Capital & Regional

Interim results presentation

20 August 2009

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Parkdev overview

Transaction overview

Transaction timetable

Transaction timetable: target dates

> 20 August: Prospectus and interim results published
> 4 September: Last date for acceptances
> 7 September: Closing of Open Offer
> 7 September: General Meeting
> 10 September: Admission of new shares

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Key messages

Significant headway over past 18 months

- Mall Fund raised £286m and disposed of three shopping centres for £286m
- Junction Fund raised £64m, agreed refinancing package and disposed of three properties for £148m
- X-Leisure raised £50m, agreed refinancing package and disposed of one property for for £92.5m
- Sold 80% of FIX UK portfolio, 50% of German portfolio, sold 50% of Cardiff JV, agreed covenant waiver with banks, and put in place plans to reduce the Group's underlying cost base by £3m
- New terms negotiated for Group, Great Northern, 10 Lower Grosvenor Place and Hemel Hempstead bank facilities

Support from anchor investor

- Parkdev brings strong track record in the retail property sector in South Africa
- Will hold 25.4% of voting shares of the enlarged Company
- Will have the right to appoint two non-executive directors, provided it holds 20% of the ordinary shares in issue
- Will look for opportunities for further investment alongside Capital & Regional

Post-transaction capital structure

- Equity raise and debt refinancing address debt covenant issues
- Increased headroom and extended maturities from supportive banks
- Proforma capital structure and recent stabilisation in property market provides desired protection against risk of further NAV erosion
- Platform will be better placed to realise potential market opportunities
- Potential for significant upside as market recovers

Clear strategic objectives and opportunities for growth

- Focus on management of retail assets in the UK and Germany, and leisure assets in the UK
- Continue to operate off strong property management platforms
- Ability to add to investment in certain of the funds as yields stabilise
- Work with partners to support the existing funds and to create new vehicles with sound structures and appropriate gearing levels to enable attractive returns

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Half year results and proforma balance sheet

Financial Highlights

	June 2009	June 2008
> Recurring pre-tax profit	£10.3m	£16.4m
> Triple net asset value per share	£0.71 *	£7.06 *
> Dividend per share	-	5p
> Property under management	£3.2bn	£5.3bn
> Total see though debt	£705m	£1,067m

* after non-cash mark to market liability of £(0.47) per share (June 2008 asset of £0.45 per share)

Income statement

	H1 2009 (Unaudited)	H1 2008 (Unaudited)	FY 2008 (Audited)
Property investment UK	£3.4m	£4.5m	£6.1m
Property investment Germany	£3.1m	£5.8m	£11.1m
Managing property funds	£2.7m	£4.6m	£8.9m
SNO!zone	£1.1m	£1.5m	£1.5m
Recurring pre-tax profit	£10.3m	£16.4m	£27.6m
Loss after tax	£(134.7)m	£(201.4)m	£(502.2)m

Income statement – property revaluation

	6 months to 30 June 2009 £m
Mall	(58.6)
Junction	(36.2)
X-Leisure	(18.6)
Germany	(8.2)
Other JV's and wholly-owned	(6.6)
Total revaluation deficit	**(128.2)**

Headline half year results – Balance sheet

	H1 2009 (Unaudited)	H1 2008 (Unaudited)	FY 2008 (Audited)
Net assets	£51m	£493m	£186m
Triple net diluted NAV per share*	£0.71	£7.06	£2.67
EPRA diluted NAV per share	£1.12	£6.86	£3.25
See though debt	£705m	£1,067m	£836m
Group debt	£119m	£625m	£113m
Property under management	£3.2bn	£5.3bn	£4.0bn
Initial yields**			
The Mall	8.25%	5.66%	7.15%
The Junction	7.35%	4.95%	6.20%
X-Leisure	7.99%	5.38%	6.68%
UK funds weighted average	8.01%	5.37%	6.74%
Germany	6.73%	6.24%	6.51%

* After non-cash mark to market liability of £(0.47) per share (H1 2008 asset of £0.45 per share, FY 2008 liability of £(0.57) per share)

** H1 2008 and FY2008 are as reported – not adjusted like-for-like for sales in 2009

Proforma balance sheet

	30 Dec 08 (Audited)		30 June 09 (Unaudited)		30 Jun 09 - post equity raise (Proforma)	
	Statutory	See through	Statutory	See through	Statutory	See through
Property assets (£m)	317	1,091	174	806	174	806
Debt (£m)	(113)	(836)	(119)	(705)	(56) **	(642) **
Triple net diluted NAV per share	£2.67	£2.67	£0.71	£0.71	£0.32	£0.32
EPRA diluted NAV per share	£3.25	£3.25	£1.12	£1.12	£0.41	£0.41
LTV	36%	77%	68%	87%	33%	80%

- Proforma figures adjust only for the effect of the capital raise and so do not include any other movements after 30 June such as the dilution from the X-Leisure capital raise
- The interim accounts have been prepared on a going concern basis on the assumption that the shareholder vote is passed and the equity raising proceeds. The prospectus includes importance of vote wording.

