

# Capital & Regional

**Interim Results presentation**

**28 August 2008**

# 2008 Interim Presentation Agenda

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- 1. Introduction – Hugh Scott-Barrett**
- 2. Financials - William Sunnucks**
- 3. Operations and Strategy – Hugh Scott-Barrett**
- 4. Questions and Answers**



# Financial Highlights

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|   |                          |
|---|--------------------------|
| > Recurring pre-tax profit for 6 months | £16.4m (£17.6m)          |
| > Triple net asset value per share      | £7.06 per share (£13.18) |
| > Interim dividend                      | 5p per share (10p)       |
| > Property under management             | £5.3bn (£6.6bn)          |

*Figures in brackets represent comparatives from Interim Report 2007*



## Financials - Agenda

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- > Income statement
- > Net Asset Value
- > Earnings businesses
- > Apollo joint venture
- > Debt and covenants



## Income statement

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|   | <b>June 2008</b> | <b>June 2007</b> |
|---|------------------|------------------|
|   | <b>£m</b>        | <b>£m</b>        |
| Recurring profit before tax             | 16.4             | 17.6             |
| Performance fees less variable overhead | -5.4             | 5.0              |
| Performance fee back charge*            | 1.0              | -2.2             |
| Revaluations, disposal losses and other | -208.5           | 33.1             |
| Tax                                     | -4.9             | -10.8            |
| (Loss)/profit after tax                 | -201.4           | 42.7             |

\* C&R's share of the cost of the performance fee paid as co-investor in the funds.



## Income statement – recurring pre-tax profit

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|                          | <b>6 months to<br/>30 June 2008<br/>£m</b> | <b>6 months to<br/>30 June 2007<br/>£m</b> |
|--------------------------|--|--|
| Property investment      |  |  |
| UK                       | 4.5  | 6.2  |
| Germany                  | 5.8  | 4.9  |
| Property management      | 4.6  | 4.8  |
| SNO!zone                 | 1.5  | 1.7  |
| Recurring pre-tax profit | 16.4                                       | 17.6                                       |



## Revaluation and other non-recurring items

|                                       | Revaluation % | 6 months to<br>30 June 08<br>£m |
|---------------------------------------|---------------|---------------------------------|
| Mall                                  | -15.1 %       | -108.9                          |
| Junction                              | -9.4 %        | -30.7                           |
| X-Leisure                             | -6.9 %        | -13.0                           |
| Xscape Braehead                       | -10.3 %       | -4.1                            |
| Germany                               | -4.9 %        | -24.2                           |
| FIX UK                                | -5.3 %        | -1.8                            |
| Manchester Arena                      | -5.6 %        | -1.1                            |
| Other                                 | -7.2%         | -8.1                            |
| <b>Total revaluation deficit</b>      | <b>-9.9%</b>  | <b>-191.9</b>                   |
| Fair value of interest rate swaps     |               | 24.2                            |
| Deemed disposal re: Mall rights issue |               | -29.1                           |
| Disposals loss                        |               | -11.9                           |
| Other non-recurring                   |               | 0.2                             |
| <b>Total</b>                          |               | <b>-208.5</b>                   |

# Yield shift

|                                  | June 2008    | Dec 2007     | Yield Shift over<br>6 months |
|----------------------------------|--------------|--------------|------------------------------|
| <b>Nominal Equivalent yields</b> |              |              |                              |
| Mall                             | 6.65%        | 5.69%        | 0.96%                        |
| Junction                         | 5.80%        | 5.32%        | 0.48%                        |
| X-Leisure                        | 6.17%        | 5.78%        | 0.39%                        |
| <b>Weighted Average</b>          | <b>6.28%</b> | <b>5.60%</b> | <b>0.68%</b>                 |
| Germany                          | 6.24%        | 5.99%        | 0.25%                        |
| <b>Initial yields</b>            |              |              |                              |
| Mall                             | 5.66%        | 4.84%        |                              |
| Junction                         | 4.95%*       | 4.37%*       |                              |
| X-Leisure                        | 5.38%        | 5.06%        |                              |
| <b>Weighted Average</b>          | <b>5.37%</b> | <b>4.75%</b> |                              |
| Germany                          | 6.24%**      | 5.99%**      |                              |

\* Initial yield excluding development land was 5.13% as at June 08 and 4.56% at Dec 07

\* \*Initial yield excluding development land was 6.34% as at June 08 and 6.13% at Dec 07



## Alternative measures of yield

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June 2008

### True Equivalent yields

|                         |              |
|-------------------------|--------------|
| Mall                    | 6.94%        |
| Junction                | 6.02%        |
| X-Leisure               | 6.42%        |
| <b>Weighted Average</b> | <b>6.54%</b> |
| Germany                 | 6.24%        |

### Gross Top Up Initial yields

|                         |              |
|-------------------------|--------------|
| Mall                    | 6.16%        |
| Junction                | 5.31%        |
| X-Leisure               | 5.92%        |
| <b>Weighted Average</b> | <b>5.84%</b> |
| Germany                 | 6.70%        |

