

The winner happy to take a back seat

The chief executive of Capital & Regional relishes challenges away from the office, writes **Deirdre Hipwell**

Hugh Scott-Barrett is not a man who scares easily. The one-time chief financial officer of ABN Amro had no qualms about dealing with Sir Fred “the Shred” Goodwin, the former chief executive of the Royal Bank of Scotland who had a ruthless reputation in the City.

“He was perfectly polite, really. I had just the one meeting, where I was asked to come in and discuss some information we had provided him, and so I did that.”

Nor, in 2008, did Mr Scott-Barrett balk at leaving a career in banking to make his debut in the property sector as chief executive of Capital & Regional — a company then teetering on the brink of collapse with the worst-rated stock in the sector.

Mr Scott-Barrett’s home and nearby 160-acre organic farm reveal some of the secrets to such steely, unflappable calm. In his spare time he attaches a lightweight carriage to two large Spanish stallions and, with his wife Karen, drives them at speed around 20-kilometre cross-country obstacle courses.

This is the distinguished sporting endeavour known as British horse driving. For the uninitiated, like myself, whose last equine encounter resulted in a substantial hospital stay, two operations and a steel plate in my left arm, it is an adrenaline-inducing experience.

Horse driving requires strong nerves and Mr Scott-Barrett, 53, who still

‘I wanted to prove myself as a CEO, but in a different sector’

heads Capital & Regional, is a natural despite taking it up only five years ago when “my wife got me into it. I have always been a fan of racing and so I went along to one of Karen’s riding events to see if this was for me.”

Clearly, it was. He took a summer off to start learning the ropes and to secure an HGV licence so that he could transport their four horses and carriages in a lorry and trailer to events across the country.

Mr Scott-Barrett started horse driving in 2007, when he was taking a small career break having left his job at ABN Amro just as Sir Fred tabled RBS’s disastrous bid for the Dutch bank.

“During this ‘time off’ I was asked by JC Flowers to advise them on their bid for Northern Rock. Had that been successful, I would have gone in as the financial director of Northern Rock. Ultimately, and I think for the right reasons, they withdrew their bid. They then asked me to consider being chief executive of one of their other investments in the financial services sector, but that involved running a business in the Netherlands. I had already spent time in Holland and while I enjoyed it I wanted to do something different.”

By then it was February 2008, at which point he was approached by Tom Chandos, chairman of Capital & Regional, and was asked to take over the running of the property group.

“I had always wanted to prove myself as a CEO and I wanted to do something in a different sector, but one



Hugh Scott-Barrett and his wife Karen are champion horse-drivers, a pursuit that combines bravery with teamwork

Driving is no simple pleasure

Behind the news Deirdre Hipwell

Although driving is generally a broad term for hitching a wagon or carriage to a horse, it becomes far more nuanced when used in competitions.

There are various events: dressage, for example, where precision and control is needed to steer horses through a series of gates in sequence and as fast as possible; marathon, which tests a horse and carriage team’s fitness and endurance; and stadium or cones, an obstacle course.

Driving can be done in singles, pairs or multiples with a single pony or two large horses. Many of the courses can be up to 20 kilometres in length.

Carriages can be restored antiques or the latest in equine carriage craftsmanship. The best carriages are made in the Netherlands and Germany, where there are large driving communities and competitive events and can cost as much as £20,000. Second-hand carriages can cost as little as £1,000.

Competitive scoring for the various events can depend on a

number of different elements. For example, in dressage entering the six gates in the wrong sequence can attract huge penalties or even lead to elimination. Some courses can have minimum and maximum times in which they can be completed, so going too fast can work against you.

It can take horses some time before they settle into the sport and it requires real training expertise to get them to the highest level.

If cost is one obstacle to entry — this is not a cheap sport — then another can be the impression, however mistaken, that it is for a social elite, not least because its most famous participant has been the Duke of Edinburgh.