** Net debt after receipt of estimated £62.8m net proceeds from capital raise

Summary of revised banking arrangements

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	Group	Great Northern	Lower Grosvenor Place	Hemel
Facility/loan amount	£58m (1)	£65m	£8m	£9m
Maturity	Sep-13	Oct-13	Mar-11	Aug-12
Coupon	LIBOR +3.5% (2)	LIBOR +2%	LIBOR +3%	LIBOR +3% (5)
LTV	n/a	≤ 100% (3)	< 80%	n/a (5)
ICR	> 150%	> 135%	-	> 150%
Gearing	< 200% (4)	n/a	n/a	n/a
Asset cover	> 200%	n/a	n/a	n/a
Security	Corporate and cross guarantee plus charge over holdings and certain JVs	Property, debenture and cross guarantee	Property	Property and corporate guarantee

1) Facility reduced from an anticipated £65 million
2) Until issue of 2010 Accounts, thereafter dependent on Bank Asset Cover ratio: (>200%: 3.50%; >400%: 3.25%; >500%: 3.00%)
3) Until 30 Dec 2012 when reduced to 90%, and further reduced to 80% on 30 June 2013
4) Great Northern now excluded from Gearing test
5) The Hemel loan balance amortises by £1m in November 2009 and three further amounts of £500,000 in August 2010, February 2011 and August 2011. The coupon reduces to 2.75% from November 2009 and 2.5% from August 2010. There is an LTV holiday until February 2011 and then the LTV is set at 75%, falling to 70% from February 2012

Off balance sheet debt (C&R share)

	Debt at 30 June 2009 £m	Average interest rate %	Fixed %	Duration of fixing (months)	Duration to loan expiry (months)
Mall (16.7% share)	208	5.01%	100%	34	34
Junction (13.4% share)	60	7.56%	100%	57	57
X-Leisure (19.4% share) *	78	6.93%	99%	24	33
Germany (48.8% share)	201	4.68%	99%	26	41
Other JVs (20-50% share) +	39	5.56%	88%	31	45
Off balance sheet debt	**586**	**5.45%**	**99%**	**32**	**39**

** before impact of capital raise in July 2009*

+ excluding FIX UK

Summary of fund covenants

	Mall	Junction	X-Leisure *
Amount	£1,246m	£445m	£300m
Maturity	Apr-12	Apr-14	Mar-14
Coupon	LIBOR +0.18%	LIBOR +3%	LIBOR +2.5% (1)
LTV test	N/A (2)	<90% (3)	<90% (4)
LTV as at 30 June 2009	80%	75%	69% (5)
ICR test	>130%	>130% (6)	>130% (7)
ICR as at 30 June 2009	183%	152%	171%

* Central facility only
1) Dependent on LTV: less than 65% - 2%; 65% to 70% - 2.25%; 70% to 80% - 2.5%; greater than 80% - 3%
2) LTV covenant of 60% for new borrowing only
3) Until September 2010, after which it will fall in tiers to 65% at Sep 2012
4) Until December 2010, after which it will fall in tiers to 65% at July 2013
5) After adjusting for impact of capital raise in July 2009
6) Until September 2012, after which it will rise to 135%
7) Until March 2012, after which it will rise in tiers to 150% at Mar 2013

Summary of joint venture covenants

Germany

- Six German portfolios financed separately
- Total lending of €483m with maturities between June 2010 and November 2017
- Three facilities have LTV covenants at levels between 75% and 85%
- LTV covenants on two facilities at risk but can be remedied using cash generated by German joint venture
- All facilities have ICR covenants at levels between 120% and 160%
- All ICR covenants met at 30 June 2009

Other joint ventures

- Other joint ventures financed separately
- LTV covenants on other joint ventures at risk but impact of breach would not be material to the Group.

