

Interim Results Presentation



Capital & Regional



21 September 2005

2005 Interim Presentation - Agenda

1. Overview – Martin Barber
2. Financials – William Sunnucks
3. Operating Review
 - Shopping Centres – Ken Ford
 - Retail Parks – Andy Lewis-Pratt
 - Leisure – PY Gerbeau
 - Germany – Xavier Pullen
4. Questions and answers



Financial Highlights

- Funds under management £4.6bn as at 30 June 2005 (December 2004 £4.0bn)
- Total return on equity before exceptionals for 6 months 12.0% (June 2004 15.6%)
- Interim dividend 7.0p (June 2004 5.0p)
- Adjusted fully diluted NAV per share 799p (30 Dec 2004 710p)
- Recurring profit before tax £9.8m (June 2004 £7.8m)



Total returns

	6 months to June 2005 £m	Return on equity
Profit before tax and exceptionals	19.8	
Revaluation surplus	44.0	
Tax	-4.7	
Total return before exceptionals	59.2	12.0%
Exceptional item – CULS buyback	-46.9	
Associated tax credit	14.1	
Total return after exceptionals	26.4	5.3%

Note: shareholders have seen fully diluted NAV per share increase from 710p to 799p and earned a 7p dividend – a total return of 13.5%



Drivers of total return (before exceptionals)

6 months to
30 June 2005

Underlying return	8.2%
Market yield shift	8.1%
Removal of disadvantaged area SDLT relief	-4.3%
Total return	12.0%

Yield shift includes:

- 17bps from IPD shopping centre index for Mall exposure
- 22bps from IPD retail park index for retail park exposure
- 16bps from X-Leisure portfolio initial
- Impact on 2005 performance fees





Earnings
businesses

Assets
businesses

Snozone
(Ski slopes)

CRPM
(Property
Management)

Fund
Co-investment

JVs

Wholly
owned

Germany





New segmental format for 6 months total return

	Property management £m	Property ownership £m	Snozone £m	Exceptional & other £m	Total £m
Management fees	10.9				10.9
Net rents		25.1			25.1
Snozone income			4.7		4.7
Management cost	-5.5	-1.5	-3.7		-10.7
Net interest expense		-19.7			-19.7
Goodwill amortisation	-0.6				-0.6
Recurring pre-tax profit	4.8	3.9	1.0	0.0	9.8
Performance fees	17.4				17.4
Performance fee backcharge		-6.1			-6.1
Variable management expense	-6.6				-6.6
Profit on disposals		5.3			5.3
Exceptional items				-46.9	-46.9
Profit before tax	15.6	3.2	1.0	-46.9	-27.1
Revaluation surplus		44.0			44.0
Taxation	-2.4	-2.0	-0.3	14.1	9.4
Total Return	13.3	45.2	0.7	-32.8	26.4



Recurring profit by segment

	30 June 2005 £m	30 June 2004 £m
Asset management business	4.8	3.3
Property investment business	3.9	3.7
Snozone	1.0	0.8
Recurring pre-tax profit	<u>9.8</u>	<u>7.8</u>



Property management business - CRPM

	June 05	June 04
	£m	£m
Total recurring fee income	10.9	8.7
Fixed management expense	-5.5	-4.8
Goodwill amortisation	-0.6	-0.6
Recurring profit	<u>4.8</u>	<u>3.3</u>
Performance fees	17.4	11.2
Variable management expense	-6.6	-5.9
Performance related profit	<u>10.8</u>	<u>5.3</u>
Total profit	15.6	8.6





Productivity Indicators

	6 Months to 30/6/2005	6 Months to 30/6/2001
Property managed	£4.6bn	£0.7bn
Number of central staff	150	89
Property managed per person	£30.6m	£8.1m
Fixed overhead (6 months)	£7.0m	£4.8m
Annualised fixed overhead as % of PUM	0.30%	0.66%



Performance fees

	2002 £000	2003 £000	2004 £000	2005 estimate
Mall	2.8	11.1	22.8	
Junction		2.2	7.3	
X-Leisure			1.1	
Total	2.8	13.3	31.2	34.8
Take 50% for half year				17.4



