

Interim Results Presentation



Capital & Regional



16 September 2004



2004 Interim Presentation - Agenda

- Financials
- Operating Review
- Questions and answers





Financial Highlights

- Funds under management now £3.7bn* (December 2003 £2.9bn)
- Return on equity for 6 months 15.6% (June 2003 13.6%)
- Interim dividend 5.0p (June 2003 4.0p)
- Adjusted fully diluted NAV per share 596p (31st Dec 2003 521p)
- Profit before tax £17.4m (June 2003 £8.3m)

• £3.7 billion as of 16 September 2004. £3.2 billion at 30 June 2004





Profit and Loss Account

	6 months to 30/6/2004 £m	6 months to 30/6/2003 £m
Profit before disposals	7.5	6.4
Disposals	9.9	1.9
Profit before tax	17.4	8.3
Tax	-4.5	-2.7
Profit after tax	12.9	5.6
EPS	20.9p	9.0p
DPS	5.0p	4.0p





Segmental Contributions

	30 June 2004	30 June 2003
	£000	£000
Asset Management fees	19,894	7,130
Share of JVs and associates	850	7,041
Wholly owned properties	656	1,633
Snow slope business	749	101
Total contribution	<u>22,149</u>	<u>15,905</u>
Indirect expenses	-13,173	-8,081
Amortisation of goodwill	-575	-581
CULS interest	-877	-877
Profit on disposals (net)	<u>9,913</u>	<u>1,895</u>
Profit before tax	<u>17,437</u>	<u>8,261</u>





Indirect expenses

	6 months to 30/6/2004 £000	6 months to 30/6/2003 £000
C&R fixed (up 4.2%)	6,127	5,882
Staff bonuses, letting commissions, LTIP	2,062	2,199
CAP plus NI	3,775	
One off restructuring cost for move to Jersey	1,210	-
Total shown in note 2 of interim statement	<u>13,174</u>	<u>8,081</u>





Fund management business – segmental profit first half

	Management Fees H1 2004	Performance Fees H1 2004	Total £m H1 2004
Income	8.7	11.2	19.9
Related cost:			
* 80% of fixed overhead	-4.9		-4.9
* 80% of variable overhead		-4.7	-4.7
	-----	-----	-----
Contribution for half year	3.8	6.5	10.3
	-----	-----	-----

Note that C&R, as investor, bears a share of the cost of the fees through its profit and loss account. Of the £8.7m fixed income, £2.1m is born by C&R as investor. Of the £11.2m performance fee, £3.3m is born by C&R as investor.





Productivity Indicators

	6 Months to 30/6/2004	6 Months to 30/6/2001
Property managed £m	3,221	722
Number of central staff	123	89
Property managed per person £m	26.2	8.1
Fixed overhead as % of PUM	0.19%	0.66%





Total Return

	6 months to 30/6/2004	6 months to 30/6/2003
	£m	£m
Profit before tax	17.4	8.3
Revaluation movements	49.9	31.1
Tax	-10.2	-2.6
Total return	<u>57.1</u>	<u>36.8</u>
Return on equity for the period	15.6%	13.6%



