

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are resident outside the United Kingdom, another appropriately qualified independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, you should send this document and the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or transferred, or sell or transfer as above, part only of your holding of Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Capital & Regional Plc

(incorporated under the Companies Act 1985 and registered in England and Wales under number 01399411)

Proposed Share Premium Cancellation, Amendments to Articles of Association and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Capital & Regional Plc which is set out on pages 3 to 5 of this document, in which the Board recommends that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

Notice convening a General Meeting of the Company to be held at the offices of Capital & Regional Plc, 10 Lower Grosvenor Place, London SW1W 0EN at 3.00 p.m. on 26 March 2009 is set out at the end of this document.

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you plan to attend the General Meeting, please complete and sign the Form of Proxy and return it in accordance with the instructions printed on it to the Company's registrars, Equiniti, as soon as possible, but in any event so as to be received no later than 3.00 p.m. on 24 March 2009. If your Ordinary Shares are held in CREST, you may vote by following the CREST proxy voting instructions in accordance with the procedures set out in the CREST Manual. The completion and return of a Form of Proxy will not prevent you (if you are so entitled) from attending and voting at the General Meeting, or any adjournment of it, in person should you wish to do so.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for the General Meeting	3.00 p.m. on 24 March 2009
Date and time of General Meeting	3.00 p.m. on 26 March 2009

Notes:

All references in this document are to London times

LETTER FROM THE CHAIRMAN

Capital & Regional Plc

(Registered in England and Wales No.01399411)

Directors:

Tom Chandos (*Chairman*)
Hugh Scott-Barrett, Chief Executive (*Executive*)
Xavier Pullen, Deputy Chief Executive (*Executive*)
Charles Staveley, Group Financial Director (*Executive*)
Kenneth Ford, Managing Director of Retail (*Executive*)
PY Gerbeau, Managing Director of Leisure (*Executive*)
Hans Mautner (*Non-Executive*)
Paul Stobart (*Non-Executive*)
Alan Coppin (*Non-Executive*)
Philip Newton (*Non-Executive*)
Manjit Wolstenholme (*Non-Executive*)

Registered Office:

10 Lower Grosvenor Place
LONDON
SW1W 0EN
Tel: +44(0) 20 7932 8000
Facsimile: +44(0) 20 7802 5600

Dated: 3 March 2009

To all Shareholders of Capital & Regional plc (the "Company") and, for information only, to participants in the Share Option Scheme.

Dear Shareholder

PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT AND AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. INTRODUCTION

The Board intends, subject to the approval of Shareholders and the Court, to cancel its share premium account (the "Cancellation"), in order to provide the Company with the future possibility to pay dividends through the creation of distributable reserves. The Board also wishes to amend the provisions relating to borrowing powers in the Company's articles of association and to make a further amendment to the articles of association to take advantage of new provisions in the Companies Act 2006. I am writing to you to provide further details of these proposals and to seek the approval of Shareholders at a General Meeting to be held at the offices of the Company at 10 Lower Grosvenor Place, London SW1W 0EN at 3.00 p.m. on 26 March 2009. Notice of the General Meeting is set out at the end of this document.

1.1 BACKGROUND TO AND REASONS FOR THE CANCELLATION OF SHARE PREMIUM ACCOUNT

As at 30 December 2007, the date of the last audited accounts of the Company, the Company had retained earnings of £483 million while the balance on the Share Premium Account stood at £219,690,029. As at 2 March 2009 (the latest practicable date prior to publication of this document) the amount standing to the credit of the Share Premium Account had increased to £220,499,181 as a result of the issue of Ordinary Shares on the exercise of options under the Share Option Scheme. The balance on the Share Premium Account is attributable to the difference, or 'premium', between the nominal value of the Ordinary Shares issued by the Company and the price at which the Ordinary Shares were issued.

As stated in the Interim Results, the Group made a loss of £201 million as at 30 June 2008. Further significant losses in the Group following this date have arisen from the reduction in property values, and losses that may arise from further falls in property valuations, will mean that the Company will need to impair some of its investments in its accounts, which is likely to extinguish any remaining

distributable reserves. Without taking the proposed action it is likely that the Company would have insufficient distributable reserves to pay a dividend going forward.

