

# Preliminary Results Presentation 2003



Capital & Regional



25 March 2004



## Year to 31 December 2003 - Highlights

- Return on equity 37.6%;
- £2.9 billion of property assets (31 Dec 2002: £1.5 billion);
- Adjusted NAV per share up 33% to 521p on a fully diluted basis;
- Profit before tax £26.3m;
- 28% increase in dividend to 9p per share;
- The Mall Fund - geared return of 33.5%;
- The Junction Fund - geared return of 28.2%;
- Creation of X-Leisure Fund



## Profit and loss account summary

	31 Dec 2003 £m	31 Dec 2002 £m
Profit before exceptionals	26.3	10.8
Exceptional items	-	8.7
Profit before taxation	<hr/> 26.3	<hr/> 2.1
Taxation	(6.9)	(1.2)
Profit after taxation	<hr/> 19.4	<hr/> 0.9



# Turnover

	2003 £m	2002 £m
Asset management fees	15.7	7.3
Performance fees	13.3	2.8
Snozone income	5.5	4.0
Rental & other income	4.9	12.1
<b>Group turnover</b>	<b>39.4</b>	<b>26.2</b>





## Fee income

	2003	2002
	£m	£m
Asset management fees	9.6	4.8
Service charge fees & ancillary charges	2.4	1.2
Letting renewal and rent review	1.1	0.4
Project fees	0.5	0.4
Acquisition/disposal/financing	1.2	0.4
Other	0.9	0.0
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Total fee income before performance fees	15.7	7.3
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## Performance fee summary 2003

	<b>Mall £m</b>	<b>Junction £m</b>	<b>Total £m</b>
IRR for fund	37.0%	29.1%	
IPD	15.5%	16.6%	
Performance fee	£11.1m	£2.2m	£13.3m

**Note:**

In addition we earned a £1.7m enhanced fee from Leisure Fund 1. This was credited against goodwill. The receivable has been converted into extra units in the umbrella fund.

A further £1.7m enhanced fee was due for payment in 2006 on formation of the leisure fund this was converted into units valued at £1.2m.





# Impact of past performance on future years (simplified)

	2002	2003	2004	2005	2006
	£m	£m	£m	£m	£m
2002 performance					
• Mall	2.8	2.8	2.8		
2003 performance					
• Mall		8.3	8.3	8.3	
• Junction		2.2	2.2	2.2	
2004 performance					
• Mall			-	-	-
• Junction			-	-	-
• X-Leisure			-	-	-
<b>Total</b>	<b>2.8</b>	<b>13.3</b>	<b>13.3</b>	<b>10.5</b>	<b>-</b>

- Note:
1. The actual formula is more complex. In particular the NAV multiplier increases with the size of the fund.
  2. Performance fees are subject to claw back, if the formula produces a negative figure in future years.



## Profit and loss account detail

	2003 £m	2002 £m
Group turnover	39.4	26.2
Share of joint ventures and associates	35.9	27.3
Direct property expenses	(1.3)	(2.0)
Direct Snozone expenses	(5.1)	(3.8)
Amortisation of goodwill	(1.2)	-
Net interest payable: non- and limited- recourse own borrowings	(22.5) (7.0)	(15.0) (10.1)
Management expenses	(19.5)	(14.3)
Profit on disposals	7.6	2.3
Exceptional items		(8.7)
Profit before taxation	26.3	2.1







