

Capital & Regional

Interim Results presentation – 19th September 2007

2007 Interim presentation agenda

1. Overview - Martin Barber
2. Financials - William Sunnucks
3. Operating Review
 - Shopping Centres - Ken Ford
 - Retail Parks - John Gatley
 - Leisure - PY Gerbeau
 - Germany & Trade Parks - Xavier Pullen
4. Questions and Answers



Financial Highlights

- > Total return 5%
- > Triple net asset value per share £13.19 per share
- > Recurring pre-tax profit up 18% to £17.7m
- > Interim dividend increased 11% to 10p per share
- > Property under management £6.6bn



Financials - agenda

- > Income statement
- > Net Asset Value
- > Earnings businesses
- > Resilience
- > Share buy backs



Recurring profit before tax

	6 months to June 2007	6 months to June 2006
	£m	£m
Net rents	42.2	38.2
Net interest	(32.9)	(28.2)
	14.3	10.0
Management fees	12.5	13.5
Snozone operating profit	1.7	1.2
Management expenses	(10.8)	(9.7)
Recurring pre tax profit	17.7	15.0



Income statement

	6 months to 30 June 2007 £m	6 months to 30 June 2006 £m
Recurring pre-tax profit	17.7	15.0
Performance fees	7.9	24.4
Cost of performance fees	(2.2)	(8.1)
Variable overhead	(2.4)	(5.1)
Revaluation gains	10.7	98.0
Gain on interest rate swaps	22.0	18.7
Other non-recurring items	(0.6)	4.3
Pre tax profits	53.1	147.2
Tax	(10.9)	(11.3)
Profit after tax	42.2	135.9

