Quintain Estates & Development plc
Full Year Results to 31 March 2009

4 June 2009

Quintain Estates
& Development plc

Adrian Wyatt
Chief Executive

Overview

- Significant economic deterioration over the period
- Good operational progress
- Valuations down 23.0%, peak to date 34.4%
- Strategy implemented to manage the impact

Management Strategy in Difficult Markets

Cash conservation

- 25% reduction in overheads to date (annualised)
- Repatriate cash – £97.5m to 31 March 2009
- Focused on cash collection / asset management
- Dividend currently suspended

Manage through the cycle

- Renegotiated banking covenants to expand headroom
- Minimise capex
- Resequence/restructure development pipeline
- No development projects without funding partners

Position for recovery

- Enhance supply chain strategies and commercial ventures
- Seek JV partners for major regeneration schemes
- Minimal capital investment to produce maximum value

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Rebecca Worthington
Finance Director

Financial Review

Financial highlights

Financial statements

Valuations

Debt and financial covenants

Cashflow

Financial Highlights

	2009 £m	2008 £m	% Change
Gross Profit	35.0	32.7	+ 7.2
Operating Profit before sales and valuation	8.6	3.2	+168.8
Loss before tax	(129.1)	(54.7)	-135.8
EPRA EPS	9.7	2.5	+288.0

Net asset value per share	**2009**	**2008**	**% Change**
Basic	348p	584p	-40.4
Diluted	346p	578p	-40.1
EPRA	404p	676p	-40.2

Income Statement

	2009 £m	2008 £m
Net rent	16.7	19.0
Trading sales	-	1.4
Income from hotel operations	3.9	3.6
Fees from fund management	12.9	8.2
Other income	1.5	0.5
Gross profit	35.0	32.7
Administration	(24.1)	(28.0)
Exceptional costs	(2.3)	(1.5)
Loss on property sales	(4.8)	(3.3)
Revaluation movements	(68.2)	(49.5)
Impairment of other non-current investments	(7.9)	-
Net finance expenses	(9.6)	(10.6)
JVs & associates	(47.2)	5.5
Pre-tax loss	(129.1)	(54.7)
Tax	22.9	14.6
Loss for financial period	(106.2)	(40.1)

Rental Income

	2009			2008		
	Directly owned properties £m	**Within joint ventures £m**	**Total £m**	Directly owned properties £m	Within joint ventures £m	Total £m
Gross rental income	**22.1**	**23.0**	**45.1**	23.8	17.3	41.1
Contracted annualised rent	**20.6**	**21.3**	**41.9**	21.6	19.1	40.7
ERV*	**26.8**	**22.0**	**48.8**	29.2	20.1	49.3

*Estimated Rental Value

Property Valuations

	Surplus / (deficit) £m	Valuation £m	Movement %
Investment / development properties			
Wembley	(189.0)	457.8	*(29.2)
Meridian Delta Greenwich	(56.0)	133.2	**(29.6)
Other investment and development properties	(35.3)	209.1	(14.4)
	(280.3)	800.1	
Joint Ventures			
Meridian Delta Greenwich	(24.6)	96.8	**
Quercus	(27.9)	205.4	(12.0)
iQ	(19.5)	72.8	(21.1)
Quantum	(1.1)	5.2	(17.5)
	(353.4)	1,180.3	(23.0)
Trading properties			
Wembley (including Joint Ventures)		23.6	
Other		12.9	
		36.5	
Total Value			
Wembley	(189.0)	481.4	*(28.2)
Greenwich	(80.6)	230.0	**(25.9)

*, ** includes movement in related lines

Peak to 31 March 2009: Valuation Movements

Principal Assets	Peak valuation[2] Date	Valuation 31 March 2009 £m	LFL valuation change (%)[3]
Greenwich	30 September 2007	230	(35)
Wembley – land	30 September 2007	256	(45)
Wembley – investment assets	30 September 2007	201	(30)
Quercus (25.4%)	31 December 2007	205	(19)
iQ (50%)	31 December 2007	73	(22)
Other investment and development properties	31 March 2007	164	(40)

1. Takes into account capex relating to properties held for the period
2. The like-for-like valuation is calculated excluding all properties that have been sold during the period and the capex relating to them
3. Excludes W01, W04 and Corsham Street