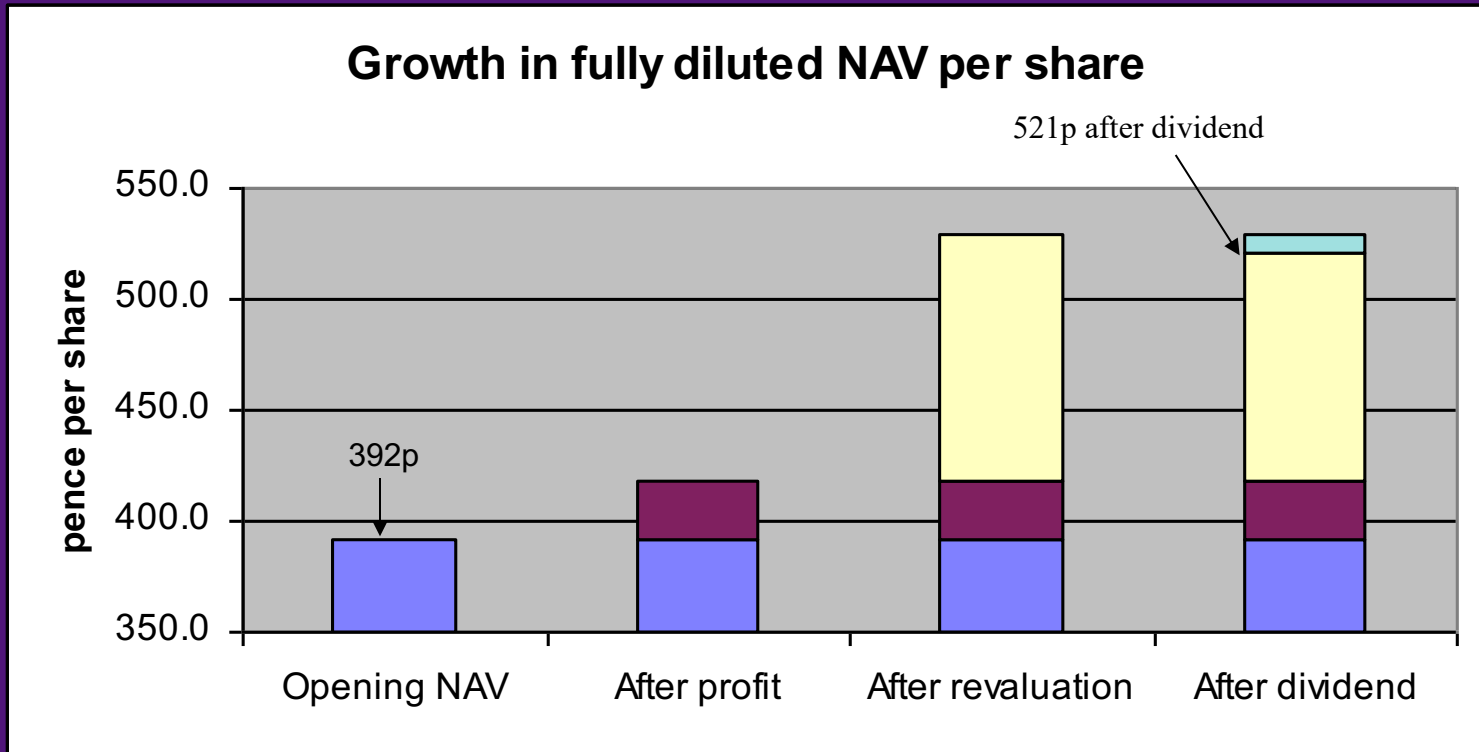
## Property management expense

Expenses	2003 £m	2002 £m	Increase
• Fixed	11.8	10.5	12%
• Performance related	7.7	3.8	
Total	<u>19.5</u>	<u>14.3</u>	36%
Properties under management	£2.9 bn	£1.5 bn	93%
Overhead %	0.67%	0.95%	

*Note: expenses are allocated by division, but there is no allocation between the management of our co-investment and the earning of fee income. Roughly 80% could be allocated to the earning of fee income on an arbitrary basis.*



# Total returns (1)





## Total returns (2)

	31 Dec 2003 £m	31 Dec 2002 £m
Profit before tax and exceptions	26.3	10.8
Exceptional items	-	(8.7)
Gains put through reserves	85.9	40.2
	<hr/>	<hr/>
	112.2	42.3
Tax charge	(10.6)	(5.2)
	<hr/>	<hr/>
Total return	101.6	37.1
	<hr/>	<hr/>
Total return on equity	37.6%	14.6%



## Return on net equity investment (1) – assets business

	Net equity investment* £m	Total return £m	Return on equity invested %
Fund investments:			
• Mall	102.7	53.1	51.7%
• Junction	64.5	24.3	36.6%
• X-Leisure	13.0	1.0	7.9%
Joint venture investments	33.9	18.3	53.9%
Wholly owned investments	64.0	8.4	13.1%
Loan stock – CULS	(24.6)	(1.7)	
<b>Assets business total</b>	<b>253.6</b>	<b>103.5</b>	<b>40.8%</b>

\* Net equity investment is the weighted average investment during the year net of associated borrowings.