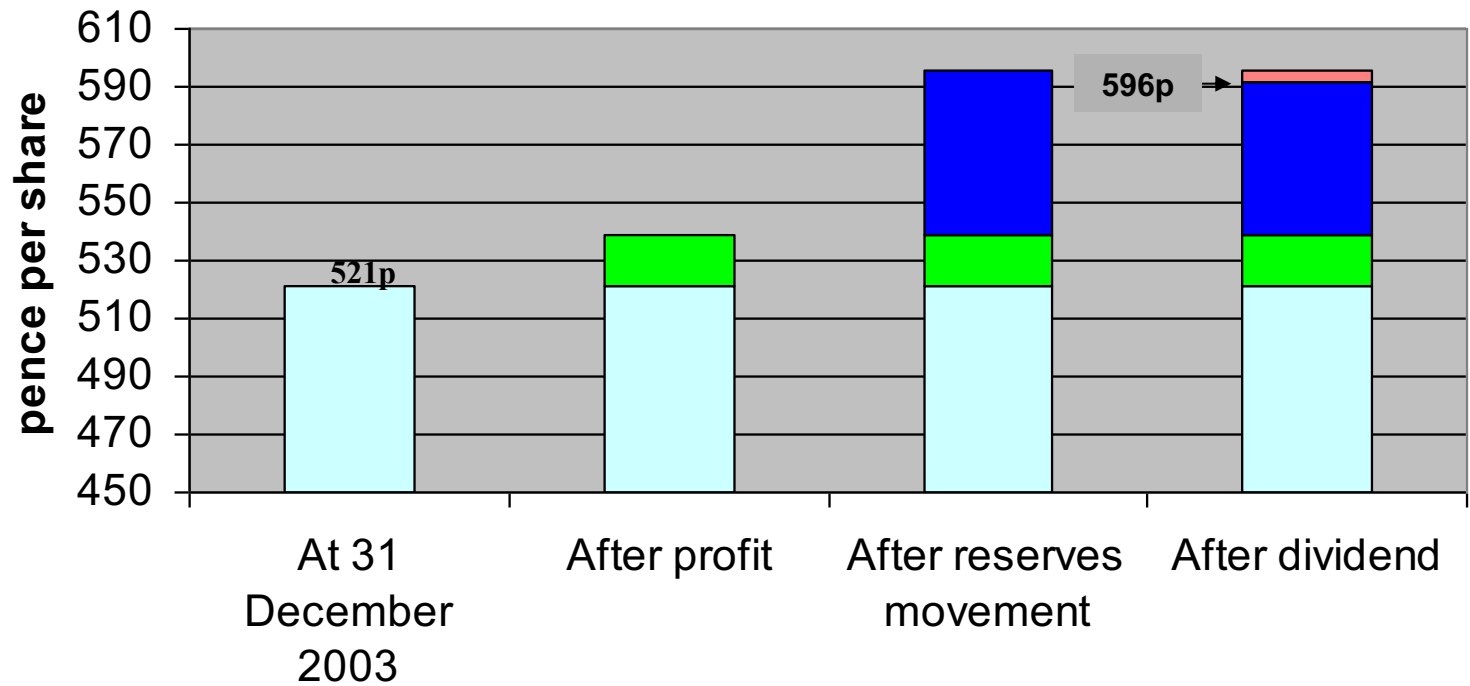


Revaluation Movements – Six Months to 30 June 2004

	Total £000	
The Mall Fund	24.2	(5.5%)
The Junction Fund	15.7	(7.1%)
X-Leisure Fund	0.3	(0.7%)
Swansea	7.2	
Xscape	2.3	
Other	0.2	
Total	<hr/> 49.9 <hr/>	

