

Capital & Regional

Preliminary Results presentation - 11 March 2008

Preliminary results

- > Overview Martin Barber

- > Financials William Sunnucks

- > Divisional reports
 - Shopping centres Ken Ford
 - Retail parks John Gatley
 - Leisure PY Gerbeau
 - Fix & German assets Xavier Pullen

- > Questions



Financial Highlights

- > Total return for twelve months -18%
- > Net assets £703 million
- > Triple net asset value £10.04 per share
- > Recurring pre-tax profit £32.7m 46p per share
- > Final dividend 17p, bringing full year dividend to 27p per share



Shareholder concerns

- > Fund redemptions
- > Defensive qualities of portfolios
- > Performance fees
- > Banking arrangements



Financial results - agenda

1. Results
2. Impact of Fix Fund
3. Performance fees
4. Balance sheet
5. Debt



1. Results

	2005	2006	2007
	£m	£m	£m
Recurring pre-tax profit	23.1	32.3	32.7
Revaluation deficit	153.9	166.7	-164.4
Performance fees	50.9	62.6	-52.8
Other non-recurring items	-29.2	-10.7	17.5
Tax and reserves movements	4.4	-27.0	1.9
Total returns	203.1	223.9	-165.1
As % of opening equity	41%	32%	-18%



Recurring profit before tax

	2005	2006	2007
	£m	£m	£m
Property Investment			
- UK	10.3	11.3	10.2
- Germany	0.9	5.8	9.6
Property management	10.2	13.4	10.8
SNO!zone	1.7	1.8	2.1
Recurring per-tax profit	<u>23.1</u>	<u>32.3</u>	<u>32.7</u>

Note: Fix contributed £1.2m to recurring pre-tax profit from equity of £52m



Dividend growth

	2003	2004	2005	2006	2007
	pps	pps	pps	pps	pps
Interim	4	5	7	9	10
Final	5	9	11	17	17
Total	9	14	18	26	27
Growth	29%	56%	29%	44%	4%
% of recurring pre-tax profits	36%	52%	55%	58%	59%



Revaluation

	% of opening value <i>(note 1)</i>	Revaluation C&R share £m
Mall	-7.9%	-59.3
Junction	-19.8%	-82.0
X-Leisure	- 4.4%	-5.2
Fix <i>(note 2)</i>	-16.0%	-24.1
Other		-3.4
UK total (IPD all retail = -10.1%)	-9.9%	-174.0
Germany	2.7%	9.6
Total	-7.8%	-164.4

Notes:

- 1) Adjusted by time weighted additions
- 2) Based on year end valuation

Further loss on formation of the fund of c.£10m to be accounted for in 2008



2. Fix Fund – the basics

- > New investors, including HBOS, buy 80% of the units
- > C&R retains 20%, and one GP director
- > Day to day management combined with existing Paradigm portfolio. Fees shared.
- > Old debt repaid, new leveraged structure implemented



Fix UK Portfolio – trade centres

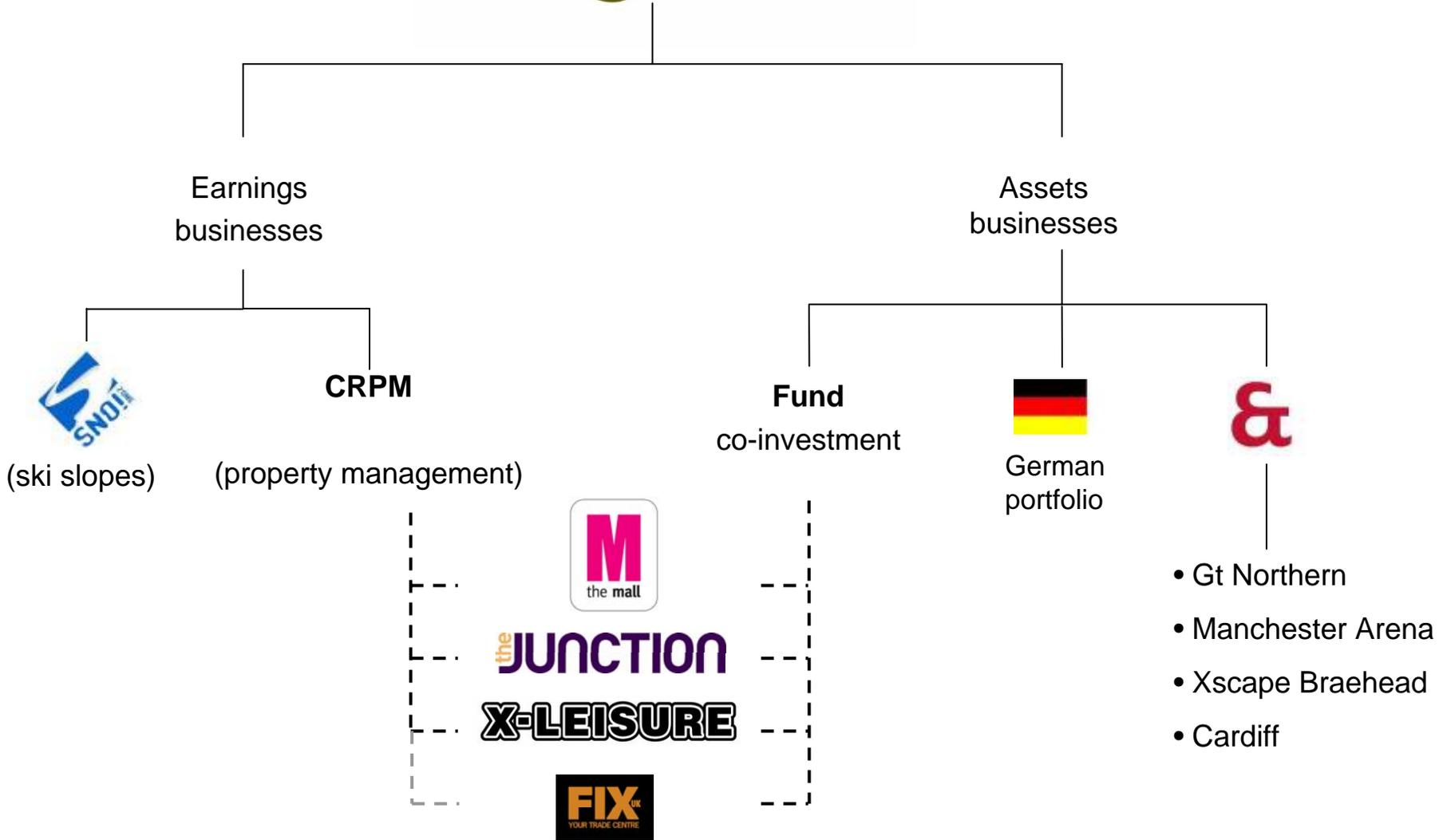
	Dec 2005	Dec 2006	Dec 2007
Property asset value	£68m	£110m	£170m
No. of properties	18	24	49
No. of units	146	166	241
Initial property yield	5.50%	4.51%	5.26%
Equivalent Yield	6.37%	5.72%	6.26%
C&R share	100%	100%	100%
Bank debt	£50m	£70m	£120m

