

Quintain Estates & Development plc Half Year Results to 30 Sept 2008

27 November 2008



Adrian Wyatt Chief Executive



Overview

- Three part strategy announced in August
 - Manage risk firmly
 - Focus on preserving cash
 - Bring forward only the strongest value creating opportunities
- Good progress to date on cash repatriation and cost cutting
- No new commitments in Special Projects
- £127m headroom on gearing covenant
- Flexibility and optionality to increase headroom

Achievements in the Period

- Reduced Risk
 - £80m of target of £100m cash already repatriated
 - Reduced overheads by 20%
 - Taken advantage of lower base rates
 - Driven significant cost out of projects and rescheduled timelines
- Added Value
 - Management actions have created value at Wembley and Greenwich
 - Funds under management up 6% to Sept 08
 - Voids (lettings and empty rates) down £1.7 million

Outlook and Actions

- Plan for markets getting worse
- Conservation and repatriation of cash
- Talking to partners for our long term regeneration projects
- Greater focus on fund management and fee income
- Create further room for manoeuvre

Rebecca Worthington Finance Director



Financial Review

Financial highlights

Financial statements

Valuations

Debt and financial covenants

Financial Highlights

	30 September 2008 £m	30 September 2007 £m	% Change
Gross Profit	15.1	16.6	-9.1
Operating Profit	2.1	-2.1	
Profit before tax	-51.6	-3.9	

	30 September 2008	31 March 2008	% Change
Net asset value per share			
Basic	443p	584p	-24.1
Diluted	439p	578p	-23.8
EPRA	485p	676p	-28.3

Income Statement

	30 September 2008 £m	30 September 2007 £m
Net rent	8.6	9.8
Trading sales	-	1.5
Income from hotel operations	2.2	1.9
Fees from fund management	3.2	3.0
Other income	1.1	0.4
Gross profit	15.1	16.6
Administration	(12.9)	(17.2)
Exceptional costs	-	(1.5)
Profit on property sales	-	-
Revaluation movements	(42.4)	(15.3)
Net finance expenses	(3.5)	(0.9)
JVs & Associates	(7.9)	14.5
Pre-Tax loss	(51.6)	(3.8)
Tax	7.8	4.5
Loss for financial period	(43.8)	0.7

Rental Income

	30 September 2008			30 September 2007		
	Directly owned properties £m	Within joint ventures £m	Total £m	Directly owned properties £m	Within joint ventures £m	Total £m
Gross rental income	10.8	10.9	21.7	11.7	7.2	18.9

	30 September 2008			31 March 2008		
Contracted annualised rent	21.6	21.8	43.4	21.6	19.1	40.7
ERV*	29.3	25.5	54.8	29.2	20.1	49.3

