THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document, or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are in the UK, or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or transferred all of your Ordinary Shares before 6.00 p.m. on 8 January 2013, please forward this document, but not the personalised Form of Proxy enclosed with it, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this document and the personalised Form of Proxy enclosed with it and consult the bank, stockbroker or other agent through or to whom the sale or transfer was effected. If you receive this document from another Shareholder, as a purchaser or transferee, please contact the Company's Registrar for a Form of Proxy.

Any person (including, without limitation, a custodian, nominee or trustee) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the UK should seek appropriate advice before taking any action. The distribution of this document and any accompanying documents into jurisdictions other than the UK may be restricted by law. Any person not in the UK into whose possession this document and any accompanying documents come should inform himself 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.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting for Capital & Regional plc and for no-one else in connection with the Disposal and the production of this document, and will not be responsible to any person other than Capital & Regional plc for providing the protections afforded to clients of Numis Securities Limited or for providing advice in relation to the matters described in this document.

Capitalised terms have the meanings ascribed to them in Part VIII (Definitions) of this document.

Capital & Regional plc

(Incorporated in England and Wales under the Companies Acts 1948 to 1976 with registered number 01399411)

Disposal of entire interest in X-Leisure Business

Approval of waiver under Rule 9 of the City Code on Takeovers and Mergers

Circular to Shareholders

and

Notice of General Meeting

Your attention is drawn to the letter to Shareholders from the Chairman of Capital & Regional plc in Part I (Letter from the Chairman) of this document. This letter contains the recommendation of the Board that you vote in favour of the Disposal Resolution and the recommendation of the Independent Directors that you vote in favour of the Rule 9 Waiver Resolution. Please read the whole of this document and, in particular, the risk factors contained in Part II (Risk Factors) of this document.

A notice convening a General Meeting of the Company to be held at The Rubens Hotel, Rembrandt Suite, 39 Buckingham Palace Road, London SW1W 0PS on 10 January 2013 at 11.00 a.m. is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's Registrar as soon as possible and in any event no later than 11.00 a.m. on 8 January 2013, being 48 hours before the time appointed for the holding of the General Meeting. Forms of Proxy received after this time will be invalid. If you hold your Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's Registrar (under CREST participant RA19) by no later than 11.00 a.m. on 8 January 2013. CREST members may choose to utilise the CREST electronic proxy appointment service in accordance with the procedures referred to in the Notice.

Completion and return of a Form of Proxy or completing and transmitting a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting, if you wish and are entitled to do so.

This document is a circular relating to the Disposal and the Rule 9 Waiver Resolution which has been prepared in accordance with the Listing Rules and (with regard to the Rule 9 Waiver Resolution) the Code, and has been approved by the FSA and (with regard to the Rule 9 Waiver Resolution) by the Takeover Panel.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

All Shareholders on the Share Register at the close of business on 17 December 2012 have been sent this document.

CORPORATE DETAILS AND ADVISERS

Secretary and Registered Office	Falguni Desai 52 Grosvenor Gardens London SW1W 0AU
Financial adviser and sponsor	Numis Securities Limited The Stock Exchange Building 10 Paternoster Square London EC2V 7RF
Legal adviser	Olswang 90 High Holborn London WC1V XX
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ
Reporting Accountant	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Company's Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

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Forward-Looking Statements

This Circular contains forward-looking statements that are subject to assumptions, risks and uncertainties associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Continuing Group and the Disposal Assets operate. These factors include, but are not limited to, those discussed in Part II (Risk Factors) of this Circular. These and other factors could affect the results, strategy and prospects of the Continuing Group and/or the Disposal Assets.

Forward-looking statements can be identified typically by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "predicts" or "anticipates", as well as the negatives of such words and other words of similar meaning in connection with discussions of future operating or financial performance or of strategy that involve risks and uncertainties.

The forward-looking statements in this Circular are made based upon the Company's expectations and beliefs concerning future events affecting the Continuing Group and/or the Disposal Assets and therefore involve a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. The forward-looking statements are not guarantees and actual results could differ materially from those expressed or implied in these forward-looking statements; therefore, undue reliance should not be placed on such forward-looking statements.

You are cautioned not to place any undue reliance on the forward-looking statements contained in this Circular which speak only as at the date of this Circular. Except as required by any applicable laws and regulations, the Listing Rules, the Disclosure and Transparency Rules and the City Code, neither the Company nor any member of the Group undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The statements in this section should not be construed as a qualification to the opinion of the Company as to the Continuing Group's working capital set out in paragraph 12 of Part VII (Additional Information) of this Circular.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record date for entitlement to vote at the General Meeting	21 December 2012
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy entitlements for the General Meeting	11.00 a.m. on 8 January 2013
General Meeting	11.00 a.m. on 10 January 2013
Announcement of results of General Meeting	10 January 2013
Expected date of Completion	mid January 2013

Notes:

Future dates are indicative only and are subject to change by the Company, in which event details of the new times and dates will be notified to the FSA and, where appropriate, to Shareholders.

References to times in this document are to London time.

PART I

LETTER FROM THE CHAIRMAN OF CAPITAL & REGIONAL PLC

Capital & Regional plc

(Incorporated in England and Wales under the Companies Acts 1948 to 1976 with registered number 01399411)

Directors:	*Registered Office:*
John Clare *(Chairman)*	52 Grosvenor Gardens
Hugh Scott-Barrett *(Chief Executive)*	London
Charles Staveley *(Group Finance Director)*	SW1W 0AU
Kenneth Ford *(Executive Director)*	
Xavier Pullen *(Executive Director)*	
Neno Haasbroek *(Non-Executive Director)*	
Philip Newton *(Non-Executive Director)*	
Louis Norval *(Non-Executive Director)*	
Tony Hales *(Non-Executive Director)*	

21 December 2012

To the Shareholders

Dear Shareholder,

Disposal of the entire interest in X-Leisure Fund, The X-Leisure General Partner Limited and X-Leisure Limited to LS Mirage Limited for £31.7 million in cash

Proposed Waiver under Rule 9 of the City Code on Takeovers and Mergers

1. Introduction

On 4 December 2012, the Company announced that it had entered into a conditional binding agreement with LS Mirage Limited, a wholly owned subsidiary of Land Securities Group plc, to sell the Company's entire 11.9 per cent. interest in the issued units of the X-Leisure Fund and its 50 per cent. interests in The X-Leisure General Partner Limited and X-Leisure Limited for a cash consideration of £31.7 million subject to certain adjustments based on the completion balance sheet.

The Disposal is a significant step towards completing the Company's strategic objectives of focusing on its core UK Shopping Centre Business. The Board believes that the consideration for the Disposal fairly reflects the prospects of the X-Leisure Business.

The Disposal is of sufficient size relative to the size of the Company to constitute a Class 1 transaction under the Listing Rules and is, therefore, conditional upon the approval of Shareholders. Completion is also conditional upon the satisfaction or waiver of the other conditions described in section 1 of Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of this document.

Following completion of the Disposal the Company intends to apply part of the proceeds of the Disposal to reduce the Group's borrowings by repaying outstanding drawings on the Group's Revolving Credit Facility. Further details are set out in paragraph 7 of this document.

The remaining proceeds from the Disposal may also be partly used to finance further investment in the UK Shopping Centre Business by increasing the Company's stake in The Mall Fund or by acquiring complementary shopping centre assets with joint venture partners. Subject to prevailing market conditions it is also the Company's intention to use part of the proceeds to buy up to 10 per cent. of the Company's shares in issue. The Company has the authority to execute on-market share buybacks subject to certain parameters, as granted at the last AGM. However the Company has a large concert party shareholder and, as a consequence, in order to utilise the full capacity of its existing authority, the Company is required to seek further shareholder approval as set out in this document.

The Concert Party (consisting of Parkdev International Asset Managers (Pty) Limited, Parkdev Investments (Pty) Limited, Pinelake International Limited, Clearance Capital (Cayman) Limited, Exdiem Trust, Robs Trust, Boz Trust and each of Louis Norval, Neno Haasbroek, Susjan Wentzel and Careen Norval, currently holds 102,427,163 Shares, representing 29.2137 per cent. of the issued share capital of the Company, as at 17 December 2012 (being the latest practicable date prior to publication of this Circular). If the Company were to purchase Shares pursuant to the AGM Authority, the Concert Party might be required under Rule 9 of the City Code to make an offer for the entire issued share capital of the Company. The Independent Directors are therefore seeking the approval of Shareholders, via the Rule 9 Waiver Resolution, for a waiver to be granted of the obligations that would otherwise apply to the Concert Party in such circumstances. Further details of the Rule 9 Waiver Resolution are set out in paragraph 8 of this letter.

The purpose of this document is to explain the background to, and provide you with information on, the Disposal and the Rule 9 Waiver Resolution and to issue a Notice of General Meeting of the Company to be held to consider, and if thought appropriate, pass the resolutions needed to complete the Disposal and to grant a waiver of the potential obligations of the Concert Party under Rule 9 of the City Code to make an offer for the entire issued share capital of the Company.

This document also explains why the Board believes the Disposal to be in the best interests of the Company's shareholders taken as a whole and recommends that you vote in favour of the Disposal Resolution and why the Independent Directors believe the passing of the Rule 9 Waiver Resolution to be the best interests of the Company's shareholders taken as a whole and recommend that you vote in favour of the Rule 9 Waiver Resolution.

Shareholders should read the whole of this document and not just rely on the summarised information set ou t in this letter.

You will find definitions for capitalised terms used in this letter and the rest of this document in Part VIII (Definitions) of this document.

2. Background to and reasons for the Disposal

The Company is a specialist property company with a core focus on UK retail investments and specifically in dominant community shopping centres. The Group leverages its in-house asset and property management expertise to maximise returns from its property assets. The Company currently has a significant investment in the Mall Fund, a joint venture in a German retail property portfolio, and a number of interests in leisure properties.

The strategy of the Company is to simplify its portfolio and focus on its UK Shopping Centre Business with an emphasis on delivering growth in net asset value whilst generating attractive income and cash returns. A key element of this strategy is seeking to realise value from non-core investments and recycling capital into UK shopping centre assets. The recent announcement of the disposal of the Company's interest in the Junction Fund demonstrates the execution of this strategy.

The Board believes the proposal from Land Securities Group plc represents an excellent opportunity to exit the UK Leisure business at an attractive valuation and further focus the Group's activities on the dominant UK community shopping centre sector.

3. Information on the X-Leisure Business

The X-Leisure Business comprises the holding of 91.9 million units in the X-Leisure Fund (an 11.9 per cent. interest) and 50 per cent. interests in The X-Leisure General Partner Limited, and X-Leisure Limited, which acts as the property manager for the X-Leisure Fund.

The X-Leisure Fund is the largest specialist investment fund in the ownership and management of leisure assets in the UK. It owns 16 properties with net lettable area of 3 million sq ft.

The key characteristics of the X-Leisure Fund's leisure properties are:

- Dominant in local catchment area

- Anchored by a cinema
- 50 per cent. or more of rental income generated from leisure operators

Key financial metrics for the X-Leisure Fund are:

	6 months ended 30 June 2012	*Year ended 30 December 2011*
Number of properties	16	16
Gross rent	£21.4m	£42.4m
Profit for the period	£19.1m	£49.1m
Net assets	£267.9m	£255.5m
Capital & Regional share	11.93%	11.93%

The X-Leisure General Partner Limited is responsible for the management of the X-Leisure Limited Partnership.

X-Leisure Limited, which is a 50:50 joint venture with AREA Property Partners ("**AREA**"), carries out the asset and non-FSA regulated fund management activities for the X-Leisure Fund. AREA acts as Operator and is responsible for FSA regulated fund management activities.

Financial information on the Disposal Assets is set out in Part III of this document. For the year ended 30 December 2011 the Disposal Assets show profit before tax (including management fees and revaluation) of £6.2 million. The net asset value of the Disposal Assets at 30 June 2012 was £33.3 million.

Please refer to Part III of this document (Financial information on the Disposal Assets) for further information.