Finance

	Covenant	March 2009	March 2008
Net debt		**£533m**	£516m
Committed but undrawn debt		**£90m***	£81m
Average maturity		**4.5 years**	5.5 years
Marking to market of debt		**-£31.1m**	£0.1m
Hedging			
- fixed		**74%**	30%
- caps fixed		**100%**	84%
Gearing – per banking covenants	150%	**105%**	60%
Interest Cover – per banking covenants			
- pre exceptionals		**2.9 times**	2.1 times
- post exceptionals	1.25 times	**1.7 times**	2.0 times

* This includes the reduced Barclays facility

Amendment to Banking Facilities: Gearing Covenant

Gearing covenant	110% → 150%

- Retained cost effective flexible structure
- Available for up to three years
- 1% amendment charge each year Company elects additional headroom
- Margin and commitment fees remain as before unless headroom used
- Margin ratchet as gearing increases, with commitment fees at 50% of margin

Gearing below %	Average margin %
110	1.15
120	2.0
130	2.5
140	3.0
150	3.5

- Afterwards additional 25 bps, so margin 1.4%

Amendment to Banking Facilities: Barclays

- Gearing as per previous slide

£95m for 1 year	→	**£50m amortising to £35m by 2011** **Maturity extended by 3 years to 2013**

- Quintain can elect for disposals below cost to be excluded from interest cover in return for pro-rata repayment and cancellation

Debt Facilities: Corporate Facility

Facility	£630m
Drawn (31.3.09)	£540.5m
Structure	9 bilaterals
Maturity	£10m: 2010 £5m: 2011 £260m: 2013 £355m: 2014
Covenants	Interest cover: Realised profit 1.25 times interest net of capitalised Gearing: 150% shareholders funds adding back deferred tax and mark to market
Testing	6 monthly
Security	Floating charge across minimum 90% of Group

Corporate Facility: Financial Covenants

Gearing	• Covenant		**150%**
	• Gearing at 31 March 2009		**105%**
	• Headroom at 31 March 2009		**12% fall in gross property values**
Interest Cover	• Covenant		**1.25 times**
	• 31 March 2009	post exceptionals	**1.7 times**
		pre exceptionals	**2.9 times**

Actions

- Continued focus on cash preservation
- Cash repatriation programme – target min **£50m** proceeds
- Downward pressure on costs – construction and overheads
- Continued focus on operating level profit
- Release of historic profit on transactions
- Ongoing review of other financing options

Debt Facilities

On balance sheet		
Corporate facility	£630m	Following post year end deal with Barclays
Debenture	£2.1m	No covenants – secured by cash deposit
Off balance sheet (gross position)		
Quercus	£400m	
iQ	£260m	
N0204, Greenwich	£101.5m	
W01, Wembley	£2.5m	Non-recourse – final stage repayment

Debt Facilities: Quercus

Facility	£400m
Drawn	£395m
Maturity	31 December 2013
Security	Fixed, non-recourse
Covenants	Interest cover: 1.5 times Actual: 3.0 times Gearing: 60% LTV Actual: 52%
Mitigation	Disposal programme

Debt Facilities: iQ

Facility	£260m
Drawn (1.06.09)	£90.5m
Maturity	June 2012
Quintain's Share	50%
Structure	Available for developments and investments
Covenants	Investment: Interest cover: 1.25 times Actual: 1.44 times LTV: 65% Actual: 55%
Security	Fixed charge – partial recourse, cure period in event of default
Mitigation	Interest cover to improve with new schemes in September Gearing would support further 117bps yield shift

Debt Facilities: N0204, Greenwich

Facility	£101.5m
Drawn	£74.1m
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
Mitigation	Further lettings

Disposals

- Committed capex to be more than offset by disposals which could include:
  - Investment properties
  - Units in funds
  - Development properties
  - Residential apartments
  - Land sales
  - Equity from the introduction of joint venture partners