Fix Fund – Financial impact

- > £120m debt removed from balance sheet
 - > £33m proceeds from units used to pay down C&R core facility
 - > Circa £10m book loss
 - > Only £25m currently drawn from £175m core credit facility
-

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Investment
Strategy



2. Performance fee history

	2002	2003	2004	2005	2006	2007	Provision
	£m	£m	£m	£m	£m	£m	£m
Mall	3	11	23	30	36	-4	-36 ¹⁾
Junction		2	7	17	17	-14	-17 ²⁾
X-leisure			1	4	10		³⁾
Total	3	13	31	51	63	-18	-53
Less backcharge – C & R share as investor							18
Less net adjustment to management incentives							8
NAV effect £m							-27
NAV effect £ per share provided							-0.38
NAV effect £ per share worst case							-0.48

1) Mall: £4m due on 1st Dec 2008, balance potentially due on 1st Dec 2009.

2) Junction: 2006 fee not paid so no cash repayment due.

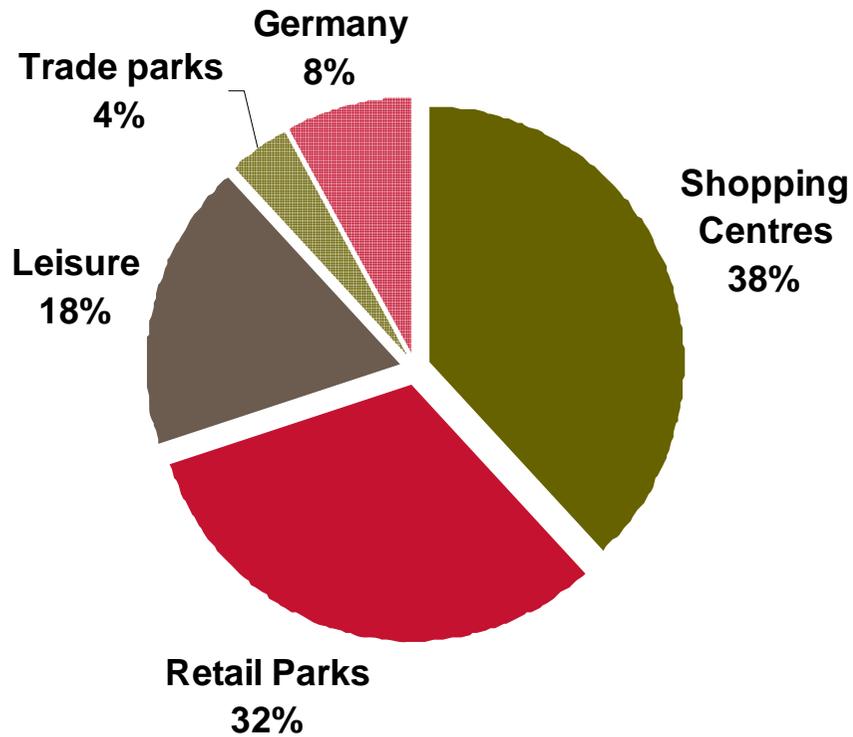
3) X-Leisure: £5.3m in fee earned for 2005-7 performance period, but no credit taken.

4. Balance sheet – three presentations 30 December 2007

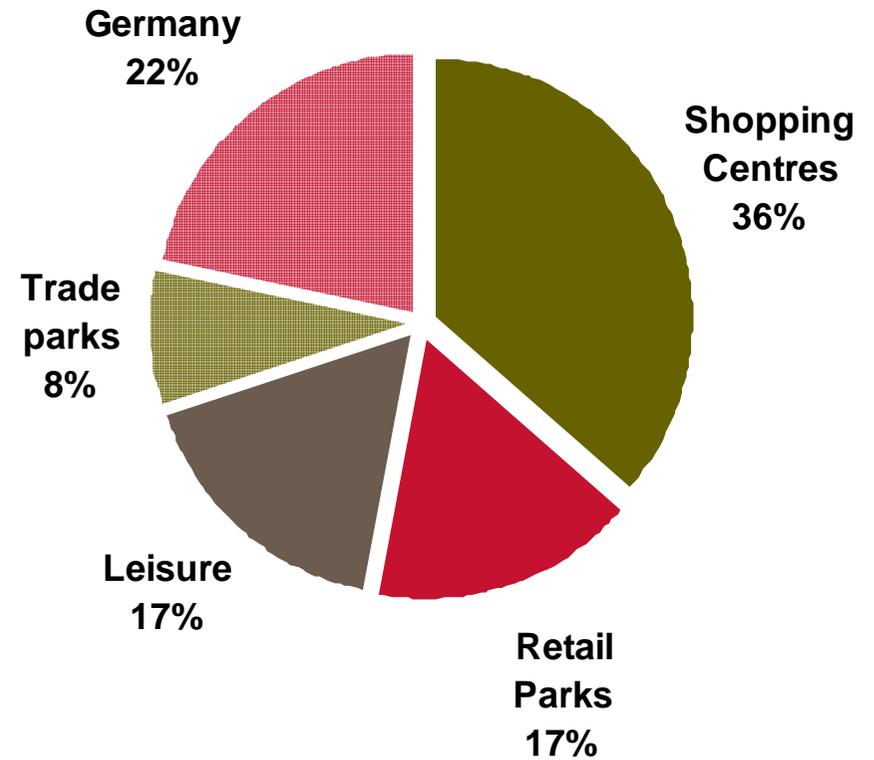
	Enterprise £m	See through £m	Statutory £m
Total property (IFRS)	6,192	2,066	1,380
Working capital etc	45	(29)	(52)
Debt	(3,586)	(1,334)	(625)
Net assets	2,651	703	703
C&R Shareholders	703	703	703
Fund Investors	1,948		
Total equity	2,651	703	703
Leverage (LTV)	58%	65%	45%
LTV post Fix transaction	57%	62%	39%