## Return on net equity investment (2) – total business

	Net equity investment* £m	Total Return £m	Return on equity invested %
Management fees		15.7	
Performance fees		13.3	
Goodwill amortisation		(1.2)	
Snozone profit		0.4	
Earnings business total	16.4	28.3	172.6%
Assets business total	253.6	103.5	40.8%
Management expenses		(19.5)	
Taxation		(10.6)	
Total return for the year	270.0	101.6	37.6%

\* Net equity investment is the weighted average investment during the year net of associated borrowings.



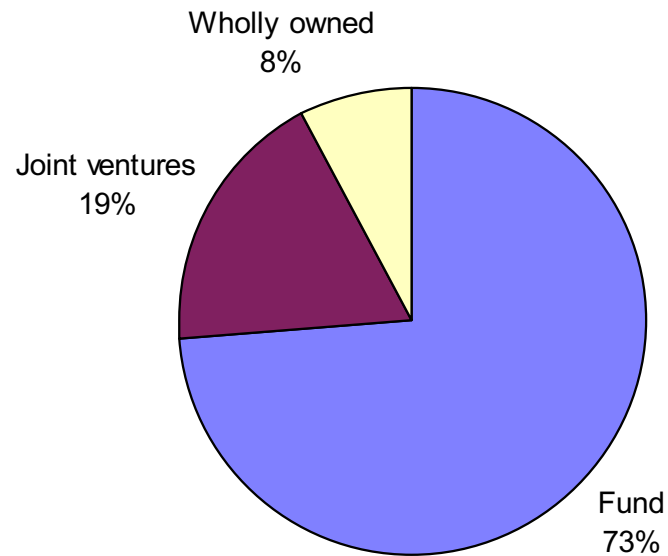


## Summarised balance sheet

	2003 £m	2002 £m
Wholly owned properties	71.2	76.2
Goodwill	14.5	0.0
Investment in Funds	372.7	286.4
Investment in Joint ventures	56.5	24.7
Working capital	(12.8)	3.3
Borrowings	(110.6)	(96.1)
Convertible loan stock	(24.4)	(24.4)
	<hr/>	<hr/>
	367.1	270.0



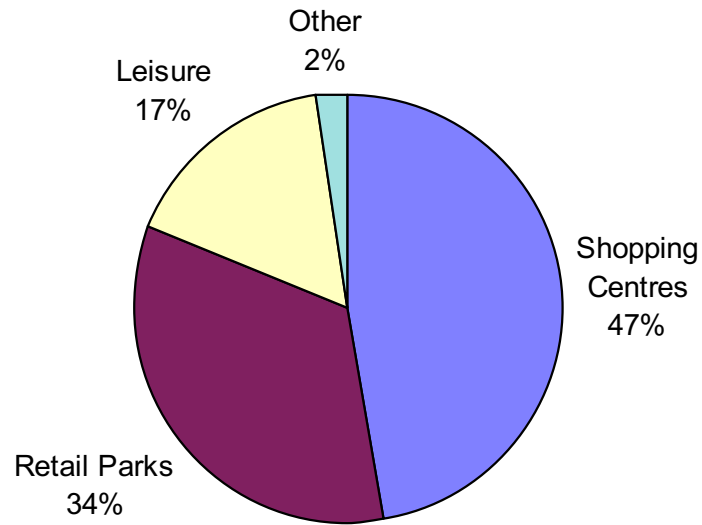
## Property exposure by ownership structure £ million





# Property exposure (2)

Property exposure by type of property by value





## Bank debt

	Debt £m	Equity £m	D/E %
On balance sheet	110.6	392.4	29%
Including our share of Fund & JV loans	508.3	391.5	130%

### Notes:


1. Fund debt is shown net of cash
2. £24.5m of CULS is treated as equity
3. 83% of “see through” debt is swapped



- Four acquisitions
  - Chester, Sutton Coldfield, Norwich, Southampton
- Six new investors bringing £181m new equity
- Out performance