Capital Expenditure

	6 months to 30 Sept 2009 £m	6 months to 31 March 2010 £m	6 months to 30 Sept 2011 £m
Committed capex			
Wembley	(6.1)	(11.1)	(0.4)
Greenwich	(4.8)	(10.5)	-
Other developments	(1.6)	(7.7)	-
QFM	(11.7)	(1.0)	(5.6)
Investments	(0.1)	-	-
	(24.3)	(30.3)	(6.0)
Other expenditure	(16)	(8)	(8)

Financial Outlook

- Challenging financial markets
- Successful renegotiation of corporate facilities
- Continued focus on cost control and cash management
- Expansion of headroom
  - Disposals programme
  - Other financing options
- Management commitment to pro-actively address financial position

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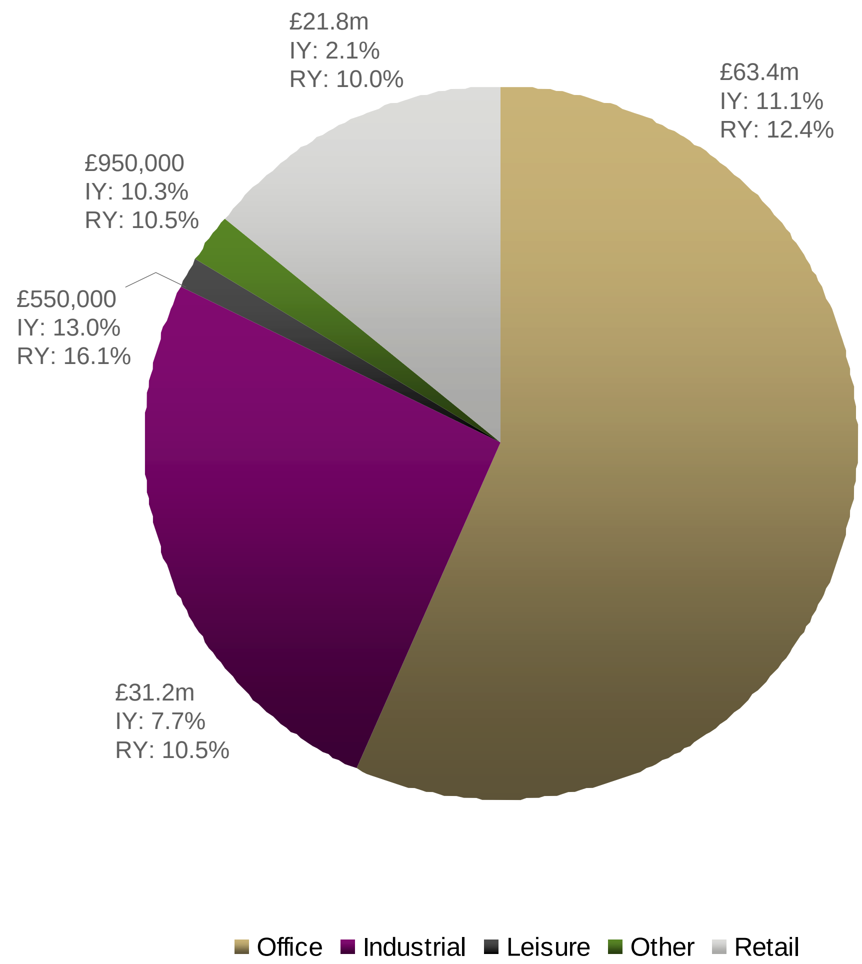
Nick Shattock
Deputy Chief Executive

Investment Portfolio

- Total £117.9m
    - Year on Year - 28.6%
    - From September 2008 - 18.6%
    - Initial Yield of 8.5% on Net Income of £10.6m
    - Reversionary Yield of 10.84%, Estimated Rental Value of £14.25m
    - Equivalent Yield of 9.4%
- Voids Estimated Rental Value of £2.8m within investment portfolio
    - Sales completed in the year to 31.03.09: £13.7m at 8.7%
    - New lettings in the year to 31.03.09: £1.9m
    - Voids sold during the year: £0.1m
    - Gross income sold during the year: £1.2m