C & R property exposure by segment (% of £2.066bn)

2005



2007



Portfolio growth 2007

					£m
Property under management at Jan 2007 at valuation					6,457
	Acq	Disp	Reval	Exch gain	
Mall	145 ¹⁾	-	-254	-	-109
Junction	68	-130 ²⁾	-305	-	-367
X-Leisure	243 ³⁾	-86	-17	-	140
Fix portfolio	84	-1	-24	-	59
German portfolio	63	0	10	35 ⁵⁾	108
Joint ventures	42	-192 ⁴⁾	-3	-	-153
	645	-409	-593	35	
Property under management at Dec 2007					<u>6,135</u>

- 1) Capital expenditure and purchase of adjacent properties.
- 2) Retail parks sold at Wembley and Worcester.
- 3) Xscapes at Milton Keynes and Castleford acquired also Cardigan Fields, Leeds.
- 4) Sale of Xscapes
- 5) Largely offset by euro borrowing and €115m FX hedge

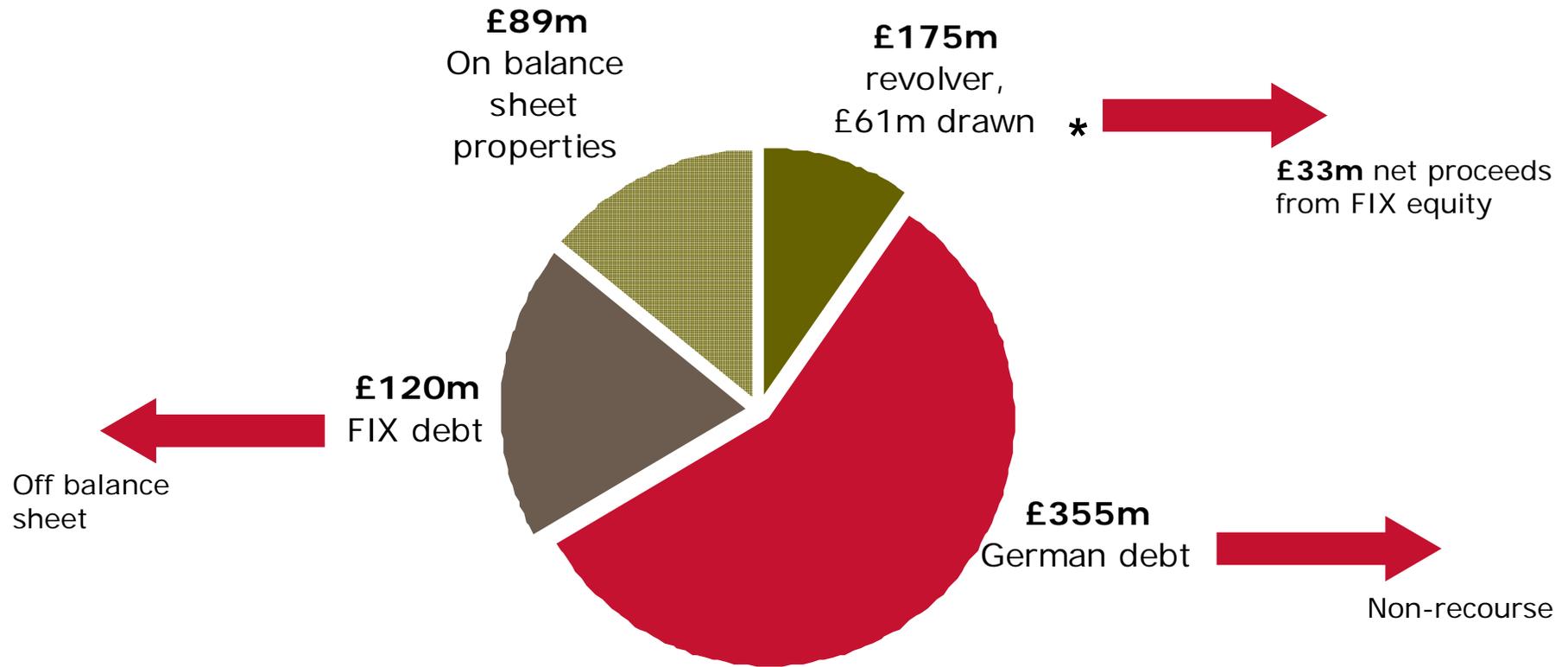
5. Group Debt at 30th December 2007

	Debt £m	Average Interest rate %	% Fixed	Duration of fixing (months)	Duration to loan exp (months)
£175m revolving credit facility	61	5.69	107%	24	38
Gt Northern debt	69	5.70	100%	34	34
Hemel Hempstead debt	12	5.52	100%	9	21
Victoria debt	8	7.48	-	-	22
FIX UK	120	6.49	72%	39	83
Germany (non recourse)	355	4.68	100%	44	44
Balance sheet debt *	625	5.28	94%	39	49

* Before loan ammortisation costs



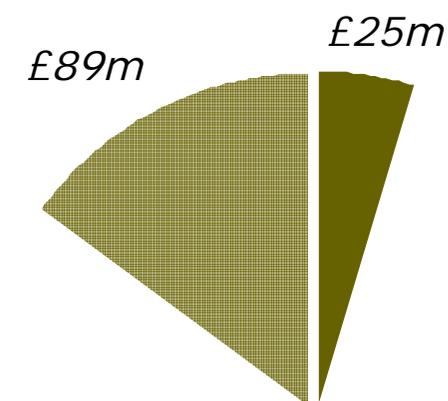
C & R balance sheet debt



* £175m revolver supported by CRPM, SNO!zone and cashflow from fund holdings.