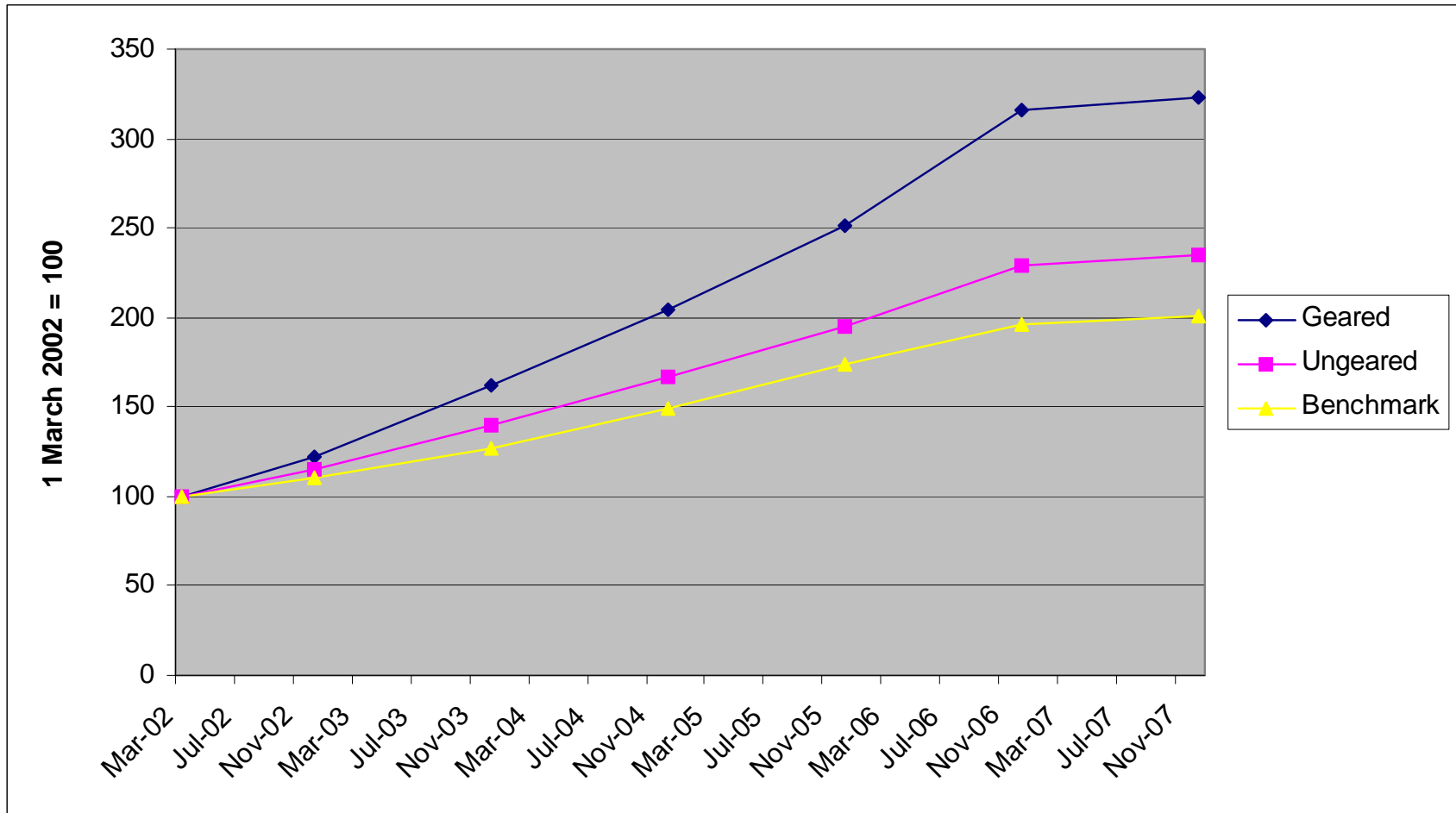
Fund performance

	Full year 2006	To June 2007
The Mall		
Property level returns	17.6%	2.9%
Gearred returns	26.3%	2.3%
