extent to which it is leveraged and declines in property values), could impact both the ability to progress capital investment opportunities necessary to deliver required rates of return to meet shareholder expectations and the day to day financing (or refinancing) requirements of the Group in the longer term. None of the debt facilities currently held by the Group are due to mature in the 12 months following the date of this document. However, if in the longer term the Group is not able to refinance borrowings as they mature and/or the terms of such refinancing are less favourable than the existing terms of borrowing, this may have a material adverse effect on the business, financial condition, results of operations, future prospects of the Group.

**1.5 Property valuation is inherently subjective, uncertain and could be overstated**

The current and prospective properties of the Group are valued by external valuers and adopted by management for the purposes of the Group's financial statements and for determining prices in the context of acquisitions and disposals. Valuations of property and property-related assets are inherently subjective, due to the individual nature of each property. As a result, valuations are subject to a degree of uncertainty. This is exacerbated in times where there is a relatively low volume of comparable transactional activity, which has been particularly marked over the period of the Covid-19 pandemic. Moreover, property valuations are made on the basis of assumptions which may not prove to be accurate. Incorrect assumptions or flawed assessments underlying the property valuations could result in asset valuations being overstated or understated, which could negatively affect the financial condition and net assets of the Group and potentially inhibit the ability of the Group to realise a sale price that reflects the stated valuation. Further, if the Group acquires properties based on inaccurate assumptions, the Group's net assets and results of operations may be materially adversely affected. There is no assurance that the valuations of the current and prospective properties of the Group will be reflected in the actual transaction prices or that estimated yield and annual rental income will prove to be attainable. Failure to realise transaction prices close to valuation and estimated yields and annual rental incomes envisaged could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**1.6 The hedging transactions used by the Group to minimise interest and exchange rate risk may limit gains, result in losses or have other adverse consequences**

The derivatives used by the Group to hedge exchange rate risk and interest rate risk can have adverse financial consequences. As far as interest hedges are concerned, where the contracted interest rate on the hedge instrument is above the current market rate, if the underlying asset on which the borrowing being hedged is sold before the hedging instrument matures it can result in the realisation of significant losses.

Further, because a significant proportion of the indebtedness of the Group has been hedged at a fixed rate of interest, the Group will not fully benefit from any future reduction in market interest rates. In addition the Group is subject to credit risk based on hedge counterparties' inability to perform their obligations. Any or all of the factors above could have a material adverse effect on the Group's business,

financial condition, results of operations and prospects. If interest rates rise and are unhedged, the cost of debt facilities can rise and covenants concerning interest cover ratios in the Group's facilities could be breached triggering demands from lenders for immediate repayment of the relevant facilities.

## **2. THE COMPANY'S BUSINESS ACTIVITY AND INDUSTRY**

### **2.1 The trend towards online shopping and multi-channel retailing may adversely impact consumer spending in physical retail stores and therefore footfall, retailer demand and rents in shopping centres**

The Group's properties are exposed to factors that affect the retail sector. Retailers face increasing competition from the internet and the increased penetration of online retailing, trends which have rapidly accelerated during the Covid-19 pandemic as a consequence of the closure of non-essential retail, home working and the stay at home guidance. Any resulting trade diversion from traditional retail outlets to the internet could adversely affect footfall in the Group's community shopping centres as well as trading conditions or performance of certain of the Group's tenants, with the risk that tenant defaults and voids could increase as well as potentially reducing the demand for retail space. This could result in higher vacancy rates, lower rental income, and revaluation losses on the value of the investment properties of the Group, or otherwise have an adverse effect on the Group's business, financial condition, results of operations and prospects.

### **2.2 The Group's property assets are under threat from competing in-town and out-of-town retail and leisure schemes**

Any upcoming competing schemes and investments in real estate, along with new property developments and construction, in geographical proximity of the Group's properties, may reduce footfall in the Group's community shopping centres and retail spaces, reduce tenant demand for space and the rent figures which may be achieved. Such outcomes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### **2.3 Prolonged downturn in tenant demand can lead to pressure on rent levels, occupancy and renewals**

Tenant failures and reduced tenant demand could adversely affect rental income, occupancy rates, renewal negotiations and require lease incentives or generate void costs. These issues in turn could result in a decline in revaluation losses on the value of the investment properties of the Group, reduce its cash or otherwise have an adverse effect on the Group's business, financial condition, results of operations and prospects and/or the price of the Ordinary Shares and the Company's ability to pay dividends. Similarly, as a result of poor market conditions tenants may put pressure on the Group to lower the contractual rent amounts and, if accepted, would result in decreased rental income for the Group upon lease renewal and/or rent review. Equally, tenants might decide to break their lease and/or refuse to renew leaving premises unoccupied. Such outcomes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### **2.4 The Group is subject to the credit risks associated with tenants, has a high level of dependency on the retail sector and is exposed to the threat of company voluntary arrangements and administrations amongst the retail industry**

The Group's properties are significantly exposed to factors that affect the retail sector. During the year ended 31 December 2020 there were 17 CVAs or administrations involving national retailers, that impacted the Group's portfolio. A significant decline in overall retail tenant revenues, or the bankruptcy or insolvency or restructuring through a CVA of significant individual tenants, or of a substantial number of smaller tenants, would materially decrease revenues and available cash, and also materially lower the value of the properties owned by the Group. Tenant restructurings, in the form of CVAs and administrations, have the effect of reducing the Group's income. In the context of CVAs in particular, landlords are usually the most compromised creditor group as cost reduction plans invariably include rent cuts and store closures determined by unit profitability.

In addition to the specific challenges arising out of the Covid-19 pandemic, where stores have had to close for long periods, retail tenants are also affected by, among other things, general economic conditions and the resulting level of consumer spending, declining consumer confidence in the face of

an economic downturn, and seasonal earnings. Retail tenants also face increasing competition from the internet and the increased penetration of online retailing. Any resulting trade diversion from traditional retail outlets to the internet could adversely affect certain of the tenants of the Group, with the risk that tenant defaults and voids could increase as well as potentially reducing the demand for retail space.

Examples of CVAs or administrations impacting the Group recently include New Look, Travelodge, Select, Debenhams, Peacocks, Bonmarche, Arcadia and Moss Bros. In total, CVAs and administrations in 2020 have impacted Net Rental Income by approximately £4.4 million, equivalent to approximately 13 per cent. of the Group's annual Net Rental Income in the year ended 31 December 2020. Such CVAs and administrations could result in higher vacancy rates, lower rental income, and revaluation losses on the value of the investment properties of the Group, or otherwise have an adverse effect on the Group's business, financial condition, results of operations and prospects.

**2.5 The continued challenges faced by the retail sector may mean that the Company may need to incur significant capex to reposition its existing assets**

Capital expenditure is required to perform works to remerchandise and reposition shopping centres to take account of the structural changes in physical retailing, which have been accelerated during the Covid-19 pandemic. Such works include the improvement of customer amenities and facilities with the objective of driving improvements in footfall, retail sales and therefore retailer demand which in turn drives leasing transactions, income retention and ultimately growth. In addition, there is an opportunity in the Greater London market to create opportunities for high density residential development, either above or adjoining the Group's assets which are potentially accretive to property values and returns. If the Company is in a position where capital expenditure is significantly restricted this could inhibit leasing activity, leading to weaker letting demand and higher void and vacancy costs. There is a risk that these could increase further, as higher vacancies would likely drive lower footfall, further reducing the attractiveness of centres to new retailers to take space and existing tenants to renew leases on economic terms. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**2.6 A major incident could disrupt the Group's business**

Financial loss to the Group might result from a single major incident if it is capable of hindering trade or impacting upon shopper footfall in retail centres. For example, a fire at the shopping centre in Walthamstow in July 2019 caused parts of the shopping centre to be closed to the public for several months. While insurance for loss of rent and rebuilding cost was maintained, it still resulted in an economic and business recovery task force needing to be established to support businesses affected by the fire and to manage the re-opening and rebuilding process. Business disruption from a major incident such as fires, flood or acts of terrorism could therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group maintains insurance policies to counteract the financial risk of a number of such major incidents occurring, but it cannot possibly foresee and insure against every possible risk of this nature.

**2.7 The market for the properties which the Group owns is generally illiquid**

The properties owned by the Group are relatively illiquid, in that there may not be buyers available and willing to pay fair value at the time the Group decides to sell any such properties. Weakening economic conditions and poor sentiment in commercial and/or retail real estate markets has led to low investor demand and high volatility in valuations. The significant reduction in transactions in the Group's sector also gives rise to valuation risk as a result of a lack of transactional evidence to enable appropriate benchmarking. If the Group were required to sell any of its respective properties for any reason, including in response to changes in economic or real estate market conditions, or as a result of the longer term need to raise funds to support operations or to repay outstanding indebtedness, it may not be able to sell any of those properties on favourable terms, or at all.

There may be a significant shortfall between the carrying value of a property on the balance sheet and the price that the Group would be able to achieve on an accelerated sale of such property. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**2.8 The departure of key employees or the inability to hire employees with the required skills could materially adversely affect the Group's business**

The Group's business is dependent on the skills of a small number of key individuals. Failure to put in place an appropriate and attractive reward system may result in the loss of some key individuals. Whilst the Group has ongoing service agreements with each of these individuals, their retention cannot be guaranteed. Equally, the ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. The loss of key employees or the inability to hire employees with the required skills could materially adversely affect the Group's business, financial condition, results of operations and prospects.

**2.9 The Group's business could be disrupted or harmed by cyber attacks or IT system failures**

Unauthorised access to the Group's technology systems from outside parties (such as computer hackers or cyber terrorists) intent on extracting information, corrupting information or disrupting business processes could disrupt the business and result in a loss of assets, loss of data, litigation claims, fines from the regulatory authorities and reputational damage. Such activities, or a significant failure in performance of the Group's information technology systems could materially adversely affect the Group's business, financial condition, results of operations and prospects.

**3. LEGAL AND REGULATORY**

**3.1 As a controlling shareholder Growthpoint could jeopardise aspects of the Company's compliance with the UK REIT regime**

As Growthpoint indirectly holds 52 per cent. of the Ordinary Shares and, following Admission, may hold a higher percentage of the Ordinary Shares in the Company pursuant to the Underwriting Agreement, there is a risk that the Company would not meet the requirements of the UK REIT regime due to the Company becoming a close company.

However, notwithstanding Growthpoint's shareholding, the Company will not be a close company provided that the conditions of the "quoted company exception" is met, as more fully described in paragraph 3.2 below. Based on the current shareholdings in the Company, it is anticipated that the conditions of the quoted company exception will continue to be satisfied immediately after completion of the Capital Raising.

In addition, if the Company were to become a close company under the close company legislation on (or subsequent to) completion of the Capital Raising by virtue of the size of Growthpoint's indirect interest in the Company, the Company is likely to continue to satisfy the close company condition in the REIT regime by virtue of Growthpoint's indirect interest in the Company being held by 'an institutional investor', being a general partner acting on behalf of a limited partnership, which is a collective investment scheme.

**3.2 Status as a UK Real Estate Investment Trust (under Part 12 of the CTA 2010) ("UK-REIT") is dependent on the Company complying with the UK-REIT regime**

Under the UK REIT regime the Company must meet a minimum distribution condition for each accounting period that it is the principal company of a group UK REIT. The minimum distribution condition requires the Company to distribute at least 90 per cent. of the Group's tax-adjusted income profits from its UK property rental business for each year and, to the extent that any property rental business profits are attributable to income from other UK REITs, the Company must distribute 100 per cent. of that income. If and to the extent that the Company fails to meet the distribution condition, it becomes subject to a corporation tax charge on the amount of income which it should have distributed but failed to distribute. This is also a breach of the UK REIT conditions which may result in expulsion of the group UK REIT from the UK REIT regime if HMRC considers the breach to be so serious that the Company should cease to be a UK REIT.

The Company did not pay a final dividend for the year ended 30 December 2020 and payment of dividends currently remains suspended by the Board. By agreement with HMRC, the Group received an extension to the payment of the balance of the 2019 PID of approximately £7.6 million to 30 June 2021 which was further extended by agreement with HMRC to 30 December 2021. If no further

distributions are made on or before 31 December 2021, then under the REIT legislation, the Group will incur UK corporation tax payable at 19 per cent on amounts that were required under the REIT regime to be distributed by that date, whilst remaining a REIT. This would result in a corporation tax payment of approximately £1.4 million being required to be paid in respect of the balance of the 2019 PID. Similarly the Group has an estimated PID requirement remaining of £11.2 million in respect of 2020 and, unless any extension is agreed with HMRC or distributions made by 31 December 2021, the Group will incur corporation tax payable at 19 per cent. on that remaining amount. This would result in a tax payment of approximately £2.1 million and hence a total tax payment of £3.7 million including accrued interest.

The Company cannot guarantee continued compliance with all of the UK REIT conditions and there is a risk that the UK REIT regime may cease to apply to it in some circumstances. HMRC may terminate the Company's UK REIT status by serving notice if:

- it regards a breach of the conditions relating to property rental business, distribution of profits, balance of business or an attempt to obtain a tax advantage, as sufficiently serious;
- the Company has committed a certain number of breaches of the conditions of the UK REIT regime in a specified period; or
- HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten-year period.

In addition, if the conditions for UK REIT status requiring the Company to have only one class of ordinary shares (or one class of ordinary shares together with non-voting preference shares) or the prohibition of being a debtor in respect of loans with abnormal returns are breached, or the Company ceases to be UK resident or becomes an open-ended investment company, the Company will automatically lose its UK REIT status and will be taken to have ceased to be a UK REIT at the end of the previous accounting period. If the Company's shares cease to be admitted to trading and listed or traded on a recognised stock exchange it will be deemed to have ceased to be a REIT at the end of its previous accounting period.

The Company could also lose its status as a group UK REIT if it becomes a close company under the close company legislation (unless it is only close by virtue of having a participator which is an institutional investor), in which case the Company will cease to be a UK REIT at the end of the accounting period in which the breach occurred, unless the breach is remedied by the end of the accounting period following that in which the breach first occurred. Accordingly, if a UK REIT becomes a close company, for example as a result of a takeover, the UK REIT has a grace period to correct this breach.

A company will not be a close company at any time if the 'quoted company exception' is met, meaning that at least 35 per cent. of its shares are held by the public (within the meaning of section 447 Corporation Tax Act 2010 (as modified for the purposes of the UK REIT regime)) and any of those shares have, in the preceding twelve months, been the subject of dealings on a recognised stock exchange, provided that the five largest shareholders each holding more than 5 per cent. of the voting power in a company do not collectively exceed 85 per cent. of the voting power. 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. However, a UK REIT will not lose its status as a result of becoming a close company if this is only due to it having a participator which is an institutional investor. For these purposes, an institutional investor includes various categories of investor including (1) a person acting on behalf of a limited partnership which is a collective investment scheme and (2) a person resident outside the UK which, under the law of its territory, is the equivalent of a UK REIT.

For completeness, it is noted that a company may voluntarily give notice to cease to be a UK REIT, if it wishes to do so.

If the Company were to be required to leave the UK REIT regime, it would cease to benefit from the UK REIT regime's corporation tax exemption and may be subject to an increased tax charge. If this occurs as a result of a breach of the UK REIT conditions which result in automatic termination of the Group's UK REIT status, the Group will be deemed to have ceased to be a group UK REIT at the end

of its previous accounting period. In other cases, the property rental business of the company is treated as ceasing immediately before the company leaves the UK REIT regime and the assets of the property rental business are treated, for corporation tax purposes, as being sold immediately before and re-acquired for market value immediately after the company leaves the UK REIT regime.

If the Group ceases to be a group UK REIT as a result of a notice given by HMRC or as a result of automatic termination and the Group has been a UK REIT for less than 10 years, which elapses on 31 December 2024 in the Company's case, HMRC has wide-ranging powers modify the way in which the REIT regime and any enactment relating to corporation tax applies to the Group and, in particular, alter the time at which the Group is to be taken to cease to be a UK REIT and the application of the REIT exemptions in relation to profits of property rental business and capital gains.

### **3.3 Investors may, in certain circumstances, be exposed to adverse ERISA consequences**

The Company cannot guarantee that equity interests in the Company will not be acquired by, or transferred to, investors that are ERISA Entities. If 25 per cent. or more of the total value of any class of equity interest in the Company (determined after the most recent acquisition of any equity interest in the Company and subject to certain other computational rules) were to be held by ERISA Entities, an undivided portion of the Company's assets could be required to be treated as "plan assets" subject to ERISA or the Code. In such a case, the Company and those responsible for advising the Company and its assets could become subject to applicable requirements of ERISA and the Code and could be obligated to cause the operations and investments of the Company to be administered, consistent with those requirements, other than as the Company and its advisers might otherwise think advisable. Moreover, it is not clear that, in such a case, the Company or its advisers could comply with all applicable requirements of ERISA or the Code. A failure of the Company or its advisers to comply with any such applicable provision could result in injunctive or other relief that could adversely affect the Company, its advisers and its investors and in the assertion of a tax or penalty with respect to transactions involving the "plan assets" deemed to be held by the Company.

## **4. ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

### **4.1 The Group's investments are subject to potential environmental liabilities and costs**

In the ordinary course of business and in connection with any future acquisitions, the Group may become responsible for certain environmental clean-up liabilities or costs. As the owners of real estate property, the Group is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Group owns or acquires contaminated land, it could also be liable to third parties for harm caused to such third parties or their property as a result of the contamination. If the Group is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income, reduced asset valuations and reduce the ability of the Group to borrow using property as security, which could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

### **4.2 The Group may suffer reputational damage if it fails to address adequately environmental and social issues**

The Group's business is reliant on the support of retailers and the local communities which frequent the centres and generate sales for retailers, and therefore any adverse events or publicity, including on social media, may cause it reputational damage thus harming its business. This would include the Group's perceived failure to act, or to take adequate steps, to address environmental and social issues that affect the Group's business, employees, communities, suppliers and customers. Any such reputational damage may negatively impact investor and/or market perception of it and reduce shopper footfall and demand from tenants for space. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

#### **4.3 The Group's investments are subject to potential health and safety liabilities and reputational risk from incidents or accidents at the properties they own and manage**

The Group manages and operates shopping centres, other retail outlets and indoor ski operations which attract significant consumer footfall and by their nature are subject to the risk of health and safety incidents. This includes the potential for certain investments or retailers within them to become the centre for a Covid-19 outbreak and therefore identified as a Covid-19 "hotspot". Whilst the Group has detailed health and safety procedures, including those designed to minimise Covid-19 transmission it is impossible to rule out totally the risk of an incident occurring involving loss of life, serious injury, significant damage to a property or a Covid-19 outbreak, which could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

#### **4.4 The Group's properties may suffer uninsured losses**

The Board seeks to ensure that all of the Group's properties are adequately insured to cover potential losses. However, the Group's properties could suffer physical damage as a result of fire or other causes, resulting in losses which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, for which insurance is either unavailable or which are not economically insurable. In the event that the Group incurs a loss that is not fully covered by insurance, the value of the relevant asset or assets of the Group will be reduced by or in proportion to the amount of any such uninsured loss, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects and the Company's ability to pay dividends.

Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. In addition, whilst the Group will attempt to ensure that all of its properties are adequately insured, changes in the cost, cover or availability of insurance could expose the Group to uninsured losses, any of which could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

### **5. THE PROPOSED TRANSACTION**

#### **5.1 The Mall Debt Restructuring is subject to the satisfaction of a number of conditions**

The Mall Debt Restructuring is subject to a number of customary conditions. There can be no assurance that these conditions will be satisfied and that the Mall Debt Restructuring will be completed. In the event that the Mall Debt Restructuring did not complete, although the Group has pre-agreed with the lenders under the Mall Facility for a covenant waiver for a further three months until the IPD on 21 April 2022 under the Mall Facility, the Company would need to agree an alternative arrangement with the lenders on the Mall Facility in order to avoid a breach of covenants following expiry of that period. This could include the need to pay down debt, continuing to postpone the dividend over a longer term, reducing capital expenditure investment and/or potentially agreeing to the sale of properties from within the Group's portfolio which in turn may adversely affect the Group's business, financial condition, results of operations and prospects.

#### **5.2 The Capital Raising is subject to the satisfaction of a number of conditions**

The Capital Raising is conditional upon, amongst other things: (a) the Shareholders approving the Capital Raising Resolution, (b) UK Admission becoming effective by not later than 8.00 a.m. on 5 November 2021 and SA Admission becoming effective by not later than 10.00 a.m. (South African time) on 5 November 2021 (or such later time and/or date as the Company, Investec and Numis may agree), (c) the Underwriting Agreement becoming unconditional in all respects and (d) the Sponsor and Open Offer Agreement becoming unconditional in all respects. There can be no assurance that these conditions will be satisfied and that the Capital Raising will be completed. In the event the Capital Raising was not approved by Shareholders, the Company would not benefit from the funds raised through the Capital Raising. In these circumstances, the Board would need to consider whether or not to proceed with the Mall Debt Restructuring, having regard to the circumstances at the time. Without the funds committed under the Capital Raising, if the Company were to proceed with the Mall Debt Restructuring it would need to do so out of Central Cash, and the Company would need to take various

actions in the short term to provide adequate headroom under the Group's debt facilities including continuing to postpone the dividend and/or reducing capital expenditure investment and/or the sale of properties within the Group's portfolio which in turn may adversely affect the Group's business, financial condition, results of operations and prospects.

**5.3 The Company would have to pay abort costs in the event the Proposed Transaction does not proceed**

The Company has incurred significant costs in negotiating the terms of the Proposed Transaction. These mainly include legal and professional costs. Approximately £1.0 million of estimated costs would be incurred if the Proposed Transaction aborted following the publication of this document. To the extent that the Proposed Transaction does not proceed, these costs would need to be borne by the Company.

**5.4 The market price for Ordinary Shares may decline below the Issue Price and Shareholders may not be able to sell Ordinary Shares at a favourable price after the Capital Raising**

The public trading market price of the Ordinary Shares may decline below the Issue Price. Should that occur prior to the latest time and date for acceptance under the Open Offer, Qualifying Shareholders who take up any part of their Open Offer Entitlements will suffer an immediate loss as a result, which may be significant. Moreover, following the acceptance of their Open Offer Entitlements, Shareholders may not be able to sell their Open Offer Shares at a price equal to or greater than the acquisition price for those shares. If the public trading market price of the Open Offer Shares declines below the Issue Price, investors who have acquired any such Open Offer Shares will likely suffer a loss as a result.

**5.5 Some Shareholders will experience dilution in their ownership of the Company as a result of the Capital Raising**

If a Shareholder does not take up the offer of Open Offer Shares under the Open Offer, either because the Shareholder is in the United States or another Excluded Territory or another jurisdiction where their participation is restricted for legal, regulatory and other reasons or because the Shareholder does not respond to the Open Offer and or elect to subscribe for its Open Offer Entitlements in full by 11.00 a.m. on 29 October 2021 (the expected latest time and date for acceptance and payment in full for that Shareholder's Open Offer Entitlements), the Shareholder's proportionate ownership and voting interests as well as the percentage that its Ordinary Shares will represent of the total share capital of the Company will be further reduced. Even if a Shareholder takes up his or her Open Offer Entitlements, his or her interest in the Company may still be diluted depending on the size of his or her participation in the Capital Raising. If a Qualifying Shareholder does not take up any of its Open Offer Entitlements, such Qualifying Shareholder's proportionate ownership and voting interests in the Company will be diluted by 48 per cent. as a result of the Capital Raising (assuming no Ordinary Shares are issued due to the vesting or exercise of any awards under any of the Company's share plans between the Latest Practicable Date and the completion of the Capital Raising).

**6. THE ORDINARY SHARES**

**6.1 The market price of Ordinary Shares could be volatile and subject to fluctuations**

The value of an investment in the Company may go down as well as up. The market price of Ordinary Shares could be volatile and subject to fluctuations due to a variety of factors including changes in sentiment in the market regarding the Ordinary Shares (or securities similar to them), any regulatory changes affecting the Group's operations, variations in its operating results, business developments or its competitors, the operating and share price performance of other companies in the industries and markets in which it operates, or speculation about the Group's business in the press, media or investment community. Stock markets may experience significant price and volume fluctuations which affect the market prices for securities, including the Ordinary Shares, and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

#### **6.2 The liquidity of the Ordinary Shares could be affected by the actions of Growthpoint**

Growthpoint is a controlling shareholder as it owns 52 per cent. of the issued ordinary share capital of the Company as at the date of this document. Such a shareholding gives Growthpoint the ability to exert substantial influence over the Group and Growthpoint's interests may differ from or conflict with those of other Shareholders. Growthpoint possesses sufficient voting power to have an influence on all matters requiring shareholder approval, including the election of Directors and approval of significant corporate transactions. Additionally, any significant change in Growthpoint's shareholding may result in changes in the Group's business strategy, focus or practices, which may in turn adversely affect the Group. The market price of the Ordinary Shares may decline if Growthpoint uses its influence over the Company's voting capital in ways that are or may be adverse to the interests of other shareholders.

#### **6.3 Shareholders' interest may be diluted as a result of subsequent equity fundraisings**

The Company may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placements to fund expansion. If existing Shareholders do not subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than those pursuant to which the Shareholder subscribed. The issue of additional Ordinary Shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraise or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the price paid by the Shareholder.

#### **6.4 The Company may not be able to declare a dividend**

Notwithstanding that the Company is required to distribute 90 per cent. of the income profits (broadly, calculated using normal tax rules) of the qualifying property rental business of the Group (being the worldwide rental business of UK resident companies and the UK rental business of non-UK resident companies within a UK REIT) for each year, any dividend on the Ordinary Shares will be limited by the Company's performance. Therefore, historical dividend payments made by the Company may not be sustainable or reflective of the dividends that might be expected in coming years. The Company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

## IMPORTANT INFORMATION

### Notice to all Shareholders

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the Open Offer Shares is prohibited.

The distribution of this document, the accompanying documents and/or the transfer of the Open Offer Shares into jurisdictions other than the United Kingdom and South Africa may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. No action has been taken by Capital & Regional or by Investec or Numis that would permit an offer of the Open Offer Shares or rights thereto or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom and South Africa.

Potential investors and the Shareholders should only rely on the information contained in this document and contained in any documents incorporated into it by reference. No person has been authorised to give any information or make any representations other than those contained in this document and all documents incorporated by reference into it and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by Investec or by Numis. No representation or warranty, express or implied, is made by Capital & Regional or by Investec or by Numis as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Capital & Regional or by Investec or by Numis as to the past, present or future. Except to the extent imposed by FSMA and/or the Prospectus Regulation Rules and/or the Listing Rules, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Each recipient should consult their own legal, financial or tax adviser for legal, financial or tax advice.

Capital & Regional will update the information provided in this document by means of a supplement hereto if a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in this document. Any supplementary prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules.

The Company will comply with its obligation to publish supplementary prospectuses containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

Each recipient should consult with such advisers as it needs to in order to make its investment decision and to determine whether it is legally permitted to hold shares under applicable laws or regulations. An investor should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the Open Offer Shares involves financial risk. Prior to investing and holding Open Offer Shares, potential investors should carefully consider all of the information contained in this document, paying particular attention to the section entitled Risk Factors on pages 11 to 22 of this document. Potential investors should consider carefully whether an investment in the Open Offer Shares is suitable for them in light of the information contained in this document and its personal circumstances.

Investec and/or Numis and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Group, for which they would have received customary fees. Investec and/or Numis and their respective affiliates may provide such services to the Group and any of their affiliates in the future.

### **Notice to Shareholders in the EEA**

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no Open Offer Shares have been offered or will be offered pursuant to the Open Offer to the public in that Relevant State prior to the publication of a prospectus in relation to the Open Offer Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the EU Prospectus Regulation, except that the Open Offer Shares may be offered to the public in that Relevant State at any time:

- to any legal entity which is a qualified investor as defined under Article 2(e) of the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the EU Prospectus Regulation) in such Relevant State; or
- in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of the Open Offer Shares shall require the Company to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Open Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Open Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Open Offer Shares.

### **Notice to Overseas Shareholders**

This document does not constitute or form part of any offer or invitation to buy, subscribe for, or sell Open Offer Shares in the United States or any other jurisdiction in which such offer or solicitation is unlawful. In particular, the securities described in this document have not been, and will not be, registered under the US Securities Act, or qualified for sale under the laws of any state of the United States or under the applicable laws of Australia, Canada, Japan or New Zealand, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons or to any national, resident or citizen of Australia, Canada, Japan or New Zealand. This document may not be distributed, directly or indirectly, in or into the United States, Australia, Canada, Japan or New Zealand. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No public offer of the Open Offer Shares is being made by virtue of this document and the accompanying documents in or into any jurisdiction outside the United Kingdom and South Africa in which such offer would be unlawful. This document will not be distributed in or into the United States or any other Excluded Territories, and this document and the accompanying documents do not constitute an offer of Open Offer Shares to any person with a registered address in, or who is resident or located in (as applicable), the United States or any other Excluded Territory.

### **Notice to Shareholders in Switzerland**

This document is not intended to constitute an offer to the public or solicitation to purchase or invest in the Open Offer Shares and the Open Offer Shares have not been and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) except (i) to investors that qualify as professional clients within the meaning of the FinSA, or (ii) in any other circumstances falling within article 36 para. 1 of the FinSA (together, the “**Exempt Offerings**”). The Open Offer Shares have not been and will not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Open Offer Shares constitutes a prospectus within the meaning of the FinSA. This document has not been and will not be reviewed or approved by a Swiss review body, or any other authority in Switzerland, and does not comply with the disclosure requirements applicable to a prospectus within the meaning of the FinSA. Save for Exempt Offerings, neither this document nor any other offering or marketing material relating to the Open Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

### **Notice to Shareholders in the Isle of Man**

Any offer that is the subject of this document made within the Isle of Man must be made:

- (i) by an Isle of Man financial services licence holder licensed under section 7 of the Isle of Man Financial Services Act 2008 to do so; or
- (ii) in accordance with any relevant exclusion contained in the Regulated Activities Order 2011 or exemption contained in the Financial Services (Exemptions) Regulations 2011.

