



10 August 2010

Quintain Estates & Development plc
(“Quintain” / “Company” / “Group”)

First Quarter Interim Management Statement

Highlights

- Good operational progress, with the delivery of two key milestones since 3 June 2010:
 - Beds in iQ increased by 20% and record reservations achieved for 2010/11 academic year
 - Pier Walk at Greenwich Peninsula sold for £97.1m: a 6% premium to valuation
- £3.5m added to the Group’s annualised income through new lettings, acquisitions and sponsorship deals completed since 1 April 2010
- £29m of new assets acquired for Quercus, with £95m of further acquisitions being pursued
- Outline planning consent secured for 275 acre Emersons Green scheme in Bristol
- 90% of apartments at Wembley City sold, exchanged or let
- 94% of apartments at OneBrighton sold or exchanged.

Adrian Wyatt, Chief Executive of Quintain, said:

“In our June results announcement we set out a new three year business plan, including key operational milestones for the current financial year. Two months on, we are pleased to have delivered the first two of these nine milestones with the sale of Pier Walk at Greenwich and a 20% expansion of our iQ portfolio. In addition, we have secured a material increase in the Group’s income, started to invest the equity that was raised at a 5% premium to NAV by Quercus earlier this year and made further progress with the sale of our remaining residential properties.

“While the recovery in the property sector has yet to become widespread or gather momentum, our focus on the fulfilment of our strategy is unequivocal and we anticipate the delivery of further milestones before the end of the calendar year.”

Urban Regeneration

Greenwich Peninsula

In line with our strategy, in August we sold Quintain’s 50% interest in the Pier Walk building to Deka Immobilien GmbH, a subsidiary of DekaBank, the largest provider of open-ended property funds in Germany. The total sale price for the building of £97.1m was 6% above the latest independent valuation at 31 March 2010 and reflected a yield of 5.9%, demonstrating the potential value to be realised across the Greenwich Peninsula scheme.

Wembley City

At Wembley City, 85% of the 520 homes are now sold or in lawyers' hands, with 17 achieving completion since our last report on 3 June. Sale prices per square foot remain steady. The residential lettings business, which primarily focuses on securing tenants for homes that are subsequently sold to investors with the benefit of an income stream, continues to perform well, attracting rental levels approximately 15% above equivalent homes in the vicinity. Our lettings business now contributes over £442,000 of income to the Group per annum.

The joint venture with Summit Hotels has completed the demolition of Fulton and Malcolm House at the north west gateway to the Wembley City site and is on schedule to complete the construction of the new Express by Holiday Inn hotel in time for a spring opening in 2012, prior to the London Olympics.

In May, the London Organising Committee of the Olympic Games confirmed that Wembley Arena will be the official venue for badminton and rhythmic gymnastics during the London Olympics. This is the second time in its history that the Arena has acted as a venue for the Olympic Games.

The public consultation regarding our development proposals for the 14 acres surrounding the site of the new Brent Civic Centre has concluded, with strong support shown for the plans from the local community. An application for outline consent will be submitted this autumn.

One Brighton and RiversideOne

At our first zero carbon scheme, One Brighton, 94% of the 172 units are now sold or exchanged with a further 4% reserved. Completion of the scheme remains on schedule to take place in September. Construction of our second zero carbon scheme, RiversideOne, continues on schedule.

Emersons Green

On 8 July a resolution to grant outline planning consent was unanimously approved for the 275 acre Emersons Green scheme, of which Quintain owns 65 acres. The consent permits development of 1m sq ft of commercial space, 25,000 sq ft of retail, up to 2,550 homes including 28.5% social housing, community facilities and land reservations for a primary and a secondary school. Together with our partners, Quintain is now working on the completion of the outstanding agreements relating to the site, including the Section 106 with South Gloucestershire Council.

City Park Gate

Hotel La Tour has this month been granted planning consent for the development of the new hotel on our City Park Gate site in Birmingham. The sale of the plot to Hotel La Tour, which was agreed subject to the granting of planning permission last year, will now be progressed and completion is anticipated before the end of September. Development of the wider City Park Gate site is on hold pending confirmation of the Government's proposals to site a high speed railway station on part of the land. Our medium-term strategy is therefore to continue to drive income from the site, and this now exceeds £450,000 per annum.

Fund Management

Quercus: Healthcare

Following its successful raising of £82.7m at a 5% premium to NAV earlier in the year, the Quercus Fund has made its first acquisitions. Five care homes totalling £29m have been purchased since 1 April 2010 and a further £95m of identified opportunities are currently being progressed, which will expand substantially the assets under Quintain's management, in line with our key milestone to achieve a 25% increase in funds under management during the financial year. Rental collection rates remain broadly level on the portfolio, within which 97.6% of properties have a lease length longer than 20 years.

iQ: Student Accommodation

635 new operational beds have been delivered on time and on budget within two new iQ student accommodation schemes in Edinburgh, a city with substantial undersupply of high quality purpose built accommodation. These beds constitute a 20% expansion of the iQ portfolio year on year. Like for like rental growth for the new academic year is running at 3% and the Fund has achieved its highest ever level of reservations, with almost 90% of the portfolio let prior to the announcement of 'A' level results.

Investment Assets

Quintain continues to own a limited portfolio of directly held investment properties that is managed separately to the Urban Regeneration and Fund Management businesses. The size of this portfolio will expand and contract according to prevailing market conditions. In line with our strategy of increasing the income stream of the Group, a single acquisition was made during the period of National Westminster House in Guernsey, delivering annualised income of £645,000 per annum.

Finance

At 30 June 2010 net borrowings were £395.3m. This debt is 100% hedged and the average cost of debt over the three months to 30 June 2010 was 5.0%.

Summary

In June, we outlined a three year business plan focused on the doubling of funds under management to £2bn and the delivery of critical mass at Wembley City. As the first step towards these targets, we are executing a clear operational programme during the current financial year that is focused on bringing further capital into the business, driving progress on our major schemes and increasing the recurring income generated across the Group. We are pleased to have completed two important operational milestones since June and we remain focused on delivering further consistent progress over the course of this year and beyond.

For further information, please contact:

Quintain Estates & Development plc

