Capital & Regional

Interim Results Presentation

11 August 2010

Agenda

Introduction

Highlights

Operational Review

2010 Interim Results

Future Strategy & Outlook

Questions & Answers

Capital& Regional

Introduction

2010 H1 Highlights

Capital& Regional

- Completion of eight property sales in the funds and joint ventures for £366 million and two property sales at group level for £12 million
- Mall restructuring successfully concluded. Extends loan term for 3 years, enables management to focus on core portfolio of dominant secondary centres
- Conditional exchange of contracts for four Mall schemes for £136m
- Garigal - Management platform created to maximise potential value of German portfolio
- Refinancing in Germany and of Braehead
- Opening of 200,000sq ft Blackburn extension together with key units handed over at Luton to TK Maxx & Argos for fitting out
- Junction lettings - Best Buy opens & DSG increase occupancy at Maidstone by 12,000 sq ft
- Approaches for Great Northern Warehouse under consideration

2010 H1 Financial Results

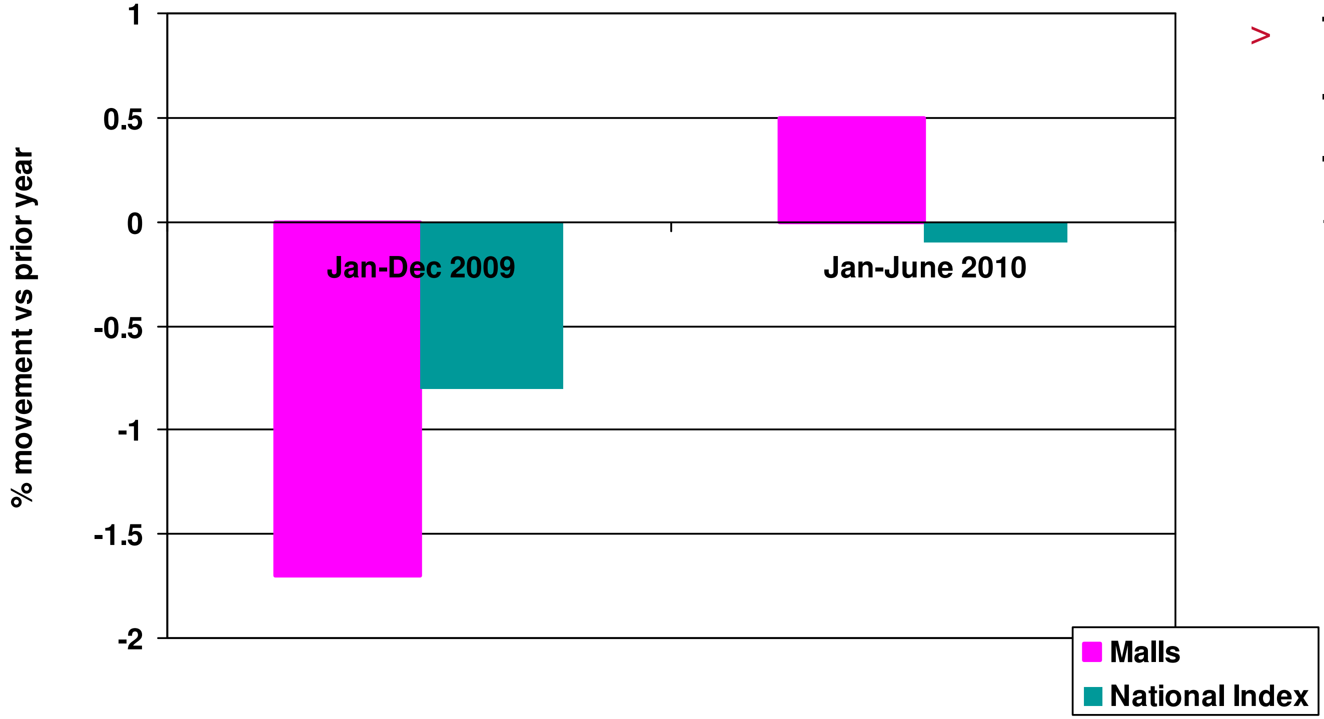
> EPRA NAV per share	£0.52
> Increase in UK fund property valuations	5.3%
> Increase in UK unit prices	18%
> Profitability	
H1 profit before tax	£17.5m
> Property under management	£2.9bn
> Net Gearing (net debt to equity)	33%
> Average Net Initial Yield UK portfolio	6.8%