4. Information on the Continuing Group and future strategy

Following the Disposal, the Group will focus on maximising the value of its UK Shopping Centre Business and will use the proceeds of disposals of non-core assets to reinforce its presence in UK shopping centres by investing in the Mall and on broader UK shopping centre activities which will be complementary to the Company's strategy in relation to the Mall. The Group will actively manage its shopping centre portfolio through delivering its asset management and development pipeline. The Company will aim to deliver value enhancement through a consistent approach to the creation and reconfiguration of space, through optimising planning consents and through designing places to shop that meet local demand.

The Group will continue to look to dispose of its other non-core remaining leisure assets where this can be achieved at attractive prices.

5. Information on Land Securities Group plc

Land Securities Group plc is the largest Real Estate Investment Trust (REIT) in the UK and is listed on the London Stock Exchange with a market capitalisation of approximately £6 billion. Land Securities Group plc was founded in 1944 and now owns a property portfolio in excess of 29 million sq ft and had a net asset value of £7.2 billion as at 31 March 2012.

6. Principal terms and conditions of the Disposal

Under the terms of the Disposal Agreement entered into on 4 December 2012, the Company has conditionally agreed to sell the Disposal Assets to LS Mirage Limited, a wholly owned subsidiary of Land Securities Group plc. The consideration for the Disposal, subject to certain adjustments based on the completion balance sheet, will be £31.7 million payable in full and in cash to the Group at Completion.

Completion is conditional upon, *inter alia*, approval by Shareholders of the Disposal Resolution as well as on those other matters set out in paragraph 2 of Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA). The Company expects Completion to occur in mid January 2013.

7. Use of Proceeds and Financial Effects of the Disposal on the Group

At Completion, the net cash proceeds arising from the Disposal are expected to be approximately £30.4 million, after estimated transaction costs of approximately £1.3 million. The financial effects of the proposed Disposal are set out in the unaudited pro forma statement of net assets for the Continuing Group at Part IV (Unaudited Pro Forma Statement of Net Assets) of this document. This information has been prepared for illustrative purposes only and shows the position of the Continuing Group as at 30 June 2012 had Completion occurred on that date.

Having considered the expected net proceeds of the Disposal, the Board intends to apply part of the proceeds of the Disposal will be applied to reduce the Group's borrowings by repaying outstanding drawings on the Group's Revolving Credit Facility reducing this facility from an anticipated £5 million as at 31 December 2012 to nil. The proceeds of the Disposal may also be used by the Company to finance further investment in the UK Shopping Centre Business by increasing the Company's stake in The Mall Fund or by acquiring complementary shopping centre assets with joint venture partners. Subject to prevailing market conditions, it is also the Company's intention to use part of the proceeds to buy up to 10 per cent. of the Company's shares in issue.

The effect of the Disposal is expected to reduce recurring profitability by approximately £2.0 million on an annualised basis. The net asset value of the Group as at 30 June 2012 was £186.0 million. Had the Disposal completed on that date, this figure would have been reduced to £183.1 million.

8. The Takeover Code

As a public company with its registered office in the UK whose shares are admitted to trading on a regulated market in the UK, the Company is subject to the City Code.

Under Rule 9 of the City Code, any person who, whether by a series of transactions over a period of time or not, acquires an interest in shares which, when taken together with the shares in which he is already interested (together with shares in which persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights in a company which is subject to the City Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

An offer under Rule 9 must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares acquired in the company by the person required to make the offer or any person acting in concert with him.

Under Rule 37 of the City Code, when a company purchases its own voting shares, a resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make a Rule 9 offer).

At the Company's AGM held on 6 June 2012, a resolution was passed conferring the Company with the authority to make market purchase of ordinary shares. If the Company were to repurchase shares under this AGM Authority, and at the time of repurchase the voting rights attributable to the aggregate holding of the Concert Party (details of which are set out below) represented 30 per cent. or more of the voting rights of the Company, an obligation under Rule 9 of the City Code would arise for one or more members of the Concert Party to make a cash offer for the issued shares of the Company which they do not already own.

The Takeover Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the repurchase of shares under the authority to be granted by the AGM Authority, subject in each case to the approval of Independent Shareholders. Accordingly, the Rule 9 Waiver Resolution seeks to waive the requirement under Rule 9 of the City Code that the Concert Party, having acquired a shareholding and percentage of voting rights exceeding 30 per cent., must make a general cash offer to all the remaining Shareholders to acquire their Shares if the Company were to buy back Ordinary Shares pursuant to the AGM Authority. In accordance with the City Code, the Rule 9 Waiver Resolution will be taken on a poll. The Concert Party will not be entitled to vote on the Rule 9 Waiver Resolution.

The waiver proposed to be granted by the Rule 9 Waiver Resolution, which is valid only for so long as the AGM Authority remains in force, applies only in respect of increases in the percentage interests of the

Concert Party resulting from market purchases by the Company of its own shares and not in respect of other increases in such parties' holdings.

If the Independent Shareholders do not approve the Rule 9 Waiver Resolution, the Directors will not make use of the AGM Authority where such use would result in mandatory offer under Rule 9 of the City Code unless in either case arrangements can be put in place to ensure that the Concert Party's percentage interest in Ordinary Shares will not increase as a result of any purchases by the Company of its own shares or a further waiver is sought from the Takeover Panel in respect of such increases (and Independent Shareholder approval is granted).

Details of the Concert Party

The Concert Party consists of Parkdev International Asset Managers (Pty) Limited, Parkdev Investments (Pty) Limited, Pinelake International Limited, Clearance Capital (Cayman) Limited, Exdiem Trust, Robs Trust, Boz Trust and each of Louis Norval, Neno Haasbroek, Susjan Wentzel and Careen Norval. Further details relating to each member of the Concert Party are set out below.

Parkdev International Asset Managers (Pty) Limited ("Parkdev International")

Louis Norval and Neno Haasbroek are both directors of Parkdev International. Louis Norval holds 31.5 per cent. of the shares issued in Parkdev International.

Gryphon Finance (Pty) Ltd (a company of which NFJ Haasbroek is a director, the shareholder of the company is De Katwijk Trust, a trust of which NFJ Haasbroek is a trustee and beneficiary) holds 9 per cent. of the shares issued in Parkdev International.

Pereno Investments (Pty) Limited (a company of which SJ Wentzel is a director, the shareholder of the company is Exdiem Trust, a trust of which SJ Wentzel is a trustee and a beneficiary) holds 0.03 per cent. of the shares issued in Parkdev International.

The MVP Earth Trust (a trust of which Louis Norval is a trustee) holds 0.04 per cent. of the shares issued in Parkdev International.

Parkdev Investments (Pty) Limited ("Parkdev Investments")

Parkdev Investments (Pty) Limited holds 58.4 per cent. of the shares issued in Parkdev International. Louis Norval, Neno Haasbroek and Susjan Wentzel are directors of Parkdev Investments. Louis Norval holds 62.5 per cent. of the shares issued in Parkdev Investments.

De Katwijk Trust (a trust of which Neno Haasbroek is a trustee and a beneficiary) has a 18.75 per cent. shareholding in this entity.

Exdiem Trust (a trust of which Louis Norval and Susjan Wentzel are trustees and Susjan Wentzel a beneficiary) holds 6.25 per cent. of the shares in this entity.

The MVP Earth Trust (a trust of which Louis Norval is a trustee) holds 6.25 per cent. of the shares issued in Parkdev Investments.

Pinelake International Limited

International Lakes Limited holds 61.25 per cent. of the shares issued in Pinelake International Limited. The entire issued share capital of International Lakes Limited is held by Forest Trust, a trust in which Louis Norval is a beneficiary.

Outeniqua Limited holds 20 per cent. of the shares issued in Pinelake International Limited. The entire issued share capital of Outeniqua Limited is held by Gryphon Family Trust, a trust in which NFJ Haasbroek is a beneficiary.

Cana Trust holds 6.25 per cent. of the shares issued in Pinelake International Limited. Susjan Wentzel is a beneficiary of this trust.

Pinelake International Limited holds 100 per cent. of Karoo Investments S.a.r.l. ("**Karoo S.a.r.l.**"). Karoo S.a.r.l. is the general partner of Karoo Investment Fund S.C.A. SICAV-SIF ("**Karoo Fund**"). Arctospark

(Pty) Limited is a shareholder in Karoo Fund, an entity which is externally managed by Parkdev Investments (Pty) Limited. Louis Norval is a director of Arctospark (Pty) Limited.

Clearance Capital (Cayman) Limited

Parkdev Investments holds 10 per cent. of the ordinary shares and 50 per cent. of the preference shares issued in Clearance Capital (Cayman) Limited. Louis Norval is a director of Clearance Capital (Cayman) Limited.

Exdiem Trust

The Exdiem Trust is Susjan Wentzel's family trust. The trustees of this trust are Susjan Wentzel, Louis Norval and Gary Steynberg. The beneficiaries of this trust are Susjan Wentzel, Kobus Wentzel (Susjan Wentzel's husband), Jana Wentzel (Susjan Wentzel's daughter) and Carel Wentzel (Susjan Wentzel's son).

Susjan Wentzel

Susjan Wentzel is a director of Parkdev Investments and a trustee and beneficiary of Exdiem Trust which holds 6.25 per cent. of the shares issued in Parkdev Investments. Susan Wentzel is also a director of Pereno Investments (Pty) Limited, a company which holds 0.03 per cent. of shares issued in Parkdev International.

Robs Trust

The beneficiary of Robs Trust is Robyn Merrington, the daughter of Louis Norval. The trustees of Robs Trust are Robyn Merrington, Sean Merrington (Robyn's husband) and Louis Norval.

Boz Trust

The beneficiary of Boz Trust is Byron Norval, the son of Louis Norval. The trustees of Boz Trust are Byron Norval and Louis Norval.

Mrs Careen Norval

Careen Norval is the wife of Louis Norval.

Interests of the Concert Party

Save as disclosed in this paragraph 8 and paragraph 6 of Part VII (Additional Information), as at the close of business on 17 December 2012 (being the latest practicable date prior to publication of this Circular), no member of the Concert Party or anyone acting in concert with any member has any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any Ordinary Shares.

The Concert Party's current interests in and the percentages of the voting rights in the Company attributable to such holdings are:

Concert Party member	*Number of ordinary shares*	*Current percentage of voting rights*
NFJ Haasbroek	120,000	0.0342%
Parkdev International Asset Managers (Pty) Ltd	73,064,197	20.8390%
Parkdev Investments (Pty) Ltd	9,441,413	2.6928%
Pinelake International Limited	18,924,243	5.3975%
Clearance Capital (Cayman) Limited	306,060	0.0873%
Exdiem Trust	111,000	0.0317%
Susjan Wentzel	76,000	0.0217%
Robs Trust	22,500	0.0064%
Boz Trust	169,500	0.0483%
Mrs. Careen Norval	192,250	0.0548%
	102,427,163	29.2138%

If the AGM Authority were exercised in full and assuming no disposals of Ordinary Shares by members of the Concert Party and no issues of Ordinary Shares by the Company in the meantime, the holdings of the Concert Party and the percentage of the voting rights in the Company attributable to such holdings would be:

Concert Party member	*Number of ordinary shares*	*AGM Authority*
NFJ Haasbroek	120,000	0.0380%
Parkdev International Asset Managers (Pty) Ltd	73,064,197	23.1544%
Parkdev Investments (Pty) Ltd	9,441,413	2.9920%
Pinelake International Limited	18,924,243	5.9972%
Clearance Capital (Cayman) Limited	306,060	0.0970%
Exdiem Trust	111,000	0.0352%
Susjan Wentzel	76,000	0.0241%
Robs Trust	22,500	0.0071%
Boz Trust	169,500	0.0537%
Mrs. Careen Norval	192,250	0.0609%
	102,427,163	32.4597%

Following the repurchase of shares pursuant to the AGM Authority members of the Concert Party may between them be interested in shares carrying thirty per cent. or more of the Company's voting share capital but will not hold shares carrying more than fifty per cent. of such voting rights and for so long as they continue to be treated as acting in concert any further increase in that aggregate interest in shares will be subject to the provisions of Rule 9 of the Takeover Code.