## Performance fees

|   | 2002     | 2003      | 2004      | 2005      | 2006      | 2007        | H1<br>2008   |
|---|----------|-----------|-----------|-----------|-----------|-------------|--------------|
|   | £m       | £m        | £m        | £m        | £m        | £m          | £m           |
| Mall  | 3        | 11        | 23        | 30        | 36        | - 36        | -            |
| Junction  | -        | 2         | 7         | 17        | 17        | - 17        | -            |
| X-Leisure                                       | -        | -         | 1         | 4         | 10        | -           | - 4          |
| <b>Total</b>                                    | <b>3</b> | <b>13</b> | <b>31</b> | <b>51</b> | <b>63</b> | <b>- 53</b> | <b>- 4</b>   |
| Less backcharge                                 |          |           |           |           |           |             |              |
| - C&R share as investor                         |          |           |           |           |           |             | 1            |
| Less net adjustment to<br>Management incentives |          |           |           |           |           |             | 0.6          |
| <b>NAV effect £m</b>                            |          |           |           |           |           |             | <b>- 2.4</b> |
| NAV effect £ per share                          |          |           |           |           |           |             | £0.03        |

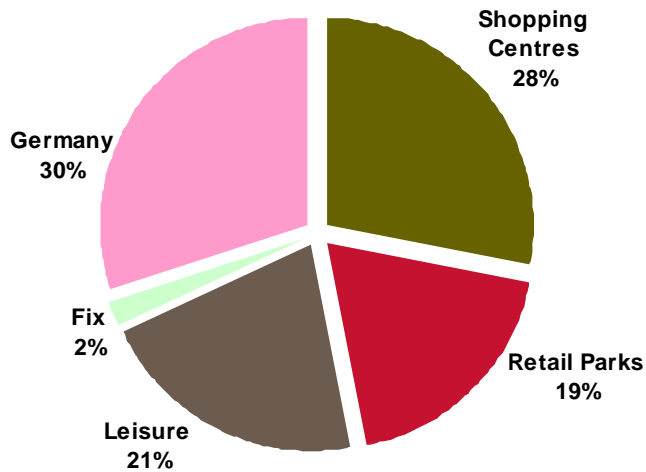
# Balance Sheet – three presentations – 30 June 2008

|  | Enterprise £m | See Through £m | Statutory £m |
|--|---------------|----------------|--------------|
| Mall   | 2,700         | 452            | 220          |
| Junction                                     | 1,029         | 281            | 138          |
| X-Leisure                                    | 887           | 172            | 79           |
| FIX UK                                       | 173           | 35             | 8            |
| Other JV's and wholly owned                  | 172           | 73             | 6            |
| Germany                                      | 505           | 461            | 505          |
| Hemel Hempstead and Others                   | 32            | 32             | 32           |
| Great Northern                               | 89            | 89             | 89           |
| <b>Total Property (inc IFRS Adjustments)</b> | <b>5,587</b>  | <b>1,595</b>   | <b>1,077</b> |
| Working capital etc.                         | 28            | - 35           | - 68         |
| Debt   | - 3,289       | - 1,067        | - 516        |
| <b>Net Assets</b>                            | <b>2,326</b>  | <b>493</b>     | <b>493</b>   |
| C&R Shareholders                             | 493           | 493            | 493          |
| Fund Investors                               | 1,833         |                |              |
| <b>Total equity</b>                          | <b>2,326</b>  | <b>493</b>     | <b>493</b>   |
| Leverage (LTV)                               | 59%           | 67%            | 50%          |
| Leverage (LTV) pro-forma*                    | 57%           | 61%            | 35%          |

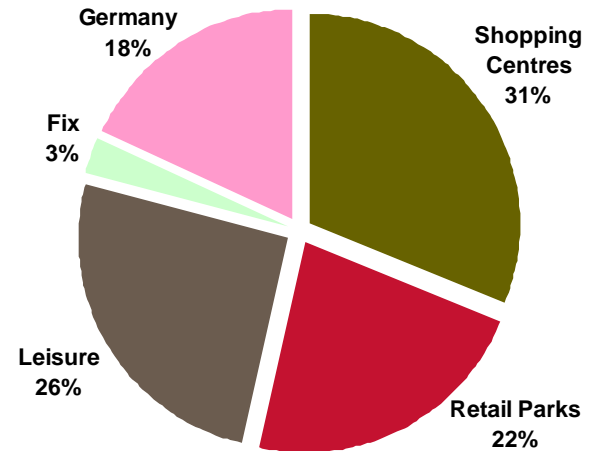
\* After impact of sale of 3 shopping centres, 1 retail park and the German joint venture