IPD shopping centre index ⁽ⁱⁱⁱ⁾	12.7%	2.6%

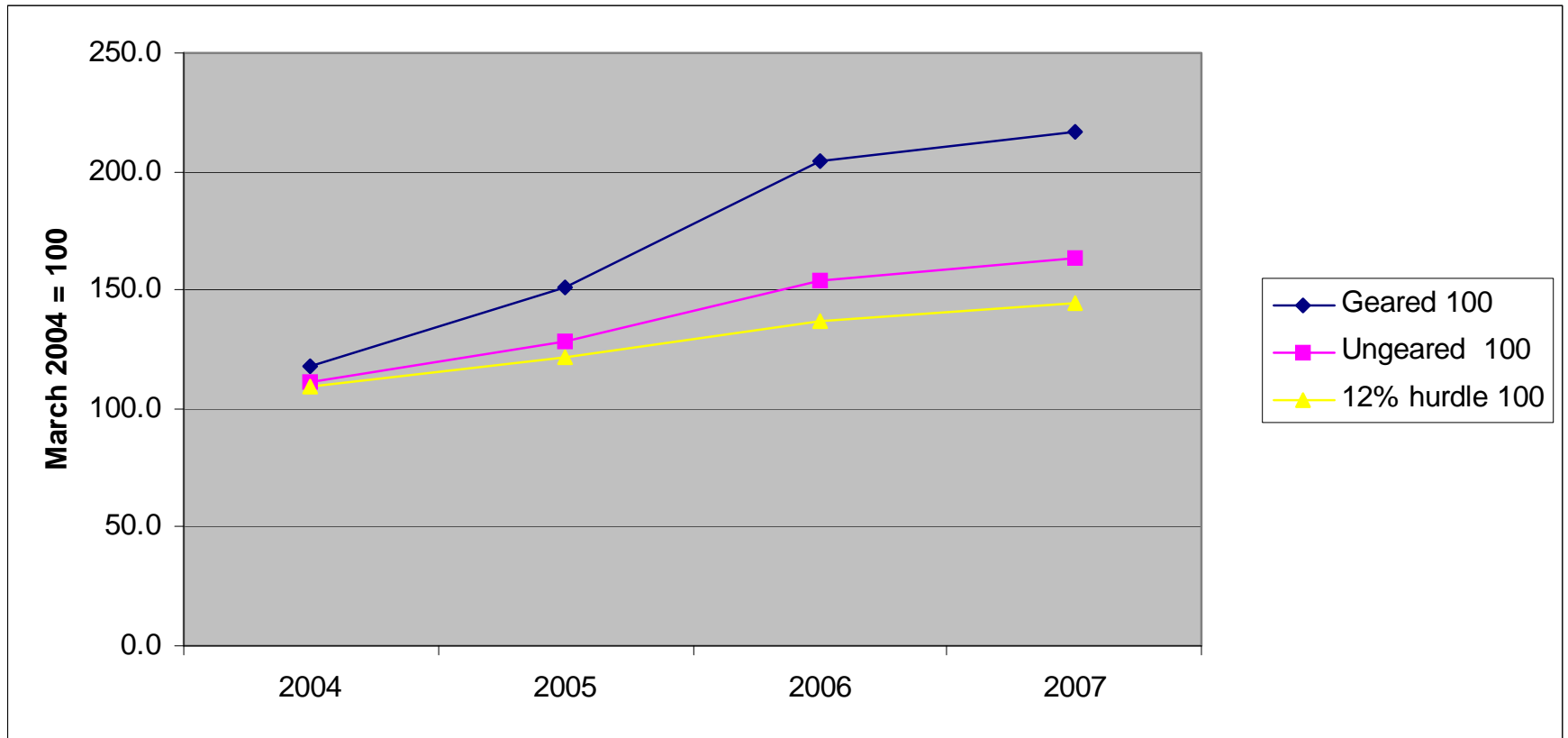
The Junction		
Property level returns	15.0%	-0.5%
Gearred returns	18.3%	-3.7%
IPD retail parks index ⁽ⁱⁱⁱ⁾	14.7%	2.9%