Dealings of the Concert Party

Save as set out below, as at the close of business on 17 December 2012 (being the latest practicable date prior to publication of this Circular), no member of the Concert Party or anyone acting in concert with any member had any dealings (including borrowing or lending) in Ordinary Shares which took place in the period beginning 12 months preceding the date of this document and ending on 17 December 2012.

Members of the Concert Party have purchased shares as set out in the table below in the last 12 months.

Date	*Member of Concert Party acquiring shares*	*Number of Ordinary Shares purchased*	*Percentage of issued share capital*	*Price per Ordinary Share*
1 November 2011	Parkdev Investments (Pty) Limited	1,207,338	0.344%	34.16p
8 November 2011	Parkdev Investments (Pty) Limited	138,812	0.040%	34.67p
14 November 2011	Parkdev Investments (Pty) Limited	150,837	0.043%	34.81p
17 November 2011	Parkdev Investments (Pty) Limited	147,975	0.042%	34.30p
21 November 2011	Parkdev Investments (Pty) Limited	497,920	0.142%	33.70p
25 November 2011	Parkdev Investments (Pty) Limited	525,813	0.150%	33.53p
29 November 2011	Parkdev Investments (Pty) Limited	1,048,936	0.299%	33.05p
6 December 2011	Parkdev Investments (Pty) Limited	199,663	0.057%	32.64p
9 December 2011	Parkdev Investments (Pty) Limited	61,635	0.018%	32.86p
21 December 2011	Parkdev Investments (Pty) Limited	333,582	0.095%	32.13p
30 December 2011	Parkdev Investments (Pty) Limited	65,298	0.019%	31.65p
5 January 2012	Parkdev Investments (Pty) Limited	1,420,478	0.405%	31.94p
16 April 2012	Parkdev Investments (Pty) Limited	1,193,126	0.340%	32.74p
23 May 2012	Mrs. Careen Norval	27,000	0.008%	28.50p
20 August 2012	Boz Trust	150,000	0.043%	23.90p

The Concert Party's intentions

The Directors and the Concert Party have confirmed to the Company that their intentions regarding the continuance of the Company's business, the strategic plans of the Company, the deployment of the fixed assets of the Company, the maintenance of any existing trading facilities for the relevant securities, and the continued employment of its employees and those of the Company's subsidiaries will not be altered as a result of any increase in their percentage shareholdings or voting rights as a result of a repurchase of Ordinary Shares by the Company.

9. Information regarding the Concert Party

Information concerning the Concert Party is set out on page 10.

10. Current trading and future prospects of the Group

On 9 November 2012, the Company issued its interim management statement. The Company commented that its core business has continued to perform well. The slight uplift in valued income reflects continued progress in the re-letting space vacated by retailer administrations in the first half of the year. The pipeline of demand for space continues to provide a cushion against further retailer failures. Passing rent remained broadly stable across the UK funds and in the German portfolio during the third quarter.

With regard to the Disposal Assets, the X-Leisure Business continues to trade well in a challenging economic environment. The core of the leisure occupier market continues to trade robustly, with the cinema and casual dining sectors underpinning trading performance.

11. Risk factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Disposal Resolution, please refer to Part II (Risk Factors) of this document.

12. General Meeting

A notice convening the General Meeting to be held at The Rubens Hotel, Rembrandt Suite, 39 Buckingham Palace Road, London SW1W 0PS on 10 January 2013 at 11.00 a.m. is set out at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed.

As a Class 1 transaction owing to the size of the Disposal relative to the size of the Company, the Company requires the approval of Shareholders to proceed with the Disposal. The completion of the Disposal is, therefore conditional on the approval of Shareholders, amongst other conditions set out in Paragraph 2 of Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of this document. The Disposal Resolution will be proposed as an ordinary resolution requiring a simple majority of the votes cast in person or by proxy in respect of that resolution. The full text of the Disposal Resolution is set out in the Notice at the end of this Circular.

The Company proposes that Shareholders approve the waiver by the Takeover Panel of the requirement under Rule 9 of the City Code for the Concert Party to make a general offer to the Shareholders as a result of any market purchase of Ordinary Shares by the Company pursuant to the AGM Authority. The Rule 9 Waiver Resolution will be proposed as an ordinary resolution requiring a simple majority of the votes cast on a poll by Independent Shareholders in respect of that resolution. The full text of the Rule 9 Waiver Resolution is set out in the Notice at the end of this Circular.

At the end of this Circular, you will find a notice convening a General Meeting of the Company, which is to be held at The Rubens Hotel, Rembrandt Suite, 39 Buckingham Palace Road, London SW1W 0PS on 10 January 2013 at 11.00 a.m. A summary of the action you should take is set out in paragraph 14 of this letter and in the Form of Proxy that accompanies this Circular.

Only Shareholders may vote at the General Meeting. Neither the Disposal Resolution nor the Rule 9 Waiver Resolution is conditional on the other being passed.

13. Action to be taken

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting.

It is important to us that our Shareholders have the opportunity to vote, even if they are unable to come to the General Meeting. If you are unable to come to the General Meeting, you can use the enclosed Form of Proxy to nominate someone else to come to the meeting and vote for you (this person is called a proxy).

To appoint a proxy, you need to send back the Form of Proxy. As an alternative to returning the Form of Proxy, you can appoint a proxy electronically. Details of the procedure are set out in the notes to the Form of Proxy and the Notes to the Notice.

You are requested to complete and sign the Form of Proxy whether or not you propose to attend the General Meeting in person in accordance with the instructions printed on it and return it as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 8 January 2013, by Equiniti Limited, the Company's Registrar, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

If you hold your Ordinary Shares in uncertificated form (i.e., in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's Registrar (under CREST participant RA19), in each case by no later than 11.00 a.m. on 8 January 2013.

Unless the Form of Proxy or CREST Proxy Instruction is received by the relevant date and time specified above, it will be invalid.

Completion and posting of the Form of Proxy or completing and transmission a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting if you wish to do so.

14. Further information

Your attention is drawn to the further information set out in Part II (Risk Factors) to Part VII (Additional Information) of this document. You should read the whole of this document and, in particular, the risks and uncertainties set out in Part II (Risk Factors) of this Circular.

15. Recommendation

Louis Norval and Neno Haasbroek have not taken part in any decision of the Board relating to the Rule 9 Waiver Resolution as their shareholdings in the Company are the subject of such resolution.

The Board considers the Disposal to be in the best interests of the shareholders of the Company taken as a whole and unanimously recommends that Shareholders vote in favour of the Disposal Resolution, as the Directors intend to do in respect of their own beneficial holdings, which amount in aggregate to 108,117,053 Shares and represent approximately 30.8 per cent. of the Company's issued share capital as at 17 December 2012 (the latest practicable date prior to publication of this Circular).

The Independent Directors, who have been advised by Numis, consider the Rule 9 Waiver Resolution to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole and unanimously recommend that Independent Shareholders vote in favour of the Rule 9 Waiver Resolution, as the Independent Directors intend to do in respect of their own beneficial holdings, which amount in aggregate to 5,689,890 Shares and represent approximately 1.6 per cent. of the Company's issued share capital as at 17 December 2012 (the latest practicable date prior to publication of this Circular). In providing advice to the Independent Directors, Numis Securities Limited has taken account of the commercial assessments of the Independent Directors.

Yours faithfully

John Clare
Chairman

PART II

RISK FACTORS

1. Risks related to the Disposal not proceeding

If the Disposal does not complete for any reason (including the Disposal Resolution not being passed), the Disposal Assets may be retained by the Company. In such circumstances, Shareholders should note the following risk factors.

Impact on group's financial resilience

It is intended that part of the proceeds from the Disposal will be used to pay down the outstanding balance on the Group's revolving credit facility. This would strengthen the Group's financial position and allow it better to withstand the current challenging economic environment. If the Disposal does not proceed, whilst the Group will have sufficient financial resources to continue operations in the longer term, it will have less financial flexibility in the event of any significant deterioration in market conditions.

Inability to realise Shareholder value if the Disposal does not complete

The Directors believe that the Disposal is in the best interests of Shareholders as a whole and the Directors believe that the Disposal currently provides the best opportunity to realise an attractive and certain value for the Disposal Assets. If the Disposal does not complete, the Group's ability to deliver shareholder value may be prejudiced.

Exposure to the leisure property market

Following the Disposal, the Group will have a greater proportion of its net assets invested in UK retail property with the consequent increased exposure to movement in that sector of the property market. If the Disposal does not proceed and the Group continues to execute its non-core disposal strategy, then the Group may be increasingly exposed to adverse movement within this sector of the property market which could also have an adverse effect on the Group's cash flow, operating results and financial condition.

2. Risks associated with the Disposal

The Continuing Group will be exposed to potential liabilities as a result of the Disposal.

Warranties and undertakings in the Disposal Agreement, GP SPA and Fund Manager SPA

The Disposal Agreement, GP SPA and Fund Manager SPA contain certain warranties and indemnities in favour of the Buyer which are customary for transactions of this type. The Company will be liable for its share of any founded claims made by the Buyer under each of the agreements in respect of these warranties and indemnities. The warranties are subject to limitations except in the case of fraud, wilful misconduct or wilful concealment. Under the Disposal Agreement, the Company has no liability for breach of any warranty unless (i) an individual claim (or a series of claims arising from substantially identical facts or circumstances) exceeds £100,000 (a Relevant Claim) and (ii) the total of all Relevant Claims exceeds £500,000. Other than in the case of fraud, the aggregate liability of the Sellers and the Manager in respect of claims under the Disposal Agreement shall not exceed £25,000,000, and in any event the liability of the Company shall not exceed the amount of consideration received by it pursuant to the terms of the Disposal Agreement. Pursuant to the terms of the GP SPA the Company has no liability for breach of any warranty unless (i) an individual claim (or a series of claims arising from substantially identical facts or circumstances) exceeds £10,000 (a Relevant Claim) and (ii) the total of all Relevant Claims exceeds £50,000. The aggregate liability of the Sellers under the GP SPA in respect of all claims shall not exceed £1,000,000. Pursuant to the terms of the Fund Manager SPA the Company has no liability for breach of any warranty unless (i) an individual claim (or a series of claims arising from substantially identical facts or circumstances) exceeds £50,000 (a Relevant Claim) and (ii) the total of all Relevant Claims exceeds

£100,000. The aggregate liability of the Sellers under the GP SPA in respect of all claims shall not exceed £4,000,000.

Further details of the Disposal Agreement are set out in Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of this Circular.

The Proposal may not be implemented as planned even if Shareholders vote in favour of the resolution being proposed at the General Meeting

Completion of the Disposal Agreement is conditional upon the approval of Shareholders and the satisfaction or waiver of certain other conditions listed in Paragraph 2 of Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of this Circular. There can be no assurance that these conditions will be satisfied or, if relevant, waived and that Completion will take place. In the event that Shareholders do not approve the Disposal Resolution, or any other condition to the Disposal Agreement is neither satisfied nor waived, the Disposal will not be completed. If the Disposal does not complete, any of the risks and uncertainties set out in section 2 of this Part II (Risk Factors) may affect the Group's business and results.

3. Risks associated with the Continuing Group

Reduced portfolio diversification

Following Completion, the Group will be more focussed on its retail assets being its UK shopping centres and its German property portfolio. Accordingly, the Group will have greater exposure to adverse valuation movements in these two property classes. For example, during the first half of 2012, there was a decline in the valuation of certain German retail properties resulting in one of the Group's German portfolio's being placed in default by the lender. Whilst the loan is non-recourse to the Group, the net asset value of the Group was negatively impacted by the write-down. Overall the reduced diversification of asset class may have an adverse impact on the Group's operating results or financial condition.

Funding and treasury risks

The UK Leisure Business currently makes a contribution to the Group's profitability and provides strong and stable cash flow. Whilst the Disposal will potentially reduce debt and provide the Group with greater financial resilience, it will also reduce its recurring profitability. In the longer term this may reduce the Group's ability to raise additional debt finance.

The Group has sufficient committed facilities to execute its business plan for at least the next 12 months, however looking beyond the next 12 months, a lack of available funding would constrain the Group's ability to execute any future growth strategy whilst any limitation on the Group's ability to access financing could increase its interest costs and adversely affect its operational results and cash flow. Interest rate or currency movements could have an adverse impact on the financial position and business results of the Group.

