Preliminary Results Presentation 2002

Capital & Regional

31st March 2003

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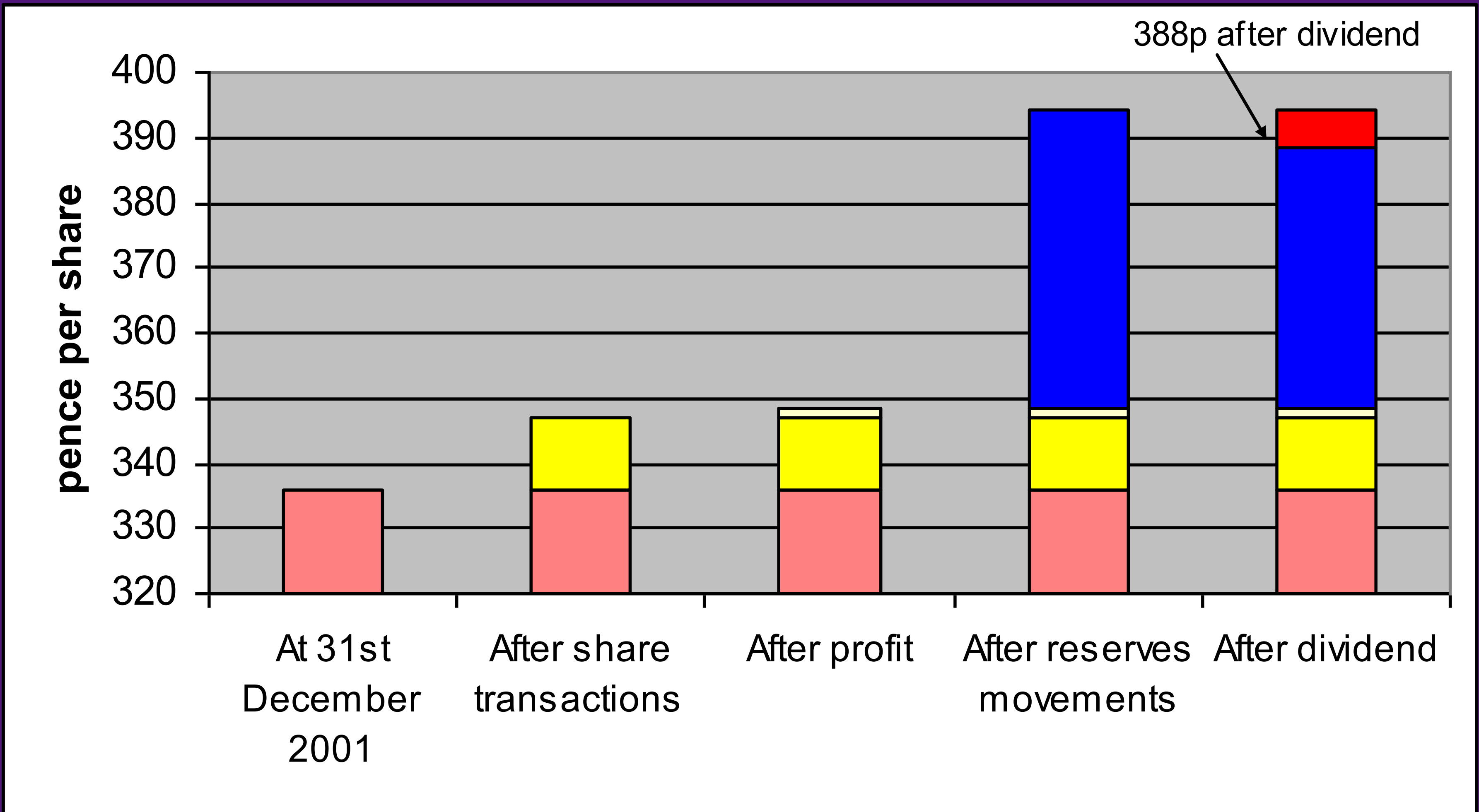
Year to 31 December 2002 - Highlights

- Transformation to co-investing asset manager completed;
- Management teams now have responsibility for over £2.4 billion of property assets (at 31 March 2003);
- Net asset value per share up 15.5% to 388p on a fully diluted basis;
- Return of £50m to shareholders in April 2002, reducing shares outstanding by 22.1%;
- Profit before tax and exceptionals of £10.8m on reduced capital base;
- Total dividend for the year increased by 17% to 7p;
- The Mall Fund - geared return of 21.6%;
- The Junction Fund - geared return of 17.8%;
- Acquisition of MWB plc leisure fund management business

Summary of statutory profit and loss account

	31 Dec 2002 £m	25 Dec 2001 £m
Profit before exceptionals	10.8	11.4
Exceptional items	8.7	-
Profit before taxation	2.1	11.4
Taxation	(1.2)	8.1
Profit before taxation	0.9	19.5

Growth in fully diluted NAV per share



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Total returns summary

	31 Dec 2002 Actual £m	25 Dec 2001 Actual £m
Profit before tax and exceptionals	10.8	11.4
Exceptional items	(8.7)	-
Gains put through reserves	40.2	(33.4)
	42.3	(22.0)
Tax charge	(5.2)	7.1
Total return	37.1	(14.9)
Total return on equity	**14.6%**	**(4.5%)**

Exceptional Items

	31 Dec 2002 £000	25 Dec 2001 £000
Write off of Xscape European development costs	1.5	-
Loan breakage costs	4.0	-
Advisory costs	2.1	-
Group reorganisation	1.1	-
Total exceptional costs	**8.7**	**-**