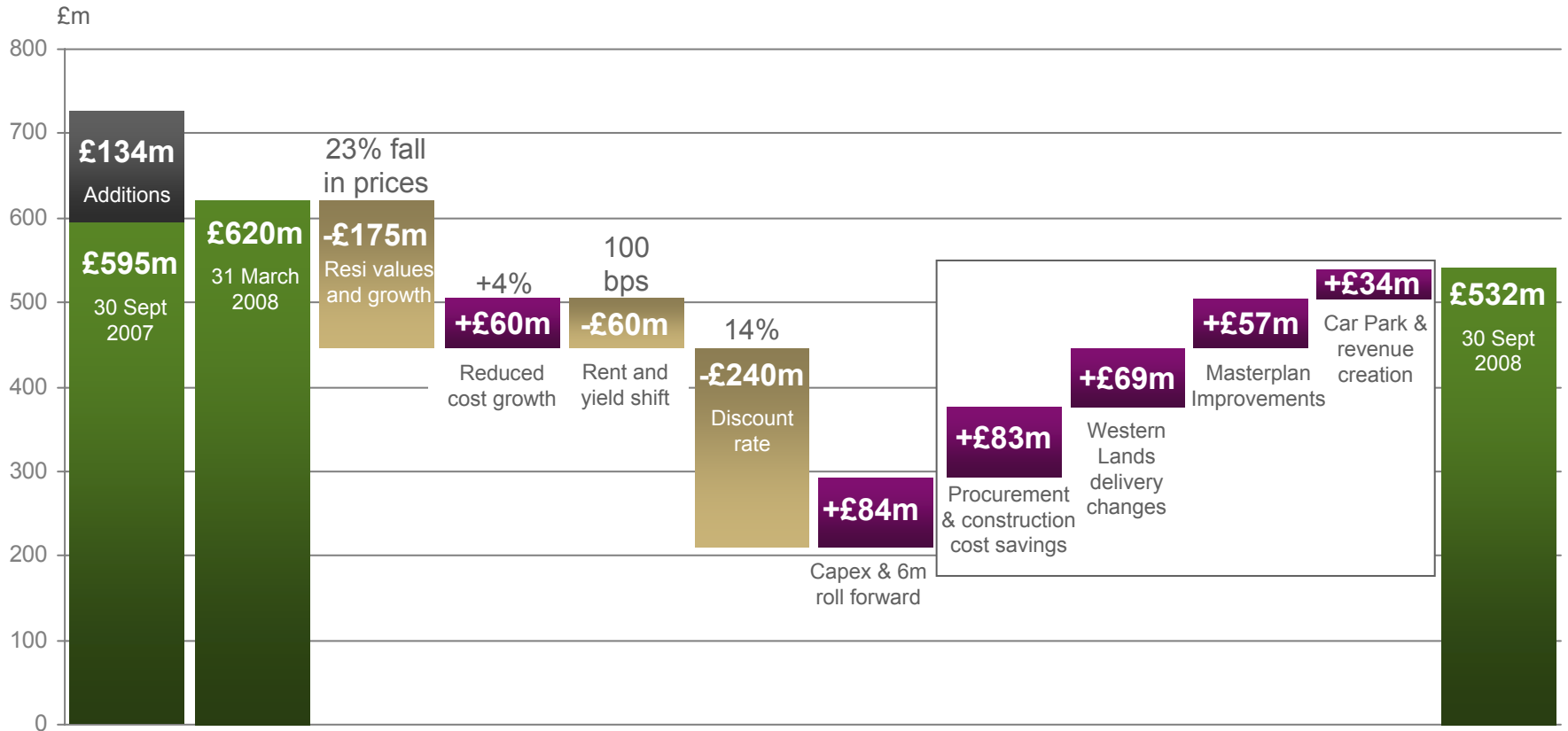
*Estimated Rental Value

Property Valuations

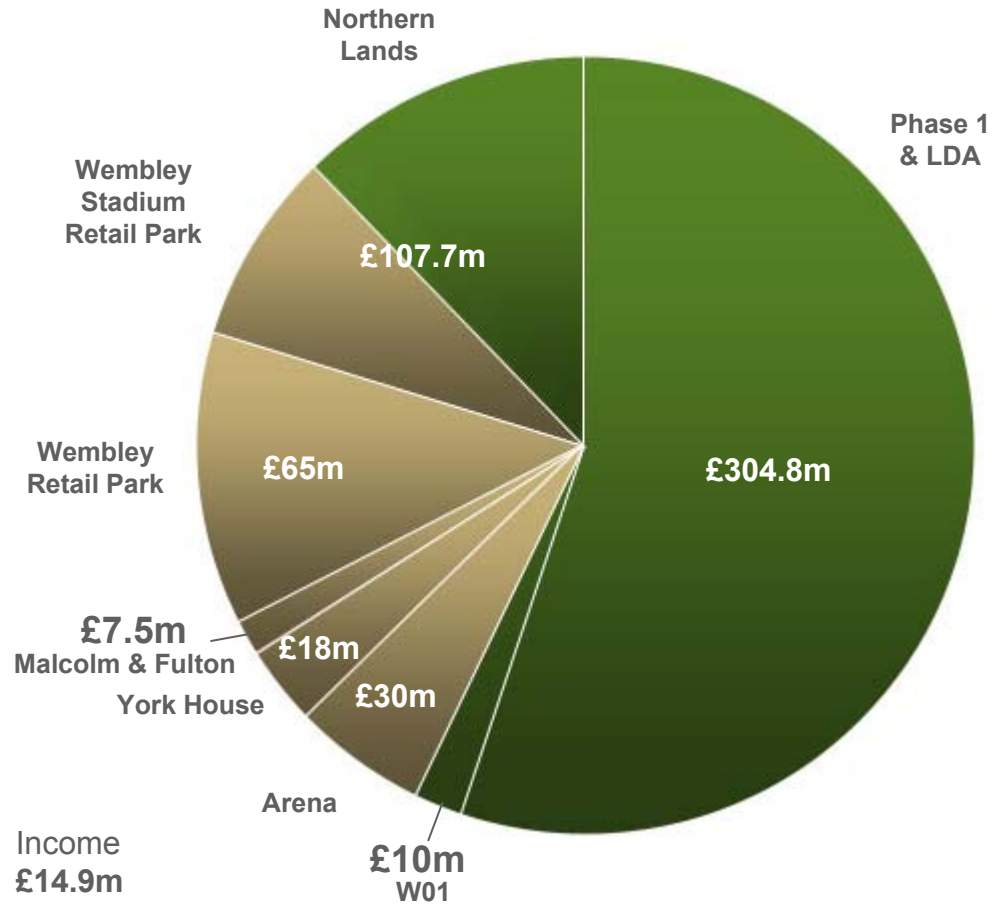
	Surplus / (deficit) £m	Valuation £m	Movement %
Investment / development properties			
Wembley	(130.8)	507.9	*(19.7)
Meridian Delta Greenwich	(53.4)	135.0	** (18.3)
Other investment properties	(21.7)	159.0	(12.0)
Other development properties	(9.6)	67.2	(12.5)
	(215.5)	869.1	
Joint Ventures			
Wembley	-	10.5	*
Meridian Delta Greenwich	3.7	87.0	**
Quercus	(14.5)	251.4	(5.5)
iQ	(6.4)	84.4	(7.0)
Quantum	(0.1)	3.5	-
	(232.8)	1,305.9	
Trading properties			
Wembley		13.6	
Other		16.7	
		30.3	