C & R balance sheet debt - What's left?

	Loan	Value	Recurring Income
Great Northern	69	94	6.5
Hemel Hempstead	12	17	0.8
Victoria	8	16	-
£175m revolving credit facility	25 ¹⁾	600	19.5
Total remaining debt	114	727	27.3
LTV	16%		
ICR	4.2 x		



1) £25m drawn out 11/03/2008 post FIX transaction

Group debt - conclusions

- > Ample facilities available
- > No near term re-financings
- > German portfolio supports its own debt



Off balance sheet debt – C&R share

	Debt £m	Average Interest rate %	% Fixed	Duration of fixing (months)	Duration to loan exp (months)
JV Debt (Our share)	55 ¹⁾	6.38	68%	45	51
German minorities	-29	4.68	100%	44	44
Mall (24.2% share)	412	5.48	74%	52	52
Junction (27.3% share)	177	5.35	90%	49	39
X-Leisure (19.4% share)	94	6.06	81%	33	46
Off balance sheet debt	709	5.63	77%	49	51

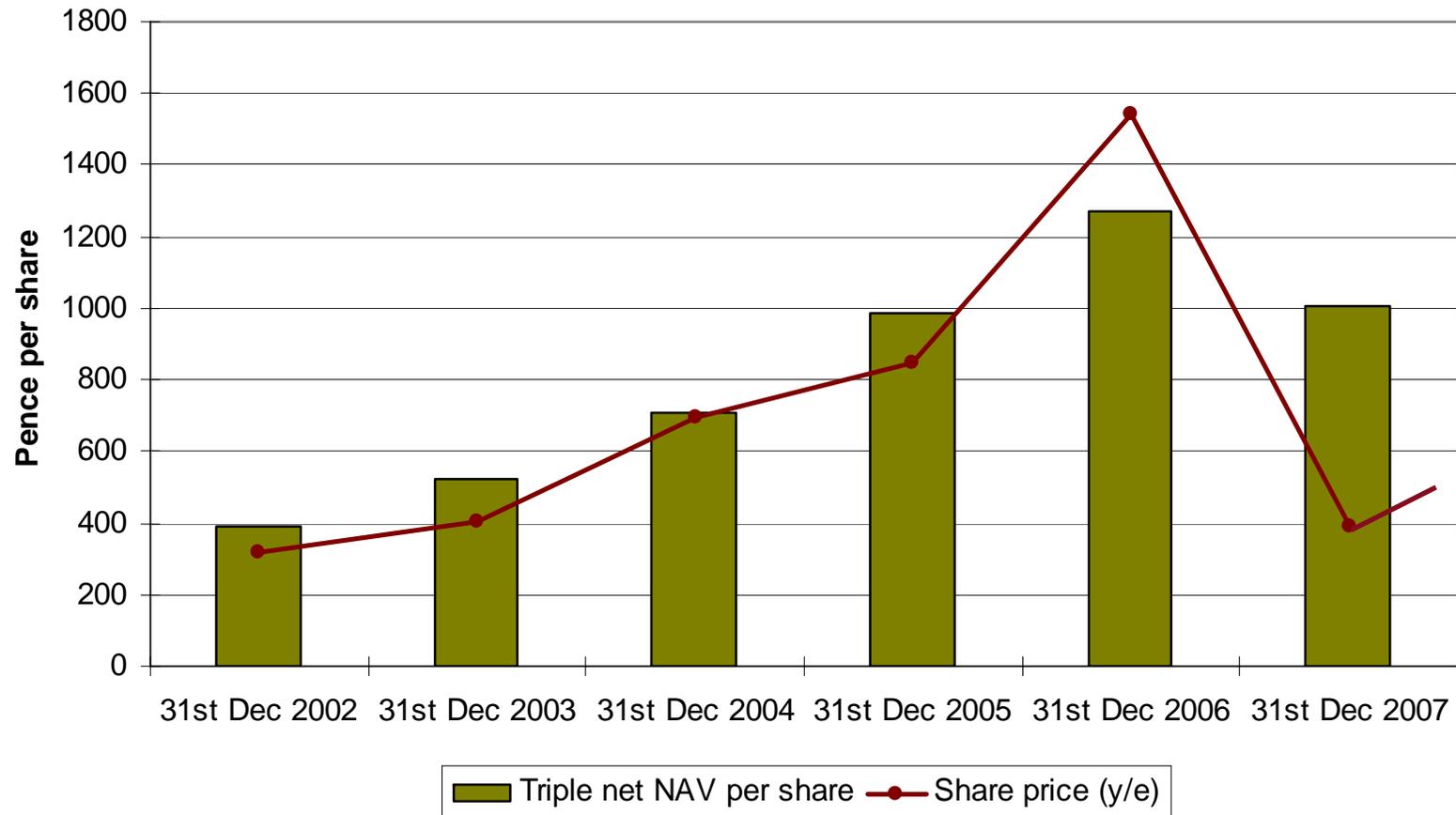
¹⁾ Cardiff £13m, Braehead £28m, Manchester Arena £14m



Fund debt - conclusions

- > Valuable debt in place, especially in Mall
 - > Main debt covenants are ICRs, but also LTVs
 - > Main LTV constraint is the partnership limit:
 - 60% LTV for Mall and Junction
 - 70% LTV for X-Leisure
 - Incurrence test
-

C & R - 5 year track record



Capital &
Regional



shopping as it should be

The Mall Fund

– in town covered shopping centres

**Capital &
Regional**

	Dec 2005	Dec 2006	Dec 2007
Gross property asset value	£2.338bn	£3.125bn	£3.016bn
No. of properties	21	23	24
No. of lettable units	2,118	2,404	2,504
Initial property yield	5.09%	4.56%	4.84%
Equivalent yield	5.73%	5.21%	5.69%
No. of Investors	36	45	50
C&R share	26.1%	24.2%	24.2%
Debt	£1.062bn	£1.503bn	£1.698bn



– growth

Capital &
Regional

2007

ERV*	£197.8m	(+5.5%)
Rental income Valued*	£155.4m	(+2.8%)
Ancillary revenue*	£7.8m	(+18.2%)
Car parking*	£8.6m	(+5.1%)
Footfall*	234.6m	(+1.5%)