# The portfolio

**June 2008**  
**See through portfolio**



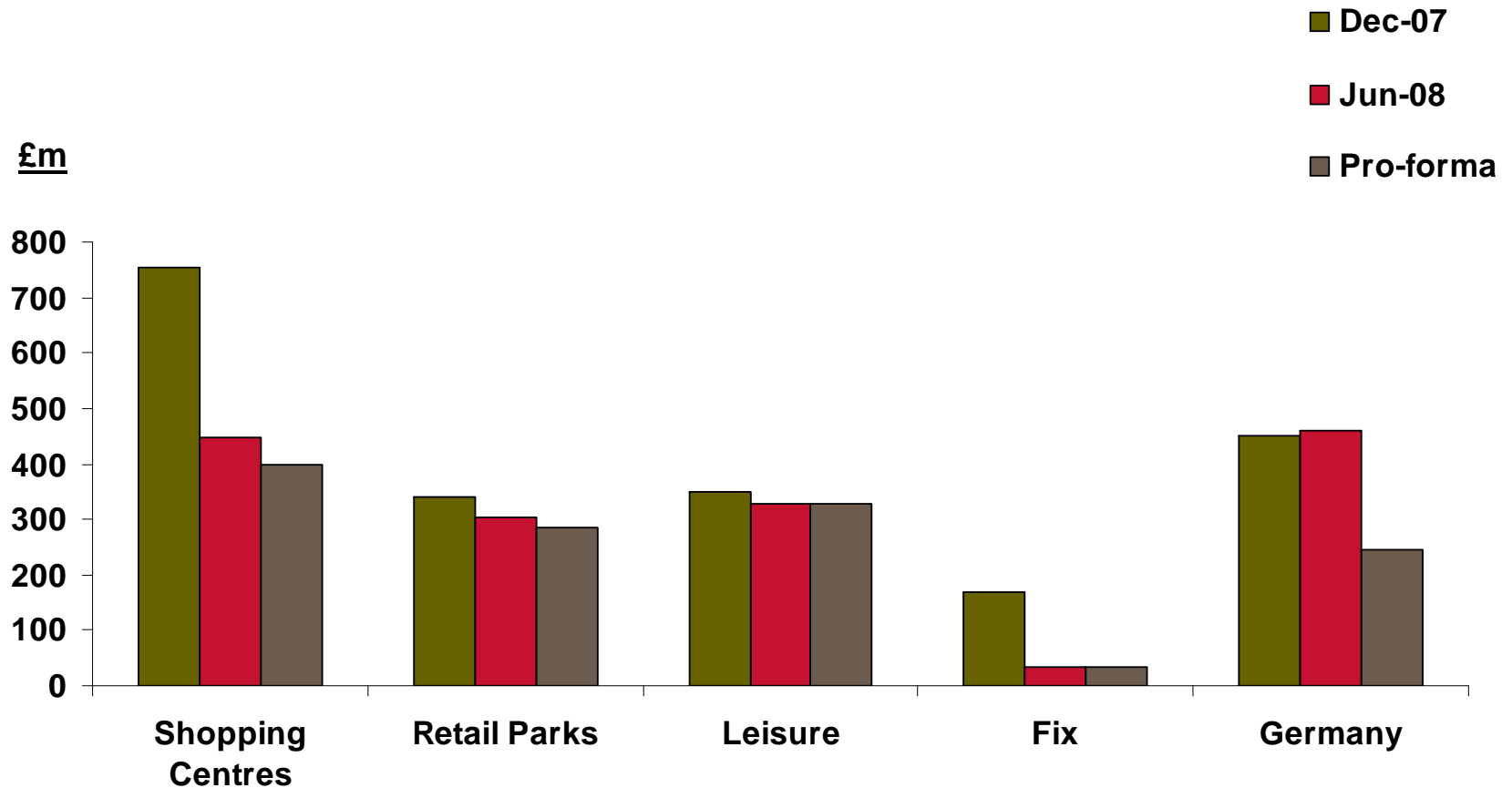
**Pro-forma**  
**See through portfolio**



*Note: the pro-forma figures take into account property disposals since 30 June and the Apollo joint venture*



# Property exposure including C&R share of funds and joint ventures



## Calculation of triple net NAV per share

|                                       | <b>Net Assets<br/>(£m)</b> | <b>Shares<br/>(Number m)</b> | <b>Net assets<br/>per share (£)</b> |
|---------------------------------------|----------------------------|------------------------------|-------------------------------------|
| Basic (from balance sheet)            | 493.2                      | 71.3                         | 6.92                                |
| Own shares held                       |                            | (0.9)                        |                                     |
| Fair value of borrowings (net of tax) | 4.7                        |                              |                                     |
| Dilutive share options                | 0.2                        | 0.1                          |                                     |
|                                       | <b>498.1</b>               | <b>70.5</b>                  | <b>7.06</b>                         |