This document and the transactions contemplated by this document have not been approved or authorised by the Isle of Man Financial Services Authority.

### **Notice to Shareholders in Guernsey**

This document has not been delivered to nor registered with the Guernsey Financial Services Commission. Neither the Guernsey Financial Services Commission nor the States of Guernsey take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

### **Notice to Shareholders in Jersey**

The Company may only raise money in Jersey by the issue anywhere of Ordinary Shares, and this Prospectus shall only be circulated in Jersey, if the Company first obtains consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended, or is able to rely on an exemption from the requirement to obtain such consent. No such consent has been obtained by the Company, and accordingly it is relying on an available exemption. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

### **Notice to Shareholders in Malaysia**

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The rights shares have not been and will not be registered under the Capital Markets and Services Act 2007, Malaysia and as such, the rights shares may not be offered, taken up, subscribed, acquired, sold, resold, pledged, transferred or delivered, directly or indirectly, within Malaysia, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Capital Markets and Services Act 2007, Malaysia. There is no intention to register any portion of the Open Offer Shares in Malaysia. The offer and sale of the Open Offer Shares to Qualifying Shareholders who are residents of Malaysia is conditional on it being exempt under Schedule 5, Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, Malaysia.

### **Incorporation by reference**

Certain information in relation to the Group has been incorporated by reference into this document. Please see Part 10 of this document. Except as set out in Part 10, no other part of these documents are incorporated by reference into this document and those parts which are not specifically incorporated by reference in this document are either not relevant for the Shareholders or the relevant information is included elsewhere in this document.

To the extent that any document or information incorporated by reference incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purposes of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modified or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

### **No incorporation of website**

None of the content of the Company's website ([www.capreg.com](http://www.capreg.com)) (or any other website) or the content of any website accessible from hyperlinks on the Company's (or any other) website is incorporated into, or forms part of, this document.

### **Definitions**

Capitalised terms have the meanings ascribed to them in Part 11 of this document.

### **Shareholder Helpline**

If you have any questions relating to this document and you are on the UK Register, please telephone Equiniti between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0371 384 2050 from within the UK or +44 (0)371 384 2050 if calling from outside the UK. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

*Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to Capital & Regional's register of members and will be unable to give advice on the merits of the Capital Raising or to provide financial, legal tax or investment advice.*

If you have any queries relating to this document and you are on the SA Register, please contact the JSE Investor Services' Helpline telephonically on 0861 -472 644 if calling from within South Africa and on +27 11 -029 0112 if calling from outside of 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. The helpline will be operational between 08:00 and 16:00 (South African time) from Monday to Friday, excluding public holidays in South Africa.

### **Presentation of financial information**

The Company publishes its consolidated financial statements in Pounds Sterling (“£” or “Pounds Sterling”). The abbreviation “£m” represent millions of Pounds Sterling and references to “pence” and “p” represent pence in the UK.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal point. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

The significant accounting policies are set out in the notes to the Group's historical consolidated financial information which are incorporated by reference into it.

### **Forward-looking statements**

This document 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 document 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.

Any forward-looking statements in this document reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy. Potential investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. A number of factors could cause results and developments of the Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in the sections headed "Risk Factors" of this document. Past performance of the Company is not necessarily indicative of future performance.

The information in this document will be updated as required under the Prospectus Regulation, the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules. Subject to the foregoing sentence, the Company, Investec and Numis expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. All subsequent forward-looking statements that can be attributed either to the Company or to individuals acting on its behalf (including the Directors) are expressly qualified in their entirety by this paragraph.

Nothing in this paragraph should be taken as qualifying the working capital statement in paragraph 13 of Part 9 of this document.

#### **Time**

All references to time are to London time unless stated otherwise.

#### **No forecasts or estimates**

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

No statement in this document should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group.

#### **Sources of financial information**

In this document unless otherwise stated:

- (A) financial information relating to Capital & Regional has been extracted unless otherwise stated, without material adjustment, from (i) the audited financial statements referred to in Part 5 of this document for the financial year ended 30 December 2020 prepared in accordance with IFRS and (ii) the unaudited interim financial statements for the period ending 30 June 2021 also referred to in Part 5 of this document; and
- (B) where information has been sourced from a third party, Capital & Regional confirms that the information has been accurately reproduced and, as far as Capital & Regional is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used, the source of such information has been identified wherever it appears in this document.

### **Information for Distributors – Target Market Assessment**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, as it forms part of domestic law by virtue of the EUWA; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Open Offer Shares have been subject to a product approval process, which has determined that the Open Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Open Offer Shares may decline and investors could lose all or part of their investment; the Open Offer Shares offer no guaranteed income and no capital protection; and an investment in the Open Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raising.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Open Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Open Offer Shares and determining appropriate distribution channels.

## 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 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

2021

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 this document, the Supplementary Information Memorandum and Form of Proxy	close of business on 8 October
Publication and posting of this document, the Supplementary Information Memorandum, Forms of Proxy and Application Forms (to Qualifying Non-CREST Shareholders only)	14 October
Open Offer opens	8.00 a.m. on 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 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 <sup>(3)</sup>	4.30 p.m. on 25 October
Latest time and date for depositing Open Offer Entitlements into CREST <sup>(4)</sup>	3.00 p.m. on 26 October
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 27 October
Latest date and time for receipt of Forms of Proxy	2.00 p.m. on 28 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>
Results of General Meeting announced through a Regulatory Information Service and SENS	1 November
<b>UK Admission of and commencement of dealings in Open Offer Shares</b>	<b>8.00 a.m. on or around 5 November</b>
<b>SA Admission of and commencement of dealings in Open Offer Shares</b>	<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 document 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 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 this document 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).

## DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Lawrence Hutchings, <i>Chief Executive Officer</i> Stuart Wetherly, <i>Group Finance Director</i> David Hunter, <i>Chairman</i> Ian Krieger, <i>Non-Executive Director</i> Louis Norval, <i>Non-Executive Director</i> Laura Whyte, <i>Non-Executive Director</i> George Muchanya, <i>Non-Executive Director</i> Norbert Sasse, <i>Non-Executive Director</i> Katie Wadey, <i>Non-Executive Director</i>
<b>Company Secretary</b>	Stuart Wetherly
<b>Registered Office and Directors' Business Address</b>	22 Chapter Street London SW1P 4NP
<b>Financial Adviser and Sponsor</b>	Investec Bank plc 30 Gresham Street London, EC2V 7QP
<b>JSE Sponsor</b>	Investec Bank Limited 100 Grayston Drive Sandown Sandton, 2196 South Africa
<b>Broker</b>	Numis Securities Limited 45 Gresham Street London EC2V 7BF
<b>Legal Adviser to the Company as to English law</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
<b>Legal Adviser to the Company as to South African law</b>	Cliffe Dekker Hofmeyr Incorporated 1 Protea Place Sandton 2196 South Africa
<b>Legal Adviser to the Broker, Sponsor and Financial Adviser as to English law</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Reporting Accountant</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
<b>Auditor</b>	Deloitte LLP 1 New Street Square London EC4A 3HQ

**Property Valuers**

CBRE Limited  
Henrietta House  
Henrietta Place  
London W1G 0NB

*and*

Knight Frank LLP  
55 Baker Street,  
London W1U 8AN

**UK Registrar and  
Receiving Agent**

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

**SA Transfer Secretaries**

JSE Investor Services (Pty) Limited  
19 Ameshoff Street  
13<sup>th</sup> Floor  
Braamfontein  
2000, South Africa

## Part 1

### LETTER FROM THE CHAIRMAN



*(registered in England and Wales with registered number 01399411)*

#### *Directors*

Lawrence Hutchings, *Chief Executive Officer*  
Stuart Wetherly, *Group Finance Director*  
David Hunter, *Chairman*  
Ian Krieger, *Non-Executive Director*  
Louis Norval, *Non-Executive Director*  
Laura Whyte, *Non-Executive Director*  
George Muchanya, *Non-Executive Director*  
Norbert Sasse, *Non-Executive Director*  
Katie Wadey, *Non-Executive Director*

#### *Registered Office:*

22 Chapter Street  
London  
SW1P 4NP

14 October 2021

Dear Shareholder,

**Mall Debt Restructuring  
and  
Open Offer of 53,580,237 Open Offer Shares at 56 pence per Share  
and  
Notice of General Meeting**

#### **1. 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 long-cycle 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.

### ***Shareholder approval***

In connection with the Proposed Transaction the Board is seeking Shareholder approval to: (i) grant the Directors authority to allot and issue the Open Offer Shares under section 551 of the Companies Act; (ii) approve the Long Term Retention Awards to each of Lawrence Hutchings and Stuart Wetherly and to amend the Company's existing Directors' Remuneration Policy to authorise the Company to award such Long Term Retention Awards to each of Lawrence Hutchings and Stuart Wetherly and (iii) amend the rules of the Group's LTIP to reduce from three years to 18 months the minimum vesting period of awards that may be granted to non-director employees. The LTIP Resolution and Long Term Retention Award Resolution are not conditional on the Capital Raising. Shareholders will be asked to approve the Resolutions at a General Meeting which has been convened for 2.00 p.m. on 1 November 2021 at 110 Rochester Row, Westminster, London, SW1P 1JQ. Details of the Resolutions are set out in more detail in paragraph 12 of this Part 1 and the Notice of General Meeting is set out at the end of this document in Part 12. If the Capital Raising Resolution is not passed, the Capital Raising will not proceed.

The purpose of this document is to set out the background to and reasons for, the Proposed Transaction, the Long Term Retention Awards and the amendments to the LTIP and:

- to explain the Resolutions to be put to Shareholders at the General Meeting;
- to explain why Shareholders are being asked to vote on the Resolutions; and
- to recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting to be held on 1 November 2021.

## 2. 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 “Purchaser”) for a principal amount of £81 million i.e. at a discount of £19 million. TIAA has agreed to acquire £35 million of the RBS Balance acquired by the Purchaser, which will 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 this document.

## 3. SUMMARY OF TERMS OF THE CAPITAL RAISING

### Introduction

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 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 Shares 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 this document 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 this document).

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 for 27,916,761 Open Offer Shares at the Issue Price, being Growthpoint's 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 this document for despatch to Shareholders;
- (b) the despatch of this document 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 this document.

## **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 this document and, where relevant, the Application Form.

## **4. 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 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..

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

The Group has made good progress in re-letting the three Debenhams units which closed in April 2021 following Debenham's 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 2021		30 June 2021		30 December 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%
	<u>386.50</u>	<u>7.78%</u>	<u>384.7</u>	<u>7.45%</u>	<u>411.2</u>	<u>7.28%</u>
<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%
	<u>93.00</u>	<u>10.66%</u>	<u>98.0</u>	<u>9.81%</u>	<u>115.8</u>	<u>9.80%</u>
<b>Portfolio</b>	<u>479.50</u>	<u>8.37%</u>	<u>482.7</u>	<u>7.96%</u>	<u>527.0</u>	<u>7.88%</u>

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 valuation</i>	<i>LTV</i>	<i>Net debt 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	<u>304.0</u>	<u>(67.5)</u>	<u>236.5</u>	<u>384.7</u>	<u>79%</u>	<u>61%</u>
<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>	<u>423.5</u>	<u>(75.5)</u>	<u>348.0</u>	<u>482.7</u>	<u>88%</u>	<u>72%</u>

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 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.

## **5. INFORMATION ON CAPITAL & REGIONAL**

The Company is a UK focused retail property REIT specialising in community shopping centres that serve the non-discretionary and value-orientated needs of their local communities, across a portfolio comprising seven properties with a total portfolio value of approximately £479.5 million, as at 30 September 2021. The principal activity of the Company is the generation of rental income and capital growth from its role as a property owner, operator and asset manager. The Company is listed on the main market of the London Stock Exchange and has a secondary listing on the JSE.

The Group owns seven shopping centres in Blackburn, Hemel Hempstead, Ilford, Luton, Maidstone, Walthamstow and Wood Green. The Company manages these assets through its expert in-house property and asset management platform. The Group also owns Snozone, the largest indoor ski slope operator in the UK. The Group also operates the indoor ski resort at the Xanadu Centre in Madrid.

The Group's business is focused on acquiring, enhancing and managing community shopping centres. The Group aims to generate sustainable income and capital value growth by combining active asset management with operational excellence.

The Group has split its portfolio into '*Shopping Centres – Investment Assets*' and '*Shopping Centres – Managed Assets*'. The Investment Assets incorporate 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. The Managed Assets incorporate Hemel Hempstead and the Mall Luton where the current outstanding loan balances in the non-recourse special purpose vehicle structures exceed the respective property values and therefore the Group has negative equity and the future position of the investments is uncertain.

Further details on Capital & Regional are set out in Parts 2, 5 and 9 of this document.

## **6. CURRENT TRADING, TRENDS AND PROSPECTS**

The Company reported its Interim Results for the six months ended 30 June 2021 on 9 September 2021. Copies of the announcement and investor presentation can be found at [www.capreg.com/investor-info/](http://www.capreg.com/investor-info/).

All seven of the Company's community shopping centres have remained open and trading within restrictions since the start of the pandemic in early 2020, providing essential services to the communities we serve and in line with our Community Centre strategy. While restrictions on trading, including a full national lockdown from 6 January 2021 until 12 April 2021, have inevitably had a pervasive impact upon the Group's recent operating and financial metrics, it remains clear that the Group's offering is now more relevant than ever as a number of structural trends that were already under way in the retail industry have accelerated rapidly. The Group's strategic focus on local community centres providing non-discretionary and essential goods and services has mitigated the worst of the impact and provides the business with a sound platform for navigating the future.

### **Rent collection**

As at the time of the Interim Results published on 9 September 2021, 81 per cent. of rent in respect of the first half of 2021 had been collected. Rent collection for the 2021 year to 9 September 2021, including monthly invoices up to August 2021, was at 83 per cent, an improvement of 13 per cent on the position as at 25 June 2021. The table below provides further detail.

	<i>Rent collection 6 months to 30 June 2021 £m</i>		<i>Rent collection 9 months to 30 September 2021 £m</i>	
Rent collected	21.4	81.2%	30.5	82.6%
Payment plans	0.7	2.7%	1.3	3.4%
Total collected and deferred	22.1	83.9%	31.8	86.0%
Outstanding	2.5	9.6%	3.4	9.3%
Bad Debt	0.1	0.5%	0.1	0.3%
Rent concessions	1.6	6.0%	1.6	4.4%
<b>Total billed</b>	<b>26.3</b>	<b>100%</b>	<b>37.0</b>	<b>100%</b>

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.

### **New lettings, renewals and rent reviews**

Since 30 June 2021, the Company has been encouraged by the strength of its leasing pipeline and has completed more than 30 deals, including additional Job Centres at Ilford and Blackburn and, following its partnership agreement announced in March, a deal with REEF Technology (“**REEF**”) for dark kitchens and last mile logistics at Wood Green. These are the first deals signed under its agreement with REEF that the Directors believe will allow the Company to enhance future portfolio income by transforming underutilised elements of two of the Company’s car parks into mixed-use neighbourhood hubs.

The Company continues to progress discussions with the NHS for a new purpose-built community healthcare facility at The Exchange, Ilford and the NHS has expressed initial interest in similar initiatives at two other centres demonstrating the important role the centres continue to play in the daily life of their local environments.

### **Strategic residential development partnership**

On 9 September 2021 the Company announced that it had signed an exclusivity agreement with a subsidiary of Far East Consortium International Limited (FEC) to work together to identify and develop new residential opportunities across the Group’s portfolio of shopping centres. This follows on from the successful disposal of a plot of land at Wood Green and the existing Walthamstow residential opportunity.

### **Property valuations at 30 September 2021**

The Group’s property portfolio was valued at 30 September 2021 at £479.5 million, representing a decline of £3.2 million or 0.7 per cent. from 30 June 2021 with an overall increase in net initial yield from 7.96 per cent. to 8.37 per cent.

### **Outlook**

Notwithstanding the further fall in valuations during the period, current market dynamics in the sector as well as the wider economy provide cause for optimism that the investment market may be starting to stabilise. This, allied with the relative outperformance of the Company’s Investment Assets and improving operational performance, provide the necessary base for making longer-term strategic decisions and determining the best approach for addressing debt levels.

As the Company emerges from 18 months of unprecedented challenges, there is increased confidence of a shared need from consumers and retailers for well-located, accessible retail and services with affordable occupancy costs. This is highly supportive of the Company’s community centre strategy and its belief in the 15-minute neighbourhood.

## **7. USE OF PROCEEDS OF THE CAPITAL RAISING**

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.

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

### **8.1 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 this document.

### **8.2 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.

## **9. ADMISSION TO TRADING OF OPEN OFFER SHARES**

Subject to the Capital Raising becoming unconditional and Shareholder approval of the Capital Raising Resolution, 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 (ii) to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the Main Market and (ii) 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 of the Open Offer Shares will become effective and dealings would commence by 8.00 a.m. (London time) on 5 November 2021 and SA Admission of the Open Offer Shares would become effective and dealings would commence by 10.00 a.m. (South African time) on 5 November 2021 whereupon an announcement will be made by the Company through a RIS and on SENS.

The Open Offer Shares will be issued by the Company free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

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

### **10.1 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 this document). 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 Officer 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 this document. 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".

## 10.2 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*

<b>Participants</b>	Lawrence Hutchings (Chief Executive Officer); and Stuart Wetherly (Group Finance Director)
<b>Quantum</b>	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>	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.

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).

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

reasonable expectations of the role for which they are employed during the period from the date of the award to the payment date.

#### **Change of Control**

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.

#### **Malus and Clawback**

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:

- there has been a material misstatement or miscalculation in the results of the Company;
- the award holder has committed an act of gross misconduct;
- 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**

Without the prior approval of the Company in general meeting:

- 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.

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

As referred to in paragraph 10.1 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 this document). 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.

#### 10.4 *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.

### 11. 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.

### 12. GENERAL MEETING

You will find set out at the end of this document 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 this document.

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 or about 1 November 2021.

### **13. ACTION TO BE TAKEN IN RESPECT OF THE GENERAL MEETING**

You will find enclosed with this document a Form of Proxy for use at the General Meeting or any adjournment thereof by Shareholders on the UK Register and by Shareholders on the SA Register (as applicable).

#### **Shareholders on the UK Register**

Whether or not you intend to attend the General Meeting, you should ensure that your Form of Proxy is returned to Equiniti, by one of the following means:

- in hard copy form by post, by courier or by hand to, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
- in the case of CREST Members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the notice of the General Meeting.

In each case, the Form of Proxy must be received by the Company not less than 48 hours before the time of the General Meeting. In calculating such 48 hour period, no account shall be taken of any part of a day that is not a Business Day. To be valid, the relevant Form of Proxy should be completed in accordance with the instructions accompanying it and lodged with Equiniti by the relevant time.

Completion and return of the Form of Proxy will not affect a Shareholder's right to attend, speak and vote at the General Meeting.

#### **Shareholders on the SA Register**

If you hold your Ordinary Shares in uncertificated form on the SA Register and do not have "own name" registration you should not complete the Form of Proxy. In order to vote at or attend the General Meeting you should be in contact with your CSDP or broker. If you have not been contacted by your CSDP or broker, it is advisable for you to contact your CSDP or broker immediately and furnish your CSDP or broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or broker in terms of the custody agreement between you and your CSDP or broker.

If your CSDP or broker does not obtain voting instructions from you, your CSDP or broker will be obliged to act in accordance with the instructions contained in the custody agreement between you and your CSDP or broker.

Should you wish to attend, speak and vote, or to send a proxy to represent you at the General Meeting, you must, in accordance with the custody agreement between you and your CSDP or broker, advise your CSDP or broker. Your CSDP or broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

If you have not dematerialised your Ordinary Shares, or if you have “own name” registration dematerialised shares you may attend the General Meeting in person.

Alternatively, you will find enclosed with this document a Form of Proxy which you are asked to complete in accordance with the instructions printed thereon and return as soon as possible, but in any event so as to be received by the SA Transfer Secretaries at least 48 hours prior to the General Meeting. In calculating such 48 hour period, no account shall be taken of any part of a day that is not a Business Day. However, the Form of Proxy for the General Meeting cannot be handed to the chairperson of the General Meeting and will be invalid if it is received after the time mentioned above. The return of a completed Form of Proxy will not prevent Shareholders from attending the General Meeting and voting in person if they so wish and if they are entitled to do so.

Shareholders on the SA Register who wish to be assisted in completing or forwarding their Forms of Proxy in accordance with the above instructions should contact the SA Transfer Secretaries as soon as possible and those who wish to revoke or replace their Forms of Proxy should contact the SA Transfer Secretaries at 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000, South Africa) or email to [meetfax@linkmarketservices.co.za](mailto:meetfax@linkmarketservices.co.za).

#### **14. ACTION TO BE TAKEN IN RESPECT OF THE OPEN OFFER**

##### **Qualifying Non-CREST Shareholders**

Qualifying Non-CREST Shareholders have been sent Application Forms giving details of their Open Offer Entitlements.

Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares must complete the Application Form, in accordance with the instructions set out in paragraph 4 of Part 3 of this document and in the Application Form and return it with the appropriate payment in the envelope addressed to Equiniti by post to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 29 October 2021.

If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form.

Persons that have sold or otherwise transferred all of their Ordinary Shares should forward this document, together with any Application Form, if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, the Excluded Territories. Any Shareholder that has sold or otherwise transferred only some of their Ordinary Shares held in certificated form before 8.00 a.m. on 14 October 2021 should refer to the instruction regarding split applications in the Terms and Conditions of the Open Offer at paragraph 4.1.2 of Part 3 of this document and the Application Form.

##### **Qualifying CREST shareholders**

Qualifying CREST Shareholders have not been sent an Application Form. Instead, Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements as soon as practicable after 8.00 a.m. on 15 October 2021.

In the case of any Qualifying Shareholder that has sold or otherwise transferred only part of their holding of Open Offer Shares held in uncertificated form on or before 8.00 a.m. on 14 October 2021, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate Open Offer Entitlements to the purchaser or transferee.

The ISIN of the Open Offer Entitlements is GB00BP6S9729 and the SEDOL is BP6S972.

### **Qualifying Shareholders on the SA Register**

Qualifying Shareholders on the SA Register should read and follow the instructions set out in the accompanying Supplementary Information Memorandum.

### **General**

The latest time for acceptance by Qualifying Shareholders under the Open Offer is expected to be 11.00 a.m. (London time) on 29 October 2021, unless otherwise announced by the Company.

Further details of the terms and conditions of the Open Offer, including the procedure for acceptance and payment and the procedure in respect of Open Offer Entitlements, are set out in Part 3 (Terms and Conditions of the Open Offer) of this document and, where relevant, in the Application Form and the Supplementary Information Memorandum.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

### **15. OVERSEAS SHAREHOLDERS**

The attention of Overseas Shareholders is drawn to the information which appears in paragraph 6 of Part 3 of this document. This document does not constitute an offer to sell or the solicitation of an offer to purchase securities in any jurisdiction in which it may be unlawful to do so, and, in those circumstances, this document must be treated as sent for information only and should not be copied or redistributed.

Any Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive this document.

This document has been prepared to comply with English law, the Listing Rules and the Prospectus Regulation Rules, and the information disclosed may not be the same as that which could have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

### **16. SHARE INCENTIVE ARRANGEMENTS**

In accordance with the rules of each of the Company's Combined Incentive Plan, the LTIP and the Company's Deferred Bonus Share Plan, the number of Ordinary Shares subject to subsisting awards under such plans and/or the exercise price (if any) may be adjusted to take account of the issue of the Open Offer Shares pursuant to the Capital Raising. The Remuneration Committee will consider whether it would be appropriate to amend any performance targets or other conditions applying to awards granted under these plans as permitted under the rules of such plans. Participants will be informed in due course if any adjustments are to be made.

### **17. TAXATION**

Information regarding taxation in the UK and South Africa in relation to the Ordinary Shares is set out in of Part 8 of this document. Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their appropriate professional adviser as soon as possible.

### **18. RISKS FACTORS AND ADDITIONAL INFORMATION**

Your attention is drawn to the risk factors set out on pages 11 to 22 of this document which are important and which should be read in full.

Shareholders are advised to read the whole of the document and not rely only on the summary information presented in this letter.

## **19. IRREVOCABLE UNDERTAKINGS**

The Company has received irrevocable undertakings from David Hunter, Lawrence Hutchings, Stuart Wetherly, Ian Krieger, Laura Whyte and Norbert Sasse to vote or procure the vote in favour of the Resolutions at the General Meeting (aside for Lawrence Hutchings and Stuart Wetherly who have undertaken not to vote on the Long Term Retention Award Resolution) in respect of their own beneficial holdings and those of persons connected to them amounting to 180,150 Existing Ordinary Shares representing approximately 0.1 per cent. of the existing share capital of the Company:

Each Directors' irrevocable undertaking (other than Louis Norval) includes undertakings in their capacity as Shareholders to: (a) vote their existing shares in favour of the Resolutions (other than Lawrence Hutchings and Stuart Wetherly in respect of the Long Term Retention Award Resolution) and (b) to take up their full entitlement under the Open Offer to subscribe for Open Offer Shares. The undertaking from Louis Norval (in respect of the entities beneficially owned by him) is to vote in favour of the Resolutions in respect of such number of shares as he may hold at the General Meeting.

Subject to the terms and conditions of the Underwriting Agreement, 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.

Further details of the Irrevocable Undertakings are set out in paragraph 9.4 in Part 9 of this document.

## **20. FINANCIAL ADVICE**

The Board has received financial advice from Investec in relation to the Capital Raising including the Capital Raising Resolution. In providing their financial advice to the Board, Investec has taken into account the commercial assessment of the Board.

## **21. 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. Louis Norval (in respect of the entities beneficially owned by him) has undertaken to vote in favour of the Resolutions in respect of such number of shares as he may hold at the date of 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.**

Yours sincerely,

**David Hunter**  
*Chairman*

## Part 2

### INFORMATION ON CAPITAL & REGIONAL PLC

#### 1. INTRODUCTION

Capital & Regional is a UK focused retail property REIT specialising in shopping centres that dominate their catchment, serving the non-discretionary and value-orientated needs of their local communities. It has a strong track record of delivering value enhancing retail and leisure asset management opportunities across a portfolio of tailored in-town community shopping centres. Capital & Regional PLC is listed on the main market of the London Stock Exchange and has a secondary listing on the Johannesburg Stock Exchange.

Capital & Regional wholly owns seven shopping centres in Blackburn, Hemel Hempstead, Ilford, Luton, Maidstone, Walthamstow and Wood Green and has a 12 per cent. joint venture interest in the Kingfisher Centre in Redditch. The Company manages these assets through its expert in-house property and asset management platform. The Company also owns Snozone, the largest indoor ski operator in the UK and operates the indoor ski resort at the Xanadu Centre in Madrid.

#### 2. BUSINESS OVERVIEW

##### 2.1 Principal Activities of Capital & Regional

The Group's business is focused on acquiring, enhancing and managing community shopping centres. The Group aims to generate sustainable income and capital value growth by combining active asset management with operational excellence. The Group also owns Snozone, the largest indoor ski operator in the UK. The Group also operates the indoor ski resort at the Xanadu Centre in Madrid.

The Group has split its portfolio into 'Shopping Centres – Investment Assets' and 'Shopping Centres – Managed Assets'. The Investment Shopping Centres incorporate the centres at Ilford and within the Mall Facility, namely the Mall Blackburn, the Mall Maidstone, the Mall Walthamstow and the Mall Wood Green. The Managed Shopping Centres incorporate Hemel Hempstead and Luton where the current outstanding loan balances in the non-recourse SPV structures exceed the respective property values and therefore the Group has negative equity and the future position of the investments is uncertain.

#### 3. THE GROUP'S PRINCIPAL INVESTMENTS

##### 3.1 Shopping Centres – Investment Assets

The following shopping centres are wholly-owned assets.

###### *Exchange, Ilford*

The Group acquired the Exchange shopping centre in Ilford in March 2017 with three trading levels consisting of 79 units providing 300,000 square feet of lettable space and a multi-storey car park with over 1,000 spaces. The Exchange, Ilford is located opposite Ilford train station which is in process of being rebuilt ahead of the opening of Crossrail. Tenants include H&M, Next, River Island, Sports Direct, TK Maxx and Wilko. As at 30 September 2021, the Exchange, Ilford was valued at £56.4 million with a net initial yield of 5.84 per cent. The Company has developed plans for remerchandising the mall opposite the Crossrail station for which capital expenditure is estimated at £7.5 million.

###### *The Mall Blackburn*

The Mall Blackburn is a shopping centre located in Blackburn with 600,000 square feet of lettable space with 100 units which was extended and refurbished in 2011. It contains 120 units with principal occupiers including Primark, H&M, Next, Wilko and Pure Gym. As at 30 September 2021, the Mall Blackburn was valued at £38.5 million with a net initial yield of 12.41 per cent.

### ***The Mall Maidstone***

The Mall, Maidstone is a freehold shopping centre located within a vibrant South East town with strong population growth. Currently there are 110 lettable units with tenants such as Matalan, Pure Gym, Boots, Sports Direct, Wilko and Iceland. As at 30 September 2021, the Mall Maidstone was valued at £43.0 million with a net initial yield of 10.76 per cent.

### ***The Mall Walthamstow***

The Mall Walthamstow has 260,000 square feet of space with 67 lettable units. Tenants include TK Maxx, Sports Direct, The Gym Group and Lidl. As at 30 September 2021, the Mall Walthamstow was valued at £100.4 million with a net initial yield of 5.88 per cent. Planning consent is expected to be received for construction of two buildings extending to 34 and 26 storeys with podium and rooftop plant, providing 538 residential units, extension of the existing retail to provide an additional 2,751sqm of retail floorspace, an additional 1,205sqm of food and beverage floorspace and 43sqm flexible retail / business / community floorspace. The Company has exchanged on an agreement with Long Harbour to fund and build the development for which they would pay a £20 million land receipt subject to various conditions being met. The Company has plans to introduce a new Food Hall for which estimated capital expenditure would be £3.6 million.