Operational Review

Tenancy trends

- Increased footfall reflects impact of key lettings in H1 2010
- Occupancy stable. First signs of movement from temporary to permanent lettings
- Increased demand for larger units underpins letting activity in Q2 vs Q1
- Contracted lettings currently in rent free expected to deliver a positive increase to passing rent of £5.6m by June 2012
- Successful lease re-gears with anchor tenants which protects/enhances valuations
- Administrations return to stable churn of 2006/2007

The Mall Footfall



> **Top 3 Malls H1 2010**
- Wood Green +10.3%
- Camberley +5.1%
- Norwich +3.2%

Tenant data

Occupancy levels	Mall	Junction	X-Leisure	Germany
30 June 2010	93.9%	94.6%	94.2%	98.5%
31 March 2010	93.9%	94.0%	94.7%	98.5%
30 December 2009	94.5%	93.3%	94.5%	98.1%
30 September 2009	93.5%	92.8%	94.2%	98.1%
30 June 2009	93.2%	90.4%	93.7%	98.1%

Tenant data

Passing rent *	Mall	Junction	X-Leisure	Germany
	£m	£m	£m	€m
30 June 2010	109.5	33.8	42.8	44.6
31 March 2010	110.1	34.3	42.6	44.6
30 December 2009	112.3	33.4	42.7	44.6
30 September 2009	114.5	33.6	42.7	44.6
30 June 2009	118.3	34.0	43.1	44.6

** Passing rent (gross rental income excluding rent frees, unsettled rent reviews and units in administration and closed) on a like for like basis*

Tenant data

Administrations	Mall		Junction		X-Leisure		Germany	
	Units	Rent Roll £m	Units	Rent Roll £m	Units	Rent Roll £m	Units	Rent Roll £m
Q1 2010	32	1.5	0	0.0	4	0.2	0	0.0
Q2 2010	10	0.4	2	0.2	4	0.4	1	0.0
H1 2010	42	1.9	2	0.2	8	0.6	1	0.0
Full year 2009	129	8.7	10	2.7	14	1.4	3	0.1
H2 2009	26	1.3	5	1.2	8	0.7	1	0.0
H1 2009	103	7.4	5	1.5	6	0.7	2	0.1

Tenant data

Capital& Regional

H1 2010

New lettings*	Mall	Junction	X-Leisure	Total UK	Germany
Number Q1	23	1	2	26	3
Number Q2	28	3	6	37	1
Total	51	4	8	63	4
Passing rent	£2.3m	£1.1m	£0.3m	£3.7m	€0.1
Comparison to ERV	(9.1)%	(10.7)%	(3.6)%	(9.1)%	n/a
Rent reviews					
Number	85	5	26	116	n/a
Passing rent	£11.5m	£2.0m	£4.3m	£17.8m	n/a
Uplift in passing rent	5.2%	7.0%	14.1%	7.6%	n/a

* Excluding temporary lettings and turnover rent and options exercised in Germany

Blackburn - Development

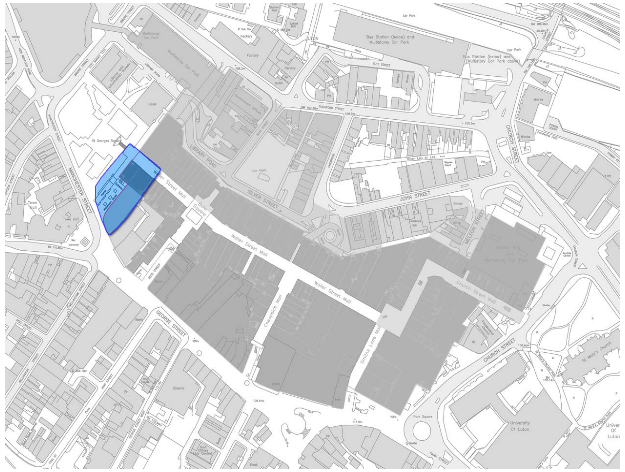
> £66m extension/refurbishment opened 26th July 2010
> Scheme 89% let / under offer by area as at opening

- New 50,000 sq ft Primark
- New 68,000 sq ft council market
  New 17,000 sq ft H&M
- New 15,000 sq ft Next and up-sizes on Top Shop, River Island, New Look
- New 11,000 sq ft Peacocks
- Existing shopping centre refurbished

> Other fashion retailers expected to follow
> Completed scheme anchored by Debenhams, BHS, Tesco, Boots and Primark