*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.*



## Sensitivity table – Proforma NAV

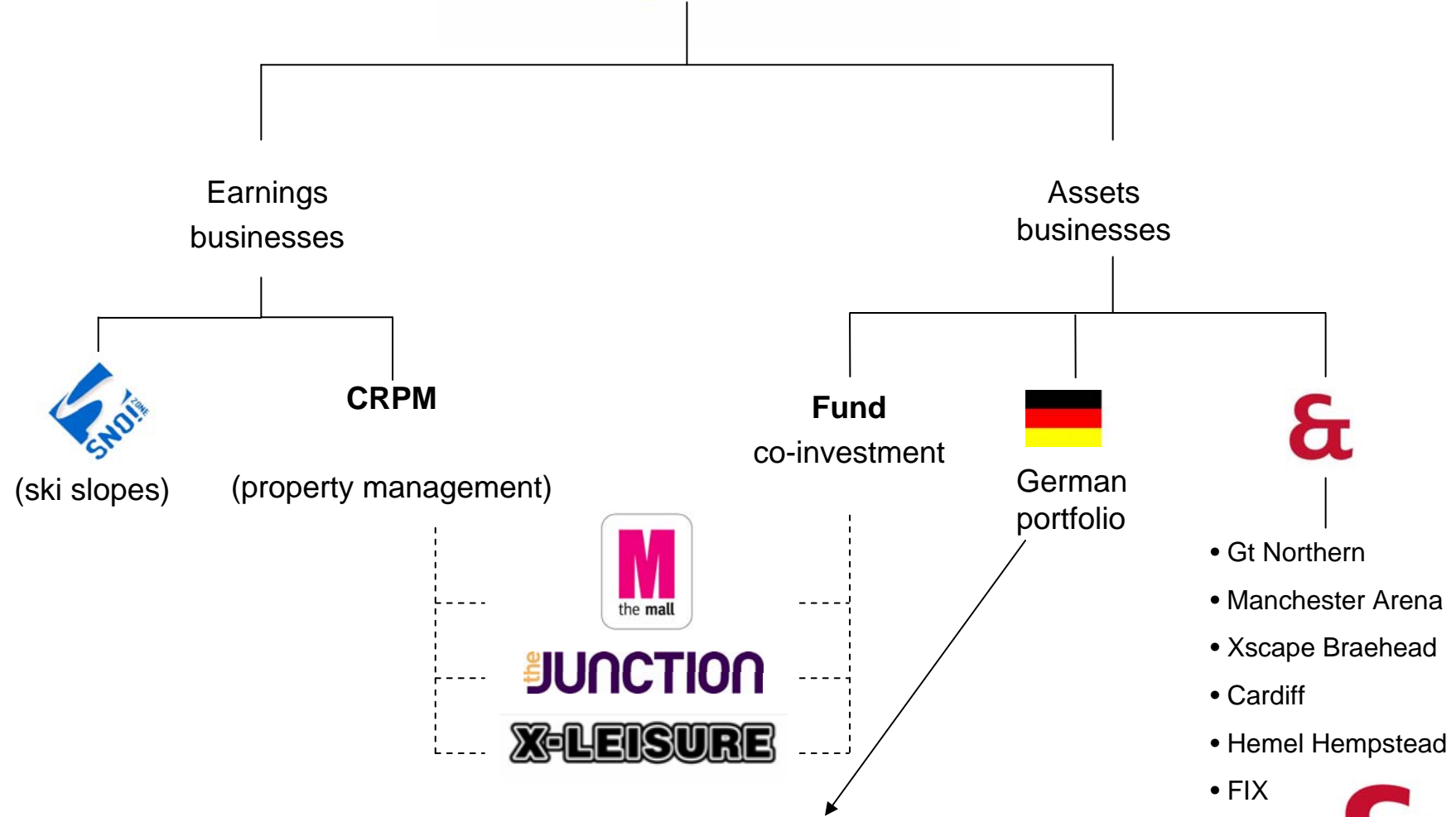
|                               | <b>At 30 June<br/>2008</b> | <b>Pro-forma</b> | <b>Sensitivities.....</b> |            |            |
|-------------------------------|----------------------------|------------------|---------------------------|------------|------------|
| Initial yield*                | 5.69%                      | 5.61%            | 6.00%                     | 6.25%      | 6.50%      |
| Equivalent Yield*             | 6.27%                      | 6.08%            | 6.51%                     | 6.78%      | 7.05%      |
| Property (see through)        | 1,595                      | 1,320            | 1,234                     | 1,185      | 1,140      |
| Net debt (see through)        | -1,067                     | -803             | -803                      | -803       | -803       |
| Other balance sheet items     | -35                        | -35              | -35                       | -35        | -35        |
| Adjustments                   | 5                          | 5                | 5                         | 5          | 5          |
| <b>Triple net diluted NAV</b> | <b>498</b>                 | <b>487</b>       | <b>401</b>                | <b>352</b> | <b>307</b> |
| Triple net NAV per share      | 7.06                       | 6.92             | 5.69                      | 5.00       | 4.35       |

*Note: the pro-forma figures take into account property disposals since 30 June and the Apollo joint venture – these are illustrative figures not a forecast*

\* Weighted averages



# Capital & Regional





## Apollo joint venture – key terms

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- > 50% of equity sold for €65.6m (£51.9m)
- > Hahn minority interest bought by JV for €12m (£9.5m)
- > CRPM is asset manager. Local property managers
- > Existing debt to remain in place
- > Unconditional except for
  - shareholder approval
  - competition authorities – technicality
  - Deutsche Bank approval for change of property manager – formality
- > Minority protections – Weigelt portfolio
- > Book loss vs June balance sheet is c.£8.1m



## Apollo joint venture – two portfolios

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|                                    | <b>JV Entities</b>                   | <b>Holding 4</b>                  |
|------------------------------------|--------------------------------------|-----------------------------------|
|                                    | <b>£m</b>                            | <b>£m</b>                         |
| Property                           | 340.5                                | 164.2                             |
| Debt                               | -248.6                               | -133.7                            |
| Working Capital and minorities     | -14.2                                | 5.3                               |
| Equity*                            | <u>77.7</u>                          | <u>35.8</u>                       |
| % sold                             | 50%                                  | 49.90%                            |
| Accounting treatment going forward | Joint venture – off<br>balance sheet | On balance sheet with<br>minority |