Property investment business

	30 June 2005 £m	30 June 2004 £m
Net rents – our share before perf. fees	25.1	20.4
Interest expense	-19.7	-15.4
Allocation of management cost	-1.5	-1.3
Recurring profit	3.9	3.7
Cost of performance fee	-6.0	-4.4
Profit on disposals	5.3	9.9
Revaluation surplus	44.0	49.9
Taxation	-2.0	-7.7
Total return	45.2	51.1

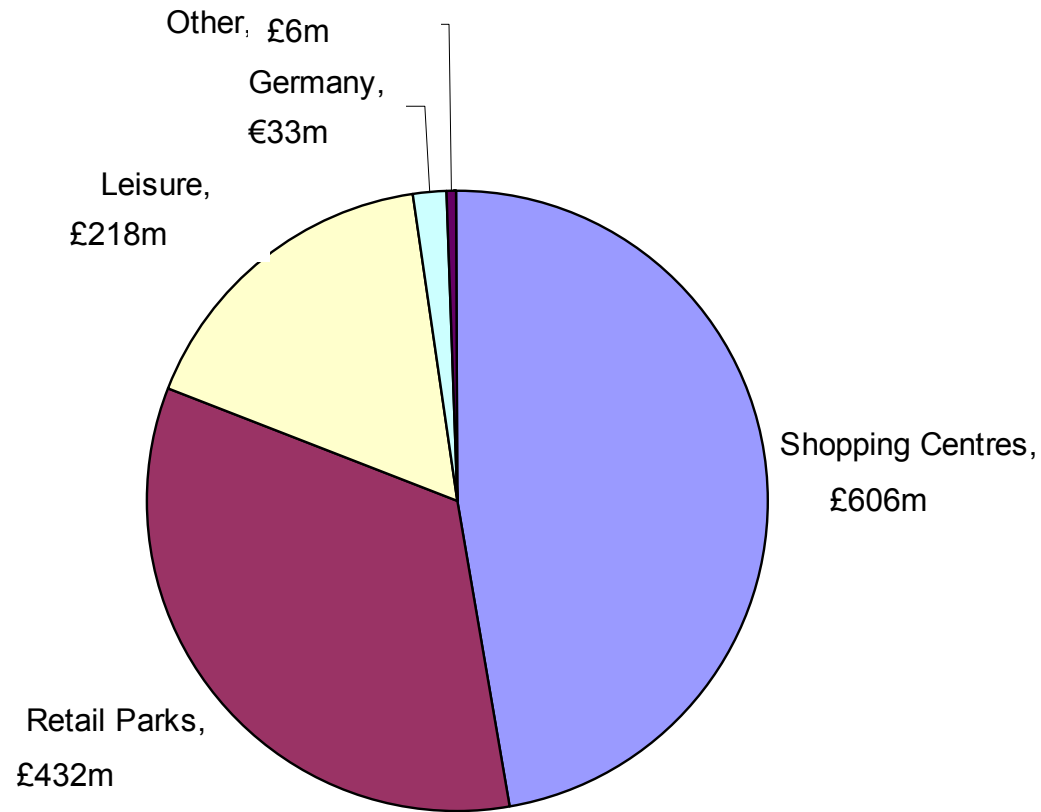


Revaluation Movements – Six Months to 30 June 2005

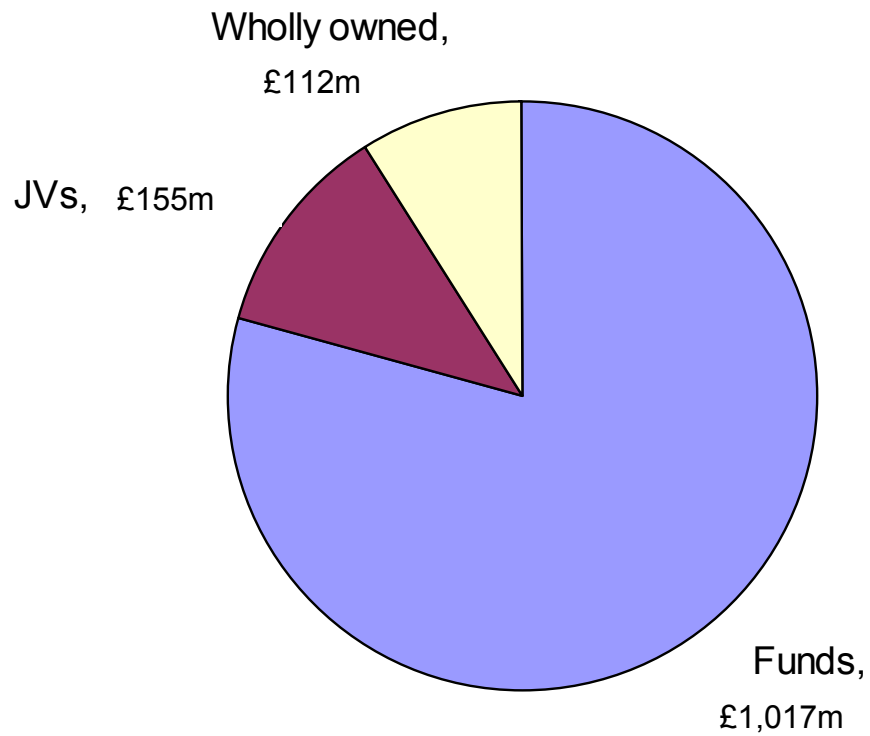
	6 months to 30 June 2005 £m
Mall (on £310m equity)	16.4
Junction (on £169m equity)	14.0
X-Leisure (on £28m equity)	1.7
Xscape MK	3.5
Xscape Castleford	1.0
Swansea	7.0
Other	0.4
Total	44.0



Split of £1.28bn property exposure by market segment



Split of £1.28bn property exposure by investment type



Benefits of CULS buyback

- Pre-tax concentration of shareholder value
 - Net expenditure of £25.7m
 - Cash raised from shareholders at average price of £7.55 per share
 - CULS repurchased at average price equivalent to £7.29 per share
- Simplification of capital structure –
 - CULS now only 3% of share capital
 - Less scope for arbitrage activity
- Tax saving
 - Tax charge reduced by £16.6m of which £14.1m shown in 2005 profit and loss account.

Equivalent to repurchasing shares at £5.69 per share



CULS buybacks – more detail

	30 June 2005 £m	2004 £m	Total £m	Average equivalent price per share
Cash raised from share issues	49.5	0.0	49.5	7.55
Expenditure on CULS repurchases	-62.8	-12.4	-75.2	7.29