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Urban Regeneration

Urban Regeneration: £732m

- Increasing influence of income and commercial ventures on all major schemes £21m of income
- Priority is cash collection and minimising capital commitments
  - Optimising capex for value enhancement and recovery positioning
  - Material creation of value by in-house resource
- Maintaining momentum on the major schemes
- Well positioned for residential recovery with a raft of ***detailed*** consents, including 1,598 private apartments in London
  - The cost of buying is nearly the cost of renting
  - Liquidity still an issue
  - Mortgage approvals up
  - Peak to date Central London residential: (22)%, 2009: (16)%, YTD: (4.3%)

Wembley City Valuation 2009: £481m (£620m)

Asset	March '09 £m	(+/%) YOY	Yield	Comments
Phase 1 land	181.4	(42.3)	-	5.3 sq.ft consent
Phase 2 land	72.3	(9.6)	-	Brent Master Plan 2008 Proposed application for 2.3m sq.ft with new retail street
LDA lands	30.0	-	-	Consented for 800,000 sq.ft including 60,000 sq.ft retail and 500 apartments
Brent Civic Centre	10.0	-	-	£10m sale for 2.25 acres for 250,000 sq.ft Civic Centre, subject to planning
Wembley Retail Park	44.0	(43.5)	7.0% (EY 11.0%)	Dreams, Wickes, Carpet Right, Allied Carpets, Halfords. 100,000 sq.ft short term income for redevelopment
Wembley Stadium Retail Park	10.8	(43.4)	6.9% (EY 7.9%)	JD Sports, Lidl, Maplin's, Curry's, McDonald's
York House	14.5	(30.3)	7.6% (EY 11.0%)	Ground and 1st floors consented for designer outlet Quintain's administration offices and Velocity 1 business
Wembley Arena	26.5	(32.3)	7.6%	Live Nation (NYSE)
Plaza Hotel by Hilton	10.6	-	15.1%	£1.7m EBITDA on £7m turnover
Holiday Inn Express	10.0	33.0	-	Formerly Fulton and Malcolm House JV with Summit Hotels
W01 Retail + crèche	2.6	-	-	Under offer
W01/W04 Residential, W04 Retail and infrastructure	68.7	-	-	W01 completed for sale W04 to complete for March 2010

Wembley City Valuation Assumptions

- Discount rate 15% (2008 10%)
- Estimated Rental Values for development broadly maintained
  - Retail park Estimated Rental Values downgraded to £23 p.s.f. WRP and £25 SRP
  - Stadium Retail Park: 7.9% Equivalent Yield,
    Wembley Retail Park: 11% Equivalent Yield
  - Retail development yields at 6.75-7.75%
- Residential
  - Wembley values down an average 18% on 2008.
  - New base £458 p.s.f.
  - Last reserved sale at £448 p.s.f this week
  - Growth PCL + regeneration impact
- Construction deflation
  - Savills valuation assumption -5%, -5%, 0%, 4%

Wembley City Progress in Period (1): Planning and Commercial

- Phase 2 – North Western Lands
  - Planning Application in 2010 for up to 2.3m sq.ft
  - 250,000 sq.ft Brent Civic Centre
    - Retail leaseback to Quintain of 10,000 sq.ft
    - Hopkins appointed by Brent
    - Brent Masterplan 2008
      - New retail High Street approved
      - June: Final Executive Committee
- Phase 1
  - Detailed consent for the 150,000 sq.ft designer outlet and 2,000 seat cinema
  - Residential removed / Family entertainment centre added
  - Surface Parking
- Hilton Hotel, options – 4 star, 3/4 star, 3 star
  - Up to £23m cost removed on 3 star to £43.6m
- 60,000 sq.ft supermarket/anchor store opportunity with affordable apartments above
- Summit Hotels JV – Express by Holiday Inn detailed consent for 262 rooms

Wembley City Progress in Period (2): Residential

- W01: 50:50 JV with RSLs on 145 private sales
  - 61 completions (£8m receipts to Quintain)
  - With £21m received from RSLs
  - 14 under offer in last 28 days £2.9m (to 75 sales)
  - £3m deposits forfeited
  - 46 lettings achieved at yields of 4% – 7%
  - £0.7m to repay £13m debt
    - Deferred terms products then launched
    - Rental JVs
- W04: 234 units (90 private £22.5m)
  - 56 units exchanged, with deposits of 10% on 38 and 17.35% on 18 units (£2m)
  - Practical completion March 2010: on time and on budget
  - No debt
  - Rental JVs will be used