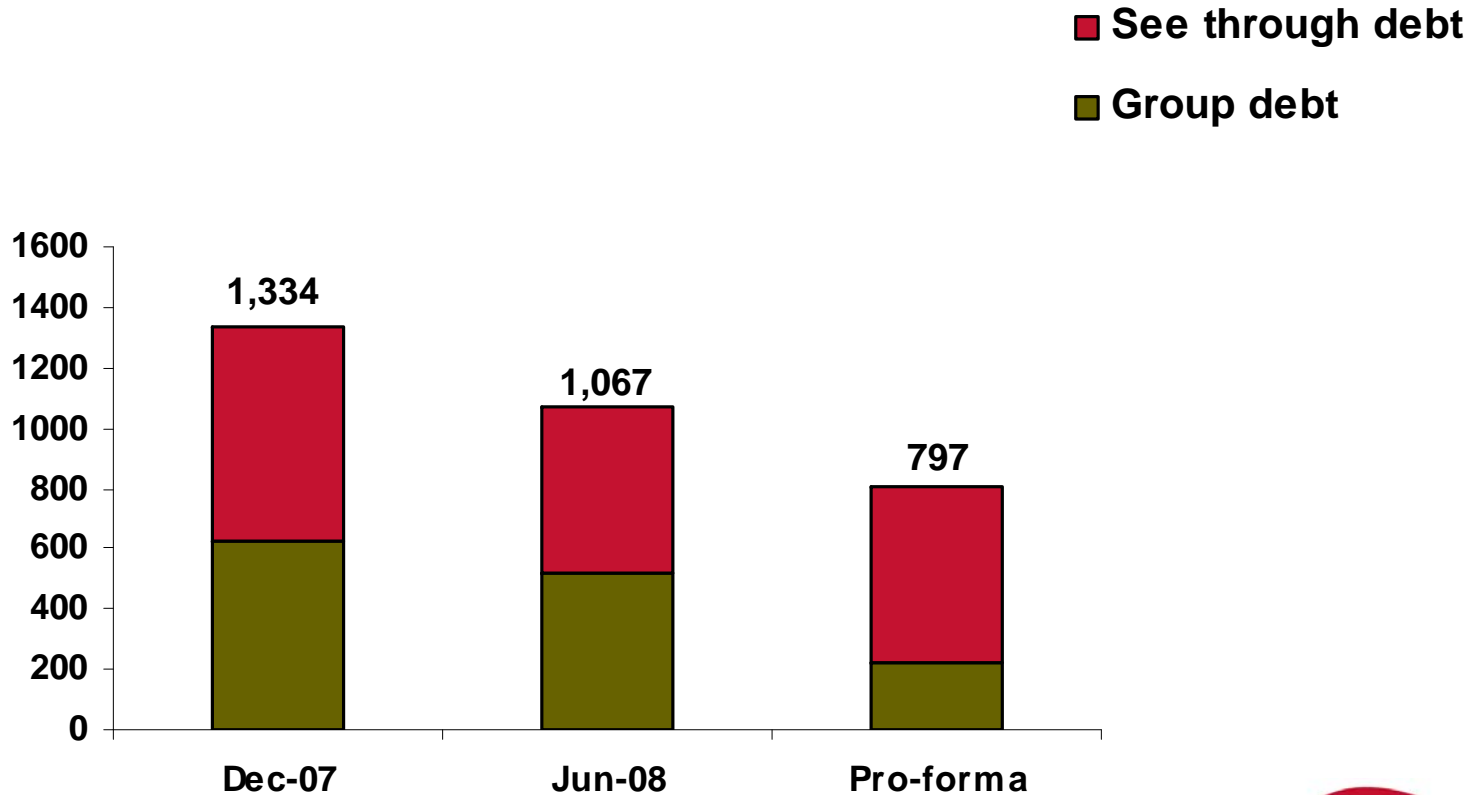
\* Includes shareholder debt

## Pro-forma property and debt

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|                               | <b>Property<br/>£m</b> | <b>Debt<br/>£m</b> | <b>LTV</b> |
|-------------------------------|------------------------|--------------------|------------|
| Per see through balance sheet | 1,595                  | 1,067              | 67%        |
| Deduct Carlyle £286m x 16.7%  | -48                    | -48                |            |
| Deduct Oxford £66m x 27.3%    | -18                    | -16                |            |
| 50% of German portfolio       | -213                   | -206               |            |
|                               | <hr/> <b>1,316</b>     | <hr/> <b>797</b>   | <b>61%</b> |

# Reductions in exposure to debt



## C&R debt position - summary

|                               | <b>Dec 07</b> | <b>June 08</b> | <b>Carlyle</b> | <b>Apollo</b> | <b>Oxford</b> | <b>Pro-forma</b> |
|-------------------------------|---------------|----------------|----------------|---------------|---------------|------------------|
|                               | <b>£m</b>     | <b>£m</b>      | <b>£m</b>      | <b>£m</b>     | <b>£m</b>     | <b>£m</b>        |
| Group Debt                    | 625           | 516            | -              | - 293         | -             | 223              |
| Off balance sheet<br>exposure | 709           | 551            | - 48           | 87            | - 16          | 574              |
| <b>See through debt</b>       | <b>1,334</b>  | <b>1,067</b>   | <b>- 48</b>    | <b>- 206</b>  | <b>- 16</b>   | <b>797</b>       |



## Group debt

|                                    | Debt at<br>30 June<br>2008<br>£m | Average<br>interest<br>rate % | % Fixed     | Duration<br>of fixing<br>(months) | Duration<br>to loan<br>expiry<br>(months) |
|------------------------------------|----------------------------------|-------------------------------|-------------|-----------------------------------|---|
| £125.5m revolving credit facility* | 44                               | 5.72                          | 148%        | 31                                | 31  |
| Great Northern debt                | 69                               | 6.39                          | 100%        | 27                                | 27  |
| Hemel Hempstead debt               | 12                               | 5.52                          | 100%        | 2                                 | 14  |
| Victoria debt                      | 8                                | 6.90                          | 0%          | n/a                               | 16  |
| UK debt                            | 133                              | 6.12                          | 110%        | 25                                | 27  |
| Germany debt                       | 383                              | 4.68                          | 102%        | 38                                | 38  |
| <b>Group debt</b>                  | <b>516</b>                       | <b>5.05</b>                   | <b>103%</b> | <b>35</b>                         | <b>35</b>                                 |