### ***The Mall Wood Green***

The Group acquired the freehold for the Mall Wood Green shopping centre in 2002 which is prominently located on either side of the main High Road in the heart of the Wood Green town centre. The Mall Wood Green consists of 540,000 square feet with 111 lettable units. Principal tenants include Primark, Wilko, H&M, Boots, TK Maxx, Travelodge and Cineworld. Key asset management initiatives include the remerchandising of a main unit for food and beverage uses for which estimated capital expenditure is £1.7 million. As at 30 September 2021, the Mall Wood Green was valued at £148.2 million with a net initial yield of 7.50 per cent.

## **3.2 Shopping Centres – Managed Assets**

### ***The Mall Luton***

The Mall Luton is a 900,000 square feet mall with 165 lettable units within a key London satellite town with a strong employment base and a growing population. As at 30 September 2021, the Mall Luton was valued at £82 million with a net initial yield of 10.54 per cent.

### ***The Marlowes, Hemel Hempstead***

The Group completed the acquisition of the freehold of the Marlowes Hemel Hempstead shopping centre in 2016. The centre has 350,000 square feet of space and 110 lettable units. As at 30 September 2021, the Marlowes Hemel Hempstead was valued at £11.0 million with a net initial yield of 11.37 per cent.

## **3.3 Other assets**

### ***Kingfisher, Redditch***

On 1 May 2012, the Group completed its acquisition of a 20 per cent. interest in the Kingfisher Shopping Centre in Redditch for a total consideration of £10.6 million as a joint venture with Oaktree Capital Management L.P. (the “**Kingfisher Redditch Joint Venture**”). Following a restructuring of the joint venture that completed in March 2019 the Group now hold a 12 per cent. interest. The Group acts as the property and asset manager for the shopping centre. The shopping centre represents 900,000 square feet of retail accommodation, supported by 2,600 car parking spaces, an integrated bus station and an adjacent rail station.

### ***Snozone***

The Group owns Snozone which is the largest indoor ski slope operator in the UK. Snozone opened in 2000 and is an indoor destination for snowsports on real snow, located in the Xscape leisure centres in

Milton Keynes and Castleford, West Yorkshire. On 9 February 2021 Snozone took over the operations of the indoor ski resort at the Xanadu Centre leisure destination in Madrid.

### 3.4 Future Assets

The Group's current focus is optimising its existing assets. Consequently, the Group is not making, and has no current plans to make, future material investments in new assets and therefore has not made any firm commitment in respect thereof.

## 4. KEY STATISTICS

4.1 The table below shows a breakdown of the Group's net asset value across its wholly-owned portfolio as at 30 June 2021, extracted from the Property Valuation Reports.

4.2 The Marlowes Hemel Hempstead, Mall Luton and Mall Maidstone have been valued by Knight Frank. The Mall Walthamstow, Mall Wood Green, Mall Blackburn and Exchange, Ilford have been valued by CBRE.

All values are on the basis of "market value" in accordance with the RICS Standards.

### PROPERTY PORTFOLIO VALUATION

Property at independent valuation	30 September 2021	
	£m	NIY%
<b>Shopping Centres-Investment</b>		
Mall Blackburn	38.50	12.41
Mall Maidstone	43.00	10.76
Mall Walthamstow	100.40	5.88
Mall Wood Green	148.20	7.50
Exchange, Ilford	56.40	5.84
	<u>386.50</u>	<u>7.78</u>
<b>Shopping Centres – Managed</b>		
Marlowes Hemel Hempstead	11.00	11.37
Mall Luton	82.00	10.54
	<u>93.00</u>	<u>10.66</u>
<b>Total</b>	<u><u>479.50</u></u>	<u><u>8.37</u></u>

4.3 The valuation of the portfolio at 30 September 2021 was £479.5 million, reflecting a net initial yield of 8.37 per cent. Values of the Group's assets have decreased over the last few years. In particular, the Group's assets outside of London have been significantly impacted by negative sentiment towards retail assets exacerbated by the impact of Covid-19 with the headline valuation of the Group's portfolio falling by £244.4 million or 34 per cent. since 30 December 2018.

## 5. TRENDS, MARKET OVERVIEW AND COMPETITION

### 5.1 Recent trends

#### 5.1.1 Polarisation

The Directors believe that retail continues to polarise between discretionary "wants" and non-discretionary everyday essential "needs" and consumers differentiate their shopping trips accordingly, with retailing destinations needing to align clearly to these distinct shopping trips. With this in mind the Group's aim is to ensure that the community centres provide a clearly defined focus in satisfying the everyday needs of its communities, in engaging and stimulating environments.

### 5.1.2 *Omni Channel Evolution*

Traditional retail has evolved from simple bricks and clicks to deeper and more co-ordinated cross-channel integration and this trend has accelerated over the last 18 months as a result of Covid-19. Shoppers increasingly demand speed and optionality in how and where they purchase and expect limited friction in purchase and returns fulfilment. The Directors believe that physical stores continue to provide a central role in the omni-channel retailing environment, providing a crucial intersection between products and people. The Group focuses on community centres, in well connected, easily accessed town centre locations, so that the assets are well positioned to meet modern consumers' needs.

### 5.1.3 *Retailer Evolution*

Online penetration is continuing to influence tenant mix with the impact felt most clearly by discretionary "wants" based retailers, whose store portfolios are rationalising, particularly across the fashion sector. Non-discretionary "needs-based" retailing remains more resilient to this change. Retailers at this end of the retail spectrum continue to predominantly fulfil their customers everyday needs directly from store, with limited online integration.

### 5.1.4 *Community Fundamental*

With growing trends in localism, the Directors believe that community assets provide wide-ranging opportunities to drive performance and growth. The Directors believe that community centres represent the engine room for retailer profitability, with the mix of affordable occupancy costs, attractive productivity levels and high footfall driving profitability. With rentals averaging £12-15 per square foot, the Company's portfolio offers flexibility to profitably remerchandise space, providing the opportunity in so doing to evolve and broaden its offer to its growing community populations.

## 5.2 **Financial Performance**

There has been no significant change in the financial position or financial performance of the Group since 30 June 2021, being the date to which the latest consolidated historical financial information for the Group was published prior the date of this document.

## 5.3 **Valuation Reports**

The Directors confirm that there has been no material change in the valuation of the properties which are the subject of the Property Valuation Reports set out in Part 6 of this document since 30 September 2021, being the effective date each such Property Valuation Report was prepared.

## 5.4 **Market Overview**

Market conditions in the retail sector have provided a challenging backdrop to the implementation of the Group's strategy. The Group's asset management team has energetically focused on the repositioning of the Company's convenience-based community shopping centre portfolio, leading to tangible improvements in performance at those centres where the process is most advanced. Considerable progress has been made on the remerchandising of schemes with a focus on those occupiers which directly respond to the needs of the local community, embrace omni-channel retailing, or those that are most resilient to the continuing growth in online shopping. Covid-19 has significantly impacted trading both in terms of placing restrictions on the ability of the Group and its tenants' ability to trade and in accelerating structural changes that were already underway in the retail industry. This has caused significant disruption. However, we believe that the combination of our community centre strategy, which had clear sight of the structural changes, and our focus on local destinations providing non-discretionary goods and services has never been more relevant, as evidenced by our relative performance on the areas within our control.

## 6. INFORMATION ON THE BOARD

6.1 The Directors of the Company and their principal functions are as follows:

David Hunter	<i>Chairman, Non-executive Director</i>
Lawrence Hutchings	<i>Chief Executive Officer</i>
Stuart Wetherly	<i>Group Finance Director</i>
Ian Krieger	<i>Non-Executive Director</i>
Louis Norval	<i>Non-Executive Director</i>
Laura Whyte	<i>Non-Executive Director</i>
George Muchanya	<i>Non-Executive Director</i>
Norbert Sasse	<i>Non-Executive Director</i>
Katie Wadey	<i>Non-Executive Director</i>

6.2 The business address of each Director is 22 Chapter Street, London SW1P 4NP.

6.3 A short biography for each Director is set out below. Further information on the Directors, including the companies of which each of the Directors has been a director at any time in the past five years, is set out in further detail in paragraph 6.2 of Part 9 of this document.

### **David Hunter** – *Chairman, Non-executive Director* 67

David joined the Company in 2020. His extensive and broad experience includes his current roles as chairman at Custodian REIT Plc and GCP Student Living Plc as well as other previous board level positions in the UK and overseas. He is a Senior Adviser to ICG Real Estate.

### **Lawrence Hutchings** – *Chief Executive Officer*, 55

Lawrence joined the Company in July 2017 following over four years at Blackstone in Australia, three as Managing Director, and has over 20 years' experience in the property industry. Prior to Blackstone, Lawrence was at Hammerson PLC for four years, the last three as Managing Director – UK Retail, before which he spent almost seven years at Henderson Global Investors, latterly as Director (Property) European Retail.

### **Stuart Wetherly** – *Group Finance Director*, 44

Stuart joined the Company as Group Financial Controller in October 2012 and took on the additional role of Company Secretary in 2013, and was appointed Group Finance Director in March 2019. Prior to joining the Company, Stuart was a director in Deloitte Audit in London specialising in listed companies and previous to that Stuart was Corporate Accounting Manager at Johnson Matthey plc having originally qualified as a Chartered Accountant in his first spell with Deloitte.

### **Ian Krieger** – *Non-Executive Director, Senior Independent Director and Chair of Audit Committee*, 69

Ian is the Audit Committee Chairman and Senior Independent Director of Safestore Holdings plc and the Audit Committee Chair and Senior Independent Director of Primary Health Properties PLC. Ian was previously a senior partner and Vice-Chairman at Deloitte and a Trustee and Chair of Anthony Nolan.

### **Louis Norval** – *Non-Executive Director*, 65

Louis was a co-founder, Executive Chairman and Chief Executive of Attfund Limited (one of the largest private property investment companies in South Africa) until the company was sold to Hyprop Investments Limited (a REIT listed on the JSE) in 2011. Louis is Executive Chairman of Homestead Group Holdings Limited and serves on the board of a number of other companies including being Chairman of the Green Create Group. He graduated with a BSc (QS) (with distinction) from the University of Pretoria.

### **Laura Whyte** – *Non-Executive Director, Chair of Remuneration Committee and Chair of Environmental, Social & Governance Committee*, 62

Laura had a long and successful career with John Lewis Partnership where she served on the Management Board for over ten years, firstly as Registrar and latterly as HR Director. Laura is also Chair of XLVets UK Ltd and Non-Executive Director of the British Horseracing Authority. Laura is a Trustee of The Old Royal Naval College, Greenwich. Laura was previously a Non-Executive Director at the Ministry of Defence and a Trustee of Ebony Horse Club.

**Norbert Sasse** – *Non-Executive Director*, 56

Norbert joined the Company in 2019 in connection with the investment into Capital & Regional PLC by Growthpoint in 2019. Norbert is the Group Chief Executive Office of Growthpoint and holds a BCom and Honours Degree in Accounting from Rand Afrikaans University and is a Chartered Accountant. Norbert has 25 years' experience in corporate finance, funds management and all aspects of listed property, as well as equity and debt capital market experience. He is a director of all major Growthpoint subsidiaries and investments in South Africa, Australia and the United Kingdom.

**George Muchanya** – *Non-Executive Director*, 50

George joined the Company in 2019 in connection with the investment into Capital & Regional PLC by Growthpoint in 2019. George is part of the Growthpoint's Group Executive Committee and also sits on the boards of some of Growthpoint's investee companies. Working alongside the Group CEO and the South African CEO of Growthpoint, George has played a key role in the implementation of Growthpoint's strategic initiatives both offshore and in South Africa. An engineer by training, George worked in investment banking and management consulting before joining Growthpoint in 2005.

**Katie Wadey** – *Non-Executive Director*, 43

Katie joined the Company in 2020. Katie is the Innovation Director at Holland & Barrett. Katie has over 20 years of multi industry experience across a range of customer engagement and commercial functions and has held senior roles at blue chip consumer facing organisations including Aviva, BT, Liverpool Victoria, Tesco, British Gas and Barclays Bank. Katie is also a Trustee of Onside Youth Zones and Transform Housing and Support.

## Part 3

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. INTRODUCTION

The Open Offer is an opportunity for Qualifying Shareholders to apply for Open Offer Shares *pro rata* to their holdings as at the Record Date at the Issue Price on the basis of 23 Open Offer Shares for every 48 existing Ordinary Shares held at the Record Date in accordance with the terms of the Open Offer.

The Record Date for entitlements under the Open Offer for Qualifying Shareholders is 6.00 p.m. on 11 October 2021. Application Forms for Qualifying Non-CREST Shareholders accompany this document.

Applications will be made to the FCA and the London Stock Exchange for Admission. The latest time and date for receipt of completed Application Forms and in full under the Open Offer and settlement of relevant instructions (as appropriate) is 11.00 a.m. on 29 October 2021. It is expected that 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 on the Main Board of the JSE at 10.00 a.m. (South African time) on 5 November 2021.

This document, the Application Form (for Qualifying Non-CREST Shareholders only) and, for Qualifying Shareholders on the SA Register, the Supplementary Information Memorandum, contain the formal terms and conditions of the Open Offer. The attention of Qualifying Shareholders on the UK Register is drawn to paragraphs 4.1 and 4.2 of this Part 3 which give details of the procedure for application and payment for the Open Offer Shares under the Open Offer. Qualifying Shareholders on the SA Register should follow the procedures for acceptance and payment set out in the Supplementary Information Memorandum.

If you are on the UK Register and sell or have sold or otherwise transferred your Ordinary Shares in certificated form before 8.00 am on 14 October 2021 (being the ex-entitlement date for the Open Offer), please send this document and the Supplementary Information Memorandum, together with any Application Form, if received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that this document and the Application Form should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so may constitute a violation of local securities laws or regulations, including, but not limited to, the Excluded Territories. If you are on the UK Register and sell or have sold or otherwise transferred all or some of your Ordinary Shares held in uncertificated form before 8.00 on 14 October 2021 (being the ex-entitlement date for the Open Offer), a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. If you sell or have sold or have otherwise transferred only part of your holding of Ordinary Shares held in certificated form before 8.00 a.m. on 14 October 2021 (being the ex-entitlement date for the Open Offer), you should refer to the instruction regarding split applications in this Part 3. If you are on the SA Register and have sold or otherwise transferred your Ordinary Shares before 14 October 2021 please follow the instructions set out in the Supplementary Information Memorandum.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION OF THE UNITED STATES. THE OPEN OFFER SHARES ARE BEING OFFERED AND SOLD OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS AS DEFINED IN AND IN ACCORDANCE WITH REGULATIONS UNDER THE US SECURITIES ACT. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES OR ELSEWHERE.

## 2. THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form, and in the case of Qualifying Shareholders on the SA Register, in the Supplementary Information Memorandum), under the Open Offer, an aggregate of 53,580,237 Open Offer Shares will be made available to Qualifying Shareholders at the Issue Price *pro rata* to their holdings of Ordinary Shares, on the terms and subject to the conditions of the Open Offer on the basis of:

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

held and registered in their name at the Record Date.

The Issue Price per Open Offer Share is 56 pence.

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

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings **for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Open Offer Shares available to you under your Open Offer Entitlements (in Box 2).

Qualifying CREST Shareholders will have Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part 3 for information on the relevant CREST procedures. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures. The Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 15 October 2021.

Qualifying Shareholders on the SA Register should refer to the Supplementary Information Memorandum.

**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. Any Open Offer Shares which are not applied for in respect of the Open Offer will not be allotted to Qualifying Shareholders but will be subscribed for by Growthpoint under the terms of the Underwriting Agreement. The Open Offer will be made to Shareholders outside the UK and the EEA by means of a notice in the London Gazette, details of which are provided in paragraph 6.12 of this Part 3.**

## 3. CONDITIONS AND FURTHER TERMS OF THE OPEN OFFER

The Open Offer is conditional upon, amongst other things, the Capital Raising Resolution being passed, Admission becoming effective by not later than 8.00 a.m. on 5 November 2021 or such later time and/or date as the Company and/or Investec and Numis may agree (being not later than 8.00 a.m. on 30 November 2021) the Sponsor Agreement not having been terminated in certain circumstances, and the Underwriting Agreement becoming unconditional in all respects. A summary of the Underwriting Agreement is set out in paragraph 9.2 of Part 9 of this document.

Subject to the satisfaction of the conditions to the Open Offer, any Open Offer Shares are not applied for under the Open Offer will be subscribed for by Growthpoint pursuant to the terms of the Underwriting Agreement.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without interest, as soon as practicable thereafter.

No temporary documents of title will be issued. Definitive certificates in respect of Open Offer Shares are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form on or around 19 November 2021. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 5 November 2021. Qualifying Shareholders on the SA Register who hold their Open Offer Shares in certificated form will have their Open Offer Shares credited to an electronic register at the SA Transfer Secretaries at 09:00 on 17 November 2021 and Qualifying Shareholders on the SA Register who hold their Open Offer Shares in dematerialised form will have their accounts at their CSDP or broker automatically credited with their Open Offer Shares at 09:00 on 17 November 2021.

Admission is expected to occur on 5 November 2021, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be credited to a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the FCA and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

#### **4. PROCEDURE FOR APPLICATION AND PAYMENT IN RESPECT OF THE OPEN OFFER**

The action to be taken by you in respect of the Open Offer depends on whether you hold your Ordinary Shares in certificated or uncertificated form, and whether you are on the UK Register or the SA Register.

Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with a registered address in any of the Excluded Territories, who will not receive this document or the Application Form) will receive the Application Form enclosed with this document. The Application Form shows Qualifying Non-CREST Shareholders the number of Open Offer Shares available under their Open Offer Entitlements that can be allotted in certificated form. Qualifying CREST Shareholders (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in any of the Excluded Territories) will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold part of their Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2.5 of this Part 3.

CREST sponsored members should refer to their CREST Sponsor as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST Members who wish to apply for Open Offer Shares in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders on the SA Register will receive the Supplementary Information Memorandum with this document, which explains how such Qualifying Shareholders can apply to take up their Open Offer Entitlements.

**Qualifying Shareholders who do not wish to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST or take any action described in the Supplementary Information Memorandum.**

#### **4.1 Qualifying Non-CREST Shareholders**

##### **4.1.1 General**

Subject as provided in paragraph 6 of this Part 3 in relation to certain Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Open Offer Shares available to them under their Open Offer Entitlements

in Box 2. Entitlements to Open Offer Shares are rounded down to the nearest whole number and fractional Open Offer Entitlements have therefore also been rounded down. Box 3 shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. Qualifying Non-CREST Shareholders will not be able to apply for additional Open Offer Shares under an excess application facility.

The instructions and other terms set out in the Application Form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

#### 4.1.2 *Bona fide market claims*

Applications to acquire Open Offer Shares under the Open Offer may only be made on an Application Form by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Ordinary Shares through the market prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer (being 8.00 a.m. on 14 October 2021). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 27 October 2021. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 6 on the Application Form and immediately forward the Application Form together with any accompanying documents at once to the purchaser or transferee or stockbroker or bank or other agent through whom the sale was effected, for delivery to the purchaser or transferee (save that the Application Form should not be submitted or forwarded in or into the United States or any of the Excluded Territories or any jurisdiction where it would or may be unlawful to do so, unless pursuant to an applicable exemption). If you have sold or transferred only some of the Ordinary Shares, you should complete Box 6 and return the Application Form by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, accompanied by a letter stating the number of split Application Forms required and the total number of Open Offer Shares to be included in each split Application Form. The latest time and date for splitting is 3.00 p.m. on 27 October 2021. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2.2 below.

#### 4.1.3 Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Shares to which they are entitled under the Open Offer should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the accompanying prepaid envelope or returned by post to the Receiving Agent, Equiniti Limited, at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by hand (during normal business hours only) to Equiniti Limited, at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 29 October 2021, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable (subject to paragraph 7 below) and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker’s draft made payable to “Equiniti Limited re: Capital & Regional plc” and crossed “a/c payee only”. Cheques or

banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or bankers drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Capital Raising are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Capital Raising does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Capital Raising.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (a) Application Forms received after 11.00 a.m. on 29 October 2021; or
- (b) applications in respect of which remittances are received before 11.00 a.m. on 29 October 2021 from authorised persons (as defined in FSMA) specifying the Ordinary Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid. Growthpoint will subscribe for such shares pursuant to the terms of the Underwriting Agreement. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

#### 4.1.4 *Effect of application*

By completing and delivering an Application Form the applicant:

- (a) represents and warrants to the Company, the Receiving Agent, Investec and Numis that the applicant has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations under any contracts resulting therefrom and that the

applicant is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

- (b) agrees with the Company, the Receiving Agent, Investec and Numis that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (c) confirms to the Company, the Receiving Agent, Investec and Numis that in making the application the applicant is not relying on any information or representation in relation to the Company other than that contained in this document (and any documents incorporated by reference), and the applicant accordingly agrees that no person responsible solely or jointly for this document (and any documents incorporated by reference) or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, the applicant will be deemed to have had notice of all information in relation to the Company and the Open Offer Shares contained in this document (including matters incorporated by reference);
- (d) represents and warrants to the Company, the Receiving Agent, Investec and Numis that the applicant is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that the applicant received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (e) represents and warrants to the Company, the Receiving Agent, Investec and Numis that if the applicant has received some or all of their Open Offer Entitlements from a person other than the Company the applicant is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (f) requests that the Open Offer Shares, to which the applicant will become entitled, be issued on the terms set out in this document and the Application Form subject to the Articles;
- (g) represents and warrants to the Company, the Receiving Agent, Investec and Numis that:
  - (i) the applicant is not, nor are they applying for the account or benefit of, or acting on a non-discretionary basis on behalf of, any person who is (A) a US Person or (B) within, or is a resident of, or is a corporation, partnership or other entity created or organised in or under any laws of, the United States or any other Excluded Territory; (ii) the applicant is acquiring the Open Offer Shares for their own account and is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of its application (y) in or into the United States or to, or for the account or benefit of, a US Person or (z) within any other Excluded Territory, or to, or for the benefit of, a person who is a resident of, or which is a corporation, partnership or other entity created or organised in or under any laws of, any Excluded Territory (except where proof satisfactory to the Company has been provided to the Company that the applicant is able to accept the invitation by the Company free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome); (iii) no portion of the assets used to purchase, and no portion of the assets used to hold, the Open Offer Shares or any beneficial interest therein constitutes or will constitute the assets of an ERISA Entity; and (iv) the applicant is not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (h) acknowledges that the Open Offer Shares to be issued in connection with the Open Offer are only being offered and sold outside of the United States in offshore transactions to persons who are not US Persons in accordance with Regulation S under the US Securities Act. The applicant acknowledges that Open Offer Shares to be issued pursuant to the Open Offer have not been and will not be registered under the US Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in, into or within the United States or to, or for the account or benefit of, US Persons. In addition, relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province or other jurisdiction of an Excluded Territory and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Open Offer Shares may be offered, sold,

renounced, transferred or delivered, directly or indirectly in an Excluded Territory. The applicant acknowledges that no Application Form will be accepted if it bears an address in the United States or an Excluded Territory;

- (i) acknowledges and agrees that the Company reserves the right to make inquiries of any holder of the Open Offer Shares or interests therein at any time as to such person's status under ERISA, the Code and the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not result in application of ERISA's plan asset regulations, or violate or require registration under the US securities laws to transfer such Open Offer Shares or interests in accordance with the Articles;
- (j) unless otherwise specifically agreed in writing, represents and warrants to the Company, the Receiving Agent, Investec and Numis that neither it nor the beneficial owner of such Open Offer Shares will be a resident of Excluded Territories;
- (k) represents and warrants to the Company, Investec and Numis that the applicant is not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 (depository receipts) or Section 96 (depository receipts and clearance services) of the Finance Act 1986;
- (l) confirms that in making the application the applicant is not relying and has not relied on Investec, Numis or any person affiliated with Investec or Numis in connection with any investigation of the accuracy of any information contained in this document (or any document incorporated by reference) or their investment decision; and
- (m) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the Open Offer Shares (other than as contained in this document and the documents incorporated by reference) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, Investec or Numis.

#### 4.1.5 ***Incorrect or incomplete applications***

If an Application Form includes a payment for an incorrect sum, the Company reserves the right:

- (a) to reject the application in full and refund the payment to the applicant (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the applicant (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the Application Form, refunding any unutilised sum to the applicant (without interest).

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or you can contact the Receiving Agent on 0371 384 2050 from within the UK or on +44 (0)371 384 2050 if calling from outside the UK. Lines are open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or give any financial, legal or tax advice.

Qualifying Non-CREST Shareholders who do not wish to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

A Qualifying Non-CREST Shareholder who is also a CREST Member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST (please see paragraph 4.2.1 of this Part 3 below for more information).

## 4.2 Qualifying CREST Shareholders

### 4.2.1 *General*

Subject as provided in paragraph 6 of this Part 3 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their Open Offer Entitlements equal to the maximum number of Open Offer Shares for which they are entitled to apply to acquire under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down. Any fractional entitlements to Ordinary Shares will be disregarded in calculating Open Offer Entitlements.

The CREST stock account to be credited will be an account under the participant ID and member account ID specified in the section headed “Expected Timetable” and below.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 8.00 a.m. on 15 November 2021, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to their stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST Members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Equiniti on telephone number on 0371 384 2050 from within the UK or +44 (0)371 384 2050 if calling from outside the UK. Lines are open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

### 4.2.2 *Bona fide market claims*

The Open Offer Entitlements will constitute separate securities for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlements will thereafter be transferred accordingly.

### 4.2.3 *Unmatched Stock Event (“USE”) instructions*

Qualifying CREST Shareholders who are CREST Members and who want to apply for Ordinary Shares in respect of all or some of their Open Offer Entitlements must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (a) above.

#### 4.2.4 ***Content of USE instruction in respect of Open Offer Entitlements***

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlements being delivered to the Receiving Agent);
- (b) the CREST participant ID of the accepting CREST Member;
- (c) the CREST Member account ID of the accepting CREST Member from which the Open Offer Entitlements are to be debited;
- (d) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA55;
- (e) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA367701;
- (f) the ISIN of the Open Offer Entitlements. This is GB00BP6S9729;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 29 October 2021; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 29 October 2021.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (a) a contact name and telephone number (in the free format shared note field); and
- (b) a priority of at least 80.

CREST Members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 29 October 2021 in order to be valid is 11.00 a.m. on that day.

In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 30 November 2021, the Capital Raising will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

#### 4.2.5 ***Deposit of Open Offer Entitlements into, and withdrawal from, CREST***

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in its Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST Member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the

Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 3.00 a.m. on 26 October 2021.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent: (i) the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 26 October 2021; and (ii) the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 25 October 2021 – in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements, as the case may be, prior to 4.30 p.m. on 25 October 2021.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Numis and the Receiving Agent by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed “Do you want to deposit your open offer entitlements into CREST “ on page 2 of the Application Form, and a declaration to the Company, Investec, Numis and the Receiving Agent from the relevant CREST Member(s) that it/they is/are not in, or citizen(s) or resident(s) of any Excluded Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

#### 4.2.6 ***Validity of application***

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 29 October 2021 will constitute a valid application under the Open Offer.

#### 4.2.7 ***CREST procedures and timings***

CREST Members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above and settled by 11.00 a.m. on 29 October 2021. In this connection CREST Members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.2.8 ***Incorrect or incomplete applications***

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (a) to reject the application in full and refund the payment to the CREST Member in question (without interest);

- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST Member in question (without interest).

#### 4.2.9 *Effect of valid application*

A CREST Member who makes or is treated as making a valid application in accordance with the above procedures hereby:

- (a) represents and warrants to the Company, the Receiving Agent, Investec and Numis that they have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer, as the case may be, and to execute, deliver and exercise their rights, and perform their obligations under any contracts resulting therefrom and that they are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company, Investec and Numis to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (c) agrees with the Company, Investec and Numis that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (d) confirms to the Company, Investec and Numis that in making the application the applicant is not relying on any information or representation in relation to the Company other than that contained in this document (and any document incorporated by reference), and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document (and any document incorporated by reference), the applicant will be deemed to have had notice of all the information in relation to the Company and the Open Offer Shares contained in this document (including matters incorporated by reference);
- (e) represents and warrants to the Company, Investec and Numis that the applicant is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that they have received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (f) represents and warrants to the Company, the Receiving Agent, Investec and Numis that if the applicant has received some or all their Open Offer Entitlements from a person other than the Company, the applicant is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (g) requests that the Open Offer Shares to which the applicant will become entitled be issued to the applicant on the terms set out in this document, subject to the Articles;
- (h) represents and warrants to the Company, the Receiving Agent, Investec and Numis that:
  - (i) the applicant is not, nor are they applying for the account or benefit of, or acting on a non-discretionary basis on behalf of, any person who is (A) a US Person or (B) within, or is a resident of, or is a corporation, partnership or other entity created or organised in or under the laws of, the United States or any other Excluded Territory; (ii) the applicant is acquiring the Open Offer Shares for their own account and is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of his application (y) in or into the United States or to, or for the benefit of, a person who is a US Person or (z) within any other Excluded Territory, or to, or for the

benefit of, a person who is a resident of, or which is a corporation, partnership or other entity created or organised in or under any laws of, any Excluded Territory (except where proof satisfactory to the Company has been provided to the Company that it is able to accept the invitation by the Company free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome); and (iii) the applicant is not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (i) acknowledges that the Open Offer Shares to be issued in connection with the Open Offer are only being offered and sold outside of the United States in offshore transactions to persons who are not US Persons in accordance with Regulation S under the US Securities Act. The applicant acknowledges that Open Offer Shares to be issued pursuant to the Open Offer have not been and will not be registered under the US Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in, into or within the United States or to, or for the account or benefit of, US Persons. In addition, relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province or other jurisdiction of an Excluded Territory and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Open Offer Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly in an Excluded Territory. The applicant acknowledges that no Application Form will be accepted if it bears an address in the United States or an Excluded Territory;
- (j) acknowledges and agrees that the Company reserves the right to make inquiries of any holder of the Open Offer Shares or interests therein at any time as to such person's status under ERISA, the Code and the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not result in application of ERISA's plan asset regulations, or violate or require registration under the US securities laws to transfer such Open Offer Shares or interests in accordance with the Articles;
- (k) unless otherwise specifically agreed in writing, represents and warrants to the Company, the Receiving Agent, Investec and Numis that neither it nor the beneficial owner of such Open Offer Shares will be a resident of Excluded Territories;
- (l) represents and warrants to the Company, the Receiving Agent, Investec and Numis that the applicant is not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986; and
- (m) confirms that in making the application the applicant is not relying and has not relied on Investec or Numis or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document (and any document incorporated by reference) or its investment decision.