Subject to the protection of creditors, as to which see below, it is proposed that the reserve arising on the Cancellation becoming effective will be credited to the Company's distributable reserves and will therefore be available to fund the payment of dividends in the future and for other corporate purposes of the Company.

It is important to note however that it is unlikely that the reserve arising on the Cancellation becoming effective will be treated as distributable immediately. The Court will be concerned to ensure that the interests of creditors of the Company as at the date the proposed Cancellation becomes effective are not prejudiced. The Court is likely to require the Company to undertake to treat the reserve arising on the Cancellation as non-distributable until all such creditors who have not consented to the Cancellation have either been paid or some other suitable protection has been put in place to protect their interests. Such protection might take the form of a bank guarantee or a blocked trust bank account. The precise form of creditor protection is a question for the Court and the Company will put in place such creditor protection as it may be advised is appropriate.

1.2 ***PROCEDURE***

Under the Companies Act 1985, a company may reduce or cancel its share premium account if so authorised by its articles of association and provided that it obtains the approval of its shareholders by special resolution in general meeting and the subsequent confirmation by the Court. As already discussed, the Court will require the interests of creditors to be protected.

The Company is therefore seeking the approval of Shareholders to cancel its Share Premium Account. It should be noted that the Cancellation will not, in itself, involve any distribution or repayment of capital by the Company to any Shareholder or involve any reduction in the Company's underlying assets.

It is expected that the Company will make an application to seek Court confirmation of the Cancellation shortly after the General Meeting, with the Cancellation becoming effective shortly after such confirmation has been obtained, upon registration of the Court Order by the Registrar of Companies. The Board reserves the right to abandon or discontinue (in whole or in part) any application to the Court if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company.

1.3 ***SUBSEQUENT BOARD INTENTIONS***

The Board has currently made no decision as to the payment of future dividends. Decisions will be taken based on the financial circumstances of the Group at the relevant time and the availability of distributable reserves. The benefit of the proposed Cancellation is that it provides the flexibility for the Company to potentially pay a dividend in the future.

2. **AMENDMENTS TO ARTICLES OF ASSOCIATION**

In addition to the Cancellation, the Company wishes to amend the provisions relating to borrowing powers in its articles of association and further to amend the articles of association to conform to new provisions in the Companies Act 2006 by reducing the notice period required to convene general meetings to 14 days. The amendments to the borrowing powers under the Company's articles of association are to provide certainty that borrowings and facilities that fell within the Directors' borrowings powers at the time they were entered into (and replacement borrowings and facilities) will not subsequently be treated as restricted and to provide that between audited balance sheet dates the only variations to be made to the adjusted capital and reserves are as to amounts paid up on the share capital of the Company and additional amounts credited to the Share Premium Account. The multiple of the adjusted capital and reserves that the Directors are permitted to borrow remains 2.5. Full details of the amendments proposed to be made to the articles of association are set out in the notice of General Meeting at the end of this document.

3. GENERAL MEETING

Set out at the end of this document is a notice convening a General Meeting of the Company to be held at 3.00 p.m. on 26 March 2009. At the General Meeting, special resolutions will be proposed to approve the Cancellation and to amend the articles of association of the Company.

The proposed special resolutions will be passed if at least 75 per cent. of votes cast are in favour.

4. ACTION TO BE TAKEN

Enclosed with this document is a Form of Proxy for use in relation to the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon, to the Company's registrars, Equiniti, as soon as possible and in any event to arrive not later than 3.00 p.m. on 24 March 2009. You can return your Form of Proxy by post to the registrars at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish.

5. RECOMMENDATION

The Directors consider the proposals described in this document to be in the best interests of the Company and of Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting as they intend to do in respect of the Ordinary Shares in which they are beneficially interested (representing approximately 3.72 per cent. of the issued voting share capital of the Company).