\* reduced from £175m



## Off balance sheet debt (C&R share)

|                               | Debt at<br>30 June<br>2008<br>£m | Average<br>interest<br>rate% | %<br>Fixed | Duration<br>of fixing<br>(months) | Duration<br>to loan<br>expiry<br>(months) |
|-------------------------------|----------------------------------|------------------------------|------------|-----------------------------------|---|
| JV debt (our share)           | 63                               | 6.43                         | 56%        | 44                                | 45  |
| German minorities             | -33                              | 4.68                         | 100%       | 38                                | 38  |
| Mall (16.7% share)            | 239                              | 5.14                         | 88%        | 46                                | 46  |
| Junction (27.3% share)        | 161                              | 5.18                         | 100%       | 43                                | 33  |
| X-Leisure (19.4% share)       | 94                               | 6.08                         | 82%        | 30                                | 41  |
| FIX UK (20% share)            | 27                               | 6.66                         | 94%        | 41                                | 48  |
| <b>Off balance sheet debt</b> | <b>551</b>                       | <b>5.56</b>                  | <b>86%</b> | <b>42</b>                         | <b>42</b>                                 |



## Terms agreed on core revolving credit facility

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- > £50m reduction in facility to £125m
- > Increase in margin from 90 bps to 140 bps (£92,000)
- > Change in see through gearing covenant
  - Exclude non-recourse debt
  - Limit reduced from 250% to 200%
- > Other financial covenants unchanged
- > £49.3m drawn at 28 August 2008
- > Financial maturity maintained at February 2011





## Key group financial covenants – Core revolving credit facility

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|                | <b>Limit</b> | <b>Position at 30<sup>th</sup> June</b> | <b>Comment</b>   |
|----------------|--------------|---|--|
| Gearing        | 200%         | 38%                                     | Covenant now excludes non-recourse debt e.g. Funds + Germany   |
| Asset cover    | 2:1          | 9:1                                     | Value of company's holdings of units in its 3 funds must be 2 x borrowings drawn on credit facility                      |
| Interest cover | 150%         | 871%                                    | Income / interest on credit facility. Income includes recurring items only from CRPM, SNO!zone and share of fund profits |

## LTV covenants for other Group Debt

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|                   | <b>Limit</b> | <b>Position at<br/>26<sup>th</sup> August</b> | <b>Comment</b>                                 |
|-------------------|--------------|---|--|
| Gt Northern LTV   | 75%          | 75%   | Topped up from £125m revolving credit facility |
| Hemel Hempstead   | 75%          | 66%   |  |
| Victoria (10 LGP) | 80%          | 62%   |  |

### LTV covenants on debt secured on German portfolio:

- 6 banks, 6 structures, 6 sets of covenants
- No LTVs in 3 structures. 2 others are comfortable (10% under)
- One LTV is close (3% under). Agreed plan to sell down in Apollo JV



## Key fund covenants

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|           | <b>LTV at 30<br/>June 2008</b> | <b>LTV<br/>covenant</b> | <b>ICR at<br/>30 June 2008</b> | <b>ICR covenant</b> |
|-----------|--------------------------------|-------------------------|--------------------------------|---------------------|
| Mall      | 53%                            | [60%*]                  | 182%                           | 130%                |
| Junction  | 56%                            | 60%                     | 160%                           | 127.5%              |
| X-Leisure | 59%                            | 70%                     | 167%                           | 130%                |

\* LP deed only incurrence basis



# **Operations & Strategy**

## **Hugh Scott-Barrett**



# Occupancy levels

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|           | <b>Mall</b> | <b>Junction</b> | <b>X-Leisure</b> | <b>UK Weighted<br/>average</b> | <b>Germany</b> |
|-----------|-------------|-----------------|------------------|--------------------------------|----------------|
| June 2008 | 94.1%       | 95.0%           | 96.9%            | 94.8%                          | 98.1%          |
| June 2007 | 95.5%       | 94.2%           | 96.7%            | 95.4%                          | 98.7%          |
| June 2006 | 95.5%       | 94.9%           | 97.1%            | 95.4%                          | 99.4%          |



## New lettings

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|                   | <b>Mall</b> | <b>Junction</b> | <b>X-Leisure</b> | <b>Total/weighted average</b> |
|-------------------|-------------|-----------------|------------------|-------------------------------|
| <b>2008</b>       |             |                 |                  |                               |
| Number            | 147         | 7               | 20               | 174                           |
| Passing rent £m   | 4.5         | 0.9             | 0.9              | 6.2                           |
| Comparison to ERV | 2.63%       | -3.68%          | 4.3%             | 2.0%                          |
| <b>2007</b>       |             |                 |                  |                               |
| Number            | 100         | 9               | 14               | 123                           |
| Passing rent £m   | 4.9         | 1.2             | 0.5              | 6.6                           |
| Comparison to ERV | -1.91%      | - 5.57%         | 20.30%           | 0.85%                         |