*, ** includes movement in related lines

Wembley Valuation

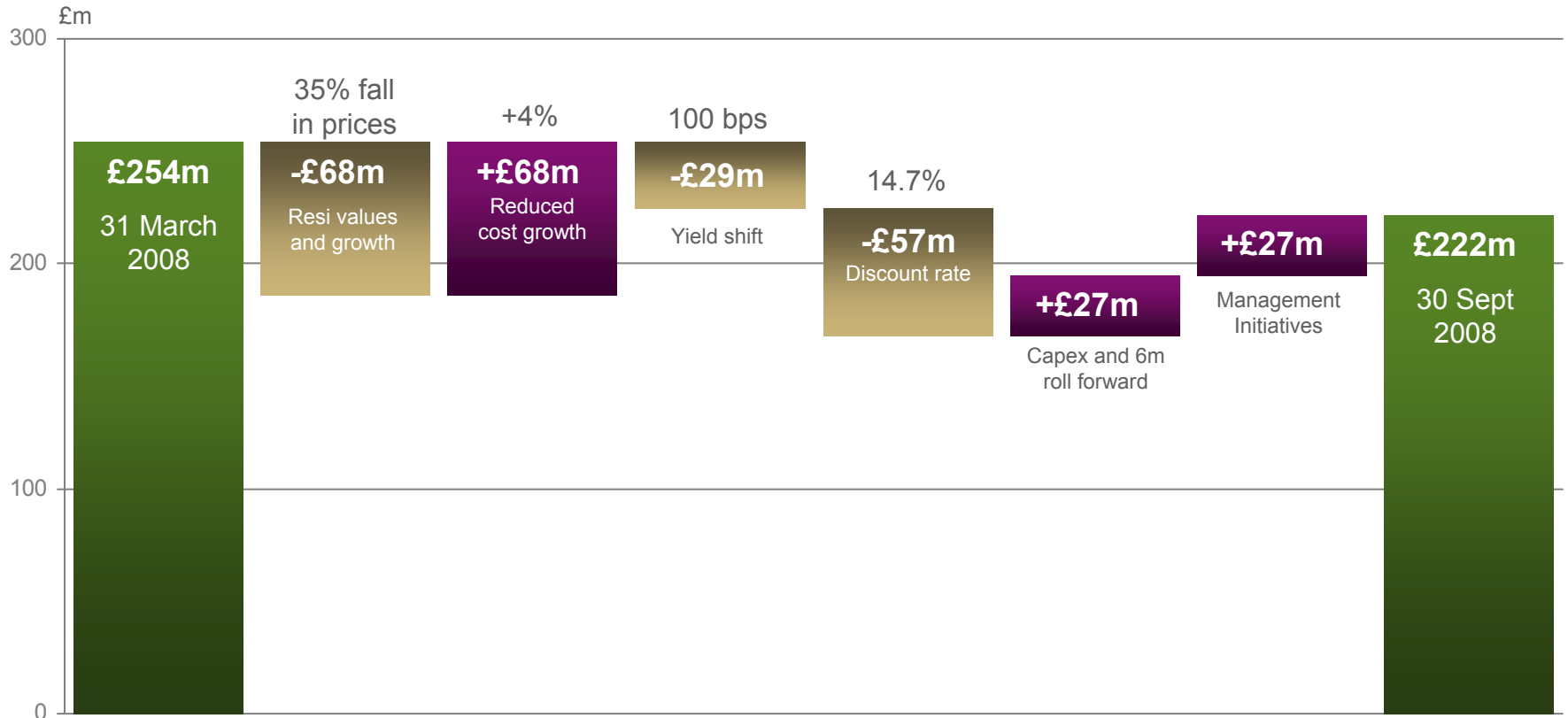


Wembley Valuation



	Investment Assets	Income £14.9m
	Development Assets	Income £2.9m

Greenwich Valuation



Finance

	Covenant	September 2008	March 2008
Net Debt		£556m	£516m
Committed but undrawn debt		£154m	£176m
Average maturity		5 years	5.5 years
Marking to market of debt		£0.4m	-£0.5m
Hedging			
- fixed		55%	30%
- caps fixed		100%	84%
Gearing		98%	69%
Gearing – per banking covenants	110%	90%	60%
Interest Cover – per banking covenants			
- pre exceptionals		2.1 times	1.8 times
- post exceptionals	1.25 times	1.5 times	1.7 times

Debt facilities

On balance sheet

Corporate facility	£715m	
Debenture	£2.1m	No covenants – secured by cash deposit

Off balance sheet (gross position)

Quercus	£400m	
iQ	£260m	
N0204, Greenwich	£101.5m	
W01, Wembley	£4.9m	Non-recourse – final stage repayment

Debt facilities – Corporate facility

Facility	£715m
Drawn (17 Nov)	£550m
Structure	9 bilaterals
Maturity	£225m – March 2013 £95m – April 2014 – with option April 2010 £395m – March 2014
Covenants	Interest cover Realised profit 1.25 times interest net of capitalised Gearing 110% shareholders funds adding back deferred tax
Testing	6 monthly
Security	Floating charge across minimum 75% of Group

Debt facilities – Quercus

Facility	£400m		
Drawn	£358m		
Maturity	31 December 2013		
Security	Fixed, non-recourse		
Covenants	Interest cover	1.5 times	Actual 1.7 times
	Gearing	60% LTV	Actual 46%

Debt facilities – iQ

Facility	£260m			
Drawn (30 Sept 08)	£98m			
Maturity	June 2012			
Quintain's Share	50%			
Structure	Available for developments and investments			
Covenants	Investment	Interest cover	1.25 times	Actual 1.27 times
		LTV	65%	Actual 58%
Security	Fixed charge – cure period in event of default			

Debt facilities – N0204, Greenwich

Facility	£101.5m
Drawn (30 Sept 08)	£0m
Structure	Development tranche Contingent equity tranche
Maturity	June 2014
Quintain's Share	50%
Security	Fixed and floating charge MDL Equity injection date – Nov 2010 LTV 70% Interest cover 1 times, capped £30m Cost overrun guarantee capped £11.5m

Cashflow

	6 months 31 March 2009		12 months 31 March 2010	
	Capex £m	Receipts £m	Capex £m	Receipts £m
Wembley	(29)	13	(21)	14
Greenwich	-	-	(20)	2
Other developments	(4)	-	(12)	7
QFM	(7)	17	(16)	-
Investments	(2)	14		7
	(42)	44	(69)	30