X-Leisure		
Property level returns	19.7%	6.3%
Gearred returns	30.4%	5.9%
IPD all pooled funds index		4.5%

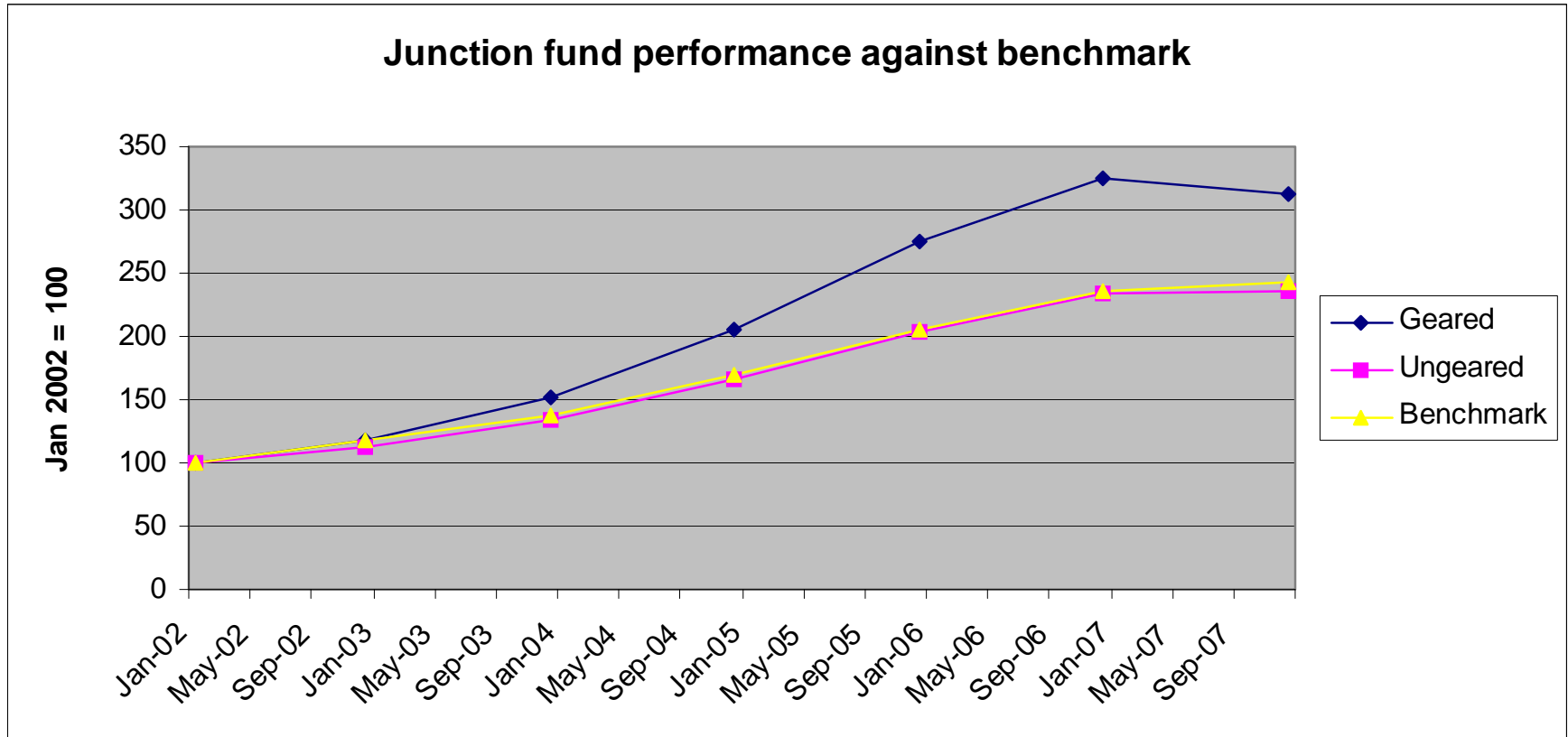
Mall fund performance against benchmark



X-Leisure fund performance against 12% hurdle



Junction fund performance against benchmark



Revaluation surplus

	Revaluation change as % of opening value	6 months to 30 June 07 £m
Mall	0.7%	5.2
Junction	-2.1%	-10.4
X-Leisure	3.1%	3.8
Xscapes	3.6%	5.1
Germany	3.1%	11.0
Trade Parks (acquisition costs)	-4.0%	-4.4
Manchester Arena	1.9%	0.4
Total revaluation surplus	0.5%	10.7

Performance fees

	*6 months to June 2007	6 months to June 06
	£m	£m
Mall	2.7	15.2
Junction	0.0	6.0
X-Leisure	5.2	3.2
Total	7.9	24.4

Note: half year fees are estimates only. Full year fee for 2006 was £62.6m

Performance fee formulae

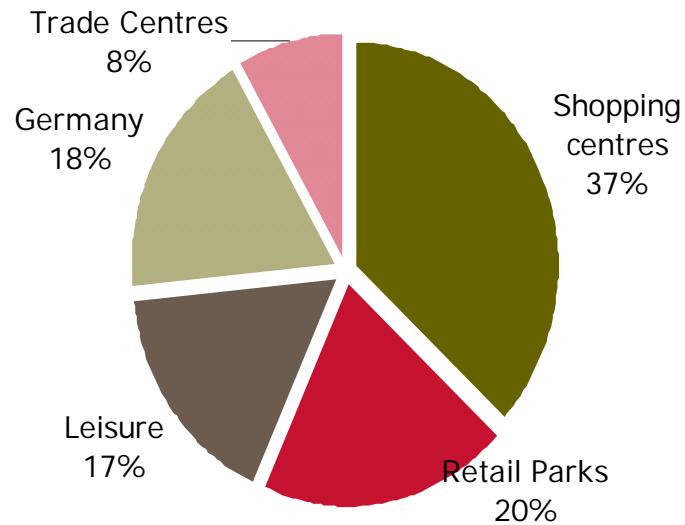
	Mall	Junction	X-Leisure
Performance Fee hurdles (applied to geared fund level returns)	Greater of 6% and IPD + 1%	Greater of 6% and IPD + 1%	6%
Percentage of out performance	<2% - 15% 2-4% - 20% >4% - 25%	<2% - 15% 2-4% - 20% >4% - 25%	<3% - 16% 3-6% - 20% >6% - 24%
Performance period	3 years	3 years	3 years