Net expenditure	<u>-13.3</u>	<u>-12.4</u>	<u>-25.7</u>	
Premium paid	46.9	8.3	55.2	
Tax benefit (30% of premium)	14.1	2.5	16.6	

Notes:

1. 528,000 CULS were converted into shares in July 2005
2. Now only 4.06m CULS outstanding, convertible into 2.09m shares (3% of our share capital)



C&R gearing

	£m	Gearing	LTV
On balance sheet net debt	143	25%	
C&R share of JV and net fund debt	573	100%	
Total at 30 June 2005	716	125%	56%
<i>Total at 30 Dec 2004</i>		126%	



Cost of debt

	Borrowing £m	Weighted average interest rate including margin	% fixed	Duration of fixing - months
On balance sheet	143	5.36%	61%	27
C&R share of JV and fund debt	573	5.43%	87%	63
Total at 30 June 2005	716	5.41%	82%	56
<i>Total at 30 Dec 2004</i>		5.82%	72%	29

Notes:

1. Mall fund securitisation has reduced cost of Fund debt by £6m pa, our share £1.6m pa
2. On balance sheet debt includes €33m euro denominated loans in relation to Germany



The Mall Fund Statistics



	At 30 June 2005	At 30 December 2004
Gross property asset value	£2.316bn	£2.099bn
No. of properties	22	21
No. of tenancies	2,179	1,991
Initial property yield	5.45%	5.77%
Equivalent yield	6.04%	6.27%
No. of investors	32	29
C&R share	26.31%	27.86%
Debt	£1.133bn	£1.025bn



Mall Fund – key events

- The Mall in Market Context
 - Accessible to Shoppers/Cost Effective for Retailers
 - Failures/Voids
 - Footfall/Ancillary Revenues
- Outperformance
 - Total Fund Return H1 – 6.7%
 - Property Return H1 – 6.0%
 - Proxy IPD Benchmark – 5.3%
- Mall Bonds
 - £1.06bn - £6m per annum saving