#### 4.2.10 *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (a) treat as valid (and binding on the CREST Member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 3;
- (b) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "**first instruction**") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received

actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (d) accept an alternative instruction or notification from a CREST Member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST Member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST Member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure of breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

#### 4.2.11 *Lapse of the Open Offer*

In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 30 November 2021, the Capital Raising will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within four business days.

#### 4.3 **Qualifying Shareholders on the SA Register**

Qualifying Shareholders on the SA Register should consult the procedures and follow the instructions set out in the accompanying Supplementary Information Memorandum.

### 5. **MONEY LAUNDERING REGULATIONS**

#### 5.1 **Holders of Application Forms**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph the “**relevant Open Offer Shares**”) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company nor Investec nor Numis will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open

Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

**Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent, Investec and Numis from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.**

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (c) if the applicant (not being an applicant that delivers its application in person) makes payment by way of a cheque drawn on an account in the applicant's name;
- (d) if the aggregate subscription price for the Open Offer Shares is less than € 15,000 (or the Sterling equivalent);
- (e) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques or banker's draft in sterling made payable to "EQUINITI LTD RE: CAPITAL AND REGIONAL OPEN OFFER". and crossed "a/c payee only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
- (f) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in: paragraph (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of Korea, the Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the USA and, by virtue of their membership of the Gulf Cooperation Council, the Kingdom of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out on page 33 of this document.

To confirm the acceptability of any written assurance referred to in paragraph (f) above, or in any other case, the acceptor should contact the Receiving Agent. The telephone number of Equiniti Limited is 0371 384 2050 from within the UK or on +44 (0)371 384 2050 if calling from outside the UK. Lines are open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If the Application Form is in respect of Ordinary Shares under the Open Offer with an aggregate subscription price of € 15,000 (or the Sterling equivalent) or more and is lodged by hand by the acceptor in person, or if the Application Form in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 29 October 2021, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent under instructions from the Company may, at its discretion, reject the relevant application, in which event the monies submitted in respect of that application will be

returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to the Company, the Receiving Agent, Investec and Numis to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the UK Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 5.3 Qualifying Shareholders on the SA Register

The attention of Qualifying Shareholders on the SA Register is drawn to paragraph 4 in the Supplementary Information Memorandum.

## 6. OVERSEAS SHAREHOLDERS

This document has been approved by the FCA, being the competent authority in the United Kingdom. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 6.1 General

**The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or South Africa or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of countries other than the United Kingdom or South Africa may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for Open Offer Shares under the Open Offer.**

No action has been or will be taken by the Company, Investec or Numis or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares under the Open Offer or Open Offer Shares to be issued under the Open Offer) in any jurisdiction where action for that purpose may be required.

No public offer or sale of Open Offer Shares is being made by virtue of this document, the Supplementary Information Memorandum or the Application Form into the United States or any Excluded Territory.

Receipt of this document, the Supplementary Information Memorandum and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal

to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any other Excluded Territory or their agent or intermediary, except where the Company, Investec and Numis are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document, the Supplementary Information Memorandum and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom or South Africa may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agent, nominees and trustees) outside the United Kingdom or South Africa wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Investec, Numis or any of their respective representatives is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document, the Supplementary Information Memorandum and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document, the Supplementary Information Memorandum and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company, Investec and Numis determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document, the Supplementary Information Memorandum and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 3 and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected, or dispatched from the United States or an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates relating to Open Offer Shares (or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST Member whose registered address would be), in the United States or another Excluded Territory.

Notwithstanding any other provision of this document, the Supplementary Information Memorandum or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that

the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

## 6.2 United States

The Open Offer Shares have not been and will not be registered under the US Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, re sold, transferred or delivered, directly or indirectly, in or into the United States or to, or for the account or benefit of, a US Person, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Company is not extending the Open Offer into the United States or to any US Persons, and neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States or to any US Person. Neither this document, the Supplementary Information Memorandum nor an Application Form, will be sent to, and no Ordinary Shares will be credited to, a stock account in CREST of, any Shareholder with a registered address in the United States. Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States. The Open Offer will be made to Shareholders outside the United Kingdom and the EEA by means of notice in the London Gazette.

Any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document, the Supplementary Information Memorandum or the Application Form or by applying for Open Offer Shares in respect of Open Offer Entitlements credited to a stock account in CREST and delivery of the Open Offer Shares, in the terms of the representations and warranties set out in paragraph 6.10 of this Part 3.

The Company reserves the right to treat as invalid any Application Form that: (i) appears to the Company or its agents to have been executed or effected (A) by, or for the account or benefit of, a US Person, or (B) in, or dispatched from, the United States; (ii) provides an address in the United States for the receipt of Open Offer Shares; or (iii) does not make the warranty set out in the Application Form to the effect that the person completing the Application Form is not a US Person, does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer or delivery, directly or indirectly, of any such Open Offer Shares in the United States or to, or for the account or benefit of, a US Person, or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Open Offer Shares to any person who is a US Person, or to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company, Investec and Numis reserve the right to reject any USE instruction sent by or on behalf of any CREST Member with a registered address in, or who is otherwise located in, the United States in respect of the Open Offer Shares.

## 6.3 Switzerland

This document is not intended to constitute an offer to the public or solicitation to purchase or invest in the Open Offer Shares and the Open Offer Shares have not been and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") except (i) to investors that qualify as professional clients within the meaning of the FinSA, or (ii) in any other circumstances falling within article 36 para. 1 of the FinSA (together, the "Exempt Offerings"). The Open Offer Shares have not been and will not be admitted to any trading venue (exchange or

multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Open Offer Shares constitutes a prospectus within the meaning of the FinSA. This document has not been and will not be reviewed or approved by a Swiss review body, or any other authority in Switzerland, and does not comply with the disclosure requirements applicable to a prospectus within the meaning of the FinSA. Save for Exempt Offerings, neither this document nor any other offering or marketing material relating to the Open Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

#### **6.4 Isle of Man**

Any offer that is the subject of this document made within the Isle of Man must be made:

- (i) by an Isle of Man financial services licence holder licensed under section 7 of the Isle of Man Financial Services Act 2008 to do so; or
- (ii) in accordance with any relevant exclusion contained in the Regulated Activities Order 2011 or exemption contained in the Financial Services (Exemptions) Regulations 2011.

This document and the transactions contemplated by this document have not been approved or authorised by the Isle of Man Financial Services Authority.

#### **6.5 Guernsey**

This document has not been delivered to nor registered with the Guernsey Financial Services Commission. Neither the Guernsey Financial Services Commission nor the States of Guernsey take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

#### **6.6 Jersey**

The Company may only raise money in Jersey by the issue anywhere of Ordinary Shares, and this Prospectus shall only be circulated in Jersey, if the Company first obtains consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended, or is able to rely on an exemption from the requirement to obtain such consent. No such consent has been obtained by the Company, and accordingly it is relying on an available exemption. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

#### **6.7 Malaysia**

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The rights shares have not been and will not be registered under the Capital Markets and Services Act 2007, Malaysia and as such, the rights shares may not be offered, taken up, subscribed, acquired, sold, resold, pledged, transferred or delivered, directly or indirectly, within Malaysia, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Capital Markets and Services Act 2007, Malaysia. There is no intention to register any portion of the Open Offer Shares in Malaysia. The offer and sale of the Open Offer Shares to Qualifying Shareholders who are residents of Malaysia is conditional on it being exempt under Schedule 5, Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, Malaysia.

#### **6.8 Excluded Territories**

The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territories or to, or for the account or benefit

of, any person with a registered address in, or who is resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption. No offer of Open Offer Shares is being made by virtue of this document or the Application Form into any Excluded Territories.

## 6.9 Other overseas territories

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders (other than those Qualifying Shareholders who have registered addresses in the Excluded Territories). The Supplementary Information Memorandum is being sent to Qualifying Shareholders on the SA Register. Qualifying Shareholders in jurisdictions other than the United Kingdom and South Africa may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form, as appropriate.

**Shareholders who have registered addresses in, or who are resident in, or citizens of countries other than the United Kingdom and South Africa should consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.**

The notice in the London Gazette referred to in paragraph 6.12 of this Part 3 will state where a copy of this document and the Application Form may be inspected or obtained. Any person in the United States or an Excluded Territory is required to disregard it, except with the express consent of the Company.

## 6.10 Representations and warranties relating to Overseas Shareholders

### 6.10.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Investec and Numis and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not a US Person; (ii) such person is not in the United States or any other Excluded Territory; (iii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iv) such person is not acting on a non-discretionary basis for a person located within any Excluded Territory (except as agreed with the Company) or any territory referred to in (iii) above at the time the instruction to accept was given; and (v) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer or delivery, directly or indirectly, of any such Open Offer Shares into any of the above territories.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed or effected (A) by, or for the account or benefit of, a US Person, (B) in, or dispatched from, the United States or another Excluded Territory, or (C) in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or another Excluded Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph 6.10.1.

### 6.10.2 *Qualifying CREST Shareholders*

A CREST Member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 3 represents and warrants to the Company, Investec, Numis and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not in the United States or another Excluded Territory and is not a US Person; (ii) he or she is not in any territory in which it is unlawful to

make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within another Excluded Territory (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

#### 6.10.3 *Qualifying Shareholders on the SA Register*

Qualifying Shareholders on the SA Register who make a valid application for Open Offer Shares will be required to give the representations and warranties set out in the Supplementary Information Memorandum.

#### 6.11 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Qualifying Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 6.11 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6.11 to Qualifying Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6.11 shall apply to them jointly and to each of them.

#### 6.12 **Notice in the London Gazette**

In accordance with section 562(3) of the Companies Act, the offer to Shareholders who have no registered address in the UK or the EEA and who have not given to the Company an address in the UK or the EEA for the service of notices, will (subject to the conditions of the Open Offer) be made by the Company causing a notice to be published in the London Gazette on 14 October 2021 stating where copies of this document, the Supplementary Information Memorandum and the Application Form may be obtained or inspected on personal application by or on behalf of such Qualifying Shareholders. Any person with a registered address, or who is resident or located, in the United States or any of the Excluded Territories or any other jurisdictions where the extension and availability of the Open Offer would breach any applicable law who obtains a copy of this document or an Application Form is required to disregard them, except with the consent of the Company.

However, in order to facilitate acceptance of the offer made to such Qualifying Shareholders by virtue of such publication, Application Forms will also be posted to Overseas Shareholders who are Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, to those with registered addresses in, or who are resident in, any of the Excluded Territories). Such Shareholders, if it is lawful to do so, may accept the offer either by returning the Application Form posted to them or, subject to surrendering the original Application Form sent to them, by obtaining a copy thereof from the place stated in the notice in the London Gazette and returning it in accordance with the instructions set out therein. Similarly, entitlements to Open Offer Shares are expected to be credited to stock accounts in CREST of Qualifying CREST Shareholders who are Overseas Shareholders (other than, subject to certain exceptions, to those with registered addresses in, or who are resident in, any of the Excluded Territories).

### 7. **WITHDRAWAL RIGHTS**

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights in accordance with Article 23(2) of the Prospectus Regulation and Prospectus Regulation Rule 3.4.1 after the issue by the Company of a prospectus supplementary to this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST Member, the participant ID and the member account ID of such CREST Member. The notice of withdrawal must be deposited by post with the Receiving Agent, Equiniti or by hand only (during normal business hours only) to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received before the end of the withdrawal period. Please call Equiniti on 0371 384 2050 from within the UK or on +44 (0)371 384 2050 if calling from outside the UK. Lines are open between 8.30 a.m. – 5.30 p.m., Monday

to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. Notice of withdrawal given by any other means or which is deposited with the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Qualifying Shareholders are advised to seek independent legal advice.

## **8. ADMISSION, SETTLEMENT AND DEALINGS**

The result of the Open Offer is expected to be announced on 1 November 2021. Application will be made to: (a) the FCA and to the London Stock Exchange for the Open Offer Shares to be admitted to the premium segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, respectively and (b) the JSE for the Open Offer Shares to be listed and traded on the Main Board of the JSE. It is expected that 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 on the Main Board of the JSE at 10.00 a.m. (South African time) on 5 November 2021.

The Company has applied for the Open Offer Shares to be admitted to CREST with effect from Admission. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 29 October 2021 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST Member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares are expected to be dispatched on or around 19 November 2021. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Application Form.

## **9. TIMES AND DATES**

The Company shall, in agreement with Investec and Numis and after consultation with its legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and the Supplementary Information Memorandum and in such circumstances shall notify the London Stock Exchange and make an announcement on a Regulatory Information Service approved by the FCA and, if appropriate, by Shareholders but Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance any payment in full under the Open Offer specified in this document and the Supplementary Information Memorandum, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **10. TAXATION**

Certain statements regarding United Kingdom and South African taxation in respect of the Open Offer Shares and the Open Offer are set out in Part 8 of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer or who are subject to tax in any jurisdiction other than the United Kingdom or South Africa, should immediately consult a suitable professional adviser.

## **11. FURTHER INFORMATION**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form. The attention of Qualifying Shareholders on the SA Register is drawn to the further information contained in the Supplementary Information Memorandum.

## **12. GOVERNING LAW AND JURISDICTION**

The terms and conditions of the Open Offer as set out in this document, the Supplementary Information Memorandum, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document, the Supplementary Information Memorandum or the Application Form. By taking up Open Offer Shares by way of their Open Offer Entitlement, in accordance with the instructions set out in this document, the Supplementary Information Memorandum and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## Part 4

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part 4 are intended to be in general terms only and, as such, you should read Part 3 of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part 4 deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part 3 of this document and you should take professional advice as to whether you are eligible for and/or whether you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 3 of this document for full details of what action you should take. If you hold your Ordinary Shares on the SA Register, you should read the Supplementary Information Memorandum which accompanies this document.

If you are a CREST sponsored member, you should also consult your CREST Sponsor. If you do not know whether your Ordinary Shares are in certificated or uncertificated form, please call Equiniti on 0371 384 2050 or if phoning from outside the UK +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls may be recorded and monitored randomly for security and training purposes.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

#### 1 What is an open offer?

An open offer is a way for publicly listed companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire up to an aggregate of 53,580,237 new Ordinary Shares at a price of 56 pence per share. If you hold Ordinary Shares on the Record Date or have a *bona fide* market claim, other than where you are a Shareholder with a registered address or located in an Excluded Territory, you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 23 Open Offer Shares for every 48 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

There is no excess application facility in respect of the Open Offer. To the extent that valid acceptances are not received in respect of all of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares will not be made available, or allotted, to other Qualifying Shareholders pursuant to the Open Offer, but instead shall be subscribed for by Growthpoint on the terms set out in the Underwriting Agreement.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor Open Offer Entitlements can themselves be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

**2 I hold my Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located in any Excluded Territories, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Ordinary Shares before 8.00 a.m. on 14 October 2021 (the time when the Ordinary Shares are marked “ex-entitlement” to the Open Offer by the London Stock Exchange).

**3 I hold my Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in any Excluded Territories, you will be sent an Application Form that shows:

- how many Ordinary Shares you held at the close of business on the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlements; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in any Excluded Territories, you will not receive an Application Form.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlements you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be returned, along with a cheque or banker’s draft in sterling made payable to “EQUINITI LTD: RE CAPITAL AND REGIONAL OPEN OFFER”, by post to Equiniti, Corporate Actions, Aspect House, Lancing, West Sussex BN99 6DA, United Kingdom or by hand (during normal business hours only) to Equiniti, Corporate Actions, Aspect House, Lancing, West Sussex BN99 6DA, United Kingdom so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 29 October 2021.

**4 I hold my Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**(a) *If you do not want to take up your Open Offer Entitlements***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue.

You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form and payment subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 29 October 2021, you will not receive any Open Offer Shares.

If you do not take up your Open Offer Entitlement, then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted.

**(b) *If you want to take up some but not all of your Open Offer Entitlements***

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 4 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write ‘25’ in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, ‘25’) by £0.56, which is the price in pounds of each Open Offer Share (giving you an amount of £14.00 in this example). You should write this amount in Box 5, rounding up to the nearest whole pence and this should be the amount your cheque or banker’s draft is made out for. You should then return the completed Application Form, along with the cheque or banker’s draft, by post to Equiniti, Corporate Actions, Aspect House, Lancing, West Sussex BN99 6DA, United Kingdom or by hand (during normal business hours only) to Equiniti,

Corporate Actions, Aspect House, Lancing, West Sussex BN99 6DA, United Kingdom so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 29 October 2021.

All payments must be made by cheque or banker's draft in sterling made payable to "EQUINITI LTD RE: CAPITAL AND REGIONAL OPEN OFFER". Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct Equiniti to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by not later than 14 days of Admission.

(c) ***If you want to take up all of your Open Offer Entitlements***

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque for the amount (as indicated in Box 3 of your Application Form), by post to Equiniti, Corporate Actions, Aspect House, Lancing, West Sussex BN99 6DA, United Kingdom or by hand (during normal business hours only) to Equiniti, Corporate Actions, Aspect House, Lancing, West Sussex BN99 6DA, United Kingdom so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 29 October 2021.

All payments must be made by cheque or banker's draft in sterling made payable to "EQUINITI LTD RE: CAPITAL AND REGIONAL OPEN OFFER". Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you within 14 days of Admission.

(d) ***If you want to apply for more than your Open Offer Entitlements***

It is not possible to apply for more Open Offer Shares than are comprised in your Open Offer Entitlements. To the extent that valid acceptances are not received in respect of all of the Open Offer Shares under the Open Offer, Growthpoint will subscribe for any unallocated shares on the terms of the Underwriting Agreement.

**5 I hold my Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST Members should follow the instructions set out in Part 3 of this document. Persons who hold Existing Ordinary Shares through a CREST Member should be informed by the CREST Member through which they hold their Existing Ordinary Shares of the number of Open Offer Shares which they are entitled to acquire under their Open Offer Entitlements and should contact them should they not receive this information.

**6 I hold my Ordinary Shares on the SA Register. What do I need to do in relation to the Open Offer?**

If you hold your Ordinary Shares on the SA Register you should read the instructions set out in the Supplementary Information Memorandum.

**7 I acquired my Ordinary Shares prior to the Record Date and hold my Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form in the form of depositary receipts on the Record Date and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before the Record Date but were not registered as the holders of those shares on the Record Date; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Equiniti on 0371 384 2050 or, if phoning from outside the UK, on +44 (0)371 384 2050 . Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls may be recorded and monitored randomly for security and training purposes.

**8 Can I trade my Open Offer Entitlements?**

Qualifying Shareholders should be aware that the Open Offer is not renounceable and not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which an 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 Open Offer Entitlements will have no rights under the Open Offer or receive any proceeds from it.

**9 What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to Equiniti, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied.

**10 What if the number of Open Offer Shares to which I am entitled is not a whole number: am I entitled to fractions of Open Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

**11 I hold my Ordinary Shares in certificated form. What should I do if I have sold some or all of my Ordinary Shares?**

If you hold Ordinary Shares in the Company directly and you sell some or all of your Ordinary Shares before 14 October 2021, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 11 October 2021, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

**12 I hold my Ordinary Shares in certificated form. How do I pay?**

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be made by cheque or banker's draft in sterling made payable to "EQUINITI LTD RE: CAPITAL AND REGIONAL OPEN OFFER". Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

**13 Will the Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

**14 I hold my Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form together with the monies in the appropriate form, by post to Equiniti, or by hand (during normal business hours only) to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 29 October 2021.

**15 I hold my Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

Equiniti must receive the completed Application Form by not later than 11.00 a.m. on 29 October 2021, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**16 How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST Member and want your Open Offer Shares to be in uncertificated form, you should sign and complete Box 9 of the Application Form, and then deposit your completed Application Form with the CREST Courier and Sorting Service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST Courier and Sorting Service and (b) only the Open Offer Entitlements shown in Box 2 of the Application Form may be deposited into CREST.

**17 I hold my Ordinary Shares in certificated form. When will I receive my new share certificate?**

It is expected that Equiniti will post all new share certificates on or around 19 November 2021.

**18 If I buy Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

**19 Will I be taxed if I take up my entitlements?**

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

**20 What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlements. Shareholders with registered addresses or who are located in any Excluded Territories are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part 3 of this document.

**21 Further assistance**

Should you require further assistance please call the Shareholder Helpline on 0371 384 2050 or, if phoning from outside the UK, on +44 (0)371 384 2050. The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the matters referred to in this document or to provide legal, investment, financial or taxation advice.

## **Part 5**

### **HISTORICAL FINANCIAL INFORMATION ON CAPITAL & REGIONAL PLC**

*The unaudited interim consolidated financial statements of Capital & Regional PLC and its subsidiaries for the period beginning 31 December 2020 and ended 30 June 2021 is incorporated by reference into this document, as detailed in Part 10 of this document.*

*The audited consolidated financial statements of Capital & Regional PLC and its subsidiaries included in the Annual Report and Accounts of Capital & Regional PLC for the year ended 30 December 2020 is incorporated by reference into this document, as detailed in Part 10 of this document.*

*Deloitte LLP of 1 New Street Square, London EC4A 3HQ is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and on the instruction of the Company prepared and issued an unqualified audit opinion on the consolidated financial statements of Capital & Regional PLC and its subsidiaries included in the Annual Report and Accounts of Capital & Regional PLC for the year ended 30 December 2020 incorporated by reference into this document, as detailed in Part 10 of this document.*

## **Part 6**

### **PROPERTY VALUATION REPORTS**

#### **PART A: CBRE VALUATION REPORT**

This Part A comprises the CBRE Valuation Report, which values the Mall Walthamstow, the Mall Wood Green, the Mall Blackburn and the Exchange, Ilford properties owned by the Group as at 30 September 2021.

The logo for CBRE, consisting of the letters 'CBRE' in a bold, white, sans-serif font, positioned in the upper left corner of the page. The background behind the logo is a dark green triangle that is part of a larger geometric design of overlapping green and white shapes.

# VALUATION REPORT

Date of Valuation: 30 September 2021

In respect of:  
Project Sunbird

On behalf of:  
**Capital & Regional Plc**

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01

# VALUATION REPORT

## Introduction

<b>Report Date</b>	14 October 2021
<b>Valuation Date</b>	30 September 2021
<b>Addressee</b>	<p>The Directors Capital &amp; Regional plc 22 Chapter Street London SW1P 4NP</p> <p>Numis Securities Limited 45 Gresham Street London EC2V 7BF (in their capacity as Corporate Broker)</p> <p>Investec Bank plc 30 Gresham Street London EC2V 7QP (in their capacity as Sponsor)</p>

<b>The Properties</b>	The properties held by Capital & Regional plc (the “Company”) as described in Appendix A below.
<b>Ownership purpose</b>	Investment
<b>Instruction</b>	To value without re-inspecting the unencumbered freehold and long leasehold interests in the properties on the basis of Market Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the Addressees dated 12 October 2021.
<b>Properties Description</b>	Shopping centres in Blackburn, Walthamstow, Wood Green and Ilford
<b>Status of Valuer</b>	<p>You have instructed us to act as an External valuer as defined in the current version of the RICS Valuation – Global Standards.</p> <p>Please note that the Valuation may be investigated by the RICS for the purposes of the administration of the Institution’s conduct and disciplinary regulations in order to ensure compliance with the Valuation Standards.</p>
<b>Purpose and Basis of Valuation</b>	<p>The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2020) (the “Red Book”). We understand that this Valuation Report (the “Valuation Report”) is required for inclusion in a prospectus (the “Prospectus”) to be issued by the Company.</p> <p>The valuations will be on the basis of:</p> <ul style="list-style-type: none"> <li>Market Value as defined in the current edition of the RICS Valuation – Global Standards and in the VSTOB attached to this letter.</li> </ul>

**Market Value**

**£343,500,000 (THREE HUNDRED AND FORTY-THREE MILLION FIVE HUNDRED THOUSAND POUNDS)** exclusive of VAT.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm's length terms.

We have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

We are required to show the split of values between freehold, long leasehold and short leasehold properties and these values are:

	Freehold	Long Leasehold	Short Leasehold
Investment	£204,600,000	£138,900,000	£0

The Properties are not held for development and there are no negative values to report.

**ESMA 130 (vi)**

Paragraph 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (the "ESMA Guidelines") and which the Financial Conduct Authority expects issuers to apply requires us to comment on any differences between the valuation figure in this Valuation Report and the valuation figure as at 30 December 2020 included in the Company's latest published annual accounts which are to 30 December 2020.

The Market Values are lower than those reported by the Company for annual accounting purposes as at 30 December 2020, where in aggregate the Company reported a market value of £365,200,000 for the Properties.

The differences between the valuation as at 30 December 2020 and the present valuation are attributable to a number of factors, including but not limited to:

A number of tenancy changes have occurred including the closure of Debenhams at Blackburn and Ilford. Further CVAs and administrations have impacted the shopping centres leading to a reduction in both the current income received by the Company and the estimated rental values applicable to the Properties. In addition, certain tenancies have expired to which the relevant tenant has either renewed at a rental level that is lower than it was previously paying or vacated the unit.

The decline in value has also been caused by the continuing deterioration in the capital markets leading to an increase in the returns required resulting in a fall in values.

**Joint Tenancies and Indirect Investment Structures**

Where a property is owned through an indirect investment structure or a joint tenancy in a trust for sale, our Valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our Valuation therefore is unlikely to represent the value of the interests in the indirect investment structure through which the property is held.

Our Valuation does not necessarily represent the 'Fair Value' in accordance with IFRS 13 or FRS102 of the interests in the indirect investment structure through which the property is held.

**Novel Coronavirus (COVID-19)**

The outbreak of Novel Coronavirus (COVID-19), which was declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, continues to affect economies and real estate markets globally. Nevertheless, as at the Valuation Date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our Valuation is not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the Valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the Valuation Date.

**Retail Occupational Market**

Prior to the first national lockdown in the UK in March 2020, there was increasing concern about the state of the retail occupational market. The structural change in the retail occupational market has been ongoing in the UK for at least 3 years, in particular from the growth of on-line purchases leading to changing consumer behaviour, which has led to a number of retailers and food and beverage operators finding their margins under pressure as occupational costs rose. The COVID-19 situation has only accelerated this situation.

During the three national lockdowns, only essential retailers were allowed to be open, putting increased pressure on other retail and leisure operators resulting in a number resorting to CVA, administrations or pre-pack administrations in order to reduce their outgoings and future rental obligations. We anticipate there to be further corrections in the retail sector as numerous rents are renegotiated and move towards a turnover rent model or a combination of base rent and turnover rent. There are winning and losing categories with food and convenience retail performing better whilst fashion, leisure and Food & Beverage continue to struggle. In the main, shopping centres and leisure parks are seeing less footfall/sales with retail warehousing less affected; this will continue to evolve and there will be some sub sectors or occupiers that weather the storm better. It is difficult to assess which operators will survive and government intervention will undoubtedly have an impact.

Apart from well let supermarkets and some out-of-town investments, the retail and leisure investment market remains subdued with limited debt available to support any acquisitions resulting in a low level of transactions. There is evidence of some investor confidence, however most Investors and lenders are likely to wait for further clarity on the impact of the trade deal between the United Kingdom and the EU and for the occupational markets to stabilise before committing to future purchases.

**Rental Income**

The valuation we have provided reflects the rental income as at the date of valuation, as set out within this report, which you have confirmed to be correct and comprehensive. It also reflects any issues concerning the anticipated cash-flow that you have advised us of. Given the uncertainties relating to the Covid-19 virus and the current restrictions on business activities, it is likely that there will be significant rental defaults and/or insolvencies leading to voids and a resulting shortfall in rental income which could have a negative impact on any future valuations of the Properties.

**Compliance with Valuation Standards**

The valuation has been prepared in accordance with the RICS Valuation Global Standards (2020) (“The Red Book”). The property details on which each valuation is based are as set out in this report.

The valuations are compliant with the International Valuation Standards and the London Stock Exchange requirements.

Although the ESMA update (ESMA/2011/81) of the Committee of European Securities Regulators’ (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 (the “ESMA Guidelines”) does not form part of the

UK's EU Retained Law, the Financial Conduct Authority (FCA) expects Issuers to apply the provisions to the extent relevant. Accordingly, this valuation report is also compliant with paragraphs 128 to 130 of the ESMA update.

The Property has been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book. We confirm that we have sufficient local and national knowledge of the particular property market involved and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Property. Other valuers may reach different conclusions as to the value of the subject Property. This Valuation is for the sole purpose of providing the intended user with the valuer's independent professional opinion of the value of the subject Property as at the Valuation Date.

### Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

### Climate Risk Legislation

The UK Government is currently producing legislation which enforces the transition to net zero by 2050, and the stated 78% reduction of greenhouse gases by 2035 (based on a 1990 baseline).