Balance sheet – three presentations – 30 June 2007

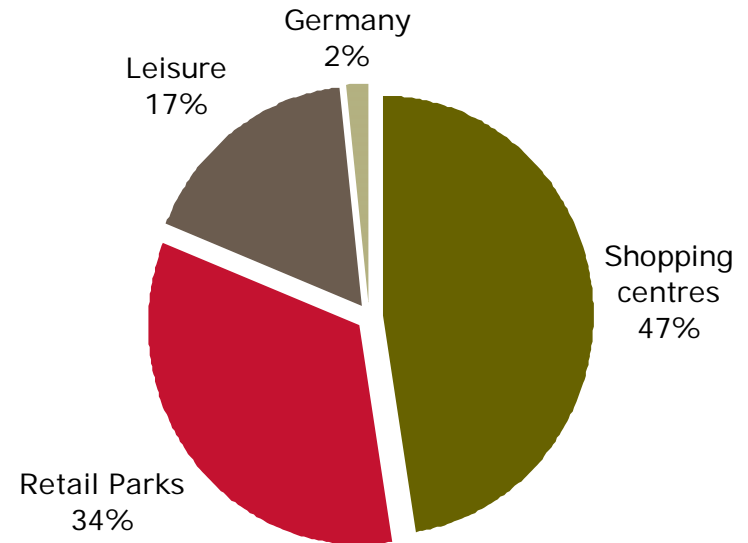
	Enterprise £m	See Through £m	Statutory £m
Shopping Centres	3,293	798	413
Retail Parks	1,555	429	243
Leisure property	1,202	364	227
German big box retail	431	393	431
Trade centres	183	183	183
Total property	6,664	2,167	1497
Working capital etc	(8)	37	32
Debt	(3,427)	(1,282)	(607)
Net assets	3,229	933	937
C&R ordinary shares	927	927	927
Fund Investors	2,292	-	-
Total equity	3,219	927	927
Loan to value	52%	59%	41%

Rebalancing the portfolio (towards Trade Centres and Germany)

June 2007



June 2005



NAV Route Map (triple net)

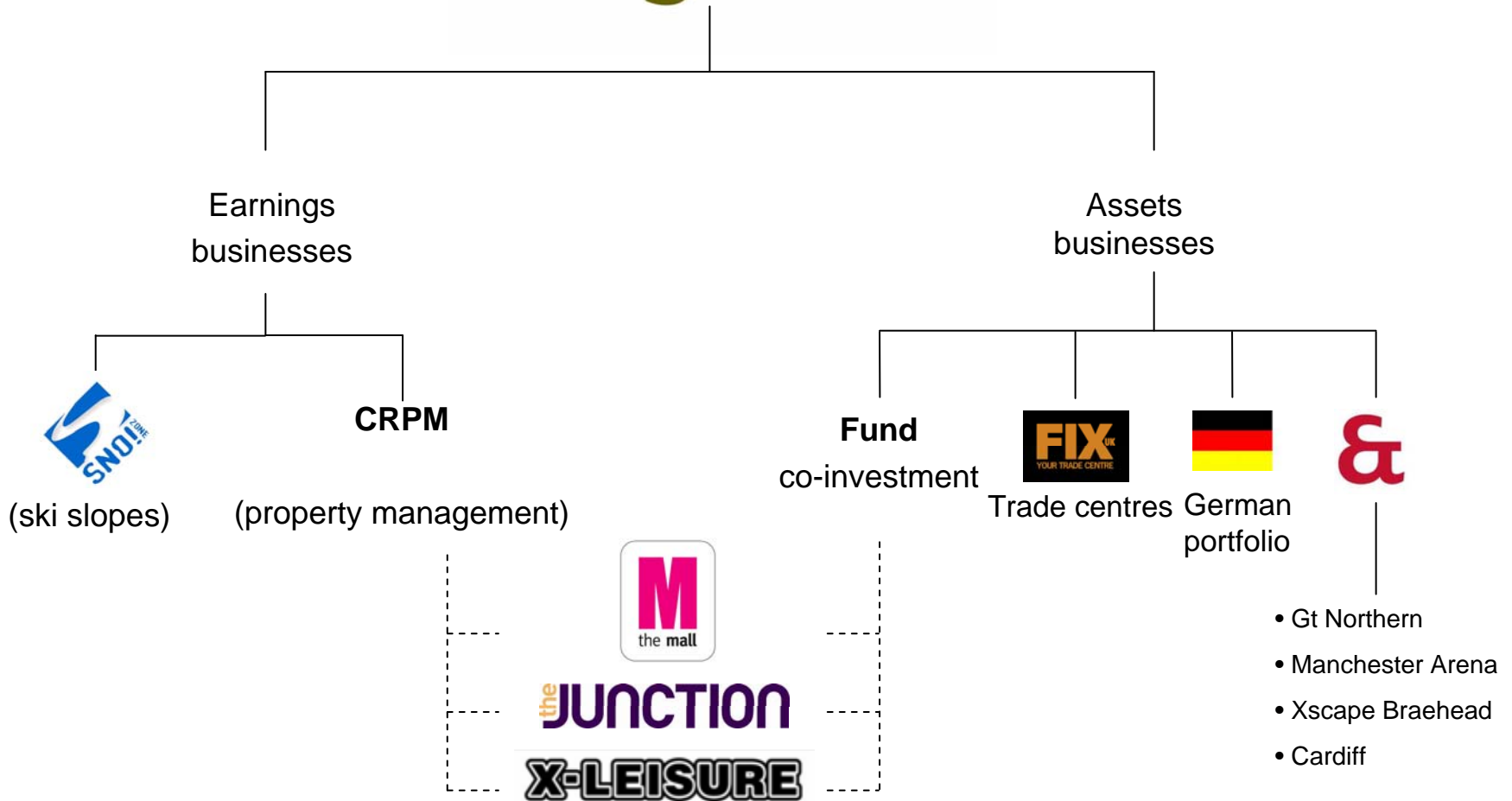
	£m	Diluted Shares	Triple net NAV £ per share
At 30 Dec 2006	921.4	72.4	12.72
Profit	42.2		
Dividend (2006 final)	-12.1		
Share buy backs	-15.3	-1.3	
CULS buy backs	-8.9	-0.7	
Other	4.8	0.3	
At 30 June 2007	932.1	70.7	13.18