* LFL : 23 Mall comparison





– investor performance

Capital &
Regional

	2006	2007
Property level	17.6%	-3.3%*
IPD benchmark	12.7%	-4.3%*
Fund level	26.3%	-13.2%

*IPD quarterly index (total return)

5 Year / Since March 2002

Property Level	18.6%pa	13.5%pa
Fund Level	26.8%pa	16.6%pa





– retail climate

Capital &
Regional

	2006	2007
Lettings	264	285
Rent reviews settled	182 (+5.4%)	196 (+5.1%)
Renewal ratio	68%	66%
Average occupancy	95.3%	94.9%
Strategic vacancies	1.1%	3.6%
Available to let	2.1%	2.0%





– retail climate

Capital &
Regional

Failures	2005	2006	2007
Retailers	18	14	31
Units	53	35	79
Rent	£4.15m (3.0%)	£2.55m (1.5%)	£5.27m (3.0%)
Leased by Rent %	99.1%	79.5%	92.3%

Reletting

	167 units	£12.0m
Relet	118	£9.6m
Admin	26	£1.5m
Under offer / development	11	£0.6m
Available	12	£0.3m





– retail climate

Capital &
Regional

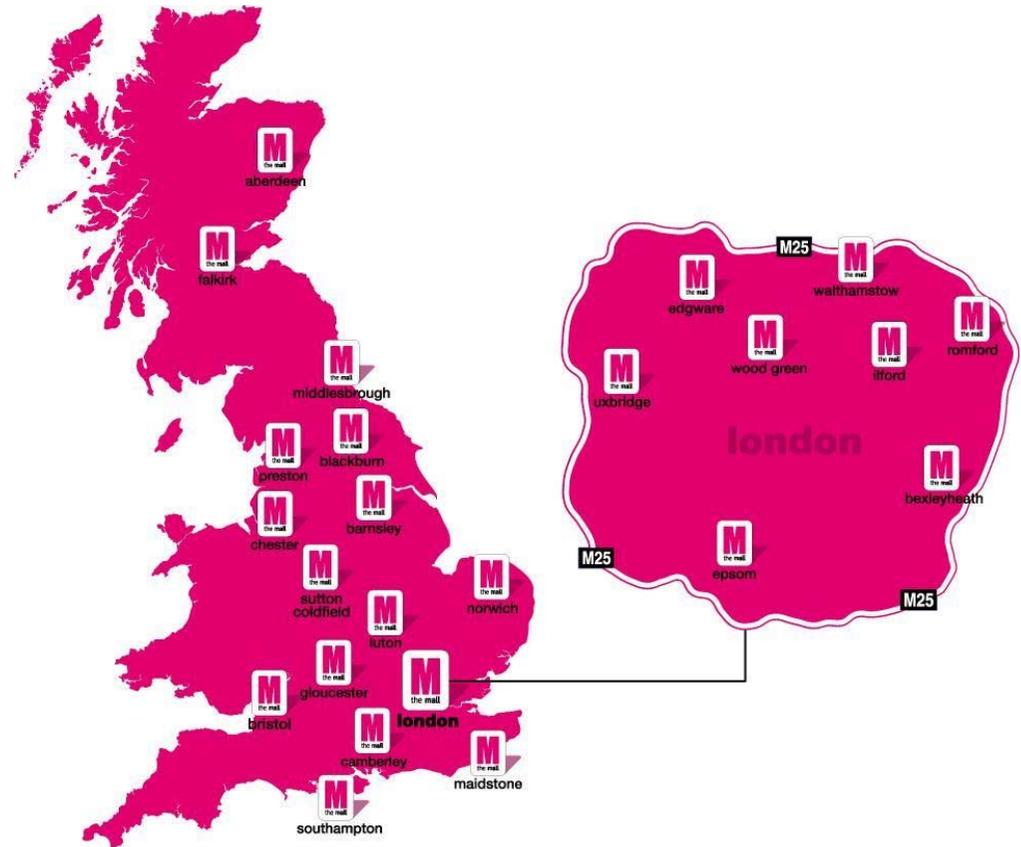
	Q1 07	Q1 08*
Retailers	11	9
Units	50	23
Rent	£3.72m (2.1%)	£2.21m (1.3%)
Leased by Rent %	56.2%	64.2%