Segmental profits

	31 Dec 2002 £m	25 Dec 2001 £m
Asset management	10.0	
Snow slope business	0.3	
Share of JVs and associates	8.9	
Wholly owned properties	3.5	
Total contribution	22.7	19.3
Property management overhead	(14.2)	(9.6)
Profit on disposals (net)	2.3	1.7
Exceptional items	(8.7)	0.0
Profit before tax	**2.1**	**11.4**

Performance fee summary 2002

	Mall £m	Junction £m	Total £m
IRR for fund	22.7%	17.8%	
IPD	10.7%	17.2%	
	£m	£m	£m
Performance fee attributable to Group	2.8	0.0	2.8
C&R share of own performance fees	(1.4)	-	(1.4)
C&R share of Morley performance fees	(0.5)	-	(0.5)
Net credit to the Group P&L	**0.9**	**0**	**0.9**

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Property management overhead

	2002 £m	2001 £m	Increase
Fixed overhead	11.3	10.8	5%
Performance related overheads	3.8	1.4	
Total department costs	15.1	12.2	24%
Internal changes	(0.7)	(2.0)	
Recharges and ancillary income	(0.2)	(0.6)	
Total	14.2	9.6	48%
Properties under management	1496.4	886.6	
Fixed overhead %	0.95%	1.11%	(14.8%)

Summarised balance sheet

	31 Dec 2002 £m	25 Dec 2001 £m
Property assets	76.2	745.4
Investment in JV's	24.7	29.5
Investment in Mall fund	196.4	
Investment in Junction fund	90.0	
Working capital	0.8	(22.8)
Borrowings	(93.5)	(440.3)
Convertible loan stock	(24.6)	(24.6)
	270.0	287.2
NAV per share	388p	336p

Market Overview

- Community shopping centres
- Retail parks
- Leisure

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The Mall Fund Statistics

the mall	At 31 Dec 2002	At March 2003
Gross property asset value	£725m	£939m
No. of properties	11	13
No. of retail units	696	770
Initial property yield	7.1%	
Equivalent yield	7.6%	
No. of investors	3	4
C&R share	49.4%	45.8%
Senior debt	£330m	£518m

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The Mall Fund Performance @ 31 December 2002

the mall	
Period	**10 months to 31 December 2002**
Total fund return (geared):	**21.6%**
Property level return (ungeared)	**14.7%**

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Key drivers to Mall performance

- A yield shift of 50 basis points across the Mall portfolio as a whole
  Improvement in the 'quality' (ie. reduced risk) of income streams and general improvement in market sentiment towards the sector

- Active management initiatives 6.9% increase in net income over the 9 months since the end of March

The Mall fund expansion strategy

There has been positive development of stated expansion strategy:

- October 2002 - Hanson Trust Pensions Fund - £4.5m
- 6 January 2003 acquisition of Gracechurch Centre, Sutton Coldfield for £104m
- 27 January 2003 acquisition of Grosvenor Centre, Chester for £106m
- March 2003 - the Prudential - £31.1m

The Mall fund outlook

- 5.1% increase in footfall* across the portfolio despite average decrease in footfall across the UK of 1.7%; (source: Footfall National Index);
- Confident that management efforts to increase consumer visits and to take market share from the rest of the catchment will continue;
- As a result of increasing trade by occupiers, seeing significant but affordable rental value growth.

* Excluding Pallasades, Birmingham & Liberty II Romford

The Junction Fund Statistics

the JUNCTION	At 31 Dec 2002	At March 2003
Gross property asset value	£536m	£705m
No. of properties	18	21
No. of retail units	190	221
Initial property yield	5.5%	
Equivalent yield	6.7%	
No. of investors	4	4
C&R share	27.6%	27.6%
Senior debt	£212m	£406m

The Junction Fund Performance @ 31 December 2002

Period	**12 months to 31 December 2002**
Total fund return (geared):	**17.8%**
Property level return	**13.3%**

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The Junction fund expansion strategy

July 2002	Acquired portfolio of 4 retail parks from Burford Holdings Ltd	£145m
July 2002	Commercial Union Life Fund investment in to the fund	£71m
Sep 2002	Hermes, on behalf of British Telecom Pension Scheme injected two retail parks in to fund	£67m
Jan 2003	Created The Junction Thurrock Ltd Partnership – JV between The Junction & Aberdeen Property Investors - acquired 3 retail parks	£101m
Feb 2003	The Junction formed part of the consortium that acquired Chartwell portfolio. The Junction acquired three prime destination retail parks and a potential development site	£143m

Xscape

- Xscape, Milton Keynes had a very good second year:
  - footfall increased 22%;
  - dwell time increased significantly;
  - new revenue streams from corporate hospitality, sponsorship and events;
  - Snow slope business trading well
- Xscape, Castleford due to open in September 2003;
- Construction due to commence at Xscape, Glasgow in Braehead
- Withdrew from projects in Germany & Belgium to focus 100% on the UK market

X-Leisure

- January 2003 acquired the leisure fund business from MWB Group plc which had three funds under management;
- Funds are being managed by Xscape team and personnel who joined us from MWB;
- Business has been branded ‘X-Leisure’ and has approximately £608m of assets under management;
- Discussions in place with investors, will report to shareholders in due course.

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Joint ventures

Glasgow Fort:

In JV with Pillar Property plc, successfully completed the acquisition of a prominent 90 acre site east of Glasgow. Construction, comprising 193,000 sq ft of open A1 retail and leisure space, will commence in March 2003 to create Glasgow's first shopping park.

The Capital Hill Partnership:

In December 2002, sold 50% interest to Hermes Property Unit Trust for £20m;

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Outlook

- Significant expansion of funds already taking place;
- Management expertise delivering higher footfalls and improved tenant mix;
- Retail assets well placed in today’s environment – focus on value and convenience;
- Leisure opportunities being successfully progressed;

“ We are looking forward to the coming year with confidence”