Note: Triple net NAV per share marks all assets and liabilities to market and assumes that all options and convertibles are exercised. It includes full deferred tax provisions on investment properties.



Capital & Regional

2015
2016
2017



Property management business CRPM

	6 months to June 07	6 months to June 06
	£m	£m
Total recurring fee income	12.5	13.5
Fixed management expense*	(7.8)	(7.6)
Recurring profit (IFRS)	4.7	5.9
Performance fees	7.9	24.4
Variable management expense	(3.6)	(5.2)
Total profit	11.0	25.1

*25% of overall relates to property investment business, 75% to property management



Snozone – please put figures in table

	Jun-07	Jun-06
	£m	£m
Turnover	7.4	6.0
Costs	-5.8	-4.9
Operating profit / cash flow	1.6	1.2
Accounting adjustments	-0.4	-0.4
Statutory profit	1.3	0.8

Bank Facilities

	£m	Average interest rate	% Fixed	Duration
Core revolving credit facility (£175m)	89	6.43%	28%	12
Fix UK	119	6.16%	52%	17
Germany (our share)	281	4.49%	100%	49
JV and other (our share)	137			
C & R borrowings	626	5.35%	83%	55
Fund borrowings (our share)	655	5.38%	77%	47
	1,281			



Resilience Indicators

- > % fixed or swapped 77%
- > Average duration 47 months
- > Interest cover ratio (see through) 154%

<u>Fund</u>	<u>Manager</u>	<u>Termination date</u>
Mall	Morley Fund Management	31 Dec 2016 with an option for a further 5 year extension
Junction	Morley Fund Management	31 Dec 2011 with an option for a further 5 year extension
X-Leisure	Hermes Investment Management	16 March 2016 with and option for a further 5 year extension

Share & CULS buy backs

	Total since 1986 £m	2007 to date
Shares issued	234	-
CULS issued	26	-
Total capital raised	<u>260</u>	
Share buy backs	112	17.0
CULS bought back	75	10.5
Dividends paid (last 11 years)	74	12.1
	<u>261</u>	<u>39.6</u>



Outlook

- > Turmoil in capital markets affecting share price and (to a lesser extent) property yields
- > Underlying business strong
- > Confident in our co-investing business model



Capital & Regional 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%
Dec 2005	983p +38%	18.0p +40%
Dec 2006	1272p +29%	26.0p +44%
June 2007*	1319p* +4%	11.0p* +10%

* 6 months only

Interim Results Presentation 2007

19th September 2007



Is retail property a hedge against inflation ?