* to 5th March



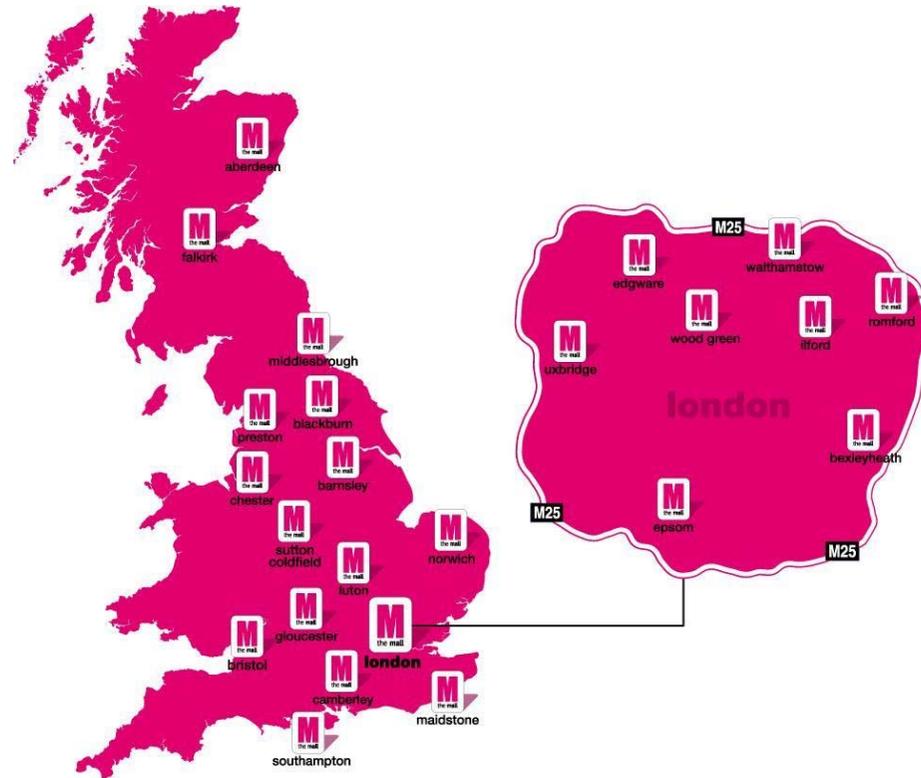
Our Malls – Performance Pipeline

Aberdeen	-	Primark opened / Union Square Linkage
Falkirk	-	Reconfiguration / Extension
Middlesbrough	-	Mall Kitchen / Casino / Hotel
Blackburn	-	100,000 sq ft extension works started / Pre-lettings
Preston	-	Reconfiguration
Barnsley	-	Adjacent new development / Rooftop Extension
Chester	-	Car Park / In-house Control / Extension / St Michael's Square reconfiguration
Sutton Coldfield	-	Reconfiguration / Town Master Plan
Norwich	-	Mall Kitchen / Reconfiguration
Luton	-	3 Phase Master plan Phase 1 George Square extension M&S Extension
Gloucester	-	Market Hall Reconfiguration and Extension
Bristol	-	Cabot Circus Adjacent / Refurbishment
Southampton	-	Re-modelling Extension / Mall Kitchen
Camberley	-	Major Town Centre Development
Maidstone	-	Pre-let Development



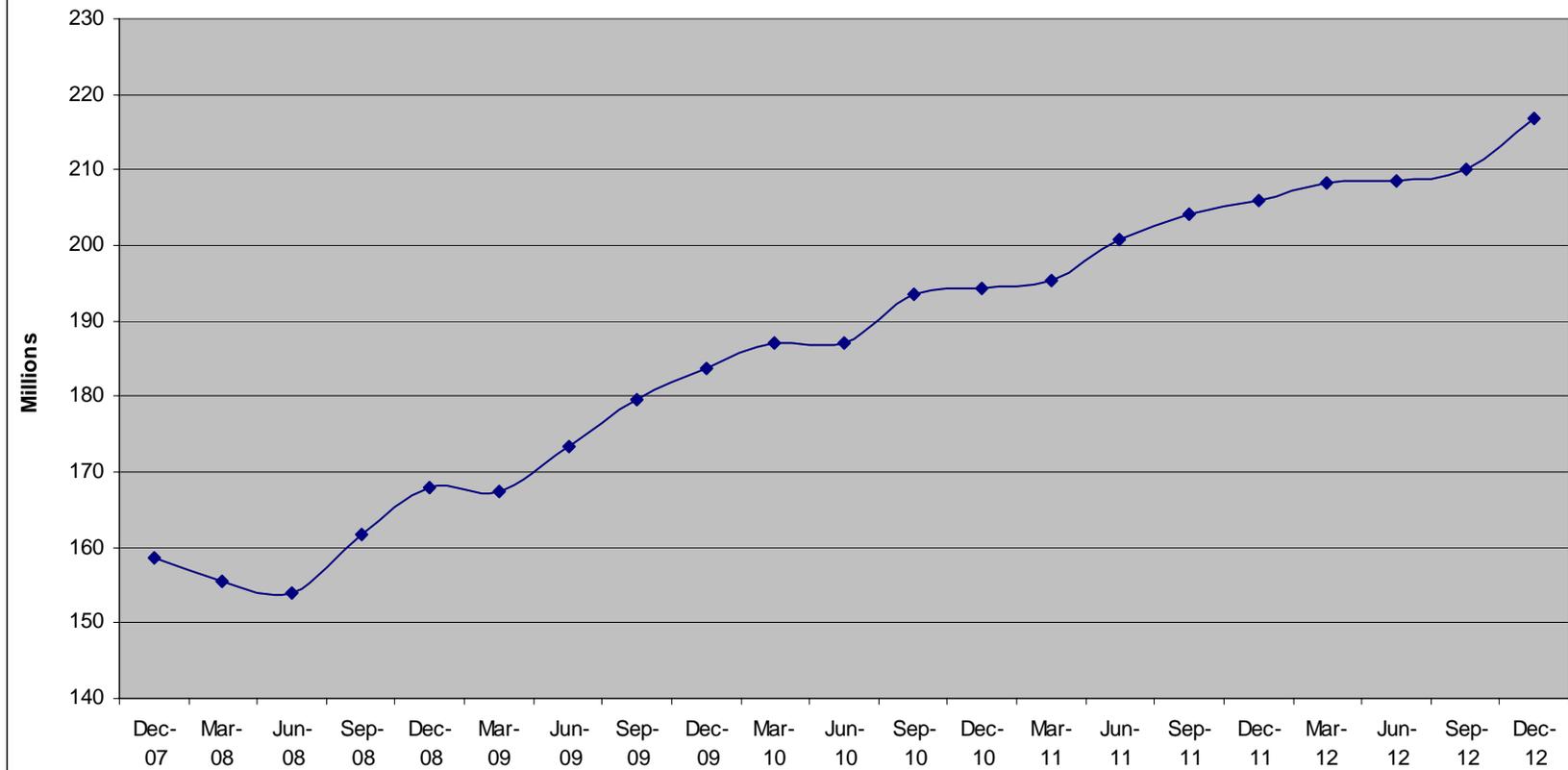
Our Malls – Performance Pipeline

- Uxbridge** - Car Park acquisition /
Market Square Redevelopment /
Mall Kitchen
- Edgware** - Extension (250,000 sq ft)
- Wood Green** - Debenhams Extension
- Walthamstow** - Extension (80,000 sq ft)
- Iford** - Redevelopment of Food Court
- Romford** - Reconfiguration
- Bexleyheath** - Refurbishment / Extension
- Epsom** - Reconfiguration





BP 08 - Valued Net Income Projection



the **JUNCTION**

Retail Park Activities

- > Retail Warehouse Property Outlook**
 - > The Junction Fund**
 - Fund Statistics
 - Investor Performance
 - Review of 2007 Performance
 - Junction Fund 2007 Highlights
 - Future Performance – Development Updates
 - > Other Retail Park Activities**
 - Cardiff
-

Retail Warehouse Property Outlook

The Market.....

- > Significant change in investor sentiment and weakening of yields in 2007**
- > Further negative shift expected in the short term (H1 2008)**
- > Slowdown in consumer spending**

The Opportunity.....