Financial Outlook

- Challenging financial markets
- Financial covenants
 - Interest – remains well covered
 - Gearing - £127m headroom
- Focused on cost control and cash management
- Plans to expand headroom - Disposals programme
 - Units in funds
 - Investment assets
 - Development properties – including bringing in equity partners
- Management team taking decisive action

Nick Shattock, Deputy Chief Executive



Special Projects

- Managing risk and minimising capex and commitments
- Generating revenue and selective realisations
- Adding value to major projects by management initiatives
- Reduced overhead
 - Sufficient for commitments, reputation and reacting to the first signs of recovery

Wembley City : The Business – to 30 Sept 08

£'000	½ year Turnover	½ year Contribution	Full Year Budgeted Turnover	Full Year Budgeted Contribution
Investments				
Wembley Retail Park	1,537*	1,396	3,039	2,501
Stadium Retail Park	366	325	887	804
York House	666	419	1,189	802
Palace of Industries (inc. Malcolm/Fulton)	323	165	518	316
Wembley Trading Estate (formerly Abbots Storage)/Red House	0	(74)	55	29**
Operations				
Wembley Arena	1,013	1,014	2,059	1,743
Plaza Hotel	3,975	947	7,554	1,455
Estate (Public Realm) and Towns as Businesses operations	1,385	386	2,504	423
	9,265	4,578	17,805	8,073

* MFI Properties now in administration

** £220,000 p.a in solicitors hands

Wembley City Progress in Period

- Phase 1
 - Detailed consent for the 150,000 sq.ft designer outlet and 2,000 seat cinema
 - Outstanding detailed consents for 805 apartments
 - W01 (50:50 JV with RSLs)
 - 46 completions at contracted prices
 - 1 Rescinded
 - 2 investors account for 40 apartments and £15.9m
 - 58 individuals have contracted on remaining apartments
 - 29 lettings achieved at yields of 4 – 6%
 - £4.9m to repay debt
 - W04: 234 units (70% affordable) completes March 2010
 - Remaining capex £24m

Wembley City Progress in Period (2)

- Phase 2 – North Western Lands
 - Brent Council purchases 2.5 acres for 250,000 sq.ft Brent Civic Centre
 - Retail leaseback to Quintain
 - Brent Masterplan 2008
- Planning Application Summer 2009 for up to 2.3m sq.ft
- CABE approve designs for 8 storey increase to 100% Private towers and Olympic Steps fronting Stadium

Valuations :

Reconciliation of Management Initiatives

Wembley

£83m

- Master construction cost plan review (Gardiner and Theobald)
- Procurement strategies on substructure, envelope, concrete and steel frame
- Volume deals on lifts, doors, windows etc (EC Harris)

£69m

- Re-sequencing Western Lands, 2 private towers and W03 delivered post retail opening and 2012
- Release of cores to increase cashflow and absorption rates

£57m

- Brent Masterplan 2008
- Re-masterplanning of Eastern Lands – previously neutral to valuation (coach park)

£34m

- Car park review, W01 commercial assets and Brent Council land sale

Greenwich

£27m

- Master construction cost plan review and procurement strategies (Gardiner and Theobald)