Luton - Development

- £20m extension nearing completion
- 70% of units pre-let by area (includes Atrium)
  - 38,000 sq ft TK Maxx
  - 14,000 sq ft Argos
  - Units occupied by 31st July 2010
- Letting of A3 'Atrium' units progressing with opening expected November 2010



Examples of Asset Management Progress
The Mall Fund

- **Middlesbrough** – New 20 year lease to Barclays Bank for 11,500 sq ft of long term vacant space
- **Romford** – Amalgamation of 3 long term vacant units and new letting of 6,500 sq ft to Poundland
- **Luton** – 20 year lease renewal and adjoining unit review settlement with Debenhams. Rent uplift of £295k
- **Camberley** – 10 year lease renewal secured with Sainsbury's
- **Wood Green** – Break removal and lease extension completed with TK Maxx together with tenant refitting obligation

Capital& Regional

Lettings / Group Deals - Regis UK Ltd

12 Unit transaction:

- 8 lease re-gears (Barnsley, Luton, Maidstone, Norwich, Walthamstow, Wood Green)
- 1 lease renewal (Bristol)
- 2 new leases (Ilford, Camberley)
- 3 temporary rent transactions (Blackburn, Gloucester, Uxbridge)
- Assign units where required to Regis UK Ltd

Rationale:

- Secures additional unexpired term of 39 years
- Adds unexpired rent of £1.02m
- Firms up tenant covenant strength

Capital& Regional

Junction - B&Q lease re-gear

- B&Q occupy 4 large warehouse stores in the Junction portfolio; Bristol, Hull, Paisley & Swansea
- Extension of leases to 2030, with 5 yearly upwards only RPI linked rent reviews (capped at 3% pa)
- Reduction in rent roll of 10% to £5.4m
- Increased security of income resulting in inwards yield shift of 75bps (on average across the 4 schemes)
- Transaction had a small net positive impact on valuation but secures B&Q income for the next 20 years

Junction Development Opportunities

Sale of 3, and prospective sale of 1 retail park and potential capital distribution leaves focus on asset management of 4 retail parks and 3 development opportunities

> **Oldbury**
>
> - 37 acre site with 374,000 sq ft retail and leisure planning consent
> - Site either owned, optioned or covered by confirmed CPO

> **Paisley**
>
> - 10 acre site with 53,500 sq ft planning consent adjacent to existing retail park
> - Pre-letting negotiations ongoing with strong interest

> **Thurrock**
>
> - Existing 460,000 sq ft retail, 94,000 sq ft leisure and 22 acre development site
> - Reconfiguration Development Brief in preparation

Garigal Asset Management GmbH

- Well respected German retail asset and property manager that created and manages the €310m Cheyne portfolio of German retail property
- C&R acquires 30% & AREA 20% for nil consideration.
- Takes over asset and property management responsibilities for German joint venture after transitional period to June 2011
- Two CRPM staff transferred/seconded to Garigal
- Benefits of transaction:
  - more focussed asset management to enhance valuation
  - economies of scale through combined management of two portfolios
  - earnings enhancing after year 1
  - increases strategic flexibility to monetise value of portfolio in due course
- Recognition of goodwill/intangible assets from transaction will lead to small increase in Group NAV

2010 Interim Results

Financial highlights

	Half Year - June 2009	December 2009	Half Year – June 2010
Property under management	£3.2bn	£3.1bn	£2.9bn
Net assets	£51m	£130m	£146m
EPRA NAV per share		£0.47	£0.52
Triple net diluted NAV per share		£0.37	£0.42
Recurring pre tax profit	£10.3m	£17.5m	£8.9m
(Loss)/Profit before tax	£(131)m	£(113)m	£17.5m
Group debt	£119m	£80m	£72m
Gearing (net debt/equity)	226%	48%	33%
See through net debt/Value	82%	74%	71%

Income statement

	H1 2009 £m	H2 2009 £m	FY 2009 £m	H1 2010 £m
Recurring profit before tax	10.3	7.2	17.5	8.9
Revaluation	(128.2)	19.8	(108.4)	14.0
Swaps	0.8	(0.5)	0.3	(6.6)
Deemed disposal	(2.9)	(4.3)	(7.2)	0.1
Disposals (loss)/profit	(2.8)	(6.6)	(9.4)	0.9
Impairments	(6.0)	2.3	(3.7)	0.1
Other non-recurring	(2.0)	(0.5)	(2.5)	0.1
(Loss)/profit before tax	(130.8)	17.4	(113.4)	17.5