Yours faithfully

Tom Chandos
Chairman

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Board” or “Directors”	the board of directors of the Company
“Cancellation”	the proposed cancellation by the Company of its Share Premium Account as described in this document
“Companies Act” or “Act”	the Companies Act 1985, as amended and, to the extent applicable, the Companies Act 2006
“Company”	Capital & Regional Plc
“Court”	the High Court of England and Wales
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001)
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the General Meeting and containing the information required to be contained therein by the CREST Manual
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
“Equiniti”	the registrars of the Company
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST (formerly CRESTCo Limited)
“Form of Proxy”	the form of proxy for use at the General Meeting enclosed with this document
“General Meeting”	the general meeting of the Company to be held on 26 March 2009 at 3.00 p.m., notice of which is set out on page 7 of this document
“Group”	the Company and its subsidiaries from time to time
“Interim Results”	the interim results of the Company for the six months ended 30 June 2008
“Ordinary Share”	a fully paid ordinary share in the capital of the Company
“Share Option Scheme”	the existing share option scheme of the Company as at the date of this document
“Share Premium Account”	the share premium account of the Company
“Shareholders”	holders of Ordinary Shares

NOTICE OF GENERAL MEETING

Capital & Regional Plc

(incorporated under the Companies Act 1985 and registered in England and Wales under number 01399411)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 3.00 p.m. on 26 March 2009 at the offices of Capital & Regional Plc, 10 Lower Grosvenor Place, London SW1W 0EN for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions:

SPECIAL RESOLUTIONS

- (1) **THAT** the amount standing to the credit of the share premium account of the Company be and is hereby cancelled.
- (2) **THAT** the articles of association of the Company be and are hereby amended by replacing article 72(1) of the Company's articles of association with the following new article 72(1):

“72(1) Twenty clear Working Days' notice of every Annual General Meeting and fourteen clear days' notice of every Extraordinary General Meeting shall be given in the manner hereafter mentioned to all Members (other than those who, under the provisions of these Articles or otherwise, are not entitled to receive notices from the Company) and to the Directors and the Auditors but the accidental omission to give such notice to, or the non-receipt of such notice by, any Member or Director or the Auditors shall not invalidate any resolution passed or proceeding had at any such meeting”
- (3) **THAT** the articles of association of the Company be and are hereby amended:
 - (a) by amending article 107 of the Company's articles of association by inserting at the beginning thereof the words;

“Subject to Article 107A”
 - (b) by inserting the following new article, to be numbered 107A, immediately after article 107 in the Company's articles of association:

“107A For the purposes of Article 107:

 - (1) to the extent that the full amount available to be drawn down under any present or future facility (an “Existing Facility”) did not, at the time of entry into the Existing Facility, exceed the amounts permitted to be borrowed under that Article, drawdowns under the Existing Facility (or up to the same amount under any new facility, whether with the same or different lender(s)) are not restricted;
 - (2) in calculating proposed future borrowings, the undrawn facility amount that continues to be available to be drawn down under an Existing Facility, shall be treated as if the same were monies borrowed Provided that the Directors may exclude all or any part of such undrawn facility amounts from the calculations (the “Excluded Amount”), but if they do so Article 107(A)(1) above shall not apply to the Excluded Amount and any future drawdowns of the Excluded Amount shall be treated as new monies borrowed for the purposes of Article 107 and this Article 107A;
 - (3) borrowings and facilities to replace then existing borrowings or an Existing Facility or (except where the proviso to Article 107(A)(2) above applies) amounts undrawn under an Existing Facility (up to the amount of the existing borrowings or facility limit, as the case may be) shall not be treated as new monies borrowed; and

- (4) adjustments to the capital and revenue reserves of the Company and its subsidiaries since the date of the latest audited consolidated balance sheet of the Group to reflect variations since the date of such balance sheet, shall be limited to variations in the amounts paid up on the share capital of the Company and any additional amounts credited to the share premium account only.”

By Order of the Board

Dated 3 March 2009

Falguni Desai
Company Secretary

Registered Office:
10 Lower Grosvenor Place
LONDON
SW1W 0EN

Notes:

1. Shareholders are entitled to appoint a proxy to exercise on their behalf all or any of their rights to attend and to speak and vote at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti on 0871 384 2438.
2. To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR no later than 3.00 p.m. on 24 March 2009.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 9 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 24 March 2009 (or, in the event of any adjournment, at 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. At 2 March 2009 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 71,348,933 Ordinary Shares, carrying one vote each. Therefore, the total number of voting rights in the Company at 2 March 2009 (being the latest practicable date prior to the publication of this Notice) is 71,348,933.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 3.00 p.m. on 24 March 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the General Meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