PART III

FINANCIAL INFORMATION ON THE DISPOSAL ASSETS

1. Nature of Financial Information on the Disposal Assets

The following historical information relating to The X-Leisure Fund and X-Leisure Limited has been extracted without material adjustment from the consolidation schedules used in preparing the audited consolidated financial statements of the Group for the three years ended 30 December 2011 and the unaudited interim results for the six month period ended 30 June 2012, which were prepared under IFRS.

No information has been provided on the X-Leisure General Partner Limited as the income and net assets of this company are considered immaterial given reported profit after tax of £4,328 and net assets of £49,610 for the year ended 30 December 2011.

The financial information contained in this Part III does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 or as the case may be Section 434 of the Companies Act 2006. The consolidated statutory accounts for the Company in respect of the financial year ended 30 December 2011, 30 December 2010 and 30 December 2009 have been, delivered to the Registrar of Companies.

The auditors' reports in respect of the consolidated statutory accounts for each of these three financial periods were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985 or as the case may be section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part III (Financial Information on the Disposal Assets) of the Circular.

2. Income statements

The income statements for the Disposal Assets prepared on the basis set out above, for the three years ended 30 December 2011 and the six month period ended 30 June 2012 prepared on the basis set out above:

X-Leisure Fund

	Six months ended 30 June 2012	*Year ended 30 December 2011*	*Year ended 30 December 2010*	*Year ended 30 December 2009*
	£m	*£m*	*£m*	*£m*
Gross rent	21.4	42.4	42.3	49.8
Net rent	17.5	33.2	32.8	38.7
Net interest payable	(10.7)	(22.4)	(23.0)	(27.8)
Profit/(loss) on revaluation of investment properties	9.4	35.5	68.3	(93.0)
Profit/(loss) on sale of investment properties	–	–	1.5	(16.8)
Loan renegotiation costs	–	–	–	(1.1)
Fair value of interest rate swaps	2.9	2.8	(8.5)	1.8
Profit/(loss) before taxation	19.1	49.1	71.1	(98.2)
Tax	–	–	–	–
Profit/(loss) for the period	19.1	49.1	71.1	(98.2)
Capital & Regional share	2.2	5.9	8.5	(24.7)[1]

1 In July 2009, the X-Leisure Fund completed an open offer. The Company took up £4.0 million of its rights, which was less than its pro-rata share and as a consequence its interest in the fund reduced from 19.37% to 11.93%, representing a deemed disposal. In relation to this deemed disposal, the Company incurred additional costs of £6.2 million as well as its share of the loss for the period in the X-Leisure Fund such that the total loss from its holdings of X-Leisure Fund units was £24.7 million.

X-Leisure Limited

	Six months ended 30 June 2012 £m	*Year ended 30 December 2011 £m*	*Year ended 30 December 2010 £m*	*5 month period ended 30 December 2009 £m*
Revenue	2.3	4.7	4.7	1.7
Cost of sales	(1.9)	(3.9)	(3.5)	(1.3)
Gross profit	0.4	0.8	1.2	0.4
Administrative costs	–	–	–	–
Profit on ordinary activities before finance costs	0.4	0.8	1.2	0.4
Finance costs	–	–	–	–
Profit on ordinary activities before taxation	0.4	0.8	1.2	0.4
Tax	(0.1)	(0.2)	(0.3)	(0.1)
Profit on ordinary activities after taxation	0.3	0.6	0.9	0.3
Capital & Regional share	0.1	0.3	0.5	0.1

The income and net assets of the X-Leisure General Partner Limited are immaterial in amount.

3. Statements of net assets

The net assets of the Disposal assets as at 30 December 2011 and 30 June 2012 prepared on the basis set out above were:

	30 June 2012 X-Leisure Fund £m	*30 June 2012 X-Leisure Limited £m*	*30 December 2011 X-Leisure Fund £m*	*30 December 2011 X-Leisure Limited £m*
Investment properties	567.9	–	557.3	–
Other assets	36.8	1.6	38.0	1.6
Current liabilities	(59.8)	(1.3)	(22.7)	(1.3)
Non-current liabilities	(277.0)	–	(317.1)	–
Net assets	267.9	0.3	255.5	0.3
Capital & Regional share	32.0	0.1	30.5	0.1

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of consolidated net assets of the Group as at 30 June 2012. It has been prepared on the basis set out in the notes below to illustrate the effect of the Disposal on the consolidated net assets of the Continuing Group had the Disposal occurred on 30 June 2012. It has been prepared for illustrative purposes only. Because of its nature, the pro forma statement addresses a hypothetical situation and, therefore, does not represent the Continuing Group's actual financial position or results. It is based on the consolidation schedules used in preparing the unaudited consolidated balance sheet of the Company, and unaudited balance sheet amounts for interests in X-Leisure Fund and X-Leisure Limited as at 30 June 2012 included in the Company's consolidation schedules. In the case of X-Leisure Fund and X-Leisure Limited summary of net asset statements are reproduced in Part III (Financial Information on the Disposal Assets) of this document.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part IV (Unaudited Pro Forma Statement of Net Assets) of this Circular.

The report on the unaudited pro forma statement of net assets is set out in Part V (Report on the Unaudited Pro Forma Statement of Net Assets) of this Circular.

		Adjustments[1, 2]			
	Group net Assets at 30 June 2012[3]	*Disposal of Group's interest in X-Leisure Fund[4]*	*Disposal of Group's interest in X-Leisure Limited[5]*	*Disposal Proceeds[6]*	*Pro forma net assets of the Continuing Group[7]*
	£m	*£m*	*£m*	*£m*	*£m*
Non-current assets					
Investment property	8.6	–	–	–	8.6
Goodwill	1.2	–	(1.2)	–	–
Plant and equipment	0.6	–	–	–	0.6
Receivables	32.7	–	–	–	32.7
Investments in associates	132.1	(32.0)	–	–	100.1
Investments in joint ventures	18.0	–	(0.1)	–	17.9
Total non-current assets	193.2	(32.0)	(1.3)	–	159.9
Current assets					
Trading properties	71.3	–	–	–	71.3
Receivables	7.5	–	–	–	7.5
Cash and cash equivalents	5.8	–	–	30.4	36.2
Total currents assets	84.6	–	–	30.4	115.0
Total assets	277.8	(32.0)	(1.3)	30.4	274.9
Current liabilities					
Bank loans	(4.1)	–	–	–	(4.1)
Trade and other payables	(8.3)	–	–	–	(8.3)
Current tax liabilities	(6.3)	–	–	–	(6.3)
Total current liabilities	(18.7)	–	–	–	(18.7)

	Group net Assets at 30 June 2012[3] £m	Adjustments[1, 2] Disposal of Group's interest in X-Leisure Fund[4] £m	Disposal of Group's interest in X-Leisure Limited[5] £m	Disposal Proceeds[6] £m	Pro forma net assets of the Continuing Group[7] £m
Bank loans	(65.7)	–	–	–	(65.7)
Other payables	(3.3)	–	–	–	(3.3)
Deferred tax liabilities	(4.1)	–	–	–	(4.1)
Total non-current liabilities	(73.1)	–	–	–	(73.1)
Total liabilities	(91.8)	–	–	–	(91.8)
Net assets	186.0	(32.0)	(1.3)	30.4	183.1

Notes to the pro forma financial information:

1. The unaudited pro forma of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act, and no adjustment has been made to take account of trading, expenditure or other movements subsequent to 30 June 2012, being the date of the last published consolidated balance sheet of the Group.

2. No adjustment has been made in respect of the X-Leisure General Partner Limited as its income and net assets are immaterial in amount.

3. This column represents the consolidated net assets of the Group at 30 June 2012, extracted, without material adjustment from the unaudited half yearly financial report for the six months ended 30 June 2012.

4. This column represents the elimination of carrying value of the Group's assets relating to the X Leisure Fund as if the Disposal had occurred on 30 June 2012, as extracted, without adjustment, from the financial information on X-Leisure Fund as set out in Part III (Financial Information on the Disposal Assets) of this circular.

5. This column represents the elimination of the carrying value of the Group's assets relating to X-Leisure Limited, as extracted, without adjustment, from the financial information on X-Leisure Limited as set out in Part III (Financial Information on the Disposal Assets) of this Circular, and the associated goodwill arising in consideration of the Group's interests in X-Leisure Limited, which amounted to £1.2 million as at 30 June 2012, as if the disposal had occurred on 30 June 2012.

6. This column represents the cash proceeds of £31.7 million less associated disposal costs of approximately £1.3 million resulting in net proceeds of £30.4 million.

7. This column represents the sum of the preceding columns and represents the proforma net assets of the Company as at 30 June 2012 assuming the Disposal had occurred on that date.

PART V

REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The Directors
Capital & Regional plc
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21 December 2012

Dear Sirs,

Capital & Regional plc ("the Company")

We report on the pro forma statement of net assets (the "Pro forma financial information") set out in Part IV of the Circular dated 21 December 2012, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Disposal might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing its financial statements for the year ending 31 December 2012.

This report is required by LR 13.3.3R of the Listing Rules of the Financial Services Authority, which requires that the Company must comply with the requirements for pro forma financial information set out in Prospectus Directive Regulation (EC) 809/2004 ("the PD Regulation"), and is given for the purpose of complying with the PD Regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under LR13.3.3.R 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.

It is the responsibility of the directors of the Company under LR13.3.3R to prepare the Pro forma financial information in accordance with paragraph 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by LR13.3.3R to comply with paragraph 7 of Annex II of the PD Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. 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 of the Company.

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.

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.

Yours faithfully

GRANT THORNTON UK LLP

PART VI

PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT, GP SPA AND FUND MANAGER SPA

1. Principal terms of the Disposal Agreement

The Disposal Agreement was entered into on 4 December 2012 between AREA (X-L) Limited ("**AREA**") and Capital & Regional Units LLP (together with AREA (X-L) Limited, the "**Sellers**"); LS Mirage Limited (the "**Buyer**"), BNP Paribas Jersey Trust Corporation Limited (the "**Trustee**"), AREA (X-L Jersey) Limited (the "**Manager**") and Capital & Regional Holdings Limited ("**Capital & Regional Holdings**"). Pursuant to the terms of the Disposal Agreement, the Sellers have conditionally agreed to sell the Units (as defined in the Disposal Agreement) to the Buyer subject to the terms and conditions of the Disposal Agreement.

Consideration

The Units will be sold to the Buyer for an aggregate cash consideration of the Net NAV plus the Distribution Substitute (if any) and the Aggregate Notional Amount (if any). The consideration is allocated as between the Sellers on the basis of the number of units each Seller is selling under the Disposal Agreement such that AREA shall receive 71.47 per cent. of the consideration and Capital & Regional Units LLP shall receive 28.53 per cent. of the consideration.

Conditions

For the purposes of this Part VI, "Proposals" means the proposals for (a) the Buyer or one or more of its associates to: (i) purchase the Units from the Sellers; (ii) purchase the entire issued share capital of the Fund Manager from Capital & Regional Property Manager Limited and AREA XLL; (iii) purchase the entire issued share capital of the General Partner from AREA GP and Capital & Regional GP; (b) the retirement of the Operator as operator of the X-Leisure Partnerships and the appointment of the New Operator; and (c) the Manager to procure the transfer of the role of manager of the Unit Trust to the New Jersey Manager.