Recurring profit before tax

	H1 2009 £m	H2 2009 £m	FY 2009 £m	H1 2010 £m
Asset Management Fees	5.5	4.0	9.5	4.2
Service Charge & Other Fees	3.4	4.2	7.6	3.1
Fixed Management Expenses	(6.7)	(5.1)	(11.8)	(4.7)
Property Management	2.2	3.1	5.3	2.6
UK Property Investment	6.2	4.9	11.1	4.5
Germany Property Investment	3.4	2.7	6.1	3.5
SNO!zone	1.0	(0.1)	0.9	0.3
Non-segment items	(2.5)	(3.4)	(5.9)	(2.0)
Total	**10.3**	**7.2**	**17.5**	**8.9**

Constituents of NAV

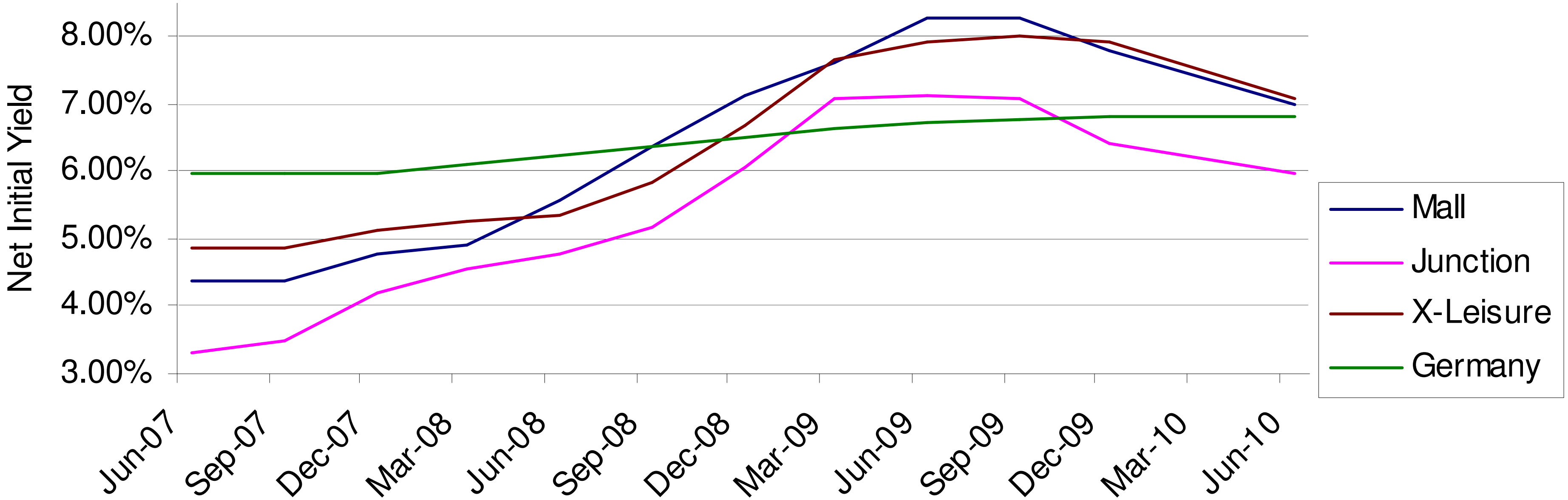
The 30 June end NAV is broken down as follows:

	Property Assets £m	Other assets/liabilities £m	NAV £m	% of Net Assets
Funds				
Mall	195.3	(154.7)	40.6	28%
Junction	72.7	(44.9)	27.8	19%
X-Leisure	65.1	(41.0)	24.1	17%
FIX	27.9	(27.2)	0.7	0%
Total	361.0	(267.8)	93.2	64%
Joint Ventures				
Braehead	25.0	(23.8)	1.2	1%
Germany	231.9	(191.1)	40.8	28%
Total	256.9	(214.9)	42.0	29%
Wholly –owned				
Hemel Hempstead	9.7	(7.6)	2.1	1%
Great Northern	72.0	(64.3)	7.7	5%
Total	81.7	(71.9)	9.8	6%
Other				
Working Capital	0.0	1.2	1.2	1%
Total	**699.6**	**(553.4)**	**146.2**	**100%**

Portfolio Net Initial Yields

June 2010 NIY	
Mall	7.00%
Junction	5.98%
X-Leisure	7.08%
Germany	6.82%

Inward Yield Shift – LFL Portfolio (Basis points)		
	H2 2009	H1 2010
Mall	52	69
Junction	64	41
X-Leisure	2	83



Mall Fund Restructuring

Principal Terms of the Restructuring:

- A 3 year maturity extension to 2015 and a fund extension to 2017 (with a continuation vote in 2016)
- Greater flexibility to sell assets through suspension of release price
- Margin increase of 50bps to 68bps in April 2011
- New amortisation targets of £800m (Dec 2012) and £600m (Dec 2014)
- Net disposal proceeds sweep 100% where LTV >60%
- Full cash sweep whilst LTV >60% and/or net debt >£600m
- LTV covenants (measured annually) = Dec 2011:83%, Dec 2012:77%, Dec 2013:71%, Dec 2014:65%.
- LTV calculation = loans less cash in DPA less excess cash account

Mall Fund Restructuring

- Core of dominant secondary centres generating attractive returns
- Capital expenditure pool available for asset management initiatives, £65m up front and annual top ups of up to £15m
- Flexibility to establish joint ventures for certain further developments in the fund e.g. Camberley
- No longer a forced seller
- Base asset management fee of £4.5m. Change to performance fees
- Cost of debt for fund - to 1/4/2011 4.94%, to 22/4/2012 5.44%, swap to 22/4/2015 4.11% on £602m

Summary of Group Debt

Total on balance sheet debt at June 2010 of £71.9m less cash of £24.1m = Net debt of £47.8m (Dec 2009:£62.9m)

		Covenant	Half year 2010
1. **Group revolving £58m facility**	- ICR	> 150%	1,463%
(not drawn at half year 2010)	- Asset cover	> 200%	N/A
	- Gearing	< 200%	5%
2. **Great Northern**	- ICR	> 135%	160%
(£64.3m drawn)	- LTV	< 100%	89%
3. **Hemel Hempstead**	- ICR	> 150%	326%
(£7.6m drawn)	- LTV	Holiday until 18/2/11	N/A

Summary of Fund Covenants

The fund facilities were all covenant compliant at half year 2010.

		Covenant	30/06/10
Mall	ICR - Historic	> 130%	169%
	- Look forward	> 130%	161%
	LTV – Pro forma bond post Ilford		82%*
The Junction	ICR - Historic	> 130%	160%
	- Look forward	> 130%	148%
	LTV**	< 90%	62%
X-Leisure Revolver	ICR	> 130%	163%
	LTV	< 90%	58%

* No test until Q4 2011. Pro forma calculation of LTV on new basis and post restructuring

** Because the LTV is <65%, the interest margin remains 75bps lower and there is no cash sweep, so distributions can recommence.

Summary of German Debt

- Six German portfolios financed separately, three of which with LTV's
- LTV covenants on one facility at risk but can be remedied using cash generated by German joint venture
- All ICR covenants met at 30 June 2010
- All debt maturing in 2010 has been refinanced
  - €105m has been extended to Dec 2013, €74m of swaps extended to 2015
  - Average interest rate has reduced from 4.72% in Dec 09 to 4.54% after the extension of the principal and swap extension
  - Weighted average unexpired loan term for the German loan portfolio from 34 months at Dec 09 to 39 months as of end of June 10
  - No new equity required
- Refinancing of debt maturing in 2011
  - "ABN Amro" portfolio currently €166m drawn – discussions are under way to refinance or extend

Dividends

- The Board is not recommending an interim dividend for 2010
- 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 normally be restricted to not more than 50 percent of operating cash flow less interest and tax

Future Strategy & Outlook

Strategy

- As a specialist property company primary focus will be on growth of NAV
- Leveraging in-house property and asset management skills to generate fee income is still important and will be supportive of primary focus
- Co-investing asset management model needs to change. Current stakes too small for property company/too large for asset management
- C&R will look to increase stakes where there is potential for growth and improved returns
- Increase recycling of capital within existing funds to increase liquidity/improve returns
- Access to partner capital key differentiator in ability to grow
- Opportunities expected to increase to acquire single assets/portfolios and participate in fund consolidation in next 6-9 months
- Retail focus but related sectors not excluded if accretive transactions can be executed

Outlook

- Actions taken in H1 have anticipated:-

    a) Challenging operating environment ahead
    b) Slow down in growth in capital values

- Prudent balance sheet management is well embedded within C&R
- H2 2010 already flagged as offering greater opportunity
- Management platform now strengthened to support development of specialist property company
- Flexibility to take advantage of opportunities to recycle capital & acquire assets or portfolios
- Better placed than at any time in the last two years to exploit market conditions

Questions & Answers

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.

Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of government regulators and other risk factors such as the Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this document. The Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Group should not be relied upon as a guide to future performance.