We understand this to include an update to the Minimum Energy Efficiency Standards, stated to increase the minimum requirements from an E (since 2018) to a B in 2030. The government also intends to introduce an operational rating. It is not yet clear how this will be legislated, but fossil fuels used in building, such as natural gas for heating, are incompatible with the UK's commitment to be Net Zero Carbon by 2050.

This upcoming legislation could have a potential impact to future asset value.

We also note that the UK's introduction of mandatory climate related disclosures (reporting climate risks and opportunities consistent with recommendations by the "Task Force for Climate Related Financial Disclosure" (TCFD), including the assessment of so-called physical and transition climate risks, will potentially have an impact on how the market views such risks and incorporates them into the sale of letting of assets.

The European Union's "Sustainable Finance Disclosure Regulations" (SFDR) may impact on UK asset values due to the requirements in reporting to European investors.

<b>Assumptions</b>	<p>The Property details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.</p>
<b>Variations and/or Departures from Standard Assumptions</b>	None.
<b>Independence</b>	<p>The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.</p>
<b>Previous Involvement and Conflicts of Interest</b>	<p>We confirm that we have previously valued the Properties on your behalf on a biannual basis for financial reporting purposes.</p> <p>From time to time, CBRE Ltd advises various occupiers, some of whom may have units in the subject Properties; an information barrier exists between the teams and as individual units would not be considered proportionate to the value of the Properties, we do not consider this to be a conflict of interest.</p> <p>Copies of our conflict of interest checks have been retained within our working papers. We have disclosed the relevant facts concerning a conflict of interest to you and the other clients involved, and have received everyone’s written, informed consent that it is in order for us to carry out your valuation instruction and that the conflict can be resolved by the implementation of information barriers between the relevant parties involved.</p>
<b>Disclosure</b>	<p>The principal signatory of this valuation instruction has continuously been the signatory of valuations for the Company since 2015. CBRE Ltd has continuously been carrying out valuation instructions for the Company since 2009. CBRE Ltd has carried out Valuation, Agency and Professional services on behalf of the Company for between 10 and 14 years.</p>
<b>Reliance and Responsibility</b>	<p>For the Purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of the ESMA update of CESR’S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation ((EU) 2017/1129)).</p> <p>Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Regulation forming part of the UK’s EU Retained Law.</p> <p>This Valuation Report is for the use only of the party to whom it is addressed and the shareholders of the Company for the specific purpose set out herein and no responsibility is</p>

accepted to any third party for the whole or any part of its contents save as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

We would draw your attention to the fact that where our appointment is from an entity to which the European Parliament and Council Directive 2011/61/EU ('the Directive'), concerning Alternative Investment Fund Managers ('AIFM'), applies, our role is limited to providing valuations of individual property assets or liabilities (based on the assumptions as set out within our Valuation Report) – not the net asset value ('NAV') of either the fund or the individual properties within the fund. Furthermore, and for the avoidance of doubt, we are acting in the capacity of a 'valuation adviser' to the AIFM and not as an 'external valuer' as defined in the Directive. Details of any limitations to our liability in respect of the valuations we carry out are as set out within this Valuation Report and our terms of engagement. You have confirmed that the 'valuation function' under the Directive is performed by the Company itself – not CBRE.

**Publication**

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Peter Stoughton-Harris MRICS  
Executive Director  
**RICS Registered Valuer**  
For and on behalf of CBRE Limited

+44 207 182 2675  
Peter.stoughton-harris@cbre.com

Yours faithfully



Ana Burke MRICS  
Associate Director  
**RICS Registered Valuer**  
For and on behalf of CBRE Limited

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## Source of Information and Scope of Works

<b>Sources of Information</b>	We have carried out our work based upon information supplied to us by professional advisors, as set out within this report, which we have assumed to be correct and comprehensive.
<b>Inspection</b>	<p>As instructed, we have not re-inspected the properties for the purpose of this instruction. However, as part of our wider valuation instruction from the Company for financial reporting purposes, we have inspected all the Properties internally and externally over the last twelve months as set out below:</p> <ul style="list-style-type: none"> <li>• Walthamstow - 10th May 2021</li> <li>• Wood Green - 10th May 2021</li> <li>• Blackburn - 25 August 2021</li> <li>• Ilford - 19th May 2021</li> </ul>
<b>Areas</b>	We have not measured the Properties t have relied upon the floor areas provided to us by you or your professional advisors, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the: Gross Internal Area (GIA), Net Internal Area (NIA) or International Property Measurement Standard (IPMS) 3 – Office, measurement methodology as set out in the latest edition of the RICS Property Measurement Standards.
<b>Environmental Considerations</b>	<p>We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.</p> <p>We have not carried out investigation into past uses, either of the property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.</p>
<b>Services and Amenities</b>	<p>We understand that the Properties are located in an area served by mains gas, electricity, water and drainage.</p> <p>None of the services have been tested by us.</p>
<b>Repair and Condition</b>	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Property is free from defect.
<b>Town Planning</b>	We have not undertaken planning enquiries.
<b>Titles, Tenures and Lettings</b>	<p>Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants</p>

## Valuation Assumptions

<b>Capital Values</b>	<p>The Valuation has been prepared on the basis of “Market Value”, which is defined in the Red Book as:</p> <p>“The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”</p> <p>The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for taxation which might arise in the event of a disposal or costs related to any other event.</p> <p>No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.</p> <p>No account has been taken of the availability or otherwise of capital-based Government or European Community grants.</p>
<b>Rental Values</b>	<p>Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:</p> <p>“The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”</p>
<b>Fixtures, Fittings and Equipment</b>	<p>Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.</p> <p>Landlord’s fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.</p> <p>Process plant and machinery, tenants’ fixtures and specialist trade fittings have been excluded from our Valuations.</p> <p>All measurements, areas and ages quoted in our report are approximate.</p>
<b>Environmental Matters</b>	<p>In the absence of any information to the contrary, we have assumed that:</p> <ol style="list-style-type: none"> <li>a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;</li> <li>b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities;</li> <li>c) in England and Wales, the Property possesses current Energy Performance Certificates (EPCs) as required under the Government’s Energy Performance of Buildings Directive – and that they have an energy efficient standard of ‘E’, or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an ‘E’, or secured a relevant exemption. In Scotland, we have assumed that the Property possesses current EPCs as required under the Scottish Government’s Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards</li> </ol>

equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions;

- d) the Property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value; and
- e) invasive species such as Japanese Knotweed are not present on the Property.

High voltage electrical supply equipment may exist within, or in close proximity of, the Property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Property. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

#### **Repair and Condition**

In the absence of any information to the contrary, we have assumed that:

- a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Property;
- b) the Property is free from rot, infestation, structural or latent defect;
- c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, ACM Cladding, High Alumina Cement (HAC), Asbestos, have been used in the construction of, or subsequent alterations or additions to, the Property; and
- d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

#### **Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;
- c) the Property is not adversely affected by town planning or road proposals;
- d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;
- e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Property to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);

- 
- f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
  - g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
  - h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
  - i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
  - j) where more than 50% of the floorspace of the Property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the Property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
  - k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;
  - l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
  - m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable. In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable
-



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## APPENDIX

## SCHEDULE OF INVESTMENT PROPERTIES

Property	Description, Age and Tenure	Terms of Existing Tenancies	Current Annual Rent receivable	Estimated Rental Value (ERV)	Market Value as at 30 September 2021
The Mall Blackburn, 25 Church St, Blackburn BB1 5AF	<p>The property - Long leasehold from 7 December 1993 for 150 years with a principal ground rent payable at 12.19% on a side-by-side basis. The property was built in the 1960s and is located in the centre of Blackburn. The centre is an enclosed scheme built over two levels. The centre comprises approximately 55,750 sq m (600,000 sq ft) of retail accommodation in 100 units and 1,304 car parking spaces. It was last extended and refurbished in 2008.</p> <p>The property is anchored by Primark, with approximately 110 retail units, including River Island, Superdrug, Next and Boots. Debenhams, the property's previous anchor store, went into liquidation in December 2020 and was left vacant. As at September 2021, c14,000 sq ft of ex Debenhams store space is let to The Instant Group.</p> <p>There is an indoor market located on the lower level. Primark, The Instant Group, Boots, JD Sports and Wilko represent 20% of the total income.</p> <p>The property benefits from weighted average unexpired lease term of 5.57 years to expiry and 5.18 years to break (excluding car parking income and mall income).</p> <p>The property's occupancy rate is 88.3% by ERV.</p>	<p>The majority of leases are drawn on full repairing and insuring terms. In general, the retail unit rents are subject to five yearly, upwards-only rent reviews to market rental value. In addition to these tenancies, there are several licences held within the centre in respect of kiosks, advertising, telecom stations and sundry mall provisions.</p> <p>There are also a number of concessionary rents and short-term inclusive lettings that have been granted.</p>	£7,385,216 (Excl.)	£7,765,739 (Excl.)	£38,500,000
The Mall Walthamstow, 45 Selborne Rd, Walthamstow, London E17 7JR	<p>The property - Long leasehold from 24 June 1998 for 99 years and option for 26 years with the ground rent payable at 11.523% of the net passing rent excluding the car park income.</p> <p>Built in 1988. An enclosed scheme comprising approximately 24,150 sq m (260,000 sq ft) of retail accommodation in 60 retail units arranged predominantly on the ground floor, with a small first floor which houses three food outlets and a multi-storey car park with c.670 spaces.</p> <p>The property is located in Walthamstow town centre, opposite Walthamstow Central Station.</p> <p>The property is anchored by Asda and Lidl and their income represents approximately 13% of the total income. The Asda lease expiry is 4 June 2027 with no break option and the Lidl lease expiry is 4 July 2042 with a tenant break option on 5 July 2032.</p> <p>Other major tenants include TK Maxx, The Secretary of State for Communities and Local Government c/o Department of Works and</p>	<p>The majority of leases are drawn on full repairing and insuring terms. In general, the retail unit rents are subject to five- yearly, upwards- only rent reviews to market rental value. In addition to these tenancies, there are several licences held within the centre, in respect of kiosks, advertising, telecom</p>	£6,146,738 (Excl.)	£7,127,189 (Excl.)	£100,400,000

Property	Description, Age and Tenure	Terms of Existing Tenancies	Current Annual Rent receivable	Estimated Rental Value (ERV)	Market Value as at 30 September 2021
The Mall Walthamstow, 45 Selborne Rd, Walthamstow, London E17 7JR (Continued)	<p>Pensions and The Gym. Their income represents circa 14% of total income.</p> <p>The property benefits from weighted average unexpired lease term of 5.28 years to expiry and 3.67 years to break (excluding car parking income and mall income).</p> <p>The plans to redevelop The Mall, Walthamstow were approved by Waltham Forest Council's Planning Committee on</p> <p>This approved scheme will provide c 5,000 sq metres of new retail space, 538 new homes, a new children's play area and re-landscaped town square.</p> <p>Transport for London has agreed to finance improvement works to Walthamstow Central Station by creating a new underground entrance within the scheme.</p> <p>Capital &amp; Regional have openly marketed this development opportunity and have now conditionally exchanged with the preferred bidder. Capital and Regional will be granted by the Freeholder (London Borough of Waltham Forest) a new 250 year lease (across the existing scheme and land required for the development) from the start of the work at a reduced overall percentage head rent payable.</p> <p>The property's occupancy rate is 94.7% by ERV.</p>	<p>stations and sundry mall provisions.</p> <p>There are also a number of concessionary rents and short-term inclusive lettings that have been granted.</p>	£12,364,682 (Excl.)	£11,775,155 (Excl.)	£148,200,000
The Mall Wood Green, 159 High Rd, Wood Green, London N22 6YQ	<p>The property - Freehold.</p> <p>Built in 1977 and comprising two separate elements having frontage to either side of the High Street and is connected at first floor level via an enclosed bridge link.</p> <p>The scheme provides approximately 50,000 sq m (540,000 sq ft) of retail accommodation in 100 units. It also includes ancillary office accommodation above the retail units, two multi-storey car parks with c.1,500 car spaces together with 78 room Travelodge Hotel.</p> <p>The property is anchored by Cineworld, Primark and TK Maxx. Their combined income is c.13.4% of the total income.</p> <p>Other major tenants include H&amp;M, Boots and Wilko and their income is c.10.9% of the total income.</p> <p>The property benefits from weighted average unexpired lease term of 6.87 years to expiry and 5.07 years to break (excluding car parking income and mall income).</p> <p>The property's occupancy rate is 98.7% by ERV.</p>	<p>The majority of leases are drawn on full repairing and insuring terms. In general, the retail unit rents are subject to five-yearly, upwards-only rent reviews to market rental value. In addition to these tenancies, there are several licences held within the centre, in respect of kiosks, advertising, telecom stations and sundry mall provisions.</p> <p>There are also a number of concessionary rents and short-term inclusive lettings that have been granted.</p>	£12,364,682 (Excl.)	£11,775,155 (Excl.)	£148,200,000

Property	Description, Age and Tenure	Terms of Existing Tenancies	Current Annual Rent receivable	Estimated Rental Value (ERV)	Market Value as at 30 September 2021
The Exchange, High Rd, Ilford, London IG1 4FA	<p>The property - Freehold.</p> <p>The shopping centre is an enclosed scheme opened in 1991 comprising a total of approximately 27,871 sq m (300,000sq ft) of retail accommodation (100 retail units) arranged predominantly along an L shaped mall across three floors.</p> <p>The property is located opposite Ilford train station in the centre of Ilford. There is a multi-storey car park located within the property providing parking for approximately 1,000 vehicles accessed via Havelock Road and Ley Street.</p> <p>The property is anchored by TK Maxx and Next. Their combined income is c.10.7% of the total income. Debenhams, the property's previous anchor store, went into liquidation in December 2020 and was left vacant. As at September 2021, c 20,000 sq ft of ex Debenhams store space is let to The Instant Group.</p> <p>There are approximately 100 retail units, including H&amp;M, River Island and Sports Direct. In addition, Wilko and Marks and Spencer both have trading frontages to the centre, but both stores are outside the ownership.</p> <p>The property benefits from weighted average unexpired lease term of 3.43 years to expiry and 2.14 years to break (excluding car parking income and mall income).</p> <p>The property's occupancy rate is 85.7% by ERV.</p>	<p>The majority of leases are drawn on full repairing and insuring terms. In general, the retail unit rents are subject to five- yearly, upwards- only rent reviews to market rental value. In addition to these tenancies, there are several licences held within the centre, in respect of kiosks, advertising, telecom stations and sundry mall provisions.</p> <p>There are also a number of concessionary rents and short-term inclusive lettings that have been granted.</p>	£4,916,900 (Excl.)	£5,859,502 (Excl.)	£56,400,000



## **PART B: KNIGHT FRANK VALUATION REPORT**

This Part B comprises the Knight Frank Valuation Report, which values the Marlowes Hemel Hempstead, the Mall Luton and the Mall Maidstone properties owned by the Group as at 30 September 2021.

## VALUATION REPORT IN RELATION TO THE PROPERTIES

The Directors  
Capital & Regional plc (the “Company”)  
22 Chapter Street  
London  
SW1P 4NP

Investec Bank plc  
30 Gresham Street  
London  
EC2V 7QP

Numis Securities Limited  
45 Gresham Street  
London  
EC2V 7BF

Our Ref: I:1104707

14 October 2021

Dear Sirs

### **Valuation report for the properties listed in Schedule A (Project Sunbird) (“Valuation Report”)**

#### **1. Introduction**

- 1.1 In accordance with our instructions from the Company confirmed within our letter of engagement dated 12 October 2021, we confirm we have carried out a valuation of the freehold and/or leasehold interests in the properties referred to in Schedule A (the “**Properties**”) appended to this Report and we now report on our opinion of the Market Values (as defined in paragraph 3.1) of the Properties as at 30 September 2021.
- 1.2 We have been appointed to undertake the Valuation of the Properties listed above and a valuation report (the “Valuation Report”) is required for inclusion in a combined prospectus and circular (the “Prospectus”) to be published in connection with the proposed issue by way of open offer of new ordinary shares of 10 pence each in the capital of the Company (the “New Shares”) and admission of the New Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market and of the New Shares to the Main Board of the listed securities admitted to listing and trading on the JSE (“Admission”) (the “Transaction”).

- 1.3 Our Valuation Report is provided solely in connection with the publication of the Prospectus in connection with the Transaction (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.
- 1.4 The Valuation Report will be addressed to each of the Clients.
- 1.5 The Properties comprise three shopping centre assets and have been categorised as investment properties.
- 1.6 Schedule A comprises brief details of each of the Properties, the associated terms of tenure, occupational tenancy overview and details of Net Annual Rent (as defined below), as well as the Market Values, as at 30 September 2021, (the "Valuation Date").
- 1.7 Net Annual Rent which includes our estimate of the level at which outstanding rent reviews or lease renewals are settled, is defined within the FCA's handbook as: "The current income or income estimated by the valuer:
  - (1) ignoring any special receipts or deductions arising from the property;
  - (2) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
  - (3) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.
- 1.8 All Properties have been inspected by us within the last 6 months and the dates of inspection for each of the Properties are set out in Schedule A.

## **2. Compliance and Disclosures**

- 2.1 Knight Frank LLP is instructed as External Valuer, as defined in accordance with the current editions of RICS Valuation - Global Standards (the "Red Book") (and as independent experts for the purposes of paragraph 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive, as now applicable to the Prospectus Regulation (EU) 2017/1129 (the "ESMA Guidelines").
- 2.2 In addition to these instructions, Knight Frank LLP is retained by the Company as external valuer for accounts purposes. We have been valuing for accounting purposes the properties at The Mall, Luton, Bedfordshire, LU1 2LJ and The Mall, Maidstone, Kent, ME15 6AT since June 2017, and The Marlowes Shopping Centre & Fareham House, Hemel Hempstead since June 2016. Gavin Spreyer MRICS, RICS Registered Valuer has been signatory to the valuation reports for all three shopping centres for accounting purposes since June 2017.
- 2.6 The valuer on behalf of Knight Frank LLP, with responsibility for this report is Gavin Spreyer MRICS, RICS Registered Valuer (the "Valuer"). Parts of the valuation have been undertaken by additional valuers. We confirm that the Valuer and additional valuers collectively (i) are appropriately qualified and (ii) meet the requirements of Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuations competently.

- 2.7 In relation to Knight Frank LLP's preceding financial year, the proportion of the total fees paid by the Company to the total fee income of Knight Frank LLP was less than 5 per cent. We recognise and support the RICS Rules of Conduct and have procedures for identifying conflict of interest checks.
- 2.8 The Clients of this Valuation Report (as defined in our letter of engagement) have confirmed that they are content for us to provide the Valuation notwithstanding these matters.

#### **Basis of Valuation**

- 3.1 Our valuations as at 30 September 2021, have been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the "Red Book" refer to either or both of these documents, as applicable. As required by the Red Book, some key matters relating to this instruction are set out below. The Red Book defines Market Value as:  
*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*
- 3.2 No allowance has been made for expenses of realisation or for any taxation which might arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 3.3 Our valuations reflect usual deductions in respect of purchaser's costs and, in particular, full liability for UK Stamp Duty as applicable at the Valuation Date.
- 3.4 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.
- 3.5 The Valuer's opinion of Market Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).
- 3.7 The Properties have been valued individually and not as part of a portfolio.
- 3.8 Save as otherwise disclosed, it has been assumed for the purpose of the valuations that the relevant interests in the Properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt. Equally, under Red Book guidance, we are not permitted to value corporate entities and can only value direct real estate.

#### **4. Valuation Assumptions - Sources of Information**

- 4.1 Our valuations are based on information provided by the Company and its professional advisers, upon which we have relied, and which has not been verified by us. Our assumptions (as defined in the Red Book) relating to this information are set out below. If any of the information or assumptions are subsequently found to be incorrect then our valuations should be reviewed.
- 4.2 We would note that where information or documentation has not been provided to us we have adopted the appropriate assumptions required to undertake, and report, Market Values. When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected within our valuations our general understanding of the investment market's likely perception of tenants' financial status.

#### **5. Title**

We have been informed by the Company whether the Properties are either held freehold or long leasehold. Where Properties are held leasehold we have been provided with the principal terms by the Company together with the calculation of any head rents payable. We have not been provided

with title information and Certificates or Reports on Title in respect of the Properties by the Company.

Our valuations are prepared on the basis that the Properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions. The tenure of each property is identified within the Schedule.

#### **6. Tenancy Information**

We have been provided by the Company with schedules identifying the salient occupational leases terms and any non-recoverable revenue costs for each of the Properties. We have not considered or reviewed the occupational lease documents.

#### **7. Land Register Inspection and Searches**

We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

#### **8. Planning, Highway and Other Statutory Regulations**

We have made verbal/web based enquiries of the appropriate Town Planning and Highways Authorities in respect of matters affecting the Properties, where considered appropriate, although this information was given to us on the basis that it should not be relied upon.

We have not seen specific planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices. No allowances have been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

#### **9. Structural, Mechanical and Electrical Condition**

We have not been instructed to carry out structural surveys or a review of the mechanical & electrical services of any of the Properties. We have reflected in our valuations advice from the Company where works are required as well as the general condition of the Properties as observed during the course of our internal and external inspections. Our valuations assume the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions, except where we have been notified to the contrary.

The aftermath of the Grenfell Fire on 14 June 2017 has resulted in a wholesale review of the regime relating to fire safety. This is in addition to the public inquiry that has been established to investigate the circumstances of the fire (and which is planned to continue in the first half of 2020).

The Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. One of the key recommendations of the Hackitt Review was for a new Building Regulations regime for residential buildings of 10 storeys (30m) or higher. The Government has not yet stated which measures recommended in the Hackitt Review will be implemented or the timing of any such regulatory changes. However, it announced that Building Regulations would be amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. The ban also affects existing buildings undergoing major works or undergoing a change of use.

Although this review is focused on fire safety of tall residential buildings, many property occupiers and owners across all property sectors have become far more aware of fire safety issues since the Grenfell Fire. Consequently, the valuation has been undertaken in the context of an evolving regulatory environment, with higher levels of due diligence being undertaken, in respect of fire safety issues during acquisition and project construction, amongst market participants.

#### **10. Environmental Issues**

We have not carried out any investigations into past or present uses of any of the Properties, nor any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the Properties.

We understand that none of the Properties are, nor are likely to be, notably affected by land contamination and that there are no ground conditions which would affect the present or future uses of the Properties.

Should it be established subsequently that contamination exists at any of the Properties or on any neighbouring land or that the Properties have been or are being put to a contaminative use this could reduce the Market Values now reported.

We have used the website of the Environment Agency's Indicative Floodplain Maps to provide a general overview of lands in natural floodplains and therefore potentially at risk of flooding from rivers or the sea. The maps use the best information currently available, based on historical flood records and geographical models. They indicate where flooding from rivers, streams, watercourses or the sea is possible. From the website, and our due diligence review, we have established that none of the Properties are currently classified as being at high risk from flooding without the appropriate flood defences being present.

#### **11. Property Insurance**

Our Valuations assume that all the Properties would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

#### **12. Building Areas**

We have been supplied with floor areas for the Properties including retail zoning where appropriate. We are making the assumption that they have been prepared in accordance with the current RICS Code of Measuring Practice.

#### **13. Inspection**

We were instructed us to inspect the Properties internally and externally. Inspection dates are as set out in Schedule A. Our general terms of business set out the scope of our investigations.

#### **14. Valuation**

We are of the opinion that the aggregate of the Market Values of the freehold or leasehold interests in the Properties as at the Valuation Date was as follows:

##### **Portfolio Value**

£136,000,000 (One Hundred and Thirty Six Million pounds)  
(the aggregate Market Value)

#### **15. Market conditions explanatory note: Novel Coronavirus (COVID-19)**

The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as

to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

## **16. General Conditions**

This Valuation Report has been prepared for inclusion in the Prospectus.

Knight Frank LLP has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Prospectus and in any further announcement to be published or made available by the Company relating to the Transaction, and to the references to this Valuation Report and Knight Frank LLP in the Prospectus in the form and context in which they appear.

Knight Frank LLP accepts responsibility, for the purposes of the Prospectus Regulation Rule 5.3.2(2)(f), for the contents of this Valuation Report and confirms that the information contained in this Valuation Report is, to the best of our knowledge, in accordance with the facts and the Valuation Report contains no omission likely to affect its import. This declaration shall be included in the Prospectus in compliance with Annex 1 item 1.2 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council.

This Valuation Report complies with, and is prepared in accordance with, (i) the Prospectus Regulation Rules issued by the Financial Conduct Authority, particularly Prospectus Regulation Rule 5.4.5G and (ii) paragraphs 128 to 130 of the ESMA Guidelines and (iii) the requirements of the Listing Rules of the FCA for a property valuation report.

## **17. Our liability**

- (a) Knight Frank LLP's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of our engagement letter. Knight Frank LLP accepts no liability for any indirect or consequential loss or for loss of profits.
- (b) We confirm that we hold adequate and appropriate PII cover for this instruction.
- (c) No claim arising out of or in connection with this Valuation may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
- (d) Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

- 18 The contents of this Valuation Report may be used only for the specific purpose to which they refer. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, other circular or statement or published in any way whatsoever whether in hard copy or electronically (including on any web-site), and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, Knight Frank LLP's written approval as to the form and context of such publication or disclosure must first be obtained, but may not be unreasonably withheld or delayed. For the avoidance of doubt such approval is required whether or not Knight Frank LLP is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

A handwritten signature in black ink, appearing to read "Gavin Spreyer".

**Gavin Spreyer MRICS**  
**RICS Registered Valuer**  
**Partner, Valuation & Advisory**

**For and on behalf of**  
**Knight Frank LLP**  
**55 Baker Street**  
**London**  
**W1U 8AN**

**SCHEDULE A TO THE VALUATION REPORT  
THE PROPERTIES**

Address <b>SHOPPING CENTRE ASSETS</b>	Date Inspected	Description age and tenure	Terms of tenancies	Current estimated net annual rent receivable	Market Value
The Mall, Luton, Bedfordshire, LU1 2LJ	May 2021	<p>The property comprises an enclosed two level shopping mall providing a total internal floor area of c. 900,000 sq ft with 1,707 car parking spaces. There are c.158 units providing retail and leisure accommodation, two office towers (one vacant) and ancillary storage.</p> <p>The Mall, Luton is located in the centre of the town and provides the principal retail thoroughfare.</p> <p>Age: 1970's</p> <p>Tenure: Part freehold, part leasehold.</p> <p>There are two head leases over the principal parts of the property. The two head leases are from Luton Borough Council with an unexpired term of around 125 years, assuming the option to extend by 51 years has been exercised. The head rent under one of the leases is calculated at 9.6% of the income receivable and 10% of the income receivable of the car park, with the head rent under the second lease calculated at 9.6% of income in excess of £1,250,000.</p>	<p>The property is multi-let by way of over 150 tenancies typically incorporating five yearly upward only reviews drawn predominantly on effectively fully repairing and insuring terms by way of recovery by service charge.</p> <p>The average weighted unexpired term for the centre is 3.10 years to break, excluding mall income, turnover income and car park revenue.</p> <p>The principal tenants include Boots, TK Maxx, Wilko, Superdrug, H&amp;M, Tesco and Luton Borough Council.</p>	£9,634,364 per annum	£82,000,000

Address <b>SHOPPING CENTRE ASSETS</b>	Date Inspected	Description age and tenure	Terms of tenancies	Current estimated net annual rent receivable	Market Value
The Mall, Maidstone, Kent, ME15 6AT	May 2021	<p>The property comprises an enclosed three level shopping mall providing a total internal floor area of c.500,000 sq ft with 1,075 car parking spaces. There are c.103 units providing retail and leisure accommodation.</p> <p>The Mall, Maidstone is located in the centre of the town and provides local convenience shopping.</p> <p>Age: 1970's</p> <p>Tenure: Freehold</p>	<p>The property is multi-let by way of over 90 tenancies typically incorporating five yearly upward only reviews drawn predominantly on effectively fully repairing and insuring terms by way of recovery by service charge.</p> <p>The average weighted unexpired term for the centre is 2.92 years to break, excluding mall income, and car park revenue.</p> <p>The principal tenants include Wilko, Matalan, Boots, Sports Direct and Maidstone Borough Council.</p>	£5,117,498 per annum	£43,000,000
The Marlowes Shopping Centre & Fareham House, Hemel Hempstead, Hertfordshire, HP1 1DX	May 2021	<p>The property comprises an enclosed shopping mall and high street terraces, providing a total internal floor area of c. 340,000 sq ft with 1,175 car parking spaces. There are c.85 units providing retail and leisure accommodation.</p> <p>The Marlowes shopping centre is located in the centre of the town and provides the principal retail thoroughfare.</p> <p>Age: Shopping Mall c1990 and the external units (Fareham House) c1950s/1960s</p> <p>Tenure: Freehold</p>	<p>The property is multi-let by way of over 70 tenancies typically incorporating five yearly upward only reviews drawn predominantly on effectively fully repairing and insuring terms by way of recovery by service charge.</p> <p>The average weighted unexpired term for the centre is 4.08 years to break, excluding mall income, turnover income and car park revenue.</p> <p>The principal tenants include New Look, Sports Direct, The Entertainer, Wilko and Metro Bank.</p>	£1,351,577 per annum	£11,000,000
<b>SHOPPING CENTRE ASSETS (TOTAL)</b>				<b>£16,103,439</b>	<b>£136,000,000</b>

**Capital & Regional Portfolio**  
**Valuation as at**  
**30 September 2021**  
**Summary of Totals**

<b>Tenure</b>		<b>Number of Properties</b>	<b>Aggregate Market Value (MV)</b>	<b>% of Total MV</b>
FH	Freehold Investment Properties	2	£54,000,000	40%
FH/LH	Freehold/Long Leasehold Investment Property	1	£82,000,000	60%
<b>Total</b>		<b>3</b>	<b>£136,000,000</b>	<b>100.00%</b>

## Part 7

### UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

#### Section A – Unaudited Pro Forma Financial Information

The unaudited pro forma financial information of the Group in this Section A of Part 7 is based on the consolidated net assets of the Group set out in the unaudited interim consolidated financial statements of the Group for the period ended 30 June 2021. The pro forma financial information has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Proposed Transaction, comprising the Mall Debt Restructuring and the Capital Raising, involving a fully underwritten open offer for 53,580,237 Open Offer Shares at a price of 56 pence per share raising approximately £30.0 million gross proceeds, had taken place on 30 June 2021.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. It may not, therefore give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with the requirements of Annex 20 to the PR Regulation. The unaudited pro forma financial information has been prepared on the basis of the accounting policies adopted by the Company in preparing the unaudited consolidated interim financial statements of the Group for the period ended 30 June 2021 for which a review report has been published.