Completion of the Disposal Agreement is conditional upon satisfaction or waiver of the following conditions (or satisfaction of the following conditions subject only to Completion):

(a) HSBC Bank plc (on behalf the lenders or the majority lenders as the case may be) consenting to the Proposals by countersigning a letter in substantially the same form as the HSBC Consent Letter;

(b) Bank of Scotland plc consenting to the Proposals by countersigning a letter in substantially the same form as the BOS Consent Letter; and

(c) Deutsche Postbank AG (on behalf of the majority banks) consenting to the Proposals by countersigning a letter in substantially the same form as the DB Consent Letter;

(d) the passing at a meeting of the Unitholders of a special resolution in the agreed terms to approve:

  (i) all such matters as are set out in the Partnership Resolution (as defined in sub-paragraph c below) requiring Unitholder approval;

  (ii) the amended and restated trust instrument constituting the Unit Trust in the agreed terms between the Trustee and the Manager (the "**Amended and Restated Trust Instrument**");

  (iii) the appointment of the New Jersey Manager as manager of the Unit Trust in accordance with the terms Amended and Restated Trust Instrument; and

  (iv) the transfer by Capital & Regional (Leisure GP) Limited ("**Capital & Regional GP**") and AREA (X-L General Partner) Limited ("**AREA GP**") of their respective share interest in The X-Leisure (General Partner) Limited (the "**General Partner**") to Land Securities Partnerships Limited;

(e) the passing of written resolutions of the sole limited partner in the limited partnership known as The X-Leisure Limited Partnership (the "**Partnership**" and with X-Leisure Fund I LP and X-Leisure Fund II LP, the "**Partnerships**") in the agreed terms to approving:

(i) the amended and restated limited partnership deed in relation to the Partnership in the agreed terms between the General Partner and the Trustee (acting solely in its capacity as trustee of the Unit Trust) (the "**Amended and Restated Partnership Deed**");

(ii) the appointment of the New Operator as operator of the Partnerships;

(iii) the agreement relating to the General Partner between Land Securities Limited and the General Partner (the "**Governance Agreement**");

(iv) the waiver of the right to terminate the Fund and Property Management Agreement arising out of the Change of Control (as defined therein); and

(v) the amended and restated fund and property management agreement to be entered into between the X-Leisure Partnerships (acting by the General Partner), X-Leisure Fund I (acting by its general partner), X-Leisure Fund II (acting by its general partner), the New Operator and X-Leisure Management Limited (the "**Amended and Restated Fund and Property Management Agreement**");

(f) the passing at a general meeting of Capital & Regional plc of a resolution approving the sale by the Company of the Capital & Regional Units (as defined in the Disposal Agreement) on the terms of the Disposal Agreement;

(g) the execution of each of the Transaction Documents (as set out below and in Part 1 of Schedule 5 of the Disposal Agreement) by the parties thereto and each such document becoming wholly unconditional in accordance with its terms subject only to completion of the Disposal Agreement:

(i) the Amended and Restated Fund and Property Management Agreement;

(ii) the Amended and Restated Partnership Deed;

(iii) the Amended and Restated Trust Instrument;

(iv) the share purchase agreement between Capital & Regional Property Management Limited, AREA (X-L Management Limited), Land Securities Properties Limited ("**LS Properties**") and Capital & Regional Holdings relating to the acquisition by LS Properties of Capital & Regional Property Management Limited's and AREA XLL's entire shareholding in the Fund Manager (the "**Fund Manager SPA**") (the principal terms of the Fund Manager SPA are set out below);

(v) the share purchase agreement between AREA GP, Capital & Regional GP, Land Securities Partnerships Limited and Capital & Regional Holdings relating to the acquisition by Land Securities Partnerships Limited of the entire shareholding in the General Partner (the "**GP SPA**") (the principal terms of the Fund Manager SPA are set out below);

(vi) the termination agreement relating to the shareholders' agreement dated 18 March 2011 between Capital & Regional Property Management Limited, AREA XLL and the Fund Manager;

(vii) the Governance Agreement;

(viii) the Operator's Termination Deed;

(ix) the instrument between the Trustee, the Manager and the New Jersey Manager pursuant to the Amended and Restated Trust Instrument which is supplemental to the trust instrument in relation to the Unit Trust, originally entered into between the Trustee and Britel Jersey Manager Limited on 25 June 2004 as amended and restated on 30 June 2006, as amended on 6 February 2009, as supplemented on 31 July 2009 and 18 March 2011;

(x) the deed of termination relating to the administration agreement between the Xscape Castleford Partnership (acting through its partners) and the Operator dated 3 October 2011;

(xi) the deed of termination relation to the administration agreement between the Xscape Milton Keynes Partnership (acting through its partners) and the AREA Property Partnership (UK) LLP (the "**Operator**") dated 3 October 2011;

(xii) the retirement deeds relating to the retirement of the Operator as a party to the Xscape Castleford Fund and Property Management Agreement and the retirement of the Operator as a party to the Xscape Milton Keynes Fund and Property Management Agreement;

(xiii) the assignment agreement pursuant to which Xscape Properties Limited assigns UK registered trade mark 2342213 X-LEISURE (stylised word mark) to the Fund Manager;

(xiv) the deed of termination relation to the trade mark licence in respect of UK registered trade mark no. 2342213(stylised word mark) dated 18 August 2009 between Xscape Properties Limited and the X-Leisure Partnerships;

(xv) the trade mark licence agreement pursuant to which Xscape Properties Limited grants a trade mark licence to the Fund Manager in respect of Xscape; and

(xvi) the deed of termination relating to the Xscape trade mark licence dated 23 February 2007 between Xscape Properties Limited, the Xscape Milton Keynes Partnership (acting through its partners) and the Xscape Castleford Partnership,

(together being the "**Transaction Documents**")

(h) the satisfaction or (if waivable) waiver of all of the conditions to closing under the Fund Manager SPA and the GP SPA (save to the extent that any conditions to closing under any such document is capable of being satisfied only as part of the relevant closing);

(i) the transfer of legal title to the X-Leisure Fund I LP Interests and the X-Leisure Fund II LP interests to the Fund Manager for nil consideration by way of simple stock transfer form;

(j) the prior written consent from the Jersey Financial Services Commission to the retirement of the new Manager as manager of the Unit Trust and the appointment of the New Jersey Manager as manager of the Unit Trust in accordance with the terms of the Amended and Restated Trust Instrument; and

(k) the execution of the Milton Keynes Resolution by Xscape Milton Keynes Limited Liability Partnership and Mourant & Co Trustees Limited (acting as trustees for Xscape Milton Keynes Property Unit Trust) as partners of the Xscape Milton Keynes Partnership;

(l) the execution of the Castleford Resolution by Xscape Castleford Limited Liability Partnership and Mourant & Co. Trustees Limited (acting as the trustee of Xscape Castleford Property Unit Trust) as partners of the Xscape Castleford Partnership;

(m) the transfer of the entire issued share capital of Castleford (UK) Limited for £1.00 to a Unit Trust Group Entity or other nominee(s) nominated by the Partnership to C&R (provided such nominee(s) are nominated within 15 Business Days of the date of this Agreement) by way of simple stock transfer form; and

(n) the termination agreement between the Trustee, the Manager and State Street (Jersey) Limited (as administrator of the Unit Trust) relating to the termination of the administration agreement.

Following a meeting of the Unitholders on 21 December 2012, the special resolution referred to in paragraph (d) above was duly passed and this condition precedent satisfied.

Warranties

The Disposal Agreement contains customary warranties given by each party. The warranties given by the Sellers relate to, amongst other things, the Sellers' ability to sell the Units, solvency, accounting and financial matters, litigation, compliance with laws and regulatory consents and taxation.

Undertakings

The Sellers have undertaken that, except as may be required to give effect to and comply with any Transaction Document, they shall exercise any rights they have (whether directly or indirectly held) as a Unitholder in The X-Leisure Unit Trust procure that as between the date of the Disposal Agreement and Completion each Unit Trust Group Entity (being any of The X-Leisure Unit Trust and the Partnership and any subsidiary undertaking of The X-Leisure Unit Trust and the Partnership and the partners of such partnership) shall not directly or indirectly without the prior written consent of the Buyer (such consent not to be unreasonably withheld) carry out a number of customary acts which are listed in the Disposal Agreement. Each Seller for itself and on behalf of each of its respective Seller's Group Entities has undertaken:

(a) to the Buyer, acting for itself and as agent for each Unit Trust Group Entity, that it will not for a period commencing on the date of the Disposal Agreement and ending 12 months after Completion directly or indirectly engage or employ or solicit or contact with a view to his/her engagement or employment and any of Pierre Yves Gerbeau, Polly Troughton and/or Pierre Hardy; and

(b) to the Buyer, that it will not for a period commencing on the date of the Disposal Agreement and ending 12 months from Completion directly or indirectly acquire or obtain any interest in any trust unit or enter into any agreement or arrangement to acquire or obtain any interest in any unit in The X-Leisure Unit Trust, the Fund Manager or the General Partner.

Termination

The parties shall have the right to terminate the Disposal Agreement by at least 10 Business Days written notice to the other if either the Sellers or the Buyer fail to comply with certain material obligations in the Disposal Agreement and provided that such termination shall be without prejudice to any rights and obligations incurred as at the date of such termination.

Limitations of Liability

The aggregate liability of each of the Sellers in respect of breaches of certain warranties relating to the following shall not exceed an amount equal to the consideration received by each Seller:

(a) title and capacity;

(b) capacity and authority; and

(c) the shares held by the Company in the General Partner.

Other than in the case of fraud, the aggregate liability of the Sellers and the Manager in respect of claims under the Disposal Agreement shall not exceed £25,000,000 and in any event the liability of the Company shall not exceed the amount of consideration received by it pursuant to the terms of the Disposal Agreement.

2. Principal terms of the GP SPA

In connection with the Disposal Agreement, Capital & Regional (Leisure GP) Limited ("**Capital & Regional GP**") entered into the GP SPA on 4 December 2012. Pursuant to the terms of the GP SPA, Capital & Regional GP and AREA (X-L General Partner) Limited agreed to sell the entire issued share capital of The X-Leisure (General Partner) Limited for a total aggregate consideration of £1.00 with £0.50 due in respect of the shares held by Capital & Regional GP and £0.50 due in respect of the shares held by AREA (X-L General Partner) Limited.

The GP SPA is conditional upon the satisfaction or waiver of all of the conditions precedent under the Disposal Agreement (as set out above) and the Fund Manager SPA (save where any condition is only capable of being satisfied as part of the relevant closing).

The GP SPA contains customary warranties given by each party. The warranties given by the Sellers relate to, amongst other things, the Sellers' ability to sell the shares of The X-Leisure (General Partner) Limited, solvency, accounting and financial matters, litigation, compliance with laws and regulatory consents and taxation.

Pursuant to the terms of the GP SPA the Company has no liability for breach of any warranty unless (i) an individual claim (or a series of claims arising from substantially identical facts or circumstances) exceeds £10,000 (a Relevant Claim) and (ii) the total of all Relevant Claims exceeds £50,000. The aggregate liability of the Sellers in respect of all warranty claims shall not exceed £1,000,000.

3. Principal terms of the Fund Manager SPA

In connection with the Disposal Agreement, Capital & Regional Property Management Limited entered into the Fund Manager SPA on 4 December 2012. Pursuant to the terms of the Fund Manager SPA, Capital & Regional Property Management Limited and AREA (X-L Management) Limited agreed to sell the entire issued share capital of X-Leisure Limited. The consideration for the sale of the entire issued share capital is £500,000 for the Capital & Regional Management Shares, £500,000 for the AREA XXL Shares and an amount equal to the Distribution Substitute which shall be allocated on the basis of the number of shares being sold such that Capital & Regional Property Management shall receive 50 per cent. and AREA XLL shall receive 50 per cent.

The Fund Manager SPA is conditional upon the satisfaction or waiver of all conditions to Completion under the Disposal Agreement and the GP SPA (save where any condition is only capable of being satisfied as part of the relevant closing).

The Fund Manager SPA contains customary warranties given by each party. The Warranties given by the Sellers relate to, amongst other matters, the Sellers ability to sell the shares of X-Leisure Limited, solvency, accounting and financial matters, litigation, compliance with laws and regulatory consents and taxation.

Pursuant to the terms of the Fund Manager SPA the Company has no liability for breach of any warranty unless (i) an individual claim (or a series of claims arising from substantially identical facts or circumstances) exceeds £50,000 (a Relevant Claim) and (ii) the total of all Relevant Claims exceeds £100,000. The aggregate liability of the Sellers under the GP SPA in respect of all warranty claims shall not exceed £4,000,000.