Greenwich Peninsula Progress (1): Commercial

- QED contracted income is now £3.6m p.a
- The O2 (Dome)
  - 999 year lease
  - £1.575m p.a rent + RPI
- Ravensbourne College unconditional and constructing
  - 1,400 students per day from September 2010
  - Student accommodation likely to be required
- Transport for London (196,000 sq. ft) Pier Walk completes June 2009
  - Option exercised over further 60,000 sq.ft January 2009
- 115,000 sq.ft Mitre Passage completes November 2009
  - Jones Lang LaSalle marketing
  - 10,000 sq.ft floorplates
- Retail
  - 7,080 sq. ft under offer in TFL Building
  - Ravensbourne: Quintain £996,000 capex for retail buyback by Meridian Delta Limited of 7,850 sq.ft

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Greenwich Peninsula Progress (2): Residential

- 1,291 apartments with detailed consent
  - M0102 – Bellway - 229 units
    Marketed by Galliard start on site July 2009
  - N0602 - North West - 30 storey tower 397 apartments (30% affordable) breaks through outline Masterplan constraints
  - M0116 - 153 apartments FTBI (HCA) and 45% affordable
  - M0114 - 207 units RSL JV with London & Quadrant
  - N0206 - 305 units, 92 affordable

Greenwich Peninsula Valuations

- Valuation £230m after £50.7m capex
  - Dome, Pier Walk and Mitre Passage: £49m
- Discount rate 15.8%
  - 12% March ’08
  - 14.7% September ’08
- Development yields 7.5% Retail - 8.5% Industrial, 7.75% offices (TFL 7.25%)
- Residential values have fallen

	March ’08	September ‘08
• Base	(19)%	(11)%
• Premium Tower	(25)%	(12)%

- Residential growth: pegged to Central London Prime + Regeneration Effect
- Construction costs as per Wembley

Other Regeneration Projects

- City Park Gate, Birmingham (Cost £10.6m)(GDV £225m*)
  - 1m sq.ft scheme - office, retail, residential and hotel
  - £2.5m conditional sale of 0.6 acre site
  - Plot 1, detailed consent for 250,000 sq. ft
    - Pre-let and forward funding / sale sought
  - Development agreement with Birmingham City Council. (£7m land draw down November 2009)
- Beverley – (20% interest)
  - 16.5 acre consented in March (GDV £80m*) – 155,000 sq.ft retail and 165 houses/apartments (offer received)
  - Equalisation agreement between CPC Group, Wykeland and Quintain
- Brighton Bioregional Quintain with Crest Nicholson (118 private units at 13,000 sq.ft commercial)
  - 24 exchanged, 15 reserved (average £357 p sq.ft)
  - 42 units complete Sept 09, 15 Nov 09, 15 Feb 2010, 15 April 2010

* Directors estimate of GDV

Summary

- Momentum on major schemes maintained
  - Placemaking continues
  - Income increasingly important to valuation: £21m for Greenwich and Wembley
- Well positioned for a London residential recovery with 2,403 detailed consents as sales pick up
- Minimising capex and creating value via in-house resource