X-Leisure open offer

> > £50m capital raise

> > c10p issue price
> (70% discount to June 2009 unit price including swap mark-to-market)

> > Group participation £4m

> > Completed 29 July 2009

> > Fully subscribed from 15 existing unit holders and one new investor

Impact of X-Leisure open offer on Group

	30 June 2009	Proforma		Dilution
	£m	£m		£m
Net asset value (IFRS)	94.5	144.5	**	
Units	267.9	767.9		
Unit price *	0.353	0.188		
C&R share (£m) **	18.3	17.3		(5.0)
C&R share of fund **	19.4%	12.0%		

	£m
Net asset value	94.5
Equity issued	50.0
** Proforma net asset value	144.5

* Includes mark to market of the swap

** Proforma numbers after £4m C&R participation in equity raise and before costs of issue

Operations

Tenant data

Occupancy levels	Mall	Junction	X-Leisure *	Germany
30 June 2009	94.3%	91.2%	93.9%	98.1%
31 March 2009	93.2%	91.0%	95.2%	98.1%
30 December 2008	94.4%	93.4%	95.5%	98.2%

Administrations	Mall		Junction		X-Leisure		Germany	
	Units	Rent roll £m	Units	Rent roll £m	Units	Rent roll £m	Units	Rent roll £m
Q1 2009	73	5.0	5	1.5	5	0.3	2	0.1
Q2 2009	30	2.4	-	-	1	0.4	-	-
1st Half 2009	103	7.4 (5.0% of rent roll)	5	1.5 (3.2% of rent roll)	6	0.7 (1.6% of rent roll)	2	0.1 (0.2% of rent roll)

Passing rent	Mall	Junction	X-Leisure *	Germany
30 June 2009	£141.4m	£45.4m	£45.7m	€45.3m
31 March 2009	£142.7m	£46.4m	£45.2m	€45.2m
30 December 2008	£144.9m +	£47.0m	£45.2m	€44.9m

* like-for-like adjusted for the sale of the O2 Centre

+ adjusted to remove non-trading administrations

Case studies

Stylo Barrett

- Went into administration 26 January 2009
- 13 units in 13 Malls
- Seven new lettings above previous passing rent
- Three temporary lettings on turnover basis
- Three closures

Wood Green

- Letting to Primark in vacant Pearsons unit
- 25 year lease (no break) above previous passing rent
- Letting to New Look in vacant Woolworths unit
- 10 year lease equal to previous passing rent but with turnover top-up

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Actions taken

Actions taken

Between December 2007 and June 2009:

- £400m of new equity in the funds
- £621m of assets sold
- £629m reduction in see-through debt and £506m reduction in statutory debt
- Banking covenants improved
- Platform strengthened
- Contract lives renegotiated
- New partners introduced

Dividends

- The Board is not proposing an interim dividend for 2009.
- The Board intends to restart dividends when it considers it prudent to do so.
- Dividends will be linked for the foreseeable future to the company's cash generating capability, and will be restricted to not more than 50 percent of operating cash flow less interest and tax in line with the Group's new banking arrangements.

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Strategy

Strategy

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Near-term:

- Focus on core areas of management expertise in retail (UK and Germany) and leisure property markets
- Maximise cash flow through active asset management, with particular focus on anticipating and re-letting voids
- Consider the possible sale of Lower Grosvenor Place, value realisation opportunities at Great Northern and other possible non-strategic sales
- Continue to anticipate refinancing needs, with focus on:
  - Germany: two re-financings in 2010 totalling €111.4m
  - Mall: deleveraging ahead of maturity of bonds in 2012

Medium-term:

- Seek to take advantage of value and distressed opportunities in current markets both within the existing funds and JVs, and also to establish new vehicles with sound structures and appropriate gearing levels to create attractive returns for shareholders going forward. Funding partners in these new vehicles are likely to be a mix of private equity and institutions
- New investment is expected to accelerate as markets bottom out and strong value appears
- Capital & Regional expects to retain minority interests in the new vehicles, depending on the prospects for risk adjusted returns
- Seek to grow management fee income and in time earn potential performance fees and / or benefit from carried interests

We believe that the current market conditions provide upside potential from the existing portfolio and an opportunity in which our operational management expertise can also outperform