Greenwich Peninsula Progress in Period

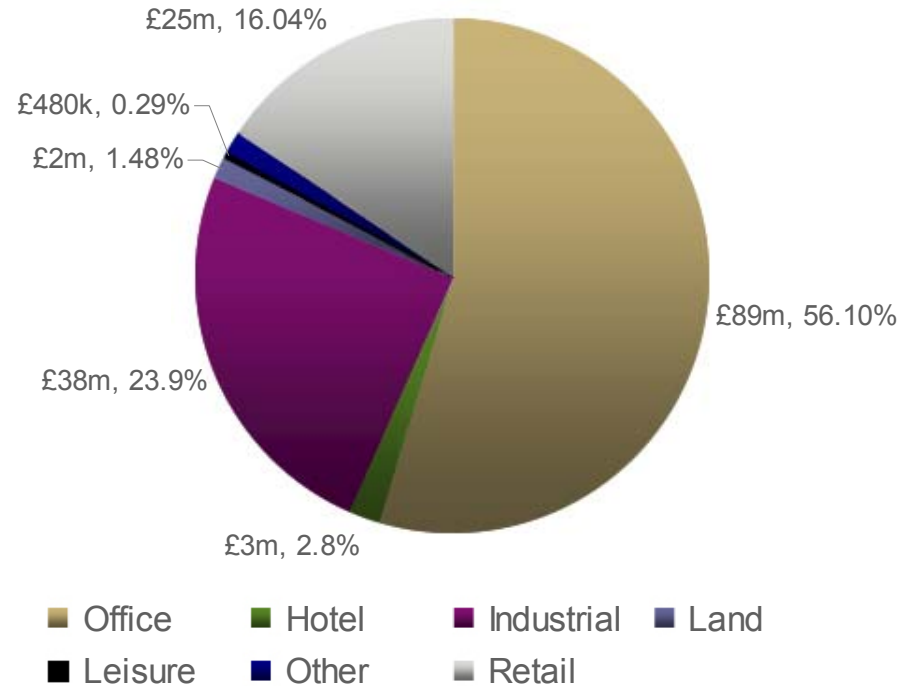
- Apartments now priced for plot location, height and views (inland street only, park, river (E&W))
- 1,291 apartments with detailed consent
 - N0602 – North West – 30 storey tower 397 apartments (30% affordable) breaks through outline Masterplan constraints
 - M0116 153 apartments FTBI (EP) and 45% affordable
- Ravensbourne College unconditional and constructing
 - 1,700 students per day
 - Student accommodation likely to be required
- Transport for London (196,000 sq. ft) Pier Walk completes April 2009
 - Option over further 60,000 Sq.ft
 - 115,000 sq.ft Mitre Passage completes November 2009
- Commitments: Transport for London and Ravensbourne
 - Lloyds bank loan. Quintain Equity largely expended at £20m
 - Ravensbourne : Quintain £996,000 capex for retail buyback by Meridian Delta Limited
- The O2 (Dome)
 - AEG put option to extend lease to 100 years
 - 8 million visitors in first year - “The world’s most popular venue”
 - £1.575m p.a rent + RPI

Other Special Projects

- City Park Gate, Birmingham (Cost £10.6m)
 - Scheme amended from predominantly residential to office, retail, residential and hotel (GDV £225m)
 - Plot 1, detailed consent for 250,000 Sq. ft (15,000 – 10,000 sq.ft floor plates)
 - Pre-let and forward funding / sale sought
 - Development agreement with Birmingham City Council
- Silvertown (Value £ 14.3m)
 - £475,000 letting to Laing O' Rourke – 10 years with mutual break in 2013
 - Value reduced 18% from £17.5m
 - Income now £918,000 (ERV £ 1.25m)
- Beverley (Cost £2.7 m)
 - 16.5 acre consented in March (GDV £80m)
 - Call in Q1 of retail, residential, leisure, educational and hotel scheme
 - Competing (out of town) retail scheme withdraws
 - Written representations enquiry underway
 - Total planning cost £235,070
 - Equalisation agreement between CPC Group, Wykeland and Quintain

Investment Portfolio

- Written down 11.2% to £159.2m
 - YoY -23%
 - IY of 7.14% Rent Roll £12.0m
 - RY of 9.96%, ERV of £16.8m
- Voids of £3.3m within main portfolio
 - Held for development £2.4m across group
- Lettings or voids sold in the period £973,000
 - key letting of £736,000 completes 235,000 sq.ft development at Redditch, which will now be sold



Summary

- Generating revenue and selective realisations
- Minimising capex and commitments
- Creating value through Management Initiatives
- Land banking a raft of detailed planning consents, including 1,867 apartments in London for recovery 2010-11
- Reduced overhead sufficient for commitments, reputation with stakeholders and first signs of recovery