- > Investment market regaining some confidence**
 - > Robust occupier demand, although cautious for the right space and premium hungry**
 - > Retail Parks to out perform All Retail and All Property over medium term**
 - > Asset management and income growth to be key drivers of future performance**
-

The Junction Fund Statistics

the JUNCTION	At End December 2005	At End December 2006	At End December 2007
Property Asset Value	£1,459m	£1,590m	£1,223m
No. of properties	19	16	14
No. of units	258	223	223
Initial property yield *	3.71%	3.46%	4.57%
Equivalent yield	4.86%	4.45%	5.32%
No. of investors	7	13	13
C&R share	27.3%	27.3%	27.3%
Bank debt	£686m	£696m	£649m

*** Excluding development land and property**

Investor Performance

the JUNCTION	Geared Return (IRR)	Ung geared Return (IRR)	Benchmark (IRR)
2005	34.1%	23.3%	22.1%
2006	18.3%	15.0%	14.7%
2007	(34.0)%	(16.8)%	(10.2)%*
3 years ending Dec 2007	2.2%	5.8%	7.9%*

* Total return based upon IPD quarterly Benchmark

Review of 2007 Performance

- > Under-performance to IPD (ungeared) benchmark**
 - Aggressive adverse yield shift – DIY & bulky goods assets
 - Negative rental growth (1.7)% - B&Q units rack rented & letting voids below ERV
 - No contribution from key developments in 2007
 - Restatement of residual land values on developments and land holdings

 - > Net rental income increased by 5% in 2007**
-

Junction Fund 2007 Highlights

Asset Management.....

- > Sale of £119m of under performing secondary parks**
 - > Acquisition of further assets and development land at Thurrock**
 - > Development of 85,000 sq ft of new space created across 5 retail parks**
 - > Refurbishment of 211,000 sq ft of existing retail park space**
-

Junction Fund 2007 Highlights

Retail Climate.....

- > **Retail Warehouse Voids**
 - 4.5% (5.3% 2006)
 - 2.3% (March 08 – available to let)

- > **3 main customer/tenant groups**
 - OAI/fashion/sports
 - Homeware/soft Furnishings
 - Bulky Goods/DIY/furniture & electricals

- > **New occupier entrants/retailer concepts**



LAURA ASHLEY



Future Performance – Development Updates

- > **The Junction – Oldbury**
 - Tenant leasing is progressing well
 - CPO process to be completed by Q3 2008
 - Start on site anticipated for late 2008



Future Performance – Development Updates

> **The Junction Lakeside, Thurrock**

- EEP & Thurrock UDC masterplan scheduled for adoption in April/May 2008
- Comprehensive retail/leisure planning submission anticipated in June 2008*



* Timing dependant on local planning climate etc

Other Retail Park Activities

- > **Capital Retail Park, Cardiff**
 - Construction commenced in May 2007
 - Joint venture with local developer
 - Anchored by Asda, Costco, JJB Sports
 - New pre-lets to M&S & ScS
 - 70% let (by area)
 - Good progress with final pre-lets



X-LEISURE



X-LEISURE

Leisure Market

THE X-LEISURE FUND

XSCAPE(3)



SNO!zone Holdings



Great Northern Warehouse / Hemel Hempstead / Manchester Arena



X-LEISURE The leisure market



Occupier

The underlying occupational market remains strong. Cinemas experienced their best trading year in the last decade. Consequential increase in footfall across portfolio of 4.22%

Investment

The Leisure property market, as the rest of commercial property is experiencing investor caution evidenced by limited transactional activity in Q4 07 and Q1 08

However compared with other property asset classes leisure property has and continues to show a level of resilience – underlying characteristics – fixed uplifts, long leases and low voids. Prime yields at the end of Q1 08 between 5.85% and 6.0%. 75bp less than they peaked in Q2 07

THE X-LEISURE FUND statistics

THE X-LEISURE FUND	Dec 2005	Dec 2006	Dec 2007
Property Asset Value	£702m	£807m	£947m
No. of properties	17	17	19
No. of units	291	295	365
Initial property yield *	5.68%	4.99%	5.06%
Equivalent yield	6.32%	5.73%	5.78%
No. of investors	17	18	20
C&R share	10.72%	10.59%	19.4%
Bank debt	£395m	£402m	£485m

THE X-LEISURE FUND highlights

- > Three year rolling return after fees: 17.4% (6th out of 52 HSBC/AREF Indices)
- > One year rolling return after fees: -2.4% (19th out of 62 HSBC/AREF indices)
- > Ungearred property return pre fees: 3.2% (IPD Leisure 1.4%. IPD all property -4.4%)
- > 3.4 % increase in rental income and 2% rental value growth
- > Sponsorship and ancillary revenues up 20%
- > Voids remain low at 3.3%
- > Secured net income with fixed uplifts 38.6%, Weighted unexpired lease term 16.6 years





Xscape Milton Keynes



Xscape Castleford



Xscape Braehead

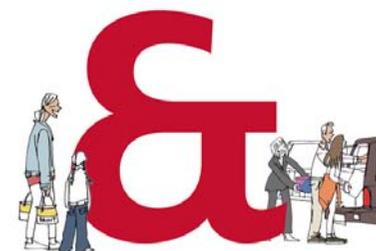
- > Recognition that ownership/management of leisure property entails responsibility to the wider community and environment
 - > Joined Upstream benchmarking survey in 2006
 - > Energy efficiency improved by 24% in 2007
 - > Smart metering has been introduced across all properties. Aim of 10%
 - > X-Leisure ranked joint second with 38% recycling
 - > Aim to increase accessibility of X-Leisure without cars
 - > New developments ensure renewable energy resources – aim 20%
-

X-LEISURE



**Capital &
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	2005 £m	2006 £m	2007 £m
Income	9.3	13.1	14.3
Expenses	-7.6	(10.4)	(11.5)
Cash profit	1.7	2.7	2.8
Tenant incentives		(0.9)	(0.7)
Accounting profit	1.7	1.8	2.1



Other Leisure activities

Great Northern Warehouse, Manchester,

Destination fully let, night club planning and licensing obtained in Sept 07, and terms agreed with Luminar PLC