Quintain Estates
& Development plc

Tonianne Dwyer
Executive Director

Head of Fund Management

Quintain Fund Management

Specialist asset management

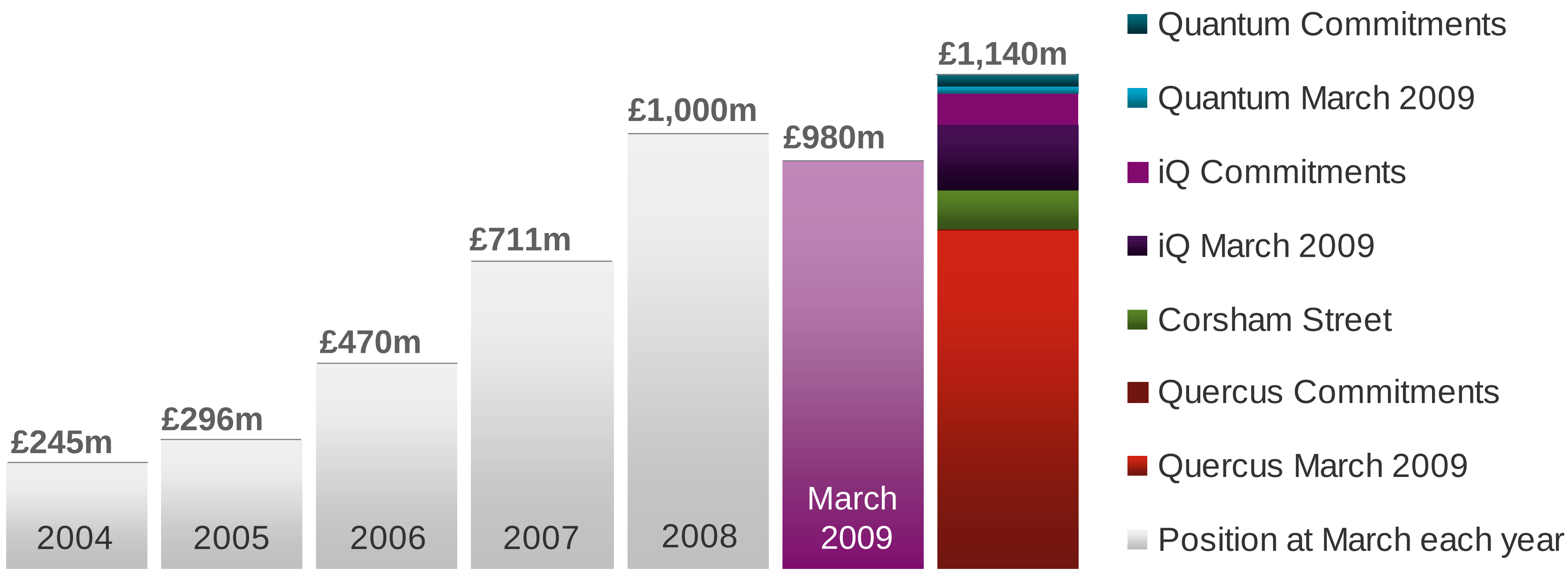
Three funds: Quercus, iQ and Quantum

2008/9

Growing contribution to Group results

- Fee income up 51% to £13.0m
- Distributions up 84% to £5.7m
- Robust valuations

Progress to Date



Funds Under Management broadly stable

at 31 March 2009

Fund Management: Quercus (Healthcare)






- Top performing geared specialist fund in AREF in 2008[1]
- Property level return 2008/9: (8.9)%[2]
  (IPD 2008/9: (25.5)%)
- Demographics support occupational market
- Annual RPI uplifts (min. 3%)
- NIY out 150bp to 8.1%
- £42.6m acquisitions, £13.5m capex
- QED holding 25.4%

1 As measured by IPD for AREF
2 As reported by AVIVA Investors

Fund Management: iQ (Student Accommodation)






- 6 schemes operational: 2,436 rooms (Sheffield, Nottingham, Birmingham, Salford, Kingston, Preston)
- 99.6% occupancy in 2008/9 academic year
- Strong bookings for 2009/10 year with 59% reservations to date
- Rentals up 7.2% for 2009/10
- NIY out 90bp to 6.4%
- Value of completed schemes down 14%
- 3 new schemes for Sept 09: 1182 rooms (Sheffield, Bristol, Leeds)
- 2 Edinburgh schemes for Sept 10: 634 rooms
- Planning consented for Corsham Street for 661 rooms

To Sum Up

QFM provides:

- **Robust recurring fee income**
- **Diversity of investment returns**

Fundamentals of the underlying occupational markets remain positive

Focus on maintaining performance

Quintain Estates
& Development plc

Adrian Wyatt
Chief Executive

Business Model

- Diversified business model
- Model delivery in transition
  - Ground lease estate with RPI income
  - Fund management business to size
  - Investment portfolio opportunistic
- Relative position in times of stress demonstrates resilience of model

Conclusion

- Actions to date limited rise in gearing
- Continued strategy:
  - Disposals programme: minimum £50m in financial year
  - Cost control
  - Introduction of JV partners
- Positioning group to trade through
- Uncertainty as to shape of recession means all financial options under review

Quintain