Tonianne Dwyer Executive Director

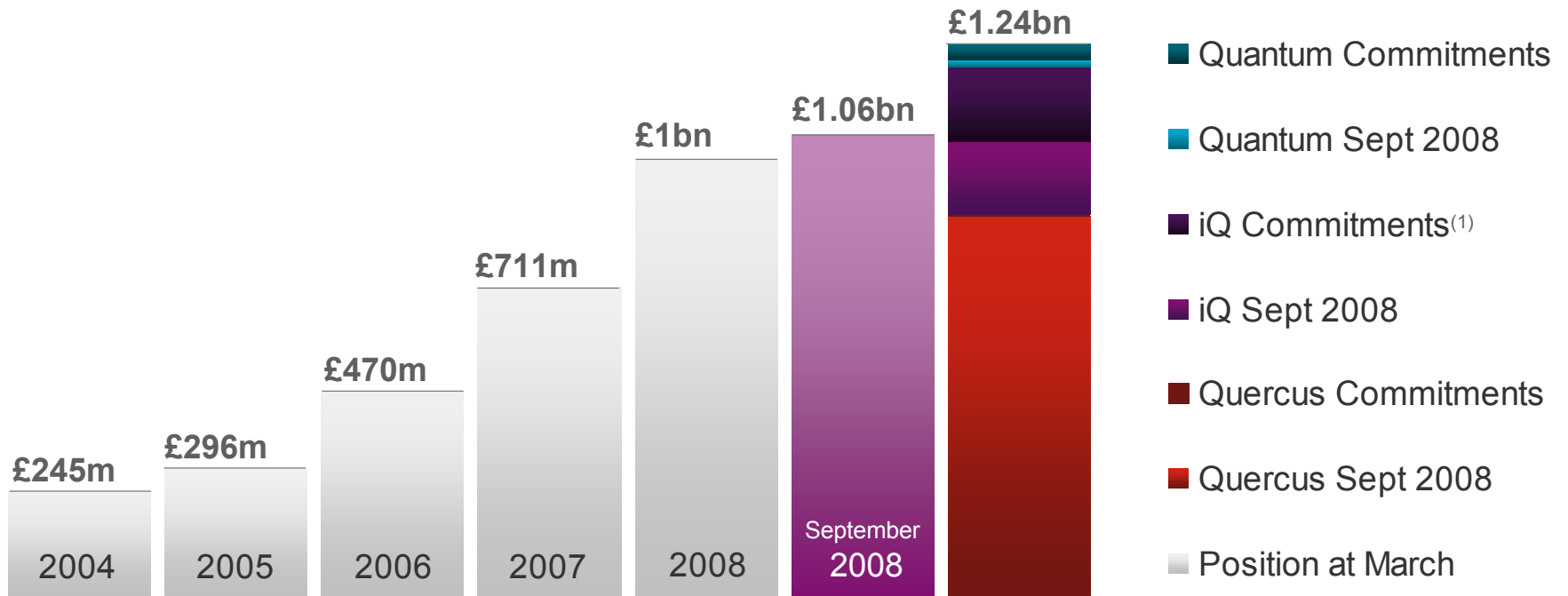


Quintain Fund Management

- Strong income from rent and fees
- Resilient valuations
- Growing contribution to group results



Progress to Date



(1) Includes Corsham Street

Funds Under Management Up
at 30 Sept 2008

6%

Quercus - Healthcare



Performance

- Sound operational market
- Strong rental growth at 4.5%
- Outward yield movement of 40bp
- -1.4% properly level return and -5.8% fund level return for 1st half

Outlook

- Defensive characteristics of operational market will be seen
- Investment values are underpinned by “going concern” values but some further outward yield movement anticipated
- Gearing (46%) to be reduced to 40% by disposals and/or new equity

Performance

- Good asset management has mitigated outward movement in investment yields

Outlook

- R&D sector moves to a different cycle
- Support of SWRDA as Bristol will underpin Spark



Performance

- Fundamentals remain strong
- Lettings at 99% for 2008/09
- Strong rental growth: 5%
- Average NIY of 5.6%

Outlook

- 3 schemes due in Aug 2009 and 2 further schemes
- Risk of outward yield movement
- Strong rental growth as schemes mature
- Defensive fundamentals should support out performance

QED share of iQ commitments

To be funded from iQ debt facilities	August 09	August 10	Total
Bristol	9.2		9.2
Leeds	12.4		12.4
Fountain North*		8.6	8.6
Grove Street		7.7	7.7
Total	21.6	16.3	37.9

* May be delayed

To sum up

Good returns relative to the market

Significant contribution to Group income and returns

Plenty of opportunities but focus on maintaining performance

Adrian Wyatt Chief Executive



Summary

- We are committed to our IMS strategy
- We are positioning the group for current market conditions
- We have retained a sufficient skill base for the recovery
- We are covenant compliant with headroom

Questions & Answers