# Rent reviews

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|                 | <b>Mall</b> | <b>Junction</b> | <b>X-Leisure</b> | <b>Total/weighted average</b> |
|-----------------|-------------|-----------------|------------------|-------------------------------|
| <b>2008 H1</b>  |             |                 |                  |                               |
| Number          | 80          | 3               | 14               | 97                            |
| Passing rent £m | 8.1         | 2.1             | 2.8              | 13.0                          |
| Comparison ERV  | 1.28%       | -0.80%          | 4.17%            | 1.57%                         |
| <b>2007 H1</b>  |             |                 |                  |                               |
| Number          | 133         | 6               | 13               | 152                           |
| Passing rent £m | 13.2        | 1.0             | 3.2              | 17.4                          |
| Comparison ERV  | 6.13%       | -2.97%          | 0.06%            | 4.47%                         |



## Tenants in administration – passing rent

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|                                 | <b>Mall</b> | <b>Junction</b> | <b>X-Leisure</b> | <b>Weighted average</b> |
|---------------------------------|-------------|-----------------|------------------|-------------------------|
| <b>Passing rent – June 2008</b> |             |                 |                  |                         |
| Percentage into Administration  | 3.3%        | 0.2%            | 0.9%             | 2.2%                    |
| Percentage still trading HY08   | 70.4%       | 0.0%            | 7.4%             | 64.4%                   |
| <b>Passing rent – June 2007</b> |             |                 |                  |                         |
| Percentage into Administration  | 2.7%        | 0.4%            | 1.3%             | 2.0%                    |
| Percentage still trading HY07   | 66.8%       | 72.3%           | 56.4%            | 65.9%                   |
| <b>Passing rent – June 2006</b> |             |                 |                  |                         |
| Percentage into Administration  | 1.6%        | 0.5%            | 2.1%             | 1.5%                    |
| Percentage still trading HY06   | 79.3%       | 0.0%            | 0.0%             | 49.8%                   |





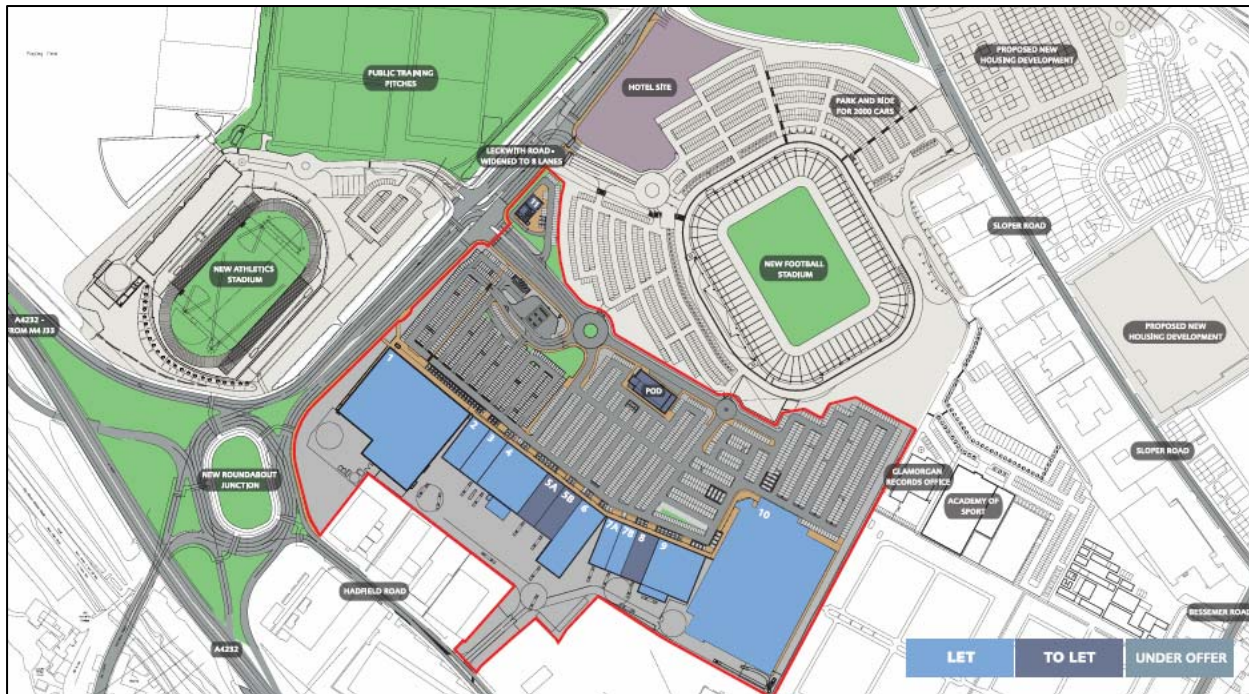
# Capital Shopping Park, Cardiff

- > PC of shopping park achieved. Highways PC expected in September
- > Joint venture with local developer
- > New investment finance agreed, following expiry of development facility in March 2010



# Capital Shopping Park, Cardiff

- > Anchored by Asda, Costco and Marks & Spencer
- > New lettings to Next, Smyths Toys, Mamas & Papas and Hobbycraft
- > 88% let (by area)
- > Additional multi-use Pod development now 55% pre-let, construction to commence in October 2008