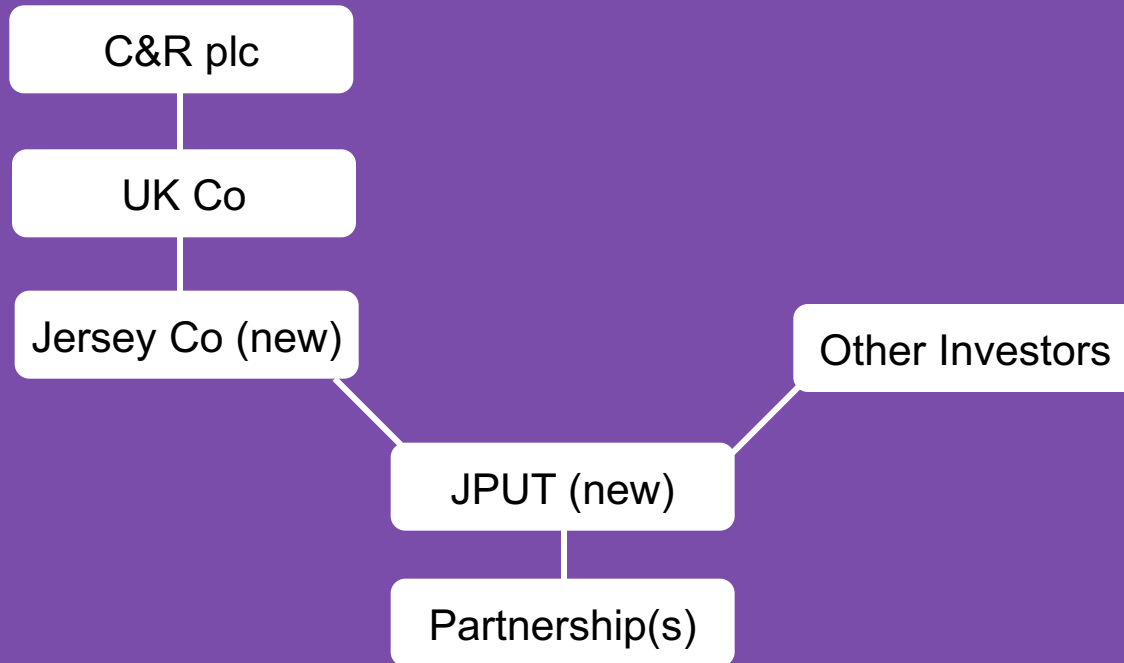


Growth in NAV per share



Moving Offshore

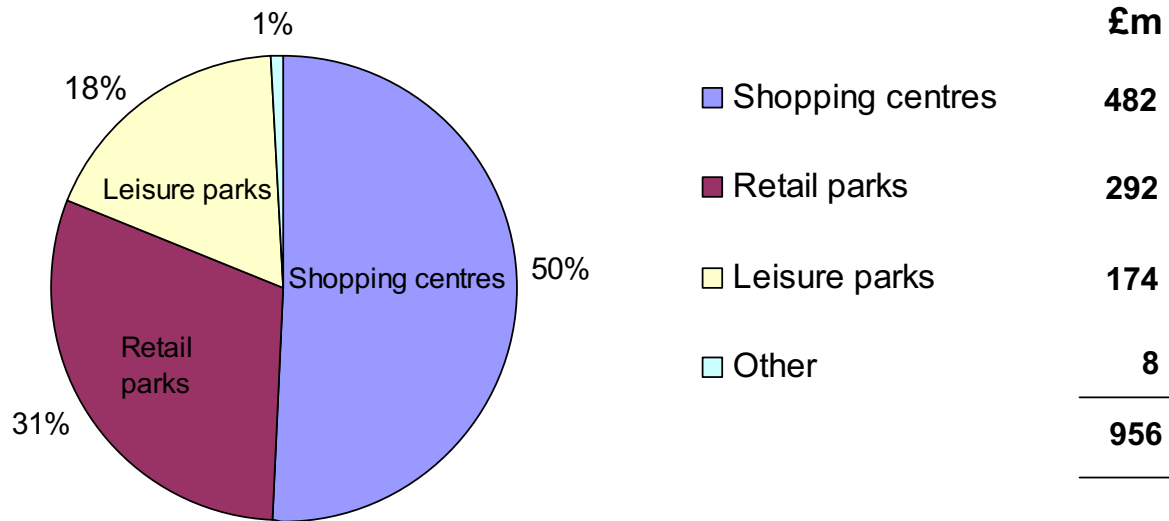
New structure for an investment in the Mall, Junction, X-Leisure and Xscape partnerships



- Increased liquidity because JPUT units can be sold without incurring SDLT
- Reduction in unprovided deferred tax liability from £32m to £3m



Balance Sheet: “See Through” Property Exposure Including Group Share of JV and Fund Portfolios





Borrowings

	Debt £m	Average interest rate %	Gearing (d/e) %
Finance for wholly owned properties	38.8		
Finance for partnership interests	66.5		
Group cash	<u>-4.4</u>		
On balance sheet (excluding CULS)	<u>100.9</u>	5.4%	23%
C&R share of off balance sheet net debt			
• Mall	189.2		
• Junction	101.1		
• X-Leisure	32.1		
• Other	<u>83.8</u>		
Total share of off balance sheet debt	<u>406.2</u>	5.7%	
Total including C&R shares	507.1	5.6%	114%

The loan fair value adjustment (FRS13) adds £4.7m to NAV after adjusting for tax





Operating Review

Shopping Centres

- Mall Fund

Retail Parks

- Junction Fund
- Glasgow Fort
- Swansea Morfa
- Cardiff Leckwith

Leisure

- X-Leisure Fund
- Xscape
- Great Northern
- Snozone



Mall Fund Acquisitions 2004

	Acquisition	Location	Value
April	East Gate Centre	Gloucester	£40m
May	St George's Centre	Preston	£102.5m
June	The Galleries	Bristol	£123m
September	The Chequers Blackburn Shopping Centre Cleveland Centre	Maidstone Blackburn Middlesborough	£378.5m



