

8 December 2010

The Board of Directors
Capital Shopping Centres Group PLC
40 Broadway
London SW1H 0BT

Dear Sirs / Madam

We are writing to urge you to reconsider your proposed acquisition of the Trafford Centre Group. We firmly oppose the proposed transaction and, as the owner of more than 5% of Capital Shopping Centres Group PLC's share capital, will vote against it at the forthcoming EGM. We strongly encourage all other CSC shareholders to do the same.

When you first contacted us, just before you announced this proposal, we asked you to pause before proceeding headlong into ceding significant control to Peel without obtaining any premium to CSC's latest stated NAV. We have now spent considerable time analyzing the additional information that you have published about the proposed Trafford Centre transaction, and are even more disturbed and disappointed by the profound value destruction proposed to be inflicted on CSC and its shareholders. We believe that CSC is substantially overpaying for the Trafford Centre Group. As the attached presentation demonstrates, the proposed acquisition would diminish CSC shareholder value:

- CSC is transferring significant control to Peel, while failing to extract a premium for it, and is issuing equity to Peel at a discount to CSC's latest stated NAV;
- the £1.6 billion Trafford Centre transaction is **cash negative to CSC by £29.6 million on an annual pro forma basis**, taking the entire transaction into account;
- moreover, the debt service coverage ratio at Trafford Centre is currently below covenant threshold; future operating cash flows are likely to be unavailable for distribution; and
- the Trafford Centre transaction will reduce CSC's dividend coverage ratios – with consequent pressure on CSC's ability to pay dividends – in light of the high 6.1% cost of Trafford Centre Group's assumed debt, as compared to CSC's 5% nominal acquisition yield.

We previously urged you to allow us the opportunity to review very limited and specific due diligence information with respect to CSC, which would assist us to formulate an acquisition proposal that would afford CSC and its shareholders with a superior alternative to the Trafford Centre acquisition. By declining to provide us with the requested limited due diligence information, you have constrained the exploration of an opportunity to benefit your shareholders.

If the proposed Trafford Centre acquisition is approved, we would need to consider liquidating our position in CSC.

Yours faithfully,

David Simon
Chairman of the Board and
Chief Executive Officer