## Fund performance

|   | Full year<br>2004 | Full Year<br>2005 | Full Year<br>2006 | Full Year<br>2007 | Period<br>30 June 2008 |
|---|-------------------|-------------------|-------------------|-------------------|------------------------|
| <b>Mall</b>   |                   |                   |                   |                   |                        |
| Property level returns  | 19.6%             | 16.5%             | 17.6%             | - 3.3%            | - 12.8%                |
| Gearred returns   | 26.0%             | 22.8%             | 26.3%             | - 13.2%           | - 32.0%                |
| IPD retail property index                                     | 17.1%             | 16.3%             | 12.7%             | - 3.2%            | - 5.9%                 |
| <b>Junction</b>   |                   |                   |                   |                   |                        |
| Property level returns  | 24.0%             | 23.3%             | 15.0%             | - 16.8%           | - 7.3%                 |
| Gearred returns   | 35.6%             | 34.1%             | 18.3%             | - 34.0%           | - 16.5%                |
| IPD retail parks index  | 23.5%             | 22.1%             | 14.7%             | - 9.6%            | - 7.2%                 |
| <b>X-Leisure</b>  |                   |                   |                   |                   |                        |
| Property level returns  | 11.4%             | 15.3%             | 19.7%             | 2.1%              | - 4.9%                 |
| Gearred returns   | 18.0%             | 28.3%             | 30.4%             | - 3.0%            | - 12.1%                |
| <b>Weighted average</b> (based on<br>C&R exposure to 3 funds) |                   |                   |                   |                   |                        |
| Property level returns  | 20.32%            | 18.46%            | 16.79%            | - 7.52%           | - 10.33%               |
| Gearred returns   | 28.33%            | 26.55%            | 23.66%            | - 19.59%          | - 28.66%               |

## Apollo – Transaction Rationale

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The transaction brings the following benefits:

- > Financial – it generates £44m of cash reducing gearing on statutory and see through basis
- > Operational – ensures C&R's property asset management team to implement business plan in which capital recycled more aggressively
- > Strategic – points way to group strategy where C&R's operating skills combine with/can be validated by third party pools and equity to create additional value.



## Asset Light strategy

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- > The priority near term is financial security of the group with the minimum of dilution to NAV. Once achieved, the Board has given its backing to an asset light growth strategy
- > The focus will remain on the core areas of expertise in the retail and leisure sectors, and the Group will continue to prioritise the management of its existing retail and leisure funds
- > C&R has market leading management skills in the retail and leisure sectors and the Board had given its backing to establishing when appropriate, new retail and leisure vehicles with new investing partners to take advantage of opportunities arising from current adverse market conditions
- > Management believe its operational expertise and strong relationships with key retail and leisure operators will be highly valuable in the current climate where less experienced owners/property managers will struggle to maintain occupancy and fail to identify and execute value add initiatives



## Asset Light strategy (cont....)

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- > The objective medium term is to grow AUM once again and generate attractive returns for shareholders through a combination of capital and income growth, together with asset management and performance fees, but there will be a highly disciplined approach to new investment:
  - New opportunities and partners will be appraised and chosen very carefully
  - Leverage will be used appropriately, but not excessively
  - C&R is likely to retain minority equity investments in the new vehicles
  - Performance and incentive arrangements will be appropriate
  - New partners are likely to be a mix of private equity (e.g. the recent JV with Apollo) and institutions
  - There will be clear reporting lines and strong financial discipline
  - Strong corporate governance and clear exit provisions will be put in place in all new vehicles
  - New sectors will be examined where returns are highly attractive and where C&R either already has, or can secure, specialist management skills; but the priority is to maximise the Group's core and market leading expertise in retail and leisure
  - Management is already looking at new opportunities, but new investment is more likely to take place in 2009-11 after near term Group objectives have been achieved



# Questions & Answers



# APPENDICES





## Property management business CRPM

|                            | 6 months to<br>June 08<br>£m | 6 months<br>to June 07<br>£m |
|----------------------------|------------------------------|------------------------------|
| Total recurring fee income | 11.8                         | 12.5                         |
| Fixed management expense*  | - 7.2                        | - 7.7                        |
| Recurring profit (IFRS)    | 4.6                          | 4.8                          |
| Performance fees           | - 4.0                        | 7.9                          |
| Variable overhead          | - 1.4                        | - 2.9                        |
| Mall rights issue costs    | -2.9                         | -                            |
| Other non-recurring items  | -1.7                         | -                            |
| <b>Total loss/profit</b>   | <b>- 5.4</b>                 | <b>9.8</b>                   |

\* 30% of overall relates to property investment business, 70% to property management



|                                     | June 2008  | June 2007  |
|-------------------------------------|------------|------------|
|                                     | £m         | £m         |
| Turnover                            | 8.0        | 7.5        |
| Costs                               | - 6.5      | - 5.8      |
| <b>Operating profit / cash flow</b> | <b>1.5</b> | <b>1.7</b> |
| Accounting adjustments              | -          | - 0.4      |
| Statutory profit                    | 1.5        | 1.3        |



## Dividend

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|                    | <b>2004<br/>PPS</b> | <b>2005<br/>PPS</b> | <b>2006<br/>PPS</b> | <b>2007<br/>PPS</b> | <b>2008<br/>PPS</b> |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interim            | 5                   | 7                   | 9                   | 10                  | 5                   |
| Final              | 9                   | 11                  | 17                  | 17                  |                     |
| <b>Total</b>       | <b>14</b>           | <b>18</b>           | <b>26</b>           | <b>27</b>           |                     |
| Increase           | 56%                 | 29%                 | 44%                 | 4%                  |                     |
| % of recurring ptp | 54%                 | 55%                 | 58%                 | 59%                 |                     |

## **Forward Looking Statement**

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties.

Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond Capital & Regional's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this document. Capital & Regional does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Company should not be relied upon as a guide to future performance.

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