The Mall Fund Statistics



	Pro-forma after September Acquisition	At 30 June 2004	At 31 December 2003
Gross property asset value	£1.992bn	£1.585bn	£1.242bn
No. of properties	21	18	15
No. of tenancies	1,934	1,614	1,294
Initial property yield	5.93%	6.08%	6.39 %
Equivalent yield	6.52%	6.62%	6.99%
No. of investors	26	9	9
C&R share	27.90%	29.90%	34.76%
Senior debt	£1,009m	£684m	£545m





The Mall Fund Performance



Period	6 months
Property level return, ungeared	9.2%
Fund return, geared	11.7%
Underlying valuation change	5.5%
Total return, annualised since inception	32.4%



Junction Fund - Key Activities

- Acquisition – Great Western Retail Park, Glasgow - £53m
- Disposal – Cockhedge Shopping Park, Warrington - £43m
- Developments
 - Aylesbury 183,000 sq ft development
Phase I fully let and nearly complete
Phases II and III are 50% pre-let
 - Bristol Phase V extension of 100,000 sq ft start on site June 2004
85,000 sq ft pre let to Big W
 - Hull Planning secured for Phase III 130,000 sq ft extension
Phase IIIA starting Sep 2004, 80% pre-let





	At 30 June 2004	At 31 December 2003
Gross property asset value	£844m	£757m
No. of core properties	16	16
Initial property yield	4.55%	5.0%
Equivalent yield	6.01%	6.4%
No. of investors	4	4
C&R share	28.4%	28.4%
Senior debt	£398m	£370m





The Junction Fund Performance

the JUNCTION

Period	6 months
Property level return, ungeared	9.6%
Fund return, geared	13.8%
Underlying valuation change	7.1%
Total return, annualised since inception	25.0%





Non Fund Retail Park Activities

- Glasgow Fort
 - 82% let with 13% under offer
 - Forward sale to Hercules Unit Trust
 - Practical completion September 04
- Swansea
 - 95% let/subject to rent guarantees
 - Practical completion September 04
- Cardiff
 - Option to purchase



X-Leisure Fund – Key Activities

- Umbrella fund formed 17 March 2004
 - 3 funds pooled into one
 - Life lengthened to 15 years
- Acquisitions
 - O2 Finchley, 25% minority interest
 - Brighton Marina, completed 7th September 2004
- Disposals
 - Stack Dundee
 - Guildford



The X-Leisure Fund Statistics

X-LEISURE

	Pro-forma at 16 September 2004	At 30 June 2004	At Inception of Master Fund
Gross property asset value	£581m	£504m	£501m
No. of properties	18	19	19
No. of units	249	186	181
Initial property yield	6.25%	6.37%	6.48%
Equivalent yield	6.96%	7.11%	7.27%
No. of investors	9	9	9
C&R share	10.77%	10.77%	10.77%
Senior debt	£367m	£315m	£315m



X-Leisure – Non Fund Activities

- Xscape Milton Keynes
 - 2005 rent reviews
- Xscape Castleford
 - Letting progress – 80% let
 - Maturing and finding its catchment
- Xscape Braehead
 - JV with CSC complete
 - 56% pre-let
 - Starting on site
- Great Northern joint venture
 - Letting progress
- Snozone



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%
June 2004*	596p + 14%	5.0p + 25%

* 6 months only





Capital & Regional

Interim Results Presentation



Capital & Regional

16 September 2004





Appendices





Asset Management Business

Asset management business – fee income breakdown for six months to 30/6/2004

To 30/6/2004	Mall £000	Junction £000	X-Leisure £000	Total £000	To 30/6/03 Total £000
Management fees	2,489	1,693	1,341	5,523	4,632
Service charge income	869	88	380	1,337	1,097
Other regular income	229	436	687	1,352	862
Procurement fees	378	149	-	527	539
Performance fees	9,176	1,979	-	11,155	-
Total	13,141	4,345	2,408	19,894	7,130
<i>Total to 30/6/2003</i>	<i>3,413</i>	<i>2,071</i>	<i>1,631</i>	<i>7,130</i>	