The unaudited pro forma information does not constitute a statutory account within the meaning of section 434 of the Companies Act. Prospective investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part 7.

#### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

	<i>Consolidated net assets of the Group at 30 June 2021 Note 1 £'m</i>	<i>Capital Raising – Proceeds, net of expenses Note 2 £'m</i>	<i>Mall Debt Reduction Note 3 £'m</i>	<i>Pro forma consolidated net assets at 30 June 2021 Total £'m</i>
<b>Non current assets</b>				
Investment properties	492.4	–	–	492.4
Plant and equipment	2.5	–	–	2.5
Right of use assets	25.3	–	–	25.3
Fixed asset investments	0.6	–	–	0.6
Receivables	13.7	–	–	13.7
<b>Total non-current assets</b>	<b>534.5</b>	<b>–</b>	<b>–</b>	<b>534.5</b>
<b>Current assets</b>				
Receivables	31.8	–	–	31.8
Cash and cash equivalents	78.7	27.4	(47.9)	58.2
<b>Total current assets</b>	<b>110.5</b>	<b>27.4</b>	<b>(47.9)</b>	<b>90.0</b>
<b>Total assets</b>	<b>645.0</b>	<b>27.4</b>	<b>(47.9)</b>	<b>624.5</b>

	<i>Consolidated net assets of the Group at 30 June 2021 Note 1 £'m</i>	<i>Capital Raising – Proceeds, net of expenses Note 2 £'m</i>	<i>Mall Debt Reduction Note 3 £'m</i>	<i>Pro forma consolidated net assets at 30 June 2021 Total £'m</i>
<b>Current liabilities</b>				
Trade and other payables	(35.8)	–	–	(35.8)
Current tax	(3.7)	–	–	(3.7)
<b>Total current liabilities</b>	<u>(39.5)</u>	<u>–</u>	<u>–</u>	<u>(39.5)</u>
<b>Net current assets</b>	71.0	27.4	(47.9)	50.5
<b>Non current liabilities</b>				
Bank loans	(420.6)	–	65.0	(355.6)
Other payables	(0.7)	–	–	(0.7)
Derivatives	(4.9)	–	2.1	(2.8)
Obligations under finance leases	(52.6)	–	–	(52.6)
<b>Total non-current liabilities</b>	<u>(478.8)</u>	<u>–</u>	<u>67.1</u>	<u>(411.7)</u>
<b>Total liabilities</b>	<u>(518.3)</u>	<u>–</u>	<u>67.1</u>	<u>(451.2)</u>
<b>Net assets</b>	<u>126.7</u>	<u>27.4</u>	<u>19.2</u>	<u>173.3</u>

*Notes:*

- (1) The net assets of the Group as at 30 June 2021 have been extracted without material adjustment from the unaudited interim consolidated financial statements of the Group for the period ended 30 June 2021, as incorporated by reference in Part 10 of this document.
- (2) Adjustment to reflect the net proceeds from the Capital Raising receivable by the Company of £27.4 million (being gross proceeds of £30.0 million less estimated fees relating to the Proposed Transaction of £2.6 million).
- (3) The Group's bank loans will be reduced by the amount of debt being refinanced pursuant to the Mall Debt Restructuring. As the amount of debt being refinanced has a face value greater than the amount paid this results in an overall increase to net asset value.
- (4) The unaudited pro forma financial information does not take into account the financial or trading performance of the Group subsequent to the interim balance sheet date of 30 June 2021 or of any other event, save as disclosed above.

**Section B – Accountants’ Report on Unaudited Pro Forma Financial Information**

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Our ref: 161338/MM/SP

The Directors

Capital & Regional plc  
22 Chapter Street  
LONDON  
SW1P 4NP

14 October 2021

Dear Sir/Madam

Capital & Regional plc (the Company) and its Subsidiary Undertakings (Together the Group) - Report On Pro Forma Financial Information

We report on the pro forma statement of net assets (the **Pro Forma Financial Information**) set out in Section A of Part 7 of the Company’s combined prospectus and circular dated 14 October 2021 (the **Prospectus**).

**Opinion**

In our opinion:

- a the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b such basis is consistent with the accounting policies of the Company.

**Responsibilities**

It is the responsibility of the directors of the Company (the **Directors**) to prepare the Pro Forma Financial Information in accordance with Annex 20 of the United Kingdom version of Regulation number 2019/980 of the European Commission, which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018 (the **PR Regulation**).

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 to the PR Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the **Prospectus Regulation Rules**) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 3 of the PR Regulation, consenting to its inclusion in the Prospectus.

No reports or opinions have been made by us on any financial information used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information on which the Pro Forma Financial Information is based beyond the above opinion.

### **Basis of Preparation**

The Pro Forma Financial Information has been prepared on the basis described in the introductory paragraphs to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Mall Debt Restructuring and the Capital Raising (as defined in the Prospectus) might have affected the financial information presented on the basis of the accounting policies adopted by Capital & Regional plc in preparing its annual consolidated financial statements for the year ended 30 December 2020.

This report is required by Section 3 of Annex 20 of the PR Regulation and is given for the purpose of complying with that Section 3 and for no other purpose.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council (**FRC**) in the United Kingdom. We are independent of the Group in accordance with relevant ethical requirements, which in the United Kingdom is the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex 3 to the PR Regulation.

Yours faithfully

GRANT THORNTON UK LLP

## Part 8

### TAXATION

#### 1. UK TAXATION

##### 1.1 General

The following statements are intended to apply only as a general guide to certain aspects of current UK tax law and to the current published practice of HMRC (which is not binding), both of which are subject to change at any time, possibly with retrospective effect. They are intended to apply only to Shareholders who are resident (and in the case of individuals, domiciled) in the UK for UK tax purposes (save where express reference is made to non-UK tax resident persons), who hold the Ordinary Shares as investments and not as securities to be realised in the course of a trade, who have not (and are deemed not to have) acquired their Ordinary Shares by virtue of an office or employment (whether current, historic or prospective) and are not officers or employees of any member of the Group, and who are the beneficial owners of the Ordinary Shares (and the Ordinary Shares are not held through an Individual Savings Account (ISA) or a Self Invested Personal Pension). The statements may not apply to certain classes of Shareholders such as dealers in securities. Any Shareholders who are in any doubt as to their tax position regarding the acquisition, ownership or disposal of the Ordinary Shares or Open Offer Shares, or who are subject to tax in a jurisdiction other than the UK, should consult their own tax advisers.

##### 1.2 Taxation of chargeable gains

###### 1.2.1 UK tax resident Shareholders

###### (a) *Open Offer Shares acquired pursuant to the Open Offer*

As a matter of UK tax law, the acquisition of Open Offer Shares by a Qualifying Shareholder pursuant to the Open Offer may not, strictly speaking, constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains (“CGT”). The published practice of HMRC to date has been to treat an acquisition of shares by an existing shareholder up to his, her or its *pro rata* entitlement pursuant to the terms of an open offer as a reorganisation. However, it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all shareholders. The issue of Open Offer Shares pursuant to the Open Offer may therefore not be regarded as a reorganisation of the share capital of the Company for the purposes of UK CGT.

If the issue of the Open Offer Shares under the Open Offer is regarded as involving a reorganisation, then a Qualifying Shareholder who acquires Open Offer Shares up to the level of his, her or its Open Offer Entitlements will not be regarded as making any disposal of his, her or its Existing Ordinary Shares. Instead, the Open Offer Shares acquired by the Qualifying Shareholder and the Existing Ordinary Shares in respect of which they are issued will, for CGT purposes, be treated as the same asset and as having been acquired at the same time as the Existing Ordinary Shares held by a Shareholder. The amount paid for the Open Offer Shares will be added to the base cost of the Existing Ordinary Shares when computing any gain or loss on any subsequent disposal.

If, or to the extent that, the issue of the Open Offer Shares under the Open Offer is not regarded as a reorganisation, the Open Offer Shares acquired by each Qualifying Shareholder will, for CGT purposes, be treated as acquired separately from the Existing Ordinary Shares. Subject to specific rules for acquisitions within specified periods either side of disposal, the Existing Ordinary Shares and the Open Offer Shares will be treated as a single “pooled” asset, the base cost of which will be the aggregate of the amount paid for the Open Offer Shares and the base cost of the Existing Ordinary Shares.

###### (b) *Disposals*

Shareholders who dispose of all or some of their Open Offer Shares may be subject to UK taxation on any chargeable gain which arises on the disposal. Alternatively, an allowable loss may arise. In the case of UK resident individual Shareholders, subject to any annual

exemption of £12,300 for 2021/22, UK capital gains tax will apply to gains above the annual exempt amount of £12,300 at a rate of 10 per cent. or 20 per cent. depending on the total amount of the individual's taxable income.

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 19 per cent.) or an allowable loss for the purposes of UK corporation tax.

### 1.2.2 *Temporarily Non-Resident Shareholders*

Individual Shareholders who are not, but have been, resident for UK purposes in the UK and cease to be resident in the United Kingdom for a period of less than five years of assessment ("**Temporary Non-Residents**"), may, depending on their circumstances (including the availability of exemptions or reliefs), be liable to UK taxation on chargeable gains in respect of gains arising from a sale or other disposal of Open Offer Shares in the same way as an individual Shareholder who is resident in the United Kingdom for UK tax purposes, as described above.

### 1.2.3 *Other Non-UK Tax Resident Shareholders*

Shareholders who are not resident in the United Kingdom and who are not Temporary Non-Residents may be subject to UK tax on chargeable gains arising on a sale or other disposal of shares that derive at least 75 per cent. of their value from UK land where the person making the disposal has a "substantial indirect interest" in the UK land. It is expected that the Open Offer Shares will derive at least 75 per cent. of their value from UK land for this purpose and, on the basis that Capital & Regional is a REIT at the time of any relevant disposal, all Shareholders will be regarded as having a substantial indirect interest in UK land, irrespective of the size of their shareholding. Were Capital & Regional not to be a REIT at the time of any relevant disposal, then a Shareholder will only be regarded as having a substantial indirect interest in UK land if (broadly) they hold 25 per cent. or more of the Shares in Capital & Regional.

Accordingly, a non-UK resident Shareholder may be liable to UK tax on chargeable gains in respect of a sale or other disposal of Open Offer Shares depending on the Shareholder's circumstances (including the availability of any exemption or relief, including exemption under the terms of an applicable double taxation agreement).

In a case where the relevant Shareholder held Shares in Capital & Regional prior to 6 April 2019 ("**Existing Ordinary Shares**") and such Shareholder subscribes for or acquires Open Offer Shares, any gain or loss accruing to the Shareholder on a disposal of such Open Offer Shares will be calculated taking into account a proportion of the allowable cost to the Shareholder of acquiring its, his or her Existing Ordinary Shares (as increased as described in paragraph 1.2.1 of this Part 8. Further, the Shareholder's allowable cost of acquiring its, his or her Existing Ordinary Shares will be assumed to be their market value on 5 April 2019 (plus any addition to the allowable cost after that date, for example as described in paragraph 1.2.1 of this Part 8), unless the Shareholder elects for such treatment not to apply. Where such an election is made and a loss accrues on the disposal, such loss will not be an allowable loss.

## 1.3 **Dividends**

A REIT may distribute property income distribution ("**PID**") dividends and non-property income ("**Non-PID**") dividends (both of which may include share capital issued in lieu of dividends (a "**stock dividend**")). The tax treatment may vary in each case.

### (a) *PID dividends*

#### (i) *Withholding tax*

##### (A) *General*

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs (whether paid in cash or in the form of a stock dividend). The Company must provide

Shareholders with a certificate setting out the gross amount of the PID, the amount of tax deducted and the actual amount of PID paid. A reduced treaty rate must be claimed by the recipient.

(B) Shareholders solely resident in the UK

Where tax has been withheld at source, Shareholders who are individuals may, depending on their individual circumstances, either be liable to further tax on their PID at their applicable marginal rate, or incur no further liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporates will in general, depending on their individual circumstances, be liable to pay corporation tax (currently 19 per cent.) on their PID and if (exceptionally) income tax has been withheld at source that tax can be set against the liability to corporation tax or income tax which they are required to withhold in the accounting period in which the PID is received.

(C) Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double tax treaty between the UK and the country in which the Shareholder is tax resident. Any refund claim under a double tax treaty would need to be made to HMRC. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on PIDs received from the Company.

(D) Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company must not withhold income tax at source from a PID. These (as set out in regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006) include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK (or a company resident for tax purposes outside the UK which is carrying on a trade through a permanent establishment in the UK and is required to bring the PID into account in computing its chargeable profits) or a charity or a body mentioned in section 468 of the CTA 2010 which is allowed the same exemption from tax as charities. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes, the account manager of an ISA, or the account provider for a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

The Company must not withhold income tax at source from a PID where the Company reasonably believes that the recipient of the PID is a partnership each member of which is a body described in the paragraph above. In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request) from the Company's Registrars. Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

(ii) *Individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and other Income) Act 2005). A PID is, together with any property income distributions from any other company which is within the REIT regime, treated as a

separate UK property business from any other UK property business (a “**different UK property business**”) carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder’s different UK property business cannot be off-set against a PID as part of a single calculation of the profits of the Shareholder’s UK property business. A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID. Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, credit will be available in respect of the basic rate tax withheld by the Company (where required) on the PID. Please also refer to the paragraph above relating to withholding tax.

(iii) *UK tax resident corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a property business (as defined in section 205 of the Corporation Taxes Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company which is within the REIT regime, treated as separate from any other property business (a “**different property business**”) carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder’s different property business cannot be offset against a PID as part of a single calculation of the Shareholder’s property profits. A withholding will not generally be made on a PID paid to a Shareholder within the charge to corporation tax (but please also refer to paragraph (i)(D) above relating to exceptions to the requirement to withhold tax).

(iv) *Non-UK tax residents*

Where a Shareholder who is resident outside the UK for tax purposes receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business. Under section 548(7) of CTA 2010, this income is expressly not treated as non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007. Such Shareholders may also be subject to tax on such PIDs under any law to which they are subject outside the UK. Such Shareholders should consult their own tax adviser concerning their tax liabilities on any PIDs received from the Company.

(b) *Non-PID Dividends*

(i) *Withholding tax*

Under current UK tax law, the Company will not be required to withhold tax at source from Non-PID Dividend payments it makes (whether in cash or in the form of a stock dividend).

(ii) *Individuals*

A Shareholder who is an individual resident for UK tax purposes in the UK and who receives a Non-PID Dividend from the Company will be entitled to a dividend allowance in the form of a 0 per cent. tax rate currently on the first £2,000 of dividend income per year. UK resident individual Shareholders currently pay tax on any dividends received over the dividend allowance at the following rates: 7.5 per cent. to the extent that, when treated as the highest part of the individual’s income, the dividend income falls within the basic rate band, 32.5 per cent. to the extent that, when treated as the highest part of the individual’s income, the dividend income falls within the higher rate band and 38.1 per cent. to the extent that, when treated as the highest part of the individual’s income, the dividend income falls within the additional rate band. It has been announced that each of these rates, other than the 0 per cent. rate, will increase by 1.25 per cent. from April 2022. Whilst dividends within the dividend allowance should be tax free, these dividends will still count towards the thresholds for the purposes of applying the basic rate, higher rate and additional rate tax bands. For these purposes, the same thresholds apply for Scottish taxpayer Shareholders as in respect of other Shareholders resident in the United Kingdom. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of dividends.

(iii) *UK tax resident corporate Shareholders*

Non-PID Dividends received by a UK company from another UK resident company are taxable subject to a number of exemptions. It is expected that generally one of these exemptions would apply to exempt a UK resident corporate Shareholder from tax on the receipt of any Non-PID Dividend received from the Company in respect of the Open Offer Shares, although whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder.

(iv) *Non-UK tax residents*

Non-UK resident Shareholders may be liable to foreign taxation on Non-PID Dividends paid by the Company. Such Shareholders should consult their own tax advisers concerning their tax liabilities on Non-PID Dividends received from the Company. In addition, non-UK resident individual Shareholders are treated as having paid tax at the dividend ordinary rate of 7.5 per cent. on Non-PID Dividends received. However, this tax that is treated as having been paid is not repayable.

#### 1.4 **Stamp duty and SDRT**

Where Ordinary Shares are issued there is generally no charge to stamp duty or SDRT, subject to the special rules referred to below.

Subject to an exemption for certain low value transactions, the transfer on sale of Ordinary Shares will be liable to ad valorem stamp duty, generally at the rate of 0.5 per cent. (rounded up to the next multiple of five pounds (£5)) of the consideration paid. Stamp duty is normally the responsibility of the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer such shares will normally also give rise to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration paid for such shares. However, such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT (at a rate of 0.5 per cent. of the consideration paid) rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC by Euroclear.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services, may not be liable to stamp duty or SDRT and others including persons connected with depositary arrangements and clearance services, may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

## 2. **SOUTH AFRICAN TAXATION**

### 2.1 **General**

The summary describes certain South African taxation consequences associated with the acquisition and disposal of the shares. The summary is based on the current applicable South African income tax laws as embodied in the Income Tax Act No. 58 of 1962 (the "**Income Tax Act**") and administrative and judicial interpretations in force as of the date of this document. Legislation or interpretation thereof is subject to change occasioned by amendments, court decisions and or the South African Revenue Service pronouncements on accepted practice.

The summary is not a comprehensive description of all the tax considerations that may be relevant to the acquisition, ownership and disposal of the Ordinary Shares. This summary is intended as a general guide only and should not be regarded as tax advice.

### 2.1.1 *Basis of taxation*

South African residents are taxed on their worldwide income including capital gains while non-residents are taxed on South African sourced income and certain capital gains.

### 2.1.2 *Disposal of shares*

The disposal of shares will give rise to a revenue or capital receipt or accrual in the hands of the South African resident. In determining whether the amount realised pursuant to the disposal is of a revenue or capital nature, section 9C of the Income Tax Act should be considered.

The section deems certain amounts received or accrued from the disposal of shares to be capital in nature if the taxpayer immediately prior to such disposal was the owner of that share for a continuous period of at least three years proceeds are or a revenue or capital nature.

If section 9C of the Income Tax Act does not apply, the taxpayer must determine the capital or revenue nature of the amount derived from the disposal must by applying the common law tests formulated by the South African courts.

## 2.2 **Capital gains**

South African tax residents are subject to capital gains tax (“**CGT**”) as levied in accordance with the Eighth Schedule to the Income Tax Act on gains made on the disposal of their worldwide assets.

Receipt or accruals of a capital nature are subject to CGT at an effective rate of 22.4 per cent. for companies (which is the inclusion of 80 per cent. of the capital gain multiplied by the corporate income tax rate of 28 per cent.), and at a maximum effective rate of 18 per cent. for individuals (which is the inclusion of 40 per cent. of the capital gain multiplied by the highest marginal income tax rate of 45 per cent.).

## 2.3 **Revenue gains**

To the extent that the Ordinary Shares are held for trading purposes, any gains or losses arising from the disposal of such shares will be revenue in nature and should be subject to South African income tax in the hands of South African tax resident Shareholders.

Companies are subject to income tax at a corporate income tax rate of 28 per cent., whilst individuals are taxed on a sliding scale. The statutory tax rates for individuals range between 18 per cent. and 45 per cent.

## 2.4 **Dividends**

The summary below sets out the tax implications arising upon the receipt or accrual of foreign dividends settled in cash. The South African tax implications in respect of a foreign dividend comprising of assets *in specie* or where the dividend comprises of further shares in the Company may be different. Shareholders should consult their own professional advisers in order to establish the South African tax implications which may arise.

Cash settled foreign dividends received by or accrued to individual Shareholders are subject to income tax at the statutory marginal rates for individuals. Cash settled foreign dividends received by or accrued to Shareholders who are companies are subject to income tax at the corporate rate of 28 per cent.

## 2.5 **Foreign return of capital**

Should a South African tax resident Shareholder receive a distribution from the Company that is not a foreign dividend (which may be the case in respect of distributions made other than from retained earnings, such as distributions made from share premium), the distribution will constitute a “foreign return of capital”. In such a scenario, the Shareholder will be required to reduce the base cost of Ordinary Shares with the amount of the foreign return of capital. If the amount of the foreign return of capital exceeds the base cost of the Ordinary Shares in the hands of the Shareholder, the excess will

constitute a capital gain in his/her/its hands and the Shareholder must account for CGT on such capital gain, unless the shareholder can rely on a CGT exemption.

## 2.6 **Securities transfer tax**

Securities transfer tax is imposed on the transfer of shares (which includes the repurchase or redemption of a share). Securities transfer tax is levied at the rate of 0.25 per cent. of the taxable amount which is the higher of the market value or consideration given for the shares. The issue of shares does not constitute a transfer and therefore attracts no securities transfer tax.

## Part 9

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

- 1.1 The Company and each of the Directors, whose names are set out on page 32 of this document, accept responsibility for the information contained in this document (including any expressions of opinion). To the best of the knowledge and belief of the Company and the Directors, the information contained in this document is in accordance with the facts and the document makes no omission likely to affect its import.
- 1.2 CBRE accepts responsibility for the information contained in its Property Valuation Report set out in Section A of Part 6 of this document. To the best of the knowledge and belief of CBRE, the information contained in its Property Valuation Report is in accordance with the facts and its Property Valuation Report makes no omission likely to affect its import.
- 1.3 Knight Frank accepts responsibility for the information contained in its Property Valuation Report set out in Section B of Part 6 of this document. To the best of the knowledge and belief of Knight Frank, the information contained in its Property Valuation Report is in accordance with the facts and its Property Valuation Report makes no omission likely to affect its import.

#### 2. REGISTERED OFFICE OF CAPITAL & REGIONAL

- 2.1 Capital & Regional PLC is domiciled in England and Wales and its registered office is at 22 Chapter Street, London, SW1P 4NP. The Company's telephone number is +44 (0)20 7932 8000.
- 2.2 Deloitte LLP, whose address is 1 New Street Square, London EC4A 3HQ, is the auditor of Capital & Regional for the period covered by the historical financial information. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

#### 3. THE GENERAL MEETING RESOLUTIONS

##### 3.1 Shareholder authorities to be proposed at the General Meeting

At the General Meeting the Resolutions will be voted on by the Shareholders for the purposes of facilitating the Capital Raising, approving the Long Term Retention Awards and approving the amendments of the LTIP. The Notice of General Meeting, which sets out the Resolutions in full, is set out in Part 12 of this document, and a summary of the Resolutions follows below.

The following resolutions are being proposed as ordinary resolutions:

1. **Authority to allot shares:** Under section 551 of the Companies Act, the Board must receive authority from Shareholders before they can allot shares. Upon the passing of Resolution 1, the Board will have the authority to allot up to 53,580,237 Open Offer Shares for the purposes of the Capital Raising (which shall represent 47.9 per cent. of the Existing Ordinary Shares in issue as at the Latest Practicable Date). This authority is in addition to the existing authority granted to the Board on 20 May 2021 at the 2021 annual general meeting which will continue in full force and effect. The authority granted by this Resolution 1 will expire at the conclusion of the next annual general meeting of the Company in 2022 (unless previously revoked or varied by the Company in a general meeting).
2. **Approval of the Long Term Retention Awards and an amendment to the approved Directors' Remuneration Policy to authorise the Company to award the Long Term Retention Awards:** The Company is seeking shareholder approval of the Long Term Retention Awards (the principal terms of which are summarised in paragraph 10 of Part 1 of this document) as is required under the Listing Rules. The Long Term Retention Awards, which will be payable on 30 September 2023 and will be conditional on the relevant director remaining in employment on such date (regardless of whether they have given notice of leaving employment with the Group) fall outside the parameters of the Director's Remuneration Policy that was approved by shareholders in 2019. As such, the

shareholders are also being asked to approve an amendment to the Director's Remuneration Policy to authorise the Company to make such awards. Lawrence Hutchings and Stuart Wetherly have undertaken not to vote on the Long Term Retention Award Resolution.

The Long Term Retention Award Resolution is not conditional upon the Capital Raising Resolution being passed.

3. **Approval of amendment to the LTIP:** the Company is seeking shareholder approval to amend the rules of the Group's LTIP 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 LTIP Resolution is not conditional upon the Capital Raising Resolution being passed.

#### **4. RIGHTS AND RESTRICTIONS ATTACHING TO THE ORDINARY SHARES**

- 4.1 The rights attaching to the Ordinary Shares including dividend rights, voting rights, pre-emption rights, rights to share in profits, rights on a winding up or liquidation are set out in the Articles of Association incorporated by reference into this document, as detailed in Part 10 of this document.
- 4.2 Any restrictions on transfer of the Ordinary Shares including any provisions which would have the effect of delaying, deferring or preventing a change of control of Capital & Regional are set out in the Articles of Association incorporated by reference into this document, as detailed in Part 10 of this document.

#### **5. MANDATORY TAKEOVER BIDS AND SQUEEZE-OUT AND SELL-OUT RULES**

##### **5.1 Mandatory bids**

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of an acquirer and its concert parties to an interest in Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for the Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 to 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

##### **5.2 Squeeze-out**

Under the Companies Act, if an offeror were to acquire, or unconditionally contract to acquire 90 per cent. of the shares to which the offer relates and 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

##### **5.3 Sell-out**

The Companies Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his/her right to be bought out within one month of the right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

#### 5.4 Takeover bids

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

#### 5.5 Rule 9

Rule 9 of the Takeover Code provides that, where any person who, together with persons acting in concert with him, holding over 50 per cent. of the voting rights of a company, acquires any further shares carrying voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. As Growthpoint holds 52 per cent. of the Existing Ordinary Shares in the Company, Growthpoint and its concert parties are free to acquire further Ordinary Shares (whether under the Open Offer, the Underwriting Agreement or otherwise) without incurring any obligation under Rule 9 of the Takeover Code to make a takeover offer for all other Ordinary Shares in the Company.