The Junction Fund Statistics

		
	At 30 June 2005	At 30 December 2004
Gross property asset value	£1,264m	£1,010m
No. of core properties	19	17
No. of units	237	202
Initial property yield	3.7% 4.3% (ex development props)	3.85% 4.4% (ex development props)
Equivalent yield	5.34%	5.56%
No. of investors	7	7
C&R share	27.32%	27.32%
Senior debt	£635m	£465m



Retail Parks Overview

- Healthy demand for A1 space
 - Junction fund is 40% A1
- Cautious demand for prime bulky goods space
 - Junction fund is 52% prime bulky goods
- Limited demand for secondary retail floor space
- Vacancies have fallen from 7.6% to 3.9%
- ERVs up 2.9% on a like for like basis



Key Events

- The Junction fund development activity on track
 - Completion of phase 3 Hull, Sept 05
 - 3 further major completions this year
 - Strong tenant demand at Oldbury
 - 4 major refurbishments due to complete in 2006
- Acquisition of Telford Forge Shopping Park and Slough Retail Parks.
 - Telford – Tesco Home Plus letting
 - Slough – Increase in ERV
- Swansea
 - Last units under offer at setting new ERV's



Leisure division – Key Events

- **X-Leisure fund**

1. Fund growth (£663M): acquisitions (Cambridge, Aberdeen)
4 new investors
2. Recognition of quality income, covenants and performance
3. Leisure still very good value for money as an asset class
4. Business plan implementation (Poole, Star City)

- **Xscape**

1. Braehead (pre lets, opening Spring 06)
2. MK (validation of C&R business model, rent reviews)

- **Snozone**

1. Record half year (£1.04m vs £0.75m in 04)
2. 2005 outcome, meanwhile tougher market,
exceeding forecasts (£1.7m vs £1.2m)



The X-Leisure Fund Statistics

X-LEISURE

	At 31 August 05	At 30 June 2005	At 30 December 2004
Gross property asset value	£663m	£634m	£597m
No. of properties	17	16	18
No. of units	295	285	267
Initial property yield	5.92%	5.99%	6.15%
Equivalent yield	6.65%	6.71%	6.89%
No. of investors	17	13	9
C&R share	10.72%	10.81%	10.77%
Senior debt	£395m	£389m	£367m



- Management first, property second
- 18 months project forming J.V.



The Hahn Group

- Manages single asset closed ended funds for high net worth individuals
- Good track record – investments perform “according to plan”
- Controls 15% of its market – big box out of town retail warehouse
- Joint Venture Agreement with C&R
 - Hahn has 10% equity, C&R in control
 - Hahn does detailed property management
 - Exclusivity
- Winner of 2005 best national closed end fund initiator



German retail warehouse market

- Severe restrictions on further out of town development
- Good tenant covenants and long leases
- Index linked rents
- High yield off low rental value base
- No security of tenure after lease expiry