Almost every region has a driving club (in the Salisbury area where the Scott-Barretts live it is the White Horse Harness Club). Children can take part and some local pony clubs offer driving events.



that I had some familiarity with. When I was at ABN Amro the bank sold off a lot of real estate in 2006 and 2007, which actually was something that Capital & Regional would have done well to have done at the same time.”

When Mr Scott-Barrett took over on April 1, 2008, the company was in turmoil. Martin Barber, the chief executive, had been ousted two weeks earlier, its share price was plunging and its net asset value had fallen by 21 per cent. The company, which manages and co-owns three funds — The Mall, The Junction and X-Leisure — was also operating in the shopping centre, retail park and leisure sectors, which were bearing the worst of the consumer downturn.

“The business had not degeared, the market was changing and the most immediate issue was the risk of a covenant breach in the Mall fund. We had to move very quickly to address that challenge, which came a lot quicker than we anticipated.”

So, the fluent French-speaker set about raising £286 million of equity for the Mall Fund, with the fund’s co-owner Aviva Investors. Capital & Regional then sold a 50 per cent stake in its German business to Area Property Partners, a global opportunity fund that also went on to inject £64 million of equity into Capital & Regional’s Junction fund,

CV

Born September 26, 1958
Education Lancing College, West Sussex; The Sorbonne, Paris; Merton College, Oxford
Career: 1980-84: Kleinwort Benson; **1984-96:** SBC Warburg; **1996-2007:** ABN AMRO; **2008 to present:** Capital & Regional
Lives Near Salisbury, Wiltshire
Family Married to Karen; four children
Hobbies carriage driving, horse racing, collecting wine

which owns four retail parks. Mr Scott-Barrett then shored up the X-Leisure fund through another £50 million equity-raising, revised its banking facilities, refinanced the fund’s main asset the Brighton Marina and sold the O₂ centre in southeast London. All the while he was selling off other non-core assets. “It was a very busy time.”

Finally, towards the end of 2009, he raised £70 million of equity at the Capital & Regional group level, of which the lion’s share came from the South African property group Parkdev, its first British investment. At this point, he says, the company, known as “Cap & Reg”, was stabilised.

Perhaps with fitting symmetry, Mr Scott-Barrett also acts as the stabilising force in his horse-driving partnership with his wife, an accomplished horsewoman who is the daughter of the late Lady Hugh Russell — a “formidable woman” who, despite being paralysed in a hunting fall in 1967, became a British Olympic horse trainer working with Princess Anne and two British world champions.

When the pair are driving, Mr Scott-Barrett takes the role of “backstepper”, acting as ballast (to stabilise the carriage), navigator (to memorise the route and “scream instructions to my wife”) and clock-watcher. As driver, Mrs Scott-Barrett has the not insignificant task of controlling the two horses, Bizarro and Seni-Llano.

This summer the couple were crowned Open Horse Pair champions at the British horse driving trials at Windsor. They are also the only competitive driving team in Britain to use Spanish horses — which Mrs Scott-Barrett chose “because of their lovely temperament” and because they are very adept at managing the obstacles.

Mr Scott-Barrett has no doubt stabilised Cap & Reg, but he still faces a number of obstacles himself. The group is in negotiations with Legal & General to sell its 11.9 per cent stake in the £551 million X-Leisure fund. Mr Scott-Barrett says that the fund, which it also manages, is performing well and it “won’t just sell for the sake of it but to extract strategic value”. But he adds that it has taken the decision to focus the business on its core retail areas.

Cap & Reg centres are never the shiniest, newest malls in town, but Mr Scott-Barrett says: “What we offer to retailers is space that attracts large number of people and is affordable to rent. If you measure out rent and service charge as a percentage of retailers’ turnover, it is about 8 to 10 per cent, which is certainly considerably better value than many other places.”

And, rather like steering carriage horses — “where you have to tweak the reins in advance to let them know which way you want to go” — Mr Scott-Barrett is already aiming to get Capital & Regional to a point where it can start paying dividends again — “and I really think we are not too far away now”.

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