# The Mall Fund Statistics

	At 31 Dec 2003	At 31 Dec 2002
Gross property asset value	£1.242 bn	£725m
No. of properties	15	11
No. of units	1,294	696
Initial property yield	6.39%	7.1%
Equivalent yield	6.99%	7.6%
No. of investors	9	3
C&R share	34.76%	49.4%
Bank debt	£545m	£330m

## Key drivers to Mall performance

- Asset Management
 

LFL ERV growth	4.93%
Income return:	8.45%
  
- Equivalent Yield shift: 60 bps to 7%
  
- Stamp duty exemptions – 4 Malls:  
Birmingham, Wood Green, Norwich, Southampton
  
- Footfall 141million:
 

* LFL	+2%*
* Footfall National average index	-1.5%

\* Excluding Romford and Birmingham where figures were influenced by neighbouring development activity




## Junction fund highlights

- Three net acquisitions from Chartwell portfolio
  - Bristol, Worcester, Paisley
  - Valuation uplift £20m on portfolio
- Two disposals
  - Sheffield, Reading
- Strong ERV growth driven by management initiatives
- Very little yield shift on a like for like basis
- Planning consents obtained



# The Junction Fund Statistics

	At 31 Dec 2003	At 31 Dec 2002
Gross property asset value	£757m	£536m
No. of retail parks	16	15
No. of units	211	190
Initial property yield	5.0%	5.5%
Equivalent yield	6.4%	6.7%
No. of investors	4	4
C&R share	28.4%	27.6%
Bank debt	£370m	£212m

- Glasgow Fort, Auchinlea
  - Completion due October 2004
  - Pre-lets signed or agreed of £7.2m, 69% of total
  - Project cost £142m
- Swansea, Retail Park near Morfa Stadium
  - Completion due September 2004
  - Pre-lets signed or agreed of £3.7m, 75% of total
  - Project cost £64m



- Xscape:

Milton Keynes  
Castleford/Leeds  
Braehead/Glasgow

- Great Northern
- Snozone Ltd
- X-Leisure Fund





# X-Leisure Fund Statistics

<b>X-LEISURE</b>	<b>At inception of Master Fund*</b>
<b>Gross property asset value</b>	<b>£501m</b>
<b>No. of properties</b>	<b>19</b>
<b>No. of units</b>	<b>181</b>
<b>Initial property yield</b>	<b>6.5%</b>
<b>Equivalent yield</b>	<b>7.3%</b>
<b>No. of investors</b>	<b>9</b>
<b>C&amp;R share</b>	<b>10.77%</b>
<b>Bank debt</b>	<b>£315m</b>

\* Based on values at 31 December 2003.

- 2004 has started well
- Yields still present an opportunity
- Our business model is working, and should help us to outperform



	NAV per share	Dividend per share
Dec 1996	223p + 20%	3.0p + 20%
Dec 1997	272p + 28%	3.5p + 17%
Dec 1998	321p + 18%	4.25p + 21%
Dec 1999	376p + 17%	5.0p + 18%
Dec 2000	360p - 4%	5.5p + 10%
Dec 2001	343p - 5%	6.0p + 11%
Dec 2002	388p + 15%	7.0p + 17%
Dec 2003	521p* + 33%	9.0p + 28%

\* Capital allowance deferred tax provision now added back – adds 4.6p per share



<b>Geared IRR in 2004 / 2005</b>	<b>2004 fee £m</b>	<b>2005 fees £m</b>
<b>15.0%</b>	<b>18.5</b>	<b>17.2</b>
<b>12.0%</b>	<b>15.7</b>	<b>11.3</b>
<b>0.0%</b>	<b>5.7</b>	<b>-2.4</b>
<b>-3%</b>	<b>3.3</b>	<b>-4.5</b>

*Key simplifying assumptions are:*

- *Both Mall and Junction Funds make same return in both years*
- *IPD < 12%*



## 2004 and 2005 performance fee illustration for Mall and Junction Fund assuming IPD < 12% and that both funds make the same return in both years