4. Other documents

In connection with the Disposal Agreement, Capital & Regional Holdings has entered into an agreement with LS Properties dated 4 December 2012 where should Capital & Regional Holdings or any of its associates wish to transfer any shares in the capital of SNO!zone Limited ("**SNO!Zone Shares**") held by it or any of its associates (directly or indirectly) to anyone other than an associate of Capital & Regional Holdings, Capital & Regional Holdings Limited must give notice in writing to LS Properties setting out the number of SNO!Zone Shares it wishes to transfer.

On receipt of such notice LS Properties shall have the right to purchase all (but not some only) of the shares referred to in such notice by serving an acceptance notice on Capital & Regional Holdings setting out the price and terms on which would be willing to purchase the relevant shares. Should the price and terms be accepted within 10 business days of receipt, the parties should then work in good faith to enter into the necessary transfer documentation (such transfer documentation to be finalised within 30 days of the offer being accepted). Should the offer be rejected, Capital & Regional Holdings shall be entitled to sell the relevant SNO!zone Shares to a third party within six months provided that any such sale is on terms more favourable than those offered by LS Properties.

PART VII

ADDITIONAL INFORMATION

1. Responsibility Statement

The Company and the Directors, whose names and principal functions are set out in paragraph 4 of this Part VII (Additional Information), accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything to affect the import of such information.

2. The Company

The Company was incorporated and registered in England and Wales on 13 November 1978 as a private company limited by shares under the Companies Act 1948 with registered number 01399411 under the name of Legibus Eighteen Limited. The Company changed its name to Manchester Corn Exchange Estates Limited on 31 December 1979 and subsequently registered as a public company limited by shares and changed its name to Capital & Regional Properties plc on 16 July 1985. The Company changed its name to Capital & Regional plc on 10 May 2000. The legal and commercial name of the Company is Capital & Regional plc. The registered office and principal place of business of the Company is at 52 Grosvenor Gardens, London SW1W 0AU. The telephone number of the Company's registered office is +44 (0) 20 7932 8000. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.

3. Principal Activities of the Group

The principal activity of the Group is that of a specialist property company focusing on retail investments in the UK and Germany. The Group uses in-house asset and property management teams to maximise the value from the properties for investors and tenants. The Group has two investments in well-established UK shopping centre funds; a joint venture with a German retail property portfolio; and a number of interests in leisure and trade park properties.

4. Directors

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

Directors	*Position*
John Clare	*Chairman*
Hugh Scott-Barrett	*Chief Executive*
Xavier Pullen	*Executive Director*
Charles Staveley	*Group Finance Director*
Kenneth Ford	*Executive Director*
Philip Newton	*Non-Executive Director*
Louis Norval	*Non-Executive Director*
Neno Haasbroek	*Non-Executive Director*
Tony Hales	*Non-Executive Director*

5. Directors' service agreements and letters of appointment

Executive Directors: service agreements

Each of the Executive Directors has a rolling service agreement that may be terminated on one year's notice by either party. In the event of early termination of an Executive Director's agreement, the Remuneration Committee will determine the amount of compensation (if any) to be paid by reference to the circumstances of the case at the time. It is the Remuneration Committee's policy not to reward poor performance and to take account of the executive director's duty to mitigate loss.

The key provisions of the Executive Directors' service agreements are set out below:

Name	*Current Annual salary*	*Maximum Bonus as percentage of salary*	*Benefits*	*Notice Period*	*Date of Contract*
Hugh Scott-Barrett	£400,000	100	Pension contribution, Private medical, permanent health and critical illness insurance Life cover	1 year	9 March 2008
Xavier Pullen	£295,000	100	Cash in lieu of pension contribution. Private medical permanent health and critical illness insurance Life cover	1 year	28 October 1993
Charles Staveley	£280,000	100	Pension contribution, Private medical, permanent health and critical illness insurance Life cover	1 year	1 October 2008
Kenneth Ford	£295,000	100	Pension contribution, Private medical, permanent health and critical illness insurance Life cover	1 year	17 May 1996

Non Executive Directors: Letters of appointment

Non-Executive Directors, including the Chairman, do not hold service contracts and each of the Non-Executive Directors has been appointed pursuant to letters of appointment. The appointments under these letters continue for a fixed-term of three years, subject to the terms of the Company's Articles of Association, the Companies Act and Shareholder approval.

The Non-Executive Directors are not entitled to bonuses, benefits, pensions contributions or to participate in any incentive schemes. The fees payable to the Non-Executive Directors comprise a standard director's fee and a fee, where relevant, for additional responsibilities. Philip Newton receives an additional fee of £5,000 in respect of his position as Senior Independent director. Tony Hales receives an additional fee of £5,000 in respect of his position as chairman of the Remuneration Committee.

In respect of the termination of their appointments, there are no notice obligations and they are not entitled to any payments.

The key provisions of the Non-Executive Directors' letters of appointment are set out below:

Name	*Basic Fee (£)*	*Chair Fee (£)*	*Additional Fee (£)*	*Total (£)*	*Appointment*
John Clare	40,000	85,000		125,000	29 June 2010
Philip Newton	40,000		5,000	45,000	28 July 2006
Louis Norval	40,000			40,000	15 September 2009
Neno Haasbroek	40,000			40,000	15 September 2009
Tony Hales	40,000		5,000	45,000	1 August 2011

Save as set out above, none of the service agreements of members of the administrative, management or supervisory bodies with the Company or any of its subsidiaries provide for benefits upon termination of employment.

There have been no amendments to the service agreements or letters of appointment of any of the Directors within the period of six months preceding the date of this Circular.

6. Directors' Interests

Directors' Interests in Ordinary Shares

As at the close of business on 17 December 2012 (being the latest practicable date prior to the publication of this Circular), the beneficial interests of the Directors of Capital & Regional and their connected persons (as defined in sections 252 to 255 of the Companies Act) in the issued share capital of the Company which (i) have been notified by each Director or connected person to the Company or (ii) are holdings of a connected person which would, if the connected person were a director be required to be disclosed under (i) above and the existence of which is known to the Director or could with reasonable diligence be ascertained are as follows:

Name	*Number of Ordinary Shares*	*Percentage of issued Ordinary Shares*
John Clare	224,350	0.064
Hugh Scott-Barrett	1,202,055	0.343
Xavier Pullen	1,914,854	0.560
Charles Staveley	283,121	0.081
Kenneth Ford	1,851,710	0.528
Philip Newton	163,800	0.047
Louis Norval	102,427,163	29.21
Neno Haasbroek	102,042,913	29.10
Tony Hales	50,000	0.014

Directors' Interests under the Long Term Incentive Plan 2008

As at 17 December 2012 (being the last practicable date prior to publication of this Circular), the Ordinary Shares set out below had been conditionally awarded to the Directors on 14 June 2010 under the Long Term Incentive Plan 2008:

Name	*Shares Awarded*
Hugh Scott-Barrett	3,000,000
Kenneth Ford	2,000,000
Charles Staveley	2,000,000
Xavier Pullen	2,000,000

Save as disclosed in this paragraph 6 and paragraph 8 of Part I (Letter from the Chairman), as at the close of business on 17 December 2012 (being the latest practicable date prior to publication of this Circular), none of the Directors, their immediate families, persons connected with them or any person acting in concert with them had any interests, rights to subscribe or short positions (whether conditional or absolute and whether

in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any Ordinary Shares.

Save as disclosed in this paragraph 6, none of the Directors has any interest, beneficial or non-beneficial in the share capital of the Company or any of its subsidiaries.

Save as set out in paragraph 8 of Part 1 (Letter from the Chairman), none of the Directors, their immediate families, persons connected with them or any person acting in concert with them had any dealings (including borrowing or lending) in Ordinary Shares which took place in the period beginning 12 months preceding the date of this document and ending on 17 December 2012.

Save as disclosed in paragraph 8 of Part 1 (Letter from the Chairman), as at the close of business on 17 December 2012 (being the latest practicable date prior to publication of this Circular), the Company and the Directors, their immediate families, persons connected with them or any person acting in concert with them had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any interest in any Concert Party entity.

7. Substantial shareholdings

As at 17 December 2012 (being the last practicable date prior to the publication of this Circular), save as disclosed in Paragraph 6 of this Part VII (Additional Information) in respect of Directors' interests, the Company had been notified of, or was otherwise aware of, the following persons who were directly or indirectly interested in 3 per cent. or more of the existing issue share capital of the Company:

Shareholder	*Number of Ordinary Shares*	*Percentage of Issued Share Ordinary Shares*
Parkdev International Asset Managers	82,505,610	23.53
Standard Life Investments	34,979,605	9.98
Henderson Global Investors	33,849,516	9.65
Morgan Stanley Investment Management	31,896,723	9.10
Pinelake International	18,924,243	5.40
APG Asset Management	17,820,147	5.08
Legal & General Investment Management	10,074,740	2.87

8. Related Party Transactions

Save as disclosed in note 36 on page 94 of the Company's 2009 Annual Report and Accounts, note 36 on page 91 of the Company's 2010 Annual Report and Accounts and note 37 on page 107 of Company's 2011 Annual Report and Accounts, each incorporated by reference into this Circular, the Group did not enter into any related party transactions during any of the financial years ended 30 December 2009, 30 December 2010 and 30 December 2011.

For the period between 30 December 2011 and 17 December 2012 (being the latest practicable date prior to the publication of this Circular), the Group has not entered into any new related party transactions.

9. Material Contracts

Save for the material contracts described in this paragraph 9 of this Part VII (Additional Information), the following contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Group, either: (a) within the two years immediately preceding the date of this document which are or may be material; or (b) which contain any provision under which any member of the Company has any obligations or entitlements which are or may be material as at the date of Circular.

The Amended RCF

On 31 August 2012 Capital & Regional Holdings Limited (CRH) entered into a new revolving credit facility agreement (the Amended RCF) with Bank of Scotland (BoS) which provides for an extension of the revolving credit facility entered into in August 2009. The Amended RCF provides:

(i) a reduction in the Facility to £25 million from £58 million;

(ii) an extension of the maturity of the facility to July 2016 from its previous maturity in September 2013;

(iii) a margin of 320 basis points and a non-utilisation fee of 45 per cent. of the margin;

(iv) the principal financial covenants are:

(A) the gearing ratio shall not at any time be more than 1:1 (as tested on each 30 June and 31 December);

(B) the net asset cover ratio shall not at any time be less than 2:1 (as tested quarterly); and

(C) the interest cover ratio shall not be less than 1.5:1 (as tested on each 30 June and 31 December);

(D) the ratio of consolidated net worth to the facility limit shall not at any time be less than 4:1. The consolidated net worth of the Parent Guarantor shall not at any time be less than £25 million.

The Amended RCF contains various representations, warranties and covenants and is guaranteed by the Company.

The Amended Great Northern Warehouse (GNW) Facility Agreement

On 31 August 2012 Morrison Merlin Limited (MM) and BoS entered into an amendment and restatement agreement (the ***Amended GNW Facility Agreement)*** which provides for the amendment and restatement of the terms of the 2005 GNW Facility Agreement. The Amended GNW Facility Agreement includes the following main terms:

(i) a reduction in the GNW Facility to £57.6 million;

(ii) the extension of the term of the GNW Facility to October 2014;

(iii) an increase of the margin to 3 per cent. per annum up to and including the first anniversary of the amendment date and 3.20 per cent. per annum thereafter;

(iv) the loan to value shall not at any time exceed 0.8:1;

(v) the interest cover shall not at any time be less than 1.45:1;

(vi) an exit fee of 200 basis points on a repayment in the first 18 months and 300 basis points thereafter;

(vii) a guarantee of the principal and interest from Capital & Regional Plc until the loan to value of the loan falls below 50 per cent.

The Amended GNW Facility Agreement contains various representations, warranties and covenants and is guaranteed by the Company.

The German Joint Venture

(a) *The German SPA*

On 19 August 2008, the Company and Capital & Regional (Europe Holding 5) Limited entered into a sale and purchase agreement with Apollo Euro B.V.(***Apollo)*** pursuant to which the Company agreed to sell 50 per cent. of its German Business to Apollo for circa. €65.6 million (the ***German SPA***).

