

Capital & Regional

Interim Management Statement

13 November 2008

Highlights since 30 June 2008

- > Completion of The Mall's £286m sales to Carlyle (2 July);**
- > Completion of The Junction's £57m Oxford sale (22 August);**
- > Successful renegotiation of central banking facility (27 August);**
- > 12 month relaxation of Junction LTV covenant (3 October);**
- > Approval and completion of German JV with Apollo (6 October);**
- > Agreement in principle to add Norwich to X-Leisure security pool (13 November).**

Operating Review - tenant markets

- > 2.7% growth in passing rent year on year;**
- > Occupancy levels increased from Q2;**
- > Rent collection rates improved from Q2;**
- > Footfall broadly flat year on year, rising in The Mall;**
- > Fall in amount of passing rent entering insolvency compared to Q2;**
- > Leisure sector performance reasonably strong over Q3;**
- > Strong German occupancy and insignificant insolvency level;**
- > Provisions for bad debts increased by £0.7m to £1.5m in Q3.**



Financial review - fund performance

**9 month period
30 Sept 2008**

Mall

Property level returns	-16.0%
Geared returns	-35.3%
IPD retail property index	- 15.4%

Junction

Property level returns	- 13.0%
Geared returns	- 29.7%
IPD retail parks index	- 12.1%

X-Leisure

Property level returns	- 12.0%
Geared returns	- 28.3%

Weighted average

Property level returns	- 14.6%
Geared returns	- 32.8%

Financial review - yield shift

	June 2008	Sept 2008	Oct 2008	Yield shift
Initial yields				
Mall	5.58%*	5.79%	6.21%	0.63%
Junction	4.95%*	5.33%	5.55%	0.60%
X-Leisure	5.38%	5.81%	6.06%	0.68%
Weighted average	5.34%*	5.69%	6.02%	0.68%
Gross top-up initial yields				
Mall	6.09%*	6.35%	6.87%	0.78%
Junction	5.32%*	5.73%	5.93%	0.61%
X-Leisure	5.92%	6.35%	6.61%	0.69%
Weighted average	5.81%*	6.20%	6.59%	0.78%

* adjusted from previously reported figures for sales in quarter

Financial review – central facility

- > **On balance sheet debt reduced to £250m by 31 October, including £134m non-recourse German debt.**

- > **Asset cover against 2:1 covenant:**

30 September	5:1
31 October	10:1

- > **Interest cover and gearing comfortably met.**



Financial review – fund covenants

Mall

- > Fund now in a strong financial position

Junction

- > Used proceeds of Oxford sale to pay off debt
- > LTV covenant extended to 70% for 12 months
- > Other disposals under consideration
- > Review of longer-term solutions including fund restructuring

X-Leisure

- > Agreement to add Norwich to security pool
- > Other disposals under consideration
- > Negotiations with banks for greater flexibility in covenants



Financial review - fund covenants

	LTV at 30 Sept 2008	LTV at 31 Oct 2008	LTV covenant	ICR at 30 Sept 2008	ICR covenant
Mall	55%	56%	60% ¹	169%	130%
Junction	58%	60%	70% ²	149%	127.5%
X-Leisure (without Norwich)	64%	67%	70%	164%	130%
(with Norwich)		62%	70%		

¹ LP deed only incurrence basis

² Increased from 60% until October 2009



Questions & Answers



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.