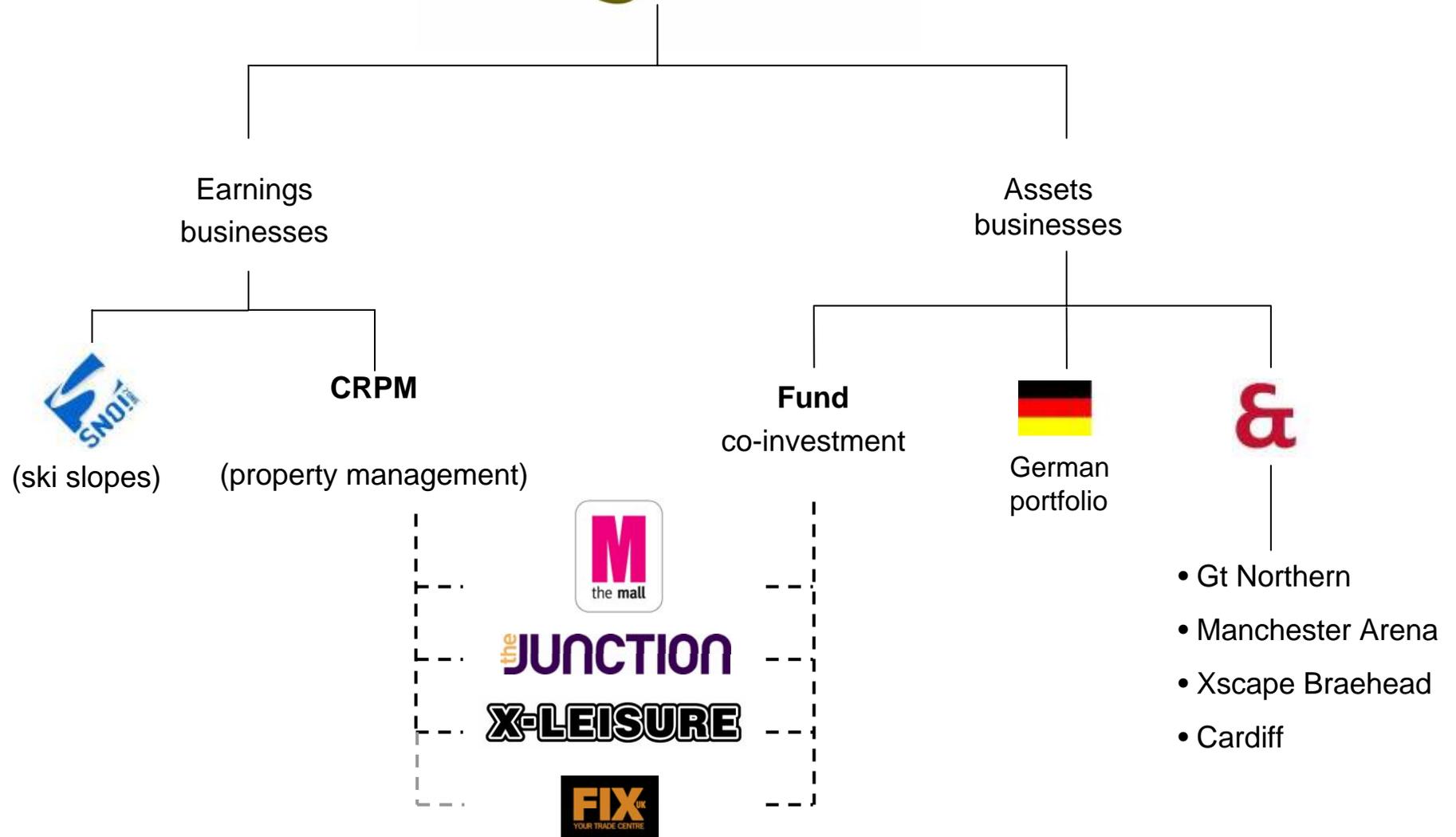
Leisure World, Hemel Hempstead

First generation leisure park, refurbishment/redevelopment opportunity for mixed use scheme

Manchester Evening News Arena

JV with GE Capital, C&R 30% ownership

Capital & Regional



Business development

- > On C & R balance sheet
 - > Utilising specialised management expertise
 - > Joint ventures and special opportunities: Gt Northern and MEN Arena
Manchester, Cardiff, Hemel Hempstead
 - > Germany
-

German Portfolio Statistics

	Dec 2005	Dec 2006	Dec 2007
Property asset value	€ 198m	€ 567m	€ 668m
No of properties	13	44	50
Floor space (sqm)	129,000	404,000	469,000
Net property yield	6.60%	6.18%*	6.13%*
C&R share	87%	92%	91%
Bank debt	€ 149m	€ 419m	€ 485m

* Excluding land (including land, the yields would be 6.01% (2006) and 5.99% (2007))

Our tenants in Germany



Capital & Regional

Other Main Tenants



Others brands include



Germany – Our Top Occupiers

METRO Group
real-

26%

E **M**
EDEKA MARKTKAUF

9%

REWE
toom
einfach. fertig. toom.
extra
mehr extra zum Leben!

7%



6%



6%



4%

Germany investment highlights



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- > Continued to build on our platform acquiring a further 6 properties in in 2007 (total year end Dec 07 valuation €86.5m @ 6.35% net)
- > Continued focus on out of town big box retail – restrictive planning
- > Returns 2007:
 - geared return: 16.2%
 - revenue profit: €14.8m (recurring, cash)
- > Strong cash flow from good tenant covenants
- > Identified further asset management opportunities in our portfolio



Outlook

- > Occupier markets – business as usual
 - > Property market – continued value falls for first half, then stable
 - > Business model works:
 - Strong teams
 - Clearly defined and focussed portfolio
 - Cash flows from fee income as well as rent
-

Capital & Regional track record

	NAV per share	Dividend per share
Dec 1996	223p +19%	3.0p +20%
Dec 1997	272p +22%	3.5p +17%
Dec 1998	321p +18%	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%
Dec 2005	985p +38%	18.0p +29%
Dec 2006	1272p +29%	26.0p +44%
Dec 2007	1004p -21%	27.0p +4%

Preliminary Results Presentation 2008

11 March 2008