Under the German SPA, the Company gave to Apollo certain warranties and indemnities that are customary for a transaction of this nature including an indemnity in respect of certain taxation

liabilities of the German Business. The Company's liability for claims other than claims relating to tax expired on 6 April 2010.

(b) *The German SHAs*

On 19 August 2008 and 3 October 2008 respectively the Company entered into two shareholders' agreements with Apollo establishing a joint venture in relation to the German Business (the ***German SHAs***). The joint venture with Apollo was established to acquire, own, operate, manage, develop, lease and sell the German Properties (as defined in the SHAs) in accordance with an agreed business plan.

Apollo and the Company each own 50 per cent. of the issued share capital (and shareholder loans) of each of the Joint Venture companies except for one portfolio entity in which Apollo owns 49.9 per cent. and the Company owns 50.1 per cent. of the issued share capital. However the parties have equal shareholder voting rights in respect of this entity. In general the German SHAs provide equal governance rights for the Company and Apollo and provide that each of the Company and Apollo are entitled to nominate two (out of a total of four) directors to the boards for each joint venture company, each of whom have a vote.

In the event of an uncured material breach or insolvency of a shareholder, the non-defaulting shareholder has the right to call for the defaulting shareholder's shares and shareholder loans at 90 per cent. of market value.

Transfers of (or other dealings with) shares (other than transfers to affiliates) require the consent of the other shareholder. However, at any time after 6 October 2011, either the Company or Apollo may request that the assets owned by the German Business be sold. On receipt of such notice, the other party shall be entitled to offer to purchase (or procure a purchaser for) all of the shares and shareholder loans of the party who made the sale request. If either party does not wish to proceed with such sale, both parties will appoint a third party real estate advisory firm to advise upon and implement the best way to market and dispose of the properties of the German Business.

The Mall Fund Property Asset Management Agreement

Pursuant to the terms of a property and asset management agreement (the "**PMA**") originally dated 28 February 2002 and a number of Deeds of Variation up to and including 5 May 2005, Capital & Regional Management Limited (the Property Manager) receives management and other fees in relation to the Mall Limited Partnership (MLP).The appointment continues for so long as the MLP continues (including any extensions) and terminates on the later of the termination of the partnership and the sale of all the properties. The MLP has the right to terminate this agreement in certain circumstances including:

- illegal, fraudulent or dishonest acts or material defaults by the Property Manager;
- the Property Manager ceasing to be part of the Group;

Certain further changes on the right of the MLP to terminate the PMA have been agreed and are expected to be implemented shortly:

- if the property IRR in the period from (i) 30 June 2010 and (ii) ending on 31 December 2014, 31 December 2015 or if the Partnership is extended 31 December 2018 respectively, is less than the Benchmark minus 100 basis point, or
- a change of control of the Company (defined to be either 50 per cent. of its issued share capital being held by or on behalf of a single entity or group or 30 per cent. or more of its issued share capital being held by or on behalf of a single entity or group if, in addition, one half or more of its executive directors over the previous 12 months cease to be executive directors). The GP Board has indicated that it would exercise its discretion against enforcing a termination where there has been such a change of control;

- any bank or financial institution or other arms-length lender which has taken security over any of the Units held by a Group Company enforces that security, by sale or otherwise, so that, following such enforcement, the aggregate percentage of Units beneficially owned by the Company and any of its Associates is less than 94,214,925 units; or
- on three months' notice to be served at any time after the passing of the special resolution where an offer is made to all unit holders for the sale of their units (as defined in the Trust Instrument) has been passed where the Company voted in favour of the sale.

The Junction SPA

By sale and purchase agreements dated 19 October 2012 between the Junction investors including Capital & Regional Units LLP ("**Capital & Regional Junction**") (the "**Junction SPA**"), Capital & Regional (Junction GP) Limited ("**Capital & Regional Junction GP**") and various subsidiaries of Hammerson Plc ("**Hammerson**"), Capital & Regional Junction and Capital & Regional Junction GP sold its holding in The Junction Fund and the General Partner of the Fund to Hammerson.

The consideration received for the shares in Junction GP was £5,128.12. The consideration received for the units in the Junction Fund was calculated on the basis of the consolidated net asset value of the Junction Fund less certain deductions. On this basis Capital & Regional Junction's share of the estimated unit consideration at completion was £10,639,893.55.

An amount (Capital & Regional Junction's share being £619,555.16) was retained from the aggregate consideration in relation to capital expenditure and various other costs.

The estimated payment is subject to an adjustment based upon a completion accounts process which will determine the actual net asset value of the Junction Fund at the completion date which will increase or decrease the consideration payable.

On completion of the sale, Capital & Regional Property Management Limited entered into a deed of termination in respect of its asset management agreement with the Junction Fund.

Under the agreement, Capital & Regional Junction and Capital & Regional Junction GP gave certain customary warranties as to their title to the relevant units and shares and certain warranties in relation to the Junction Fund generally and the GP sellers gave warranties in relation to the Junction GP. The relevant warranties were given on a several basis and the maximum liability of Capital & Regional Junction in respect the title and capacity warranties is £34,843,065 and the maximum liability or Capital & Regional Junction GP in respect of the title and capacity warranties is £35,356,875. The maximum liability of Capital & Regional Junction in respect of the other warranties is £3,484,306.50 and the maximum liability of Capital & Regional Junction GP in respect of the other warranties is £3,535,688. Any claims in respect of the warranties must be bought within 12 months of the date of the agreement other than in respect of certain claims relating to taxation, where the claims must be bought within either 24 months or six years from the date of agreement.

The obligations of Capital & Regional Junction under the agreement were guaranteed by Capital & Regional Holdings Limited.

Parkdev Relationship Agreement

The Company and the Parkdev Investors entered into a relationship agreement on 20 August 2009, which became effective upon the Parkdev Investors acquiring shares in the Company (the "**Relationship Agreement**").

Under the Relationship Agreement, Parkdev is entitled to nominate one non-executive director to the Board where Parkdev holds 15 per cent. or more of the issued ordinary share capital of the Company, and two non-executive directors to the Board where Parkdev holds 20 per cent. or more of the issued ordinary share capital of the Company. Pursuant to the Relationship Agreement, on 15 September 2009, Louis Norval and Neno Haasbroek were appointed to the Board of the Company.

The Company has agreed to use reasonable endeavours to procure that, in the event of any future issues of equity securities or other offer to, or other corporate action affecting shareholders generally (whether by way of rights issue, open offer, buyback, tender offer, takeover offer or otherwise), the arrangements for distribution or acquisition of such securities, or for participation in such corporate action, would be such as to enable each of the Parkdev Investors to participate *pro rata* to its shareholding in the Company at the relevant time.

The Company has also undertaken that it would not solicit or recommend any partial tender offer, or undertake any buyback of equity securities without the consent of the Parkdev investors where as a consequence of that transaction the Parkdev Investors together with any concert parties would be forced to make a general offer for the shares of the Company as a result of the Takeover Code.

In addition, the Relationship Agreement also contains customary provisions regarding the making of announcements without written approval of the other party, the supply of information and confidentiality obligations. The Relationship Agreement will terminate if the Parkdev investors (including their respective holding companies and subsidiary undertakings) cease to own or control at least 15 per cent. of the share capital of the Company.

The Disposal Agreement, the GP SPA and the Fund Manager SPA

The key provisions of the Disposal Agreement, GP SPA and Fund Manager SPA are set out in Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of this Circular.

10. Litigation

Capital & Regional

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) nor have there been any such proceedings during the 12 months preceding the date of this Circular, which may have or have had a significant effect on the financial position or profitability of the Continuing Group.

The Disposal Assets

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) nor have there been any such proceedings during the 12 months preceding the date of this Circular which may have or have had, a significant effect on the financial position or profitability of the Disposal Assets.

11. Working Capital

The Company is of the opinion that, after taking into account the net proceeds of the Proposed Disposal and cash balances, bank and other facilities available to it, the Continuing Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this document.

12. Significant Change

Continuing Group

There has been no significant change in the financial or trading position of the Company since 30 June 2012, being the date to which the Company’s most recent unaudited interim results were prepared, save for the Group’s disposal in respect of the Junction Fund details of which are set out in paragraph 9 of this Part VII (Additional Information).

Disposal Assets

There has been no significant change in the financial or trading position of the Disposal Assets since 30 June 2012, being the date to which the Company’s most recent unaudited interim results were prepared, from whose consolidation schedules the financial information relating to the Disposal Assets as set out in Part III of this document has been extracted without material adjustment.

13. Treasury Shares held by the Company

The Company does not hold any treasury shares.

14. Middle Market Quotations

The following table sets out the middle market quotations for an Ordinary Share, as derived from the Daily Official List of the London Stock Exchange plc for the first business date of each of the six months immediately preceding the date of this Circular and for the latest practicable date:

Date	*Price per Ordinary Share*
1 June 2012	24.75p
2 July 2012	26.25p
1 August 2012	23.75p
3 September 2012	24.50p
1 October 2012	25.00p
1 November 2012	24.50p
3 December 2012	29.00p

15. Consents

Numis Securities Limited has given, and not withdrawn, its written consent to the inclusion in this Circular of references to its name and the form and context in which it is included.

Grant Thornton UK LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report included in Part V of this Circular, being a report on the unaudited pro forma statement of net assets in the form and context in which it appears and has authorised the contents of Part V of this Circular comprising its report for the purposes of Rule 13.3.1 (10) of the Listing Rules.

16. General

No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party, the Directors, recent directors, shareholders or recent shareholders in the Company having any connection with the dependence upon the proposals set out in this Circular.

No agreement, arrangement or understanding existing whereby the Ordinary Shares held by the Concert Party will be transferred to any other party.

The Concert Party has not entered into or reached an advanced stage of discussions or proposals to enter into any form of incentivisation arrangements with members of the Company's management who are interested in Ordinary Shares in connection with the matters contemplated by this Circular.

17. Sources of information

In accordance with Rule 24.3(a) of the City Code, the financial information contained in the annual reports and accounts set out below are incorporated by reference into this Circular.

(i) the annual report and accounts of the Company for the financial year ended 30 December 2009;

(ii) the annual report and accounts of the Company for the financial year ended 30 December 2010;

(iii) the annual report and accounts of the Company for the financial year ended 30 December 2011;

(iv) the unaudited interim consolidated accounts of the Group for the six months to 30 June 2012; and

(v) trading statement relating to the Company issued on 9 November 2012.

The Circular and documents (ii), (iii) and (iv) are available on the Company's website at http://www.capreg.com/investor-relations/reports-webcasts-and-presentations/default.html. Documents (i)

and (v) are available in hard copy only and copies of any of the documents set out above and the Circular will only be provided in hard-copy on request. Such requests should be made either in writing to the Company Secretary at 52 Grosvenor Gardens, London SW1W 0AU or by contacting the Company Secretary by telephone on +44 (0) 20 7932 8000.

18. Documents for Inspection

Copies of the following document may be inspected at 52 Grosvenor Gardens, London SW1W OAU during normal business hours on any day (Saturdays, Sundays and Bank Holidays excepted) until the date of the General Meeting, including during the General Meeting:

(a) the Memorandum and Articles of Association of the Company;

(b) the consent letters referred to in paragraph 16 of this Part VII;

(c) the annual report and accounts of the Group for the financial years ended 30 December 2009, 30 December 2010 and 30 December 2011;

(d) the unaudited interim consolidated accounts of the Group for the six months to 30 June 2012;

(e) the Disposal Agreement;

(f) the GP SPA;

(g) the Fund Manager SPA;

(h) the Executive Directors' service agreements;

(i) the Non-Executive Directors' letters of appointment;

(j) each of the Material Contracts summarised in paragraph 9 of this Part VII (Additional Information); and

(k) this Circular.