### 6. DIRECTORS OF THE COMPANY

6.1 The biographical details of the Directors are set out in paragraph 6.3 of Part 2 of this document.

6.2 In addition to their directorships of Capital & Regional and companies in the Group, the Directors hold or have held the following directorships and/or have been partners of the following partnerships in the five years before the date of this document:

#### (i) David Hunter

##### *Current*

- Custodian REIT Plc (and subsidiary)
- GCP Student Living Plc
- GCP SG Limited
- GCP Holdco Limited
- GCP Surrey 2 Limited
- GCP Wembley 2 Limited
- GCP Wembley Limited
- GCP Makerfield Limited
- GCP Brighton Limited
- GCP WL Limited
- GCP RHUL 2 Limited
- GCP Topco 2 Limited
- GCP Holdco 3 Limited
- GCP Holdco 2 Limited

##### *Former*

- Design Dundee Limited
- South African Property Opportunities plc (Isle of Man)
- Hindley Cedar (Glasgow) Homes LLP

<i>Current</i>	<i>Former</i>
<ul style="list-style-type: none"> <li>- GCP QMUL Limited</li> <li>- GCP Brunswick Limited</li> <li>- GCP Scape East Limited</li> <li>- GCP RHUL Limited</li> <li>- GCP Topco Limited</li> <li>- GCP Bloomsbury Limited</li> <li>- Architectural Heritage Fund</li> <li>- Hindley Edinburgh Limited</li> <li>- The Dalk Partnership LLP</li> <li>- Hunter Advisers Limited</li> <li>- Yatra Capital Limited (in liquidation) (Jersey)</li> <li>- Saffron India Real Estate Fund (Mauritius)</li> <li>- IO CO Investor 2 LLP</li> <li>- HCP High Yield Commercial Property LLP</li> </ul>	
<b>(ii) Lawrence Hutchings</b>	
<i>Current</i>	<i>Former</i>
N/A	N/A
<b>(iii) Stuart Wetherly</b>	
<i>Current</i>	<i>Former</i>
N/A	<ul style="list-style-type: none"> <li>- London Wildlife Limited</li> <li>- London Wildlife Trust (The)</li> </ul>
<b>(iv) Ian Krieger</b>	
<i>Current</i>	<i>Former</i>
<ul style="list-style-type: none"> <li>- Safestore Holdings plc</li> <li>- Primary Health Properties plc</li> </ul>	<ul style="list-style-type: none"> <li>- Nuffield Trading Limited</li> <li>- Nuffield Trust for Research and Policy Studies in Health Services</li> <li>- Premier foods plc</li> <li>- Anthony Nolan Trading Limited</li> <li>- Anthony Nolan</li> </ul>
<b>(v) Louis Norval</b>	
<i>Current</i>	<i>Former</i>
<ul style="list-style-type: none"> <li>- Green Create W2V Limited</li> <li>- Green Create Limited</li> <li>- Hystead Limited</li> <li>- AMZ Holdings Limited</li> <li>- Balkan Retail NV</li> <li>- Capital &amp; Regional PLC Plc</li> <li>- Cederberg Capital (Cayman) Limited</li> <li>- Clearance Capital (Cayman) Limited</li> <li>- Emerging African Property Holdings</li> <li>- Erf 11038 Steenberg Constantia (Pty) Ltd</li> </ul>	<ul style="list-style-type: none"> <li>- Everard Read Holdings (Pty) Limited</li> <li>- Leopard 220 Investments (Pty) Limited</li> <li>- Retail Capital (Pty) Limited</li> <li>- Stenham European Shopping Centre Fund IC</li> <li>- Parkdev BW (Pty) Limited</li> <li>- Mettle Solar Africa Limited</li> <li>- Hyprop Investments Limited</li> </ul>

*Current*

- Green Create Holdings Ltd
- Green Create Nutra Limited
- Green Create W2V Africa limited
- Green Create W2V SA (Pty) Limited
- Homestead Group Holdings Limited
- Makrogate Limited
- Marula Mines Limited
- Mstead Limited
- Parkdev RC (Pty) Limited
- Parkdev SA (Pty) Limited
- PDI Investment Holdings Limited
- Portstead Unipessoal LDA
- Travenna Development Company (Pty) Limited
- Trigen Group (Pty) Limited
- Vidna Holdings Limited

*Former*

(vi) **Laura Whyte**

*Current*

- The Greenwich Foundation for the Old Royal Naval College
- XLVET UK Limited
- British Horseracing Authority Limited

*Former*

- Ebony Horse Club
- Ministry of Defence

(vii) **Norbert Sasse**

*Current*

- Acucap Properties Limited
- Globalworth Real Estate Investments Limited
- Globalworth Poland Real Estate N.V.
- G Properties Two (Pty) Ltd
- Growthpoint ABQ (Pty) Ltd
- Growthpoint Healthcare Property Holdings (RF) Limited
- Growthpoint Healthcare Property Management Company (Pty) Ltd
- Growthpoint Management Services (Pty) Ltd
- Growthpoint Properties Australia Limited
- Lango Real Estate Limited
- Lango Real Estate Management Limited
- Growthpoint Properties Limited
- Growthpoint Properties International (Pty) Ltd
- Growthpoint Telecommunication Infrastructure (RF)(Pty) Ltd
- Growthpoint TPG (Pty) Ltd
- Metboard Properties Limited
- Paramount Property Fund Limited
- V and A Waterfront Developments (Pty) Ltd
- V and A Waterfront Holdings Limited

*Former*

- 323 Festival Street (Pty) Ltd
- Growthpoint Note Issuer Company (Pty) Ltd
- The Two Oceans Aquarium Trust
- Scopefull 157
- Nehawu Properties Investment
- New Heights 344
- Majorshelf 184
- Skillfull 115
- Skillfull 82
- Changing Tides 5
- Paraprop Asset Managers
- Michael and Michael Properties
- Unit 204 Silo 3
- Claremain Properties
- The Hotel Company
- Growthpoint Managers
- South African Property Owners Association
- Paraprop Property Managers
- Investec Property
- Obvel Finance

*Current*

- V and A Waterfront Marina (Pty) Ltd
- Victoria and Alfred Waterfront (Pty) Ltd

*Former*

- Obvel Registrars
- Sasev Properties and Investments
- Lighthouse Mall
- Sandton Business Improvement District
- Abseq Properties (Pty) Ltd
- Africa Real Estate Management Company Limited
- Aquarella Investments 136 (Pty) Ltd
- Canyon Springs Investments 23 (Pty) Ltd
- Growthpoint Security SPV Number 1 (Pty) Ltd
- Growthpoint Security SPV Number 2 (Pty) Ltd
- Growthpoint Security SPV Number 3 (Pty) Ltd
- Growthpoint Security SPV Series 1 (Pty) Ltd
- Tiber Property Group (Pty) Ltd
- V & A Waterfront Properties (Pty) Ltd

(viii) **George Muchanya**

*Current*

- GIAP Manco Empowerment Limited
- Globalworth Real Estate Investments Limited
- Globalworth Poland Real Estate N.V.
- Growthpoint Healthcare Property Holdings (RF) Limited
- Growthpoint Healthcare Property Management Company (Pty) Ltd
- Growthpoint Investec African Property Management Limited
- Humbaco (Pty) Ltd
- G Properties Two (Pty) Ltd
- K2019084863 (South Africa) (Pty) Ltd

*Former*

- M G International
- Dixons GKM Trading

(ix) **Katie Wadey**

*Current*

- Hammersmith & Fulham Youth Zone
- Transform Housing and Support
- Mindmasters Group Limited

*Former*

N/A

6.3 At the date of this document, save as disclosed in this paragraph 6 of Part 9 of this document, none of the Directors have at any time in the five years preceding the date of this document:

- been a director or partner of any companies or partnerships; or
- had any convictions in relation to fraudulent offences (whether spent or unspent); or
- been adjudged bankrupt or entered into an individual voluntary arrangement; or

- (d) been a director of a company which has been placed into receivership, compulsory liquidation, creditors' voluntary liquidation or administration, or which entered into any CVA or any composition or arrangement with its creditors generally or with any class of its creditors, at any time while he was a director of that company or within 12 months after his ceasing to be a director; or
- (e) been a partner or senior manager in a partnership which, while he was a partner or senior manager or within 12 months of his ceasing to be a partner or senior manager, was put into compulsory liquidation or administration or entered into any partnership voluntary arrangement or had a receiver appointed over any partnership asset; or
- (f) had a receiver appointed with respect to any assets belonging to him or a partnership of which he has been a partner; or
- (g) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or been disqualified by a court from acting as a director or other officer of a company or from acting in the management or conduct of the affairs of any company.

6.4 None of the Directors have any family relationship with another Director.

## 7. CONFLICT OF INTEREST

7.1 Save for the interests of Louis Norval in Homestead (insofar it is a beneficiary under the Homestead Relationship Agreement) and the relationship of Norbert Sasse and George Muchanya with Growthpoint:

7.1.1 in respect of any Director, there are no actual or potential conflicts of interests between any duties they have to the Company, either in respect of the Capital Raising or otherwise, and the private interests and/or other duties they may also have. Save as disclosed in this Part 9, there are no interests, including conflicting ones, that are material to the Capital Raising;

7.1.2 no Director has a material interest in any significant contract with the Company or any of its subsidiaries.

7.2 No Director was selected to be a director of the Company pursuant to any arrangement or understanding with any major customer, supplier or other person having a business connection with the Group.

## 8. INTERESTS OF SIGNIFICANT SHAREHOLDERS IN THE COMPANY

8.1 As at 4 October 2021, the Company had been notified of or was otherwise aware of the following Shareholders who were directly or indirectly interested in 3 per cent. or more of the issued Ordinary Shares:

<i>Shareholder</i>	<i>No. of Existing Ordinary Shares</i>	<i>Percentage of existing issued ordinary share capital</i>
Growthpoint Properties Limited	58,261,066	52.1
Mstead Limited*	5,742,052	5.1
Black Crane Capital	4,662,460	4.2
PDI Investment Holdings*	4,536,568	4.0
Peens Family Holdings	4,515,416	4.0
ICAMAP Investments	3,709,725	3.3

\* these entities are beneficially owned by Louis Norval, a Non-Executive Director of the Company.

8.2 Save as disclosed in this paragraph 8, the Company is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, has a holding which exceeds 3 per cent. (and in the case of a fund management holding company, 5 per cent.) of the total voting rights attaching to its issued Ordinary Share capital.

- 8.3 The Company is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company, other than in favour of Growthpoint which owns 52 per cent. of the Ordinary Share capital of the Company.
- 8.4 Growthpoint possesses sufficient voting power to have an influence on all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions.
- 8.5 None of the Shareholders referred to in this paragraph 8 has different voting rights from any other holder of Ordinary Shares in respect of such shares held by them.

## 9. MATERIAL CONTRACTS

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) that has been entered into by Capital & Regional PLC or any member of the Group:

- (a) within the two years immediately preceding the date of this document which are, or may be, material to the Group; or
- (b) at any time and contains obligations or entitlements which are, or may be, material to the Group, as at the date of this document.

### 9.1 Sponsor and Open Offer Agreement

Capital & Regional PLC entered into a sponsor and open offer agreement dated 14 October 2021 with Investec and Numis relating to the Capital Raising pursuant to which Investec agreed to act as sole sponsor for Capital & Regional PLC for the purposes of the Listing Rules and Numis has agreed to act as broker to the Company, in each case in respect of the Capital Raising (the “**Sponsor and Open Offer Agreement**”).

Under the terms of the Sponsor and Open Offer Agreement, Capital & Regional PLC has given certain customary warranties and undertakings to Investec and Numis including, amongst others, warranties in relation to the business, the accounting records and the legal compliance of the Company and in relation to information contained in this document. The Company agreed to provide Investec and Numis with certain customary indemnities pursuant to the terms of the Sponsor and Open Offer Agreement. The indemnities provided by the Company indemnify Investec and Numis against certain liabilities including, in respect of the accuracy of the information contained in this document, losses arising from a breach of the Sponsor and Open Offer Agreement and in respect of certain other losses suffered or incurred in connection with the Proposed Transaction. The liability of the Company under the Sponsor and Open Offer Agreement is not limited in time or amount. In addition, the Sponsor and Open Offer Agreement provides that the sponsor may, in its absolute discretion terminate the Sponsor and Open Offer Agreement before Admission in certain specified circumstances which are customary for an agreement of this nature.

### 9.2 Underwriting Agreement

On 14 October 2021, the Company entered into the Underwriting Agreement with Growthpoint. Under the terms of the Underwriting Agreement, Growthpoint has agreed to subscribe in cash for 27,916,761 Open Offer Shares at the Issue Price, being Growthpoint’s full Open Offer Entitlements. 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.

The Underwriting Agreement is subject to the following conditions:

- (i) the despatch of this document to Shareholders (other than those who the Company determines are not entitled to receive copies);
- (ii) the passing (without amendment) of the Capital Raising Resolution at the General Meeting; and
- (iii) an application being made to Euroclear UK & Ireland to admit the Open Offer Shares to CREST;
- (iv) Admission occurring;

- (v) 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
- (vi) the agreements for the acquisition of part of the Mall Facility not having been terminated.

No fee is payable by the Company to Growthpoint under the terms of the Underwriting Agreement in connection with the underwriting of the Open Offer by Growthpoint.

### 9.3 Future Amendment and Restatement of Mall Asset Facility Agreement

On 13 October 2021, certain members of the Group entered into binding documentation with RBS (in its capacity as Facility B Lender under the Mall Asset Facility Agreement), NatWest (in its capacity as hedging counterparty under the Mall Asset Facility Agreement) and TIAA (in its capacity as Facility A Lender under the Mall Asset Facility Agreement), pursuant to which, among other things and at the election of the relevant member of the Group:

- Capital & Regional Holdings Limited (“**Capital & Regional Holdings**”) will acquire £100 million of RBS’s Facility B commitments under the Mall Asset Facility Agreement (the “**RBS Commitments**”) for £81 million;
- immediately following and conditional on the acquisition by Capital & Regional Holdings of the RBS Commitments, Capital & Regional Holdings will sell and TIAA will acquire £35 million of Facility B commitments under the Mall Asset Facility Agreement (the “**TIAA Facility B**”) for £35 million; the remainder of the Facility B commitments held by Capital & Regional Holdings being the “**Capital & Regional Facility B**”; and
- the hedging arrangements with NatWest under and in connection with the Mall Asset Facility Agreement will be terminated for consideration equal to 81% of the par termination cost on the date of such termination.

In consideration for entering into such arrangements, Capital & Regional Holdings has paid RBS a deposit amount of £4.8 million which, if the purchase of the RBS Commitments does not complete by 30 November 2021 other than by reason of a failure by RBS to close, shall be applied in partial voluntary prepayment of Facility B, including break costs and a corresponding close out of the hedging in respect of such voluntary prepayment.

Certain members of the Group have also simultaneously contracted with TIAA to amend and restate the Mall Asset Facility Agreement immediately upon completion of the transactions referred to above (the “**Mall Asset Facility Amendment and Restatement Agreement**”).

Under the terms of the Mall Asset Facility Amendment and Restatement Agreement (and among other things):

- the Capital & Regional Facility B will be subordinated to and rank junior to the TIAA Facility B in respect of payments and security and will be disenfranchised from lender voting matters;
- the Capital & Regional Facility B will be secured for the benefit of Facility A and the TIAA Facility B;
- the Capital & Regional Facility B may be reduced at the election of Capital & Regional Holdings and subject to satisfaction of certain conditions;
- the termination date for the Capital & Regional Facility B and the TIAA Facility B will be extended to match the termination date for Facility A of 22 January 2027 (and be subject to the same extension options);
- interest on the Capital & Regional Facility B and the TIAA Facility B will be charged for each interest period at the percentage rate per annum which is the aggregate of 6 per cent. per annum and SONIA;
- interest payable on the Capital & Regional Facility B will be subject to a “pay if you can” mechanism whereby if there are insufficient funds available to pay interest on the Capital & Regional Facility B on any IPD (or if Mall LP (as borrower under the Mall Asset Facility Agreement) chooses to retain funds in the structure), the amount that is not paid shall be capitalized;
- the Financial Covenants (as defined therein) and related cash-trap tests shall be re-set to disregard the Capital & Regional Facility B (and related finance costs on Capital & Regional Facility B);

- the Financial Covenants will not be tested until the IPD falling not less than 24 months after the effective date of the Mall Asset Facility Amendment and Restatement Agreement (the “**First Test Date**”);
- the historical interest cover cash trap event covenant will be tested from the date falling 6 months after the effective date of the Mall Asset Facility Amendment and Restatement Agreement and must not be less than 175 per cent. until the date falling 18 months after the effective date, from which time it must not be less than 200 per cent.;
- the projected interest cover cash trap event covenant will be tested from the date falling 18 months after the effective date of the Mall Asset Facility Amendment and Restatement Agreement and must not be less than 175 per cent.;
- the LTV cash-trap event will continue to be tested from the effective date of the Mall Asset Facility Amendment and Restatement Agreement but will be set at 75% until the First Test Date, at which point it will revert to 65%; and
- there shall be no mandatory hedging requirement in respect of Facility A, the TIAA Facility B or the Capital & Regional Facility B.

#### 9.4 Irrevocable Undertakings

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 agreed to vote or procure that the Growthpoint Nominees vote in favour of all the Resolutions at the General Meeting.

The Directors, other than Louis Norval, are interested in 180,150 Existing Ordinary Shares as at the Latest Practicable Date (representing approximately 0.1 per cent. of the Company’s issued ordinary share capital) and have individually given undertakings to the Company pursuant to which each Director who is interested in Ordinary Shares has agreed to take up in full their Open Offer Entitlement. The Directors (other than Louis Norval) have also agreed to vote in favour of all Resolutions save for Lawrence Hutchings and Stuart Wetherly who have each undertaken not to vote on the Long Term Retention Award Resolution.

Louis Norval has undertaken to vote in favour of the Resolutions in respect of such number of Ordinary Shares as are held by entities controlled by him as at the date of the General Meeting.

#### 9.5 Subscription Agreement

On 17 October 2019, Capital & Regional and Growthpoint entered into a subscription agreement, as amended and restated on 29 October 2019 (the “**Subscription Agreement**”) pursuant to which Growthpoint Nominees subscribed for 311,451,258 shares in the Company. Pursuant to the Subscription Agreement, the Company agreed to various provisions, namely (i) to apply a minimum of £50 million of the proceeds from the subscription of shares to reduce and/or restructure the Group’s existing debt arrangements and to apply the balance to assist in funding the Group’s capital expenditure; and (ii) for so long as Growthpoint and any Growthpoint Nominee(s) hold in aggregate an interest in at least 35 per cent. of the voting rights in the Company, to adopt a policy of distributing on a semi-annual basis (in the approximate proportions of 45 / 55 per cent. and in that order in respect of each financial year) not less than approximately 90 per cent. of the Company’s EPRA earnings. In addition, the Company agreed to strive, as soon as is reasonably commercially practicable, to (a) obtain an investment grade rating; (b) reduce its LTV in line with Growthpoint’s existing treasury policy of between 35 per cent. and 45 per cent. LTV; and (c) implement Growthpoint’s treasury policy (subject to such commercial realities as may be relevant to the Company and the United Kingdom) provided that such obligations will continue only for so long as Growthpoint and any Growthpoint Nominee(s) hold in aggregate an interest in at least 35 per cent. of the voting rights in Capital & Regional.

#### 9.6 Growthpoint Relationship Agreement

On 17 October 2019, Growthpoint and Capital & Regional entered into a relationship agreement in order to regulate their relationship on an ongoing basis following completion of the investment into Capital & Regional by Growthpoint in 2019 (the “**Growthpoint Relationship Agreement**”). The principal purpose of the Growthpoint Relationship Agreement is to ensure that, for so long as Growthpoint and

any Growthpoint Nominees hold at least 20 per cent. of the voting rights in the Company, the Company can carry on as an independent business as its main activity. The Growthpoint Relationship Agreement contains, among others, undertakings from Growthpoint, on behalf of itself and its associates, that: (i) transactions and arrangements with it (and/or any of its associates) will be conducted at arm's length and on normal commercial terms; (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Growthpoint is able to appoint two directors to the Board for so long as it (together with that of any of its associates) holds at least 20 per cent. or more of the voting rights in the Company and will be able to appoint one director to the Board for so long as it (together with that of any of its associates) holds at least 15 per cent. but less than 20 per cent. of the voting rights in the Company.

For as long as Growthpoint (together with its associates) is entitled to exercise at least 15 per cent. of the voting rights in the Company, Growthpoint shall have a right in priority (i) to underwrite any rights issue or other pre-emptive offer to Shareholders; (ii) to participate *pro rata* in any vendor placement by the Company in connection with an acquisition by the Company; (iii) to participate *pro rata* in any placing of shares by the Company provided that, in the case of (ii) or (iii), where shares would otherwise remain unallocated in any such placing, Growthpoint shall have the right ("**Placing Right**") to be the placee for the balance of such placing to the extent that its percentage of the total voting rights of the Company would otherwise fall below 55 per cent. immediately following such placing, but in such circumstances it will consider requests from other Shareholders who wish to take up more than their *pro rata* entitlement. Any offer made by Growthpoint to underwrite any rights issue or other pre-emptive offer or to exercise any Placing Right must be on terms at least comparable with those available to the Company from a third party.

The Growthpoint Relationship Agreement will continue for so long as (a) Growthpoint and its associates hold an interest, whether held directly or indirectly, in 15 per cent. or more of the voting rights in Capital & Regional; and (b) the Ordinary Shares are admitted to trading on the London Stock Exchange's main market for listed securities.

#### 9.7 **Homestead Relationship Agreement**

On 17 October, 2019 Capital & Regional entered into a relationship agreement with Homestead. The Homestead Relationship Agreement provides that, for so long as the LN Group are associates of Louis Norval (or, in the event of the death of Louis Norval, any of his lineal descendants) and have an aggregate interest of at least 6 per cent. of the issued share capital of Capital & Regional from time to time:

- Homestead will retain its right to appoint a director to the board of Capital & Regional; and
- each member of the Shareholder Group shall be offered the opportunity to participate *pro rata* to its shareholding in connection with any future capital fundraisings.

#### 9.8 **Registrar and Receiving Agent Engagement Letter**

On 14 October 2021, the Company entered into an engagement letter with the Registrar, (the "**Registrar Engagement Letter**"), pursuant to which the Registrar has been appointed to act and provide registrar services in respect of the General Meeting and receiving agent services in respect of the issue of Open Offer Shares in connection with the Capital Raising.

#### 9.9 **Hemel Facility Agreement**

On 12 January 2016 Capital & Regional PLC entered into a facility agreement as guarantor with Marlowes Hemel Limited ("**MHL**"), Capital & Regional (Europe Holding 5) Limited, Capital & Regional Holdings Limited and RBS as lender (as amended and/or amended and restated from time to time, the "**Hemel Facility Agreement**"). The Hemel Facility Agreement has been amended and restated on several occasions, including on 13 March 2019 to introduce NatWest and NatWest Markets as parties,

as arranger, lender, hedge counterparty, agent and security agent, and RBS as account bank (together, the “**Lenders**”).

With effect from 20 January 2020, Capital & Regional PLC was released from all of its obligations as guarantor under and in connection with the Hemel Facility Agreement.

Pursuant to the Hemel Facility Agreement, the Lenders made available to MHL a sterling term loan facility (the “**Hemel Facility**”). The principal amount currently outstanding under the Hemel Facility is £22,977,934.47. The Hemel Facility is fully drawn and there are no further commitments available to be drawn by MHL under the Hemel Facility Agreement.

MHL must repay the loans in full on the termination date, being the seventh anniversary of the first utilisation (the “**Termination Date**”).

Interest is charged on the Hemel Facility for each interest period at the aggregate of two per cent. and LIBOR. It is anticipated that the Hemel Facility Agreement will be amended in due course to replace LIBOR with SONIA. Default interest accrues on any overdue amount at a rate which is two per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a loan in the currency of the overdue amount for successive interest periods.

Under the terms of the Hemel Facility Agreement, MHL agreed to maintain hedging agreements being at least 75 per cent. of the aggregate amount of the loans outstanding from time to time, which may only be terminated in specific circumstances without the consent of NatWest. Such hedging was agreed under the terms of an ISDA Master Agreement 2002 entered into between RBS and MHL on 3 February 2016. The hedging agreements terminated, in accordance with their terms, on 5 February 2021 and, pursuant to amendments to the hedging agreements dated 9 February 2021 and an amendment deed to the Hemel Facility Agreement dated 15 February 2021, the cash settlement amount payable by MHL to NatWest in respect of such termination (plus an agreed rate of interest thereon) is to be paid in instalments on each IPD (beginning on 20 April 2021) and the Termination Date.

A number of events would lead to prepayment, including, but not limited to, illegality and change of control (if Capital & Regional ceases to be the ultimate beneficial owner (directly or indirectly through a chain of wholly owned subsidiaries) of the entire issued share capital of Capital & Regional Europe).

The Hemel Facility Agreement contains various representations, warranties and covenants given by MHL. The financial covenants (the “**Financial Covenants**”), the breaches of which can (subject to exceptions) be cured within up to 10 business days of the relevant test date, are:

- interest cover, meaning passing rental income as a percentage of finance costs, must be at least 200 per cent (although it could potentially be as low as 150 per cent. in certain limited circumstances);
- projected interest cover, calculated on the basis of the projected net rental income, must be at least 200 per cent;
- LTV proportion must not exceed 60 per cent;
- debt to net rent cover ratio must not be greater than 10:1 in the period from and including the second anniversary of the date of the agreement and 9:1 in the period from and including the third anniversary of the date of the agreement; and
- loan to cost proportion must not exceed 45 per cent.

The events of default include, but are not limited to, non-payment, which allows for a grace period of 3 Business Days, breach of a Financial Covenant, breach of any other provision which is either not capable of remedy or not remedied within 15 Business Days of either NatWest giving notice or MHL becoming aware of the failure, misrepresentation, cross default, insolvency, cessation of business (except as a result of a disposal allowed under the agreement), unlawfulness, repudiation and rescission of agreements, compulsory purchase of any property, major damage to any part of any property, MHL is not or ceases to be legally and beneficially wholly-owned by Capital & Regional Europe, material adverse change, forfeiture in respect of a headlease, abandonment of a significant part of the cinema development for a continuous period of 28 days or more and if practical completion does not occur on

or before the practical completion longstop date. On and at any time after the occurrence of an event of default which is continuing NatWest may by notice to MHL cancel the facility and require immediate repayment with accrued interest and all other amounts accrued or outstanding.

Following the on-set of the Covid-19 pandemic, testing of the Financial Covenants has been subject to numerous deferral arrangements in consideration for, among other things, MHL agreeing not to distribute any surplus cash. Most recently, pursuant to a deferral agreement dated 6 May 2021 (the **May Deferral Agreement**), testing of the Financial Covenants (including historic tests from October 2020, January 2021, February 2021 and April 2021 together with the tests falling after the date of the May Deferral Agreement) has been deferred until 19 October 2021. Also pursuant to the May Deferral Agreement, in order to support MHL's liquidity position, MHL has been granted a payment holiday in respect of amounts that would otherwise be payable on the Hemel Facility and the associated hedging agreements for the period from 20 April 2021 to, and including, 18 October 2021. Any amounts unpaid during such payment holiday shall thereafter become due and payable by MHL as notified by NatWest.

#### 9.10 Ilford Facility Agreement

On 3 March 2017, the C&R Limited Partnership, as borrower, C&R Nominee 1 Limited, C&R Nominee 2 Limited and C&R General Partner Limited (the **"Guarantors"**), Dekabank Deutsche Girozentrale (**"Deka"**), as arranger, agent and security agent, entered into a facility agreement for a term loan of up to £39 million to finance the acquisition of the Exchange, Ilford, which shall terminate on the seventh anniversary of the utilisation (as amended and/or amended and restated from time to time, (the **"Ilford Facility Agreement"**)).

The Guarantors guarantee punctual performance and undertake to pay on demand in the event of any non-payment by the obligors. The Guarantors have also provided an indemnity in favour of Deka against any cost, loss or liability incurred as a result of an obligor not paying any amount owing, due to unenforceability, invalidity or illegality which would, but for such unenforceability, invalidity or illegality, have been payable.

The principal amount currently outstanding under the Ilford Facility Agreement remains £39 million. There are no further commitments available to be drawn by the C&R Limited Partnership Ilford under the Ilford Facility Agreement.

Interest is charged on each loan for each interest period at the percentage rate per annum which is the aggregate of 1.75 per cent. per annum and LIBOR. It is anticipated that the Ilford Facility Agreement will be amended in due course to replace LIBOR with SONIA. If amounts are not paid when they are due, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is 1 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a loan in the currency of the overdue amount for successive interest periods.

C&R Limited Partnership has agreed to maintain hedging agreements being at least 80 per cent. of the aggregate amount of the loans outstanding from time to time, which may only be terminated in specific circumstances without the consent of Deka, as agent. Such a hedging agreement was agreed under the terms of an ISDA Master Agreement 2002 entered into between Deka and the C&R Limited Partnership on 8 March 2017, with a notional amount of £39 million and a termination date of 8 March 2024.

A number of events would lead to prepayment, including but not limited to, illegality and change of control (such change of control including a number of potential events, all of which are tested below Capital & Regional PLC in the Group's structure).

The Ilford Facility Agreement contains various representations, warranties and covenants given by the C&R Limited Partnership. The financial covenants (excluding any cash-trap as described below, the **"Financial Covenants"**), the breaches of which can generally be cured within up to 20 business days of the relevant breach, are:

- interest cover, meaning passing rental income as a percentage of finance costs (on both a historical and projected basis), must be at least 225 per cent; and
- LTV proportion must not exceed 70 per cent. (and a cash trap set at 60 per cent.).

The events of default include, but are not limited to, non-payment, which allows for a grace period of 3 Business Days, breach of a Financial Covenant, breach of any other provision which is either not capable of remedy or not remedied within 10 Business Days of either Deka giving notice or the C&R Limited Partnership becoming aware of the failure, misrepresentation, cross default, insolvency, cessation of business (except as a result of a disposal allowed under the agreement), unlawfulness, repudiation and rescission of agreements, compulsory purchase of any property, major damage to any part of any property, material adverse change, forfeiture or irritancy in respect of a headlease and there is a breach of any of the C&R Limited Partnership partnership documents. On and at any time after the occurrence of an event of default which is continuing Deka may by notice to the C&R Limited Partnership cancel the facility and require immediate repayment with accrued interest and all other amounts accrued or outstanding.

Following the on-set of the COVID-19 pandemic, breaches of the Financial Covenants have been subject to numerous waivers in consideration for, among other things, the C&R Limited Partnership agreeing not to distribute any surplus cash. Most recently, pursuant to an amendment and waiver agreement dated 20 August 2021, any breaches of the Financial Covenants have been waived until 22 April 2022 in consideration for, among other things, the C&R Limited Partnership pre-funding the costs of various capital expenditure works required to be undertaken by it in connection with certain leasing initiatives.

#### 9.11 Luton Facility Agreement

The Mall (Luton) Limited Partnership, as borrower, Capital & Regional Mall GP, the Mall Nominee Three Limited and the Mall Nominee Four Limited as nominees, Wells Fargo Bank International Unlimited Company, as mandated lead arranger and original lender, Wells Fargo Securities International Limited, as original hedge counter party, and Wells Fargo Bank N. A. London Branch as agent and security agent, (together “**Wells Fargo**”) entered into a facility agreement on 28 December 2016 (as amended and/or amended and restated from time to time, the “**Luton Facility Agreement**”) to finance the cost of acquisition of the Mall Luton, and other properties in Luton.

Each obligor guarantees punctual performance both jointly and severally and has provided an indemnity in favour of Wells Fargo against any cost, loss or liability incurred as a result of an obligor not paying any amount due to unenforceability, invalidity or illegality which would, but for such unenforceability, invalidity or illegality, have been payable.

The principal amount currently outstanding under the Luton Facility Agreement is £96.5 million. There are no further commitments available to be drawn by the Mall (Luton) Limited Partnership under the Luton Facility Agreement.

Interest is charged on each loan for each interest period at the percentage rate per annum which is the aggregate of 2 per cent. per annum and LIBOR. It is anticipated that the Luton Facility Agreement will be amended in due course to replace LIBOR with SONIA. If amounts are not paid when they are due, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is 1 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a loan in the currency of the overdue amount for successive interest periods.

The Mall (Luton) Limited Partnership has agreed to maintain hedging agreements with a maximum amount equal to 100 per cent. of the aggregate amount of the loan then outstanding, and a minimum amount equal to 75 per cent. of the aggregate amount of the loan then outstanding. Such a hedging agreement was agreed under the terms of an ISDA Master Agreement 2002 entered into between Wells Fargo Securities International Limited and the Mall (Luton) Limited Partnership on 23 December 2016.

A number of events would lead to prepayment, including but not limited to, illegality and change of control (where Mall (Luton) Limited Partnership, as the sponsor, does not or ceases to control any obligor under the agreement).