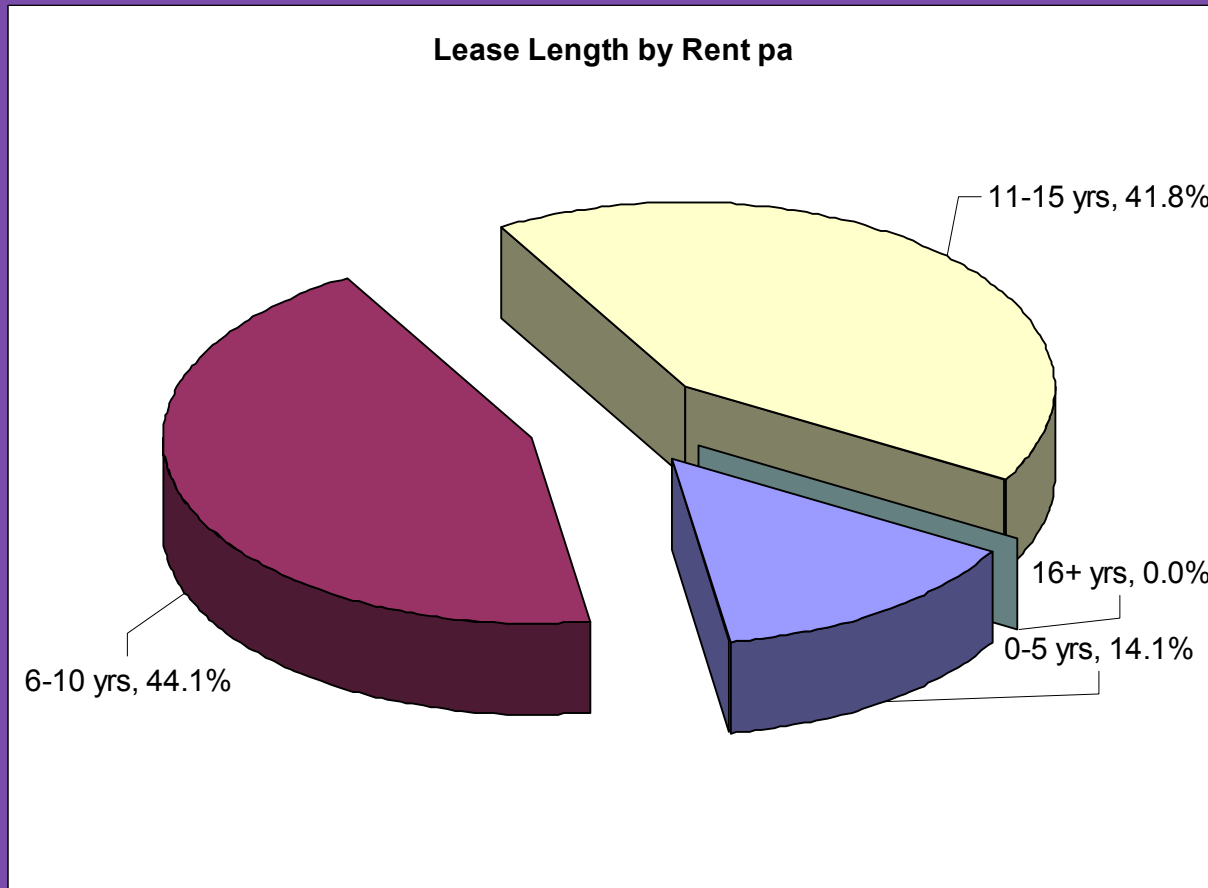
Development of C&R's German portfolio

Town	Anchor	Size – sq metres	Net Yield %
Aachen Brand	Praktiker / Metro	2,784	7.90%
Kirchheim	HIT	2,473	7.15%
Heide	AVA	4,632	7.42%
Selm	Edeka	3,602	7.45%
Balingen	Toom / Rewe	7,456	7.60%
Leipheim	Edeka	3,222	7.15%
Total at 30/6/05 – cost €33m		24,169	7.47% *
Dortmund	Real / Metro	32,459	6.71%
Moerfelden	Rewe	12,166	6.92%
Koln Gremberg	Real / Metro	8,300	8.95%
Total at 21/9/05 – cost €124m		77,094	7.22% *

*Weighted average net initial yield



Lease Expiry



Average rent €10 per sq m per month
= £7.80 per sq ft per annum



Retail Park at Moerfelden near Frankfurt



Aerial photo of Dortmund-Aplerbeck Retail Park



Financing the portfolio

- Typical equity structure for acquisitions:
 - C&R (85.4%), Hahn (9.5%) and original investors (5.1%)
- Debt from HBOS (€23m) and Eurohypo (€63m)
- Loan to value 70-80%, margins 100 – 125bps
- Euro swap rates
 - 1 year 2.2%
 - 5 years 2.9%
 - 10 years 3.4%
- Yield gap
 - c 7% net yield, 4% all in interest cost



- Cash return on our equity after debt and management costs of a minimum of 12% and rising with indexation and asset management
- Opportunities
 - More active investment market – yield compression?
 - Active management
 - Change in trading hours
 - Future co-investment or fund



- The occupier market
- Investor market
- Our business model



Track Record

	NAV per share	Dividend per share
Dec 1996	220p +19%	3.0p +20%
Dec 1997	272p +24%	3.5p +17%
Dec 1998	317p +16%	4.25p +21%
Dec 1999	370p +17%	5.0p +18%
Dec 2000	350p -5%	5.5p +10%
Dec 2001	336p -4%	6.0p +11%
Dec 2002	392p +17%	7.0p +17%
Dec 2003	521p +33%	9.0p +29%
Dec 2004	710p +36%	14.0p +56%
June 2005	799p + 12.5%*	7p* + 40%

** 6 months only*



Interim Results Presentation



21 September 2005