Parkdev overview

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Parkdev overview

- Parkdev is Property and Asset Manager of Attfund Limited and co-manager of Sycom Property Fund
- Attfund is an unlisted public fund owning a portfolio of mostly prime South African shopping centres with total lettable space of 5.5m sq ft. In addition Attfund co-owns the 1m sq ft Nova Eventis shopping centre in Leipzig, Germany, as well as a substantial equity interest in Deutsche Euroshop AG.
- Sycom is a Johannesburg Stock Exchange listed Property Unit Trust owning shopping centres and offices with total lettable space of 323,000 sq m
- Parkdev management have a long track record in the South African property industry and performance of Attfund since inception has been exceptional, delivering returns of >40% pa for the last 6 years with modest leverage (LTV < 40%)
- Parkdev principals are some of the main investors in Attfund
- Since 2005, Parkdev has diversified its activities to Continental Europe and the UK and now co-manages c. €420m property assets in these markets
- Parkdev recently launched the Karoo Investment Fund which listed on the Luxembourg Stock Exchange in May 2009. The investment objective of Karoo is acquiring Western European real estate investments

Appendix

Three balance sheets
30 June 2009

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	Enterprise £m	See through £m	Statutory £m
Fund properties			
Mall	1,463	245	26
Junction	569	76	18
X-Leisure	523	101	18
Joint venture properties			
Germany	509	255	28
Other joint ventures	98	39	(6)
Wholly-owned properties			
Great Northern, Hemel Hempstead and others	90	90	90
Total property (IFRS basis)	**3,252**	**806**	**174**
Working capital etc	(99)	(50)	(4)
Debt	(2,720)	(705)	(119)
Net assets	**433**	**51**	**51**
C&R shareholders	51	51	51
Fund and joint venture investors	382	-	-
Total equity	**433**	**51**	**51**
Leverage (LTV)	84%	87%	69%

Valuation movement peak to date

	June 2007 £m	June 2009 £m	Peak to date %
Mall	2,808.1	1,354.7	(53.1)
Junction	1,235.1	589.8	(52.2)
X-Leisure	793.9	497.2	(37.4)

Like for like adjusted for acquisitions and disposals in the period

Actions taken

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Group

> In June 2009, the Group and its principal lending bank agreed a waiver on the asset cover and gearing covenants of the core facility until 30 September 2009 to provide time to renegotiate the terms

> Terms of core facility renegotiated in August 2009 conditional on new equity raising

Junction

> £64m equity raise (including £50m from AREA Property Partners) in May 2009, alongside facility refinancing and renegotiation 2009

X-Leisure

> Sale of O2 Centre in London for £92.5m in April 2009, representing a 7.83% net initial yield

> £50m equity raise in July 2009, alongside refinancing and renegotiation of facilities

Asset management contracts

- During 2008, as part of the negotiations around the capital restructuring of the fund, the expiry date for The Mall was amended to 30 June 2012 if not extended until 30 June 2017 following a continuation vote in June 2011, in line with the requirement to refinance the fund's bonds in 2012. Fee arrangements are still subject to review
- During 2009, as part of the negotiations around the capital restructuring of the fund, the effective expiry date for the Junction (via a vote of unitholders on its future) was extended to no later than 31 July 2013
- During 2009, as part of the negotiations around the capital restructuring of the fund, the initial expiry date for X-Leisure was amended to 31 December 2014, if not extended (on the recommendation of the fund manager and a partnership vote) to 31 December 2021, and pending a strategic review of the fund in 2012
- Creation of new joint venture between Hermes and the X-Leisure division of CRPM to carry out integrated fund, asset and property management services on the X-Leisure fund
- Arrangements provide base fees, potential performance fees and represent a platform for growth

Asset management contracts (cont'd)

> Mall asset/property management and performance fees continue to be calculated on existing basis but may be subject to renegotiation in the second half of 2009

> Junction asset/property management fees fixed at £1m per annum until May 2011, then the greater of £850,000 per annum or 2.5% of net operating income at that date. Service charge fees continue on the current basis

> Junction performance fees to be calculated on a quarterly basis on any realised geared returns in excess of an IRR of 15% with no provision for clawback

> X-Leisure asset/property management fees earned by X-Leisure Limited fixed at £3.4m per annum reducing by £100,000 per annum from 30 June 2010 until it reaches £2.9m, offset by an annual payment equal to 4% of the cumulative increase/decrease in the net income of the fund. Service charge fees continue on the current basis

> X-Leisure performance fees to be calculated over the period ending on disposal of the entire portfolio on the expiry of the fund or its conversion into a listed structure (or in the case of an interim performance fee ending on the date upon which the portfolio reduces to nine properties or fewer through disposals), on any geared returns in excess of an IRR of 15% with no provision for clawback

Forward Looking Statement

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties.

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