The Luton Facility Agreement contains various representations, warranties and covenants given by the Mall (Luton) Limited Partnership. The financial covenants (excluding any cash-trap as described below,

the “**Financial Covenants**”), which have cure rights which may be exercised within twenty business days of delivery of the compliance certificate showing a breach, are:

- historical interest cover, meaning passing rental income as a percentage of finance costs, must be not less than 250 per cent;
- projected interest cover, calculated on the basis of the projected net rental income, must be not less than 200 per cent;
- LTV must not exceed 80 per cent. in the period until (and including) 30 September 2020 and thereafter 70 per cent. up until (and including) the date falling on the fifth anniversary of the Luton Facility Agreement and thereafter 65 per cent.;
- the Luton Facility Agreement contains a cash trap event if the LTV is greater than 65 per cent.;
- debt yield, meaning the passing net rental income less the aggregate amount of fees, costs and expenses paid by the obligors to the managing agent during that period, expressed as a percentage of the net debt, must be not less than 8 per cent.

The events of default include, but are not limited to, non-payment, which allows for a grace period of 2 Business Days, breach of a Financial Covenant, unless cured as permitted under the agreement, breach of any other provision which is either not capable of remedy or not remedied within 15 Business Days of either Wells Fargo giving notice or the Mall (Luton) Limited Partnership becoming aware of the failure, misrepresentation, cross default, insolvency, cessation of business (except as a result of a disposal allowed under the agreement), unlawfulness, repudiation and rescission of agreements, compulsory purchase of any property, major damage to any part of any property, material adverse change and forfeiture in respect of a headlease. On and at any time after the occurrence of an event of default which is continuing Wells Fargo may by notice to the Mall (Luton) Limited Partnership cancel the facility and require immediate repayment with accrued interest and all other amounts accrued or outstanding.

Following the on-set of the Covid-19 pandemic, the testing dates for the historical interest cover, projected interest cover and debt yield Financial Covenants have been subject to numerous amendments in consideration for, among other things, the Mall (Luton) Limited Partnership agreeing to restrictions on its ability to distribute surplus cash. Most recently, pursuant to an amendment agreement dated 21 July 2021 (the “**July Amendment Agreement**”), it has been agreed that the aforementioned Financial Covenants shall not be tested from the date of the July Amendment Agreement until the IPD falling on 22 October 2021.

#### 9.12 **Mall Asset Facility Agreement**

On 4 January 2017, the Mall LP, as borrower, the Mall General Partner (the “**General Partner**”), subsidiaries of the Mall LP (“**Nominees**”), Teachers Insurance and Annuity Association of America and RBS, as lenders and arrangers, RBS as hedging counterparty and CBRE Loan Services Limited (“**CBRE**”), as agent and security agent, entered into a sterling term loan facility (as amended and/or amended and restated from time to time, the “**Mall Asset Facility Agreement**”). The facility named ‘A’ (“**Facility A**”) makes available an aggregate amount equal to £165 million and, subject to any agreed increase, the facility named ‘B’ (“**Facility B**”) makes available a further amount equal to £100 million. The advances under Facility A are purposed for refinancing existing financial indebtedness and repaying amounts owing by the Mall LP to affiliates of Mall LP, as sponsor, in connection with costs incurred in respect of the Mall Blackburn, Mall Maidstone, Mall Walthamstow and Mall Wood Green. The advances under Facility B are purposed for refinancing existing financial indebtedness, financing capital expenditure, tenant lease incentives and related professionals’ costs and repaying amounts owing by the Mall LP to affiliates of Mall LP, as sponsor, in connection with costs incurred in respect of the same properties.

The General Partner and the Nominees (together the “**Guarantors**”) guarantee punctual performance and undertake to pay on demand in the event of any non-payment by the obligors. The Guarantors also provided an indemnity in favour of TIAA, RBS and CBRE against any cost, loss or liability incurred as a result of an obligor not paying any amount due to unenforceability, invalidity or illegality which would, but for such unenforceability, invalidity or illegality, have been payable.

The principal amount currently outstanding under Facility A is £165 million. The principal amount currently outstanding under Facility B is £100 million. There are no further commitments available to be drawn by Mall LP under the Mall Asset Facility Agreement.

Interest is charged on each Facility A loan for each interest period at the percentage rate per annum which is the aggregate of 2.175 per cent. per annum and the rate agreed between TIAA and the Mall LP by reference to the UK swap rate based on a floating rate to fixed rate swap for 100 per cent. of the relevant Facility A loan. Interest is charged on each Facility B loan for each interest period at the percentage rate per annum which is the aggregate of 2 per cent., if the LTV ratio is greater than 60 per cent, or 2.75 per cent. if the LTV is greater than 60 per cent., and LIBOR. The Mall Facility Agreement will be amended to replace LIBOR with SONIA in accordance with the Mall Asset Facility Amendment and Restatement Agreement. If amounts are not paid when they are due, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is two per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a loan in the currency of the overdue amount for successive interest periods.

The Mall LP has agreed to maintain hedging agreements with an aggregate notional amount of at least 80 per cent, but not more than 100 per cent, of the total commitments (excluding Facility A). Such a hedging agreement was agreed under the terms of an ISDA Master Agreement 2002 entered into between RBS and the Mall LP on 4 January 2017. An amendment was issued on 5 January 2017 confirming the notional amount of £100 million and a termination date of 22 January 2024.

A number of events would lead to prepayment, including but not limited to, illegality and change of control (where Capital & Regional, as the sponsor, ceases to be the owner of at least 51 per cent. of the limited partnership interests in the Mall LP and at least 51 per cent. of the shares in the General Partner, or Capital & Regional ceases to control, as defined in sections 450 and 451 of the CTA 2010, each of the Mall LP and the General Partner).

The Mall Asset Facility Agreement contains various representations, warranties and covenants given by the Mall LP. The financial covenants (excluding any cash-trap as described below, the “**Financial Covenants**”), which have cure rights which may be exercised within twenty business days of delivery of the compliance certificate showing a breach, are:

- historical interest cover, meaning net rental income as a percentage of finance costs, must be not less than 175 per cent;
- projected interest cover, calculated on the basis of the projected net rental income, must be not less than 150 per cent; and
- LTV proportion must not exceed 70 per cent. (and a cash trap set at 65 per cent.).

The events of default include, but are not limited to, non-payment, which allows for a grace period of 3 Business Days, breach of a Financial Covenant, unless cured as permitted under the agreement, breach of any other provision which is either not capable of remedy or not remedied within 15 Business Days of either CBRE giving notice or the Mall LP becoming aware of the failure, misrepresentation, cross default, insolvency, cessation of business (except as a result of a disposal allowed under the agreement), unlawfulness, repudiation and rescission of agreements, compulsory purchase of any property, major damage to any part of any property, material adverse change, forfeiture in respect of a headlease and the General Partner ceasing to be the sole general partner in the Mall LP and a Nominee ceasing to be a wholly-owned subsidiary of another obligor. On and at any time after the occurrence of an event of default which is continuing CBRE may by notice to the Mall LP cancel the facility and require immediate repayment with accrued interest and all other amounts accrued or outstanding.

Following the on-set of the Covid-19 pandemic, breaches of the Financial Covenants have been subject to numerous waivers in consideration for, among other things, the Mall LP agreeing not to distribute any surplus cash and not to dispose of real estate assets without CBRE’s consent (as agent under the Mall Asset Facility Agreement). Most recently, pursuant to a waiver agreement dated 24 June 2021, any breaches of the Financial Covenants have been waived for the period from 31 May 2021 to (and including) 21 October 2021.

In the event that the Mall Debt Restructuring occurs and the Mall Asset Facility Amendment and Restatement Agreement becomes effective, the terms of the Mall Facility will be amended and restated in accordance with the Mall Asset Facility Amendment and Restatement Agreement as described in paragraph 9.3 of Part 9 of this document.

## 10. LITIGATION

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this document, which may have, or have in the recent past, a significant effect on the Company's and/or the Group's financial position of profitability.

## 11. DIVIDENDS

The Company has to date operated, and plans to continue to operate, a dividend policy through which dividends are normally covered by operational cash flow generated by the Group. No dividend per Ordinary Share has been paid for the financial period ended 30 December 2020.

## 12. STATEMENT OF CAPITALISATION AND INDEBTEDNESS

Set out below is a statement of capitalisation of the Group at 30 June 2021 and statement of indebtedness of the Group at 30 September 2021.<sup>(a)</sup>

	<i>As at 30 June 2021</i>
	<i>£m</i>
	<i>Unaudited</i>
<b>Capitalisation</b>	
Share capital – allotted, called up and fully paid	11.2
Share premium	244.3
Other reserves <sup>(b)</sup>	64.7
<b>Capital and reserves</b>	<u>320.2</u>

*As at 30 September 2021*  
*£m*  
*Unaudited*

<b>Indebtedness</b>	
<b>Current debt</b>	
Secured	–
Unsecured	–
	<hr/>
<b>Total current debt</b>	–
	<hr/>
<b>Non-current debt</b> (excluding current portion of long-term debt)	
Secured <sup>(c)</sup>	(423.5)
Unsecured	–
	<hr/>
<b>Total non-current debt</b>	(423.5)
	<hr/>
<b>Total indebtedness<sup>(e)</sup></b>	(423.5)
	<hr/>
<b>Net financial indebtedness</b>	
<b>Cash</b>	
Cash and cash equivalents <sup>(d)</sup>	78.0
	<hr/>
<b>Liquidity</b>	78.0
	<hr/>
<b>Current financial liabilities</b>	
Current bank debt	–
Current portion of non-current debt	–
	<hr/>
<b>Current financial debt</b>	–
	<hr/>
<b>Net current financial indebtedness</b>	
Non-current bank loans <sup>(b)</sup>	(423.5)
Bonds issued	–
	<hr/>
<b>Non current financial indebtedness</b>	(423.5)
	<hr/>
<b>Net financial indebtedness<sup>(e)</sup></b>	(345.5)
	<hr/> <hr/>

*Notes:*

- (a) The statement of capitalisation has been extracted without material adjustment from the Group's unaudited consolidated condensed interim financial statements for the period ended 30 June 2021. The statement of indebtedness has been extracted without material adjustment from the Group's unaudited underlying accounting records as at 30 September 2021.
- (b) 'Other reserves' comprise the following balance sheet lines items: other reserves, capital redemption reserve and own shares held.
- (c) 'Non-current debt' and 'Non-current bank loans' balances are presented before unamortised issue costs
- (d) 'Cash and cash equivalents' balance as presented excludes cash beneficially owned by tenants and certain other restricted cash balances
- (e) The statement of total indebtedness and the statement of net indebtedness do not reflect the Group's obligations under finance leases and liabilities relating to derivatives, as this treatment aligns with the definition of net debt under its banking covenants and as applied in the Group's most recent interim report and annual report.

There has been no material change in the capitalisation of the Group since 30 June 2021.

**Indirect and Contingent Indebtedness**

As at 30 September 2021, the Group had no indirect or contingent indebtedness.

**13. WORKING CAPITAL**

The Directors are of the opinion that, taking into account the existing loan facilities, the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

In the cases of the Mall Luton and Marlowes, Hemel Hempstead (classified as the Group's "**Managed Assets**"), both are now in a negative equity position, the economic rationale for committing central funds to cure and/or pay down these non-recourse facilities at the present time is challenging. The future of the Managed Assets will be dependent on agreeing mutually acceptable terms with the respective lenders to extend waivers and maintain management of the respective centres. If extensions or relaxation of the existing waiver agreements cannot be agreed then the loans could be enforced and as such the Group would no longer benefit from any potential distributions from those entities and the new owners of one or both of those entities may appoint alternative providers for property and/or asset management services meaning that the Group would no longer receive operational income for such services provided to those entities.

The Directors are of the opinion that, in line with the Group's intention to not commit central funds to the facilities secured against the Managed Assets which may result in the lenders of those facilities enforcing their security against those assets and subsequent forfeiture of the Managed Assets, taking into account the Mall Debt Restructuring, existing loan facilities and the net proceeds of the Capital Raising, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

#### **14. RELATED PARTY TRANSACTIONS**

Save as disclosed in this document and the financial information incorporated by reference into this document, there are no related party transactions between Capital & Regional and any related party that were entered into during the aforementioned periods.

#### **15. STATUTORY AUDITORS AND CONSENTS**

- 15.1 Deloitte LLP, whose address is 1 New Street Square, London EC4A 3HQ, and which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales under the instruction of the Company has audited and reported on the annual accounts of Capital & Regional for the financial year ended 30 December 2020. Statutory accounts of Capital & Regional for the year ended 30 December 2020 have been delivered to the Registrar of Companies in England and Wales. The auditor of Capital & Regional has made reports under the relevant provisions in English company law in respect of these statutory accounts and the report was an unqualified report.
- 15.2 Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion of its report on the unaudited pro forma statement of net assets in Section B of Part 7 of this document and has authorised the contents of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the PR Regulation.
- 15.3 CBRE has given and not withdrawn its written consent to the inclusion in this document of its report in Section A of Part 6 of this document and has authorised the contents of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the PR Regulation.
- 15.4 Knight Frank has given and not withdrawn its written consent to the inclusion in this document of its report in Section B of Part 6 of this document and has authorised the contents of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the PR Regulation.
- 15.5 Investec Bank plc has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 15.6 Investec Bank Limited has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 15.7 Numis Securities Limited has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

## **16. GENERAL**

- 16.1 The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the Companies Act (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be paid up in cash) apply to any further issues of shares by the Company which are not the subject of a disapplication approved by the Shareholders in a general meeting.
- 16.2 The Ordinary Shares are in registered form, are capable of being held in uncertificated form and are admitted to the Official List and are traded on the main market for listed securities of the London Stock Exchange.
- 16.3 The financial information contained in this document or incorporated by reference, unless otherwise stated, has been extracted from the annual report and accounts for the year ended 30 December 2020 and the interim report and unaudited interim financial statements for the period ended 30 June 2021.
- 16.4 Where information has been sourced from a third party, the Company confirms that the information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used, the source of such information has been identified wherever it appears in this document.
- 16.5 This document is available on the Company's website at <https://capreg.com/>. This document will only be provided in hard copy on request. Such requests should be made by either writing to the Company Secretary at 22 Chapter Street, London SW1P 4NP or contacting the Company Secretary by telephoning +44 (0)207 932 8000.

## **17. REGULATORY DISCLOSURES**

- 17.1 The Company publishes via the RNS system and the Company's website. Below is a summary of the information disclosed in accordance with the Company's obligations under MAR over the last 12 months which is relevant as at the date of this document. In addition to the RNS system, full announcements can be accessed on the webpage of the Company at <http://capreg.com/investor-info/regulatory-announcements/>:
- 17.1.1 On 15 October 2020 the Company provided an update on trading, rent receipts and liquidity.
- 17.1.2 On 30 November 2020 the Company provided an update pursuant to the requirements of Rule 19.6(C) of the Takeover Code confirming compliance by Growthpoint with its post-offer statements of intent made pursuant to Rules 2.7(c)(iv) and 24.2 of the Takeover Code as detailed in the announcement of 17 October 2019 and the partial offer document dated 7 November 2019.
- 17.1.3 On 17 December 2020 the Company provided a further update on trading and rent receipts during the second national lockdown. The Company also provided an update on rent collections, new lettings and renewals, its intentions regarding its three Debenhams units and its liquidity.
- 17.1.4 On 9 March 2021 the Company announced its full year results to 30 December 2020 and extracted the chairman's statement, the chief executive's statement, the review of operations and activities, and financial information from the Company's 2020 annual report.
- 17.1.5 On 20 April 2021 the Company announced the date of its annual general meeting and publication of its annual report and financial statements for the financial year ended 30 December 2020.
- 17.1.6 On 28 April 2021 the Company provided a further update on trading and rent receipts including operational changes following the re-opening of non-essential retail, its continued progress on key strategic initiatives and its liquidity position.

- 17.1.7 On 21 May 2021 the Company announced the result of its annual general meeting held on 20 May 2021 and confirmed that all 18 resolutions proposed at the meeting had been passed on a poll.
- 17.1.8 On 25 June 2021 the Company provided an update on trading and progress following the re-opening of non-essential retail and also an update regarding its discussions with the banks on its debt facilities.
- 17.1.9 On 9 September 2021 the Company announced its unaudited financial results for the six months ended 30 June 2021 and provided an overview of the Company's activities since 30 December 2020. On the same date the Company also announced it had signed an exclusivity agreement with an international real estate developer to develop new residential opportunities across the Group's shopping centre portfolio.
- 17.1.10 On 14 October 2021, the Company announced the Proposed Transaction.

## **18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of documents (a) to (e) and (i) are available for inspection at <https://capreg.com/> for a period of 12 months following Admission. A copy of document (g) is available for inspection at <https://capreg.com/> from the date of this document until conclusion of the Company's next annual general meeting. Copies of documents (f) to (h) will be available for inspection at the Company's registered office from the date of this document until close of the General Meeting and will be available on the day of the General Meeting until the conclusion of the General Meeting:

- (a) the Articles;
- (b) the Property Valuation Reports contained in Part 6 of this document;
- (c) this document;
- (d) the written consents referred to in paragraph 15 of Part 9 of this document;
- (e) the irrevocable undertakings that have been received in connection with the Proposed Transaction;
- (f) the award agreements in respect of the Long Term Retention Awards being proposed under the Long Term Retention Award Resolution;
- (g) the Long Term Retention Award Memorandum;
- (h) the rules of the LTIP showing the proposed amendments referred to in paragraph 10 of Part 1 of this document; and
- (i) all documents incorporated by reference into this document as stated in Part 10 of this document.

## **19. ANNOUNCEMENT OF RESULTS OF THE CAPITAL RAISING**

The Company will make (an) appropriate announcement(s) to a Regulatory Information Service and SENS giving details of the results of the Capital Raising on or about 1 November 2021.

Dated: 14 October 2021

## Part 10

### DOCUMENTATION INCORPORATED BY REFERENCE

#### Capital & Regional Information

The following documentation, which is available as described below, contains information which is relevant to the Capital Raising.

- The annual report and accounts of Capital & Regional for the financial year ended 30 December 2020. The annual report contains the audited consolidated financial statements of the Company for the financial year ended 30 December 2020 prepared in accordance with IFRS, together with the audit report for such period.
- The interim report and the unaudited interim financial statements for the period beginning 31 December 2020 and ended 30 June 2021.

These documents are also available on the Company's website at <https://capreg.com/>. These documents will only be provided in hard copy on request. Such requests should be made by either writing to the Company Secretary at 22 Chapter Street, London SW1P 4NP or contacting the Company Secretary by telephoning +44 (0)207 932 8000.

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Regulation Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of Capital & Regional and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of (i) the prospects of the Company and any significant changes in its business and financial position that have occurred since the end of the preceding financial year; (ii) the rights attaching to the Open Offer Shares, (iii) the reasons for the Capital Raising and its impact on Capital & Regional, including its overall capital structure and the use of proceeds. Any non-incorporated parts of documents incorporated by reference in this document are either not relevant for the purposes of the Capital Raising or the relevant information is included elsewhere in this document. Any documents themselves incorporated by reference or referred or cross-referred to in these documents shall not form part of this document.

<i>Document</i>	<i>Section of Document</i>	<i>Pages numbers in such Document</i>
Annual Report and Accounts for the year ended 30 December 2020	Chairman's Statement	08-09
	Operating Review	24-27
	Financial Review	29-33
	Director's Report	84-87
	Independent Auditors' Report	89-99
	Consolidated Income Statement	100
	Consolidated Statement of Comprehensive Income	100
	Consolidated Balance Sheet	101
	Consolidated Statement of Changes in Equity	102
	Consolidated Cash Flow Statement	103
	Notes to the financial statements	104-136
Interim Report and Unaudited interim financial statements for the period beginning 31 December 2020 and ended 30 June 2021	Chief Executive comments	01-03
	Operating Review	05-08
	Financial Review	09-15
	Independent Review Report	18
	Condensed Consolidated Income Statement and Condensed Statement of Comprehensive Income	19
	Condensed Consolidated Balance Sheet	20
	Condensed Consolidated Statement of Changes in Equity	21
	Condensed Consolidated Cash Flow Statement	22
Notes to the condensed financial statements	23-35	

## Part 11

### DEFINITIONS

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

<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>	the application form accompanying this document on which 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
<b>Business Day</b>	a day (other than a Saturday, Sunday or public holiday) on which 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 Resolution</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>	the rules governing the operation of CREST, consisting of the 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)
<b>CREST Sponsored 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</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 32 of this document
<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 Transparency Rules</b>	the rules relating to the disclosure of information made in accordance 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>this document</b>	this document, comprising a simplified prospectus relating to the Company
<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 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 this document
<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 "Excluded Territory" 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 this document
<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
<b>HMRC</b>	HM Revenue & Customs
<b>Homestead</b>	Homestead Group Holdings Limited
<b>Homestead Relationship Agreement</b>	the relationship agreement dated 17 October 2019 between the Company and Homestead as further described in paragraph 9.7 of Part 9 of this document
<b>IFRS</b>	International Financial Reporting Standards as issued by the International Accounting Standards Board and, for the purposes of this document, 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 this document
<b>Investment Assets and Central Operations</b>	the Investment Assets together with any cash held centrally by the 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 this document
<b>Knight Frank</b>	Knight Frank LLP
<b>Latest Practicable Date</b>	the latest practicable date prior to the publication of this document, being 13 October 2021
<b>LIBOR</b>	London inter bank offered rate
<b>Listing Rules</b>	the Listing Rules made by the FCA under Part VI of FSMA
<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
<b>Long Term Retention Award</b>	the award of £1,000,000 to Lawrence Hutchings (Chief Executive 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 13 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 this document
<b>Mall Blackburn</b>	the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of this document
<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 this document and paragraph 9.3 of Part 9 of this document
<b>Mall Facility or Mall Asset Facility Agreement</b>	the £265 million debt facility secured over the Four Mall Assets as described in more detail in paragraph 9.12 of Part 9 of this document
<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 this document
<b>Mall Maidstone</b>	the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of this document
<b>Mall Walthamstow</b>	the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of this document
<b>Mall Wood Green</b>	the shopping centre owned by the Group as more particularly described in paragraph 3.1 of Part 2 of this document
<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 this document
<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 this document
<b>Official List</b>	the Official List of the Financial Conduct Authority pursuant to 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 this document 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</b>	the 53,580,237 new Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer
<b>Ordinary Shares or Shares</b>	ordinary shares of £0.10 each in the share capital of the Company
<b>Overseas Shareholders</b>	Shareholders with registered addresses outside the United Kingdom 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

<b>Participant ID</b>	the identification code or membership number used in CREST to 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 European Commission, which is part of UK law by virtue of EUWA
<b>Property Valuation Reports</b>	the property valuation reports prepared by the Property Valuers and set out in Part 6 of this document
<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 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, and repealing Directive 2003/71/EC which is part of UK law by virtue of the EUWA
<b>Prospectus Regulation Rules</b>	the Prospectus Regulation Rules published by the FCA under Section 73A of FSMA in accordance with the Prospectus Regulation
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares on the UK Register in uncertificated form on the Record Date
<b>Qualifying Non-CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in certificated form on the Record Date
<b>Qualifying Shareholders</b>	holders of Ordinary Shares who are entered on the UK Register and/or the SA Register on or before the Record Date and remain on such register at the Record Date with the exclusion of Overseas Shareholders with a registered address 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>	Equiniti and/or SA Transfer Secretaries, as the case may be;
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Regulatory Information Service or RIS</b>	one of the regulatory information services authorised by the Financial Conduct Authority to receive, process and disseminate regulatory information in respect of listed companies
<b>REIT</b>	Real Estate Investment Trust
<b>Remuneration Committee</b>	the remuneration committee of the Company
<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 or JSE Investor Services</b>	JSE Investor Services (Pty) Limited
<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 this document
<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 Memorandum</b>	the supplementary information memorandum sent with this 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</b>	the admission of the Open Offer Shares (i) to the premium listing segment of the Official List and (ii) to trading on the London Stock Exchange's main market for listed securities
<b>UK Register</b>	the share register maintained on behalf of the Company by Equiniti
<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 uncertificated form</b>	recorded on the relevant register of the share or security concerned as 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 this document
<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

## Part 12

### NOTICE OF GENERAL MEETING

#### Capital & Regional PLC

*(Incorporated and registered in England and Wales with registered number 01399411)*

**NOTICE IS HEREBY GIVEN** that a general meeting (the “**Meeting**”) of Capital & Regional plc (the “**Company**”) will be held at 110 Rochester Row, Westminster, London SW1P 1JQ on 1 November 2021 at 2.00 p.m. to consider and, if thought fit, pass resolutions 1 to 3 as ordinary resolutions. Unless the context otherwise requires, words and expressions used in this notice, including in the notes herein (the “**Notice**”) have the meanings given to them in the combined prospectus and circular sent to shareholders dated 14 October 2021 (the “**Prospectus**”), of which this Notice forms part.

#### ORDINARY RESOLUTIONS

##### Authority to allot Ordinary Shares

**1. THAT:** the Company’s board of directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all or any of the powers of the Company to allot Ordinary Shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company in connection with the Capital Raising (as defined in the Prospectus) up to an aggregate nominal amount of £5,358,023.7 which authority shall be in addition to the existing authority conferred on the Company’s board of directors on 20 May 2021 which shall continue in full force and effect, provided that such authority shall expire (unless previously renewed, varied or revoked) at the earliest to occur of the conclusion of the next annual general meeting of the Company after the date on which this resolution is passed or the date 15 months after the date of passing of this resolution, save that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require relevant securities to be allotted after such expiry revocation or variation and the directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

##### Approval of Long Term Retention Awards and Amendment of Directors’ Remuneration Policy

**2. THAT:** the Long Term Retention Awards (the principal terms of which are summarised in paragraph 10 of Part 1 of the Prospectus) and the amendments to the Director’s Remuneration Policy to authorise the Company to award the Long Term Retention Awards be and are hereby approved (including for the purposes of the Listing Rules and section 226B(1)(b) of the Companies Act 2006) and the Directors of the Company (or duly authorised committee of the Directors) are hereby authorised to do all acts and things as they consider necessary or desirable to award the Long Term Retention Awards and to make payments pursuant to the Long Term Retention Awards.

##### Amendment of LTIP

**3. THAT:** the amendments to the rules of the LTIP to reduce from three years to 18 months the minimum vesting period of awards that may be granted under the LTIP to employees other than executive directors, produced in draft to the General Meeting, be and are hereby authorised to adopt the amendments to the rules of LTIP to do all acts and things as they consider necessary or desirable to implement the amendments.

By order of the Board

**Stuart Wetherly**  
Company Secretary

Registered office:  
22 Chapter Street  
London SW1P 4NP

Dated 14 October 2021

## Notes for the General Meeting

1. Shareholders are entitled to appoint another person as a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company at [capinfo@capreg.com](mailto:capinfo@capreg.com). In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior). A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
2. To be valid any proxy form or other instrument appointing a proxy must be returned by one of the following methods:
  - in hard copy form by post, by courier or by hand to the appropriate Company registrar; in the case of members on the UK share register, to Equiniti at Aspect House, Spencer Road, Lancing BN99 6DA, United Kingdom and, in the case of Shareholders on the SA Register who are certificated Shareholders, to JSE Investor Services (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000 South Africa); or
  - in the case of CREST Members, by utilising the procedure set out below under paragraphs 8-11; or
  - in the case of Dematerialised Shareholders on the SA Register holding their shares through a CSDP or broker, by providing their voting instruction to the CSDP or broker (as applicable).

Dematerialised Shareholders on the SA Register holding their shares through a CSDP or broker must advise their CSDP or broker if they wish to attend the General Meeting or send a proxy to represent them at the General Meeting. Their CSDP or broker will issue them with the necessary letter of representation to attend or be represented at the General Meeting. If they do not wish to attend the General Meeting, but wish to cast their votes, they should provide their CSDP or broker with their voting instructions. In the absence of such instructions, their CSDP or broker will be obliged to vote in accordance with the instructions contained in the custody agreement mandate between them and their CSDP or broker.

To be valid, proxies must be received no later than 48 hours (not including any part of a day that is not a Business Day) before the time of the General Meeting or, if the General Meeting is adjourned, 48 hours (not including any part of a day that is not a Business Day) before the time fixed for the adjourned meeting. Where shares are held by a CSDP or broker, voting instructions must be provided in sufficient time to permit the CSDP or broker to advise the registrar no later than 48 hours (not including any part of a day that is not a Business Day) or 48 hours before the time of the meeting in the event of an adjournment (not including any part of a day that is not a Business Day).

3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a Shareholder attending the General Meeting and voting in person if he/she wishes to do so. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last before the latest time for the respective receipt of proxies will take precedence.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
5. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 1 and 4 above does not apply to the Nominated Persons. The rights described in such paragraphs can only be exercised by Shareholders of the Company.
6. To be entitled to attend, speak and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the register of members of the Company at 6.30 p.m. on 28 October 2021 (or, in the event of any adjournment, you must be entered on the register at 6.30 p.m. on the date which is two days before the date of the adjourned meeting) or on the SA Register at 8.30 p.m. (South African time) on 28 October 2021 or, if the General Meeting is adjourned, you must be entered on the register at 8.30 p.m. (South African time) on the date which is two Business Days prior to the date of any adjourned meeting. Changes to the Register of Members after the relevant deadlines shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. On a show of hands, every member who is entitled to vote and is present in person or by proxy has one vote and, on a poll, every member who is present in person or by a proxy has one vote for every ordinary share held by him/her.
8. As at 13 October 2021 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 111,819,626 ordinary shares of £0.10 each, carrying one vote each. Therefore, the total voting rights in the Company as at 13 October 2021 are 111,819,626 ordinary shares.
9. CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (which can be viewed at [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA19) by 2.00 p.m. on 28 October 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST Members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.
13. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same shares.
14. Any Shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members’ statements, members’ resolutions or members’ matters of business received by the Company after the date of this notice will be available on the Company’s website [www.capreg.com](http://www.capreg.com).
16. Shareholders may not use any electronic address provided either in this notice of meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