PART VIII

DEFINITIONS

The following terms have the following meanings throughout this document unless the context otherwise requires:

AGM Authority	the authority to make market purchases of Ordinary Shares conferred on the Company at its annual general meeting on 6 June 2012;
Articles of Association	the articles of association of the Company;
Board or **Directors**	the board of directors of the Company;
Buyer	LS Mirage Limited;
Circular	this document;
City Code	the City Code on Takeovers and Mergers;
Companies Act	the Companies Act 2006;
Company	Capital & Regional plc, a company incorporated in England & Wales with registered number 01399411 whose registered office is at 52 Grosvenor Gardens London, SW1W 0AU;
Company's Registrar	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
Completion	the completion of the Disposal in accordance with the terms of the Disposal Agreement;
Completion Date	the date of Completion;
Concert Party	Parkdev International Asset Managers (Pty) Limited, Parkdev Investments (Pty) Limited, Pinelake International Limited, Clearance Capital (Cayman) Limited, Exdiem Trust, Robs Trust, Boz Trust together with Louis Norval, Neno Haasbroek, Susjan Wentzel and Careen Norval;
Continuing Group	the Company, its Subsidiaries and its Subsidiary Undertakings, excluding X-Leisure Limited;
CREST	the system of paperless settlement of trades in securities and the holding of uncertified securities operated by Euroclear UK and Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755);
CREST Manual	the manual, as amended from time to time, produced by Euroclear UK and Ireland Limited describing the CREST system and supplied by Euroclear UK and Ireland Limited to users and participants thereof;
CREST member	a person who has been admitted by Euroclear UK and Ireland Limited as a system member (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755);

CREST Proxy Instruction	an instruction whereby CREST members send a CREST message appointing a proxy for a meeting and instructing the proxy on how to vote;
Disclosure Rules	the Disclosure and Transparency Rules made by the FSA pursuant to FSMA governing the disclosure of information by listed companies;
Disposal	the disposal of the Disposal Assets by the Company pursuant to the Disposal Agreement as described in this document;
Disposal Agreement	the conditional sale and purchase agreement dated 4 December 2012 between the Sellers, the Buyer, the Trustee, the Manager (each as defined in the Disposal Agreement) and Capital & Regional Holdings Limited, described in more detail in Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of this Circular;
Disposal Assets or **X-Leisure Business**	the Company's entire 11.9 per cent. interest in the issued units of the X-Leisure Fund and its 50 per cent. interests in each of The X-Leisure General Partner Limited and X-Leisure Limited;
Disposal Resolution	the ordinary resolution to be proposed at the General Meeting in connection with the Disposal, as set out in the Notice;
Executive Directors	Hugh Scott-Barrett; Xavier Pullen; Charles Staveley; and Kenneth Ford;
Form of Proxy	the hard copy form of proxy accompanying this document for use by Shareholders in connection with the General Meeting;
FSA	the Financial Services Authority of the UK;
FSMA	the Financial Services and Markets Act 2000, as amended;
EGM or **General Meeting**	the general meeting of the Company to be held at The Rubens Hotel, Rembrandt Suite, 39 Buckingham Palace Road, London SW1W 0PS on 10 January 2013 at 11.00 a.m. or any reconvened meeting following any adjournment thereof, notice of which is set out at the end of this Circular;
Group	in respect of any time prior to Completion, the Company, its Subsidiaries and Subsidiary Undertakings and, in respect of any time following Completion, the Continuing Group;
IFRS	International Financial Reporting Standards;
Independent Directors	the Directors excluding Louis Norval and Neno Haasbroek;
Independent Shareholders	those Shareholders, other than members of the Concert Party, who are entitled to vote on a poll of Shareholders at the General Meeting;
Listing Rules	the Listing Rules of the UK Listing Authority;
London Stock Exchange	London Stock Exchange plc or any recognised investment exchange for the purposes of FSMA, which may take over the functions of London Stock Exchange plc;
Net Operating Assets	net assets excluding goodwill, current and deferred tax and net debt;

Non-Executive Directors	John Clare; Philip Newton; Louis Norval; Neno Haasbroek; and Tony Hales;
Notice	the notice of the General Meeting, which is set out at the end of this document;
Ordinary Shares or **Shares**	ordinary shares of one penny each in the capital of the Company;
Restricted Jurisdiction	any jurisdiction where the making of this Circular into or consider such jurisdiction would constitute a violation of the laws of the jurisdiction;
Rule 9 Waiver Resolution	the ordinary resolution to be proposed on a poll at the General Meeting in connection with the waiver of any requirement under Rule 9 of the City Code for the Concert Party to make a general offer to the shareholders as a result of any market purchase of Ordinary Shares by the Company pursuant to the AGM Authority as set out in the Notice;
Shareholders	holders of Ordinary Shares;
Share Register	the register of members of the Company;
Shopping Centre Business	the Company's interests in the Mall, Lincoln and Redditch and any further UK shopping centre acquisitions;
Subsidiary	subsidiary as that term is defined in section 1159 of the Companies Act;
Subsidiary Undertaking	a subsidiary undertaking as that term is defined in section 1162 of the Companies Act;
Takeover Panel	the Panel on Takeovers and Mergers;
UK Listing Authority	the FSA acting its capacity as the competent authority for the purposes of FSMA;
uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001 (SI 2001/3755), may be transferred by means of CREST;
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland;
X-Leisure Fund	the X-Leisure Unit Trust, a Jersey Unit Trust constituted pursuant to a trust instrument originally entered into between BNP Paribas Jersey Trust Corporation Limited and Britel Jersey Manager Limited on 25 June 2004 as supplemented on 31 July 2009 and as further supplemented on 18 March 2011.

Unless otherwise indicated, all references to time in this Circular are references to the time in London, United Kingdom.

CAPITAL & REGIONAL PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of Capital & Regional plc (the "**Company**") will be held at The Rubens Hotel, Rembrandt Suite, 39 Buckingham Palace Road, London SW1W 0PS on 10 January 2013 at 11.00 a.m. to consider and, if thought fit, to pass the resolutions as ordinary resolutions of the Company.

ORDINARY RESOLUTIONS

1. **THAT** the Proposed Disposal by the Company and its subsidiaries of the Disposal Assets as described in the circular to shareholders of the Company dated 21 December 2012 of which this Notice forms part (the "**Circular**") on the terms and subject to the conditions of the disposal agreement dated 4 December 2012 between (1) Capital & Regional Units LLP; (2) AREA (X-L) Limited; (3) LS Mirage Limited; (4) BNP Paribas Jersey Trust Corporation Limited; (5) AREA (X-L Jersey) Limited; and (6) Capital & Regional Holdings Limited (as described in Part VI (Principal Terms of the Disposal Agreement, GP SPA and Fund Manager SPA) of the Circular) is hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Services Authority and that each and any of the Directors and the Secretary of the Company (or a duly authorised committee of the Directors) are hereby authorised to conclude and implement the Disposal in accordance with such terms and conditions and to make such non-material amendments, modifications, variations, waivers and extensions of any of the terms of the Disposal and of any documents and arrangements connected with the Disposal as he in his absolute discretion thinks necessary or desirable.

2. **THAT** the waiver by the Panel on Takeovers and Mergers (the "**Panel**") of any requirement under Rule 9 of the City Code on Takeovers and Mergers (the "**Code**") for Parkdev International Asset Managers Pty (Limited), Parkdev Investments (Pty) Limited, Pinelake International Limited, Clearance Capital (Cayman) Limited, Exdiem Trust, Robs Trust, Boz Trust together with Louis Norval, Neno Haasbroek, Susjan Wentzel and Careen Norval (the "**Concert Party**") to make a general offer to Shareholders as a result of market purchases by the Company of up to 10 per cent. of the ordinary shares of 1 pence each in issue in the capital of the Company ("**Ordinary Shares**") pursuant to the authority to make market purchases of Ordinary Shares conferred on the Company at its annual general meeting on 6 June 2012 (the "**AGM Authority**") be and is hereby approved such that if the AGM Authority were exercised in full, no disposals of Ordinary Shares by any member of the Concert Party took place and no options or right to acquire Ordinary Shares were exercised or taken up and no issues of Ordinary Shares made, the aggregate holding of that Concert Party would represent 32.4567 per cent. of the issued Ordinary Shares.

21 December 2012

By order of the Board
Falguni Desai
Company Secretary

Registered Office:
52 Grosvenor Gardens
London
SW1W 0AU

Incorporated in England and Wales with Registered Number 01399411

Important information about the General Meeting

1. General

This is the formal notice to Shareholders of the General Meeting and gives you information as to the date, time and place and the business to be considered at the meeting. If there is anything you do not understand, please talk to an appropriate professional adviser.

2. What to do if you have recently sold or transferred all your Capital & Regional plc Ordinary Shares

Please send this document but not the personalised Form of Proxy to the person to whom you sold the shares or the person who sold the shares for you (to send to the new owner of the shares). To have the right to come and vote at the General Meeting, you must hold shares in the Company and your shareholding must be entered on the register of members by 6.00 p.m. on 8 January 2013 or, in the event of any adjournment, 6.00 p.m. on the day two days prior to the adjourned meeting.

3. What to do if you have recently acquired your Capital & Regional plc Ordinary Shares and have received this document from the transferor.

Please contact the Company's Registrar on 0871 384 2438 (or +44 121 415 7047 from outside of the UK) for voting instructions and a Form of Proxy.

Notes:

1. Resolution 2 is subject to the approval of the Independent Ordinary Shareholders (being those Shareholders other than the Concert Party) on a poll and each independent Shareholder will be entitled to one vote for each Ordinary Share held. The Concert Party shall not be entitled to vote on Resolution 2.
2. An Ordinary Shareholder who is unable or does not wish to attend the General Meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company but must attend the meeting to represent you. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy, or if you require additional forms, please contact the Company's Registrars Equiniti Limited on 0871 384 2438 (from within the UK) calls to this number cost 8 pence per minute from a BT Landline, other providers' costs may vary or +44 121 415 7047 (from outside of the UK). Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. An Ordinary Shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of the Ordinary Shareholder. An Ordinary Shareholder may appoint more than one proxy provided that each proxy is appointed in respect of a different share or shares held by that Ordinary Shareholder. A proxy need not be an Ordinary Shareholder of the Company. A Form of Proxy is enclosed.
4. To be effective, the Form of Proxy (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) must be lodged at the offices of Equiniti by 11.00 a.m. on 8 January 2013 or not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same date as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. Return of a completed Form of Proxy will not preclude an Ordinary Shareholder from attending and voting personally at the meeting.
5. In the case of an Ordinary Shareholder who is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. 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.
8. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described below) will not prevent an Ordinary Shareholder attending the General Meeting and voting in person if he/she wishes to do so.
9. Ordinary Shareholders can vote electronically by contacting www.sharevote.co.uk and following the on screen instructions.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members who have appointed a voting

service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**" must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual). The message must be transmitted so as to be received by Equiniti (Issuers Agent ID RA19), the Company's Registrar, not later than 48 hours before the time appointed for the meeting. 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 Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

12. CREST members and where applicable their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. 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(s), 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 service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. 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 or the joint holding (the first-named being the most senior).

15. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

16. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Ordinary 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 Ordinary Shareholder as to the exercise of voting rights.

17. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders of the Company.

18. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders entered on the register of members of the Company at 6.00 p.m. on 8 January 2013 or, in the event that the meeting is adjourned, on the register of members 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the relevant meeting in respect of the number of ordinary shares registered in their names at any time. Changes to the entries on the register of members after this time, or in the event that this meeting is adjourned, on the register of members not later than 6.00 p.m. on the day two days prior to the adjourned meeting shall be disregarded in determined the rights of any person to attend or vote at the meeting or any adjourned meeting.

19. As at 17 December 2012, the Company's issued share capital consists of 350,612,754 Ordinary Shares, carrying one vote each. Therefore the total number of voting rights in the Company as at 17 December 2012 is 350,612,754.

20. Any corporation which is an Ordinary Shareholder can appoint one or more corporate representative who may exercise on its behalf all of its powers as a member provided that they do not vote in relation to the same shares.

21. The outcome of the voting on the Disposal Resolution will be announced at the General Meeting and to the market and published on our website at www.capreg.com.

22. Voting on all resolutions at the General Meeting will be conducted by way of a poll. The results will be announced via a Regulatory News Service and made available at www.capreg.com as soon as practicable after the General Meeting.

23. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

24. Any member 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.

25. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website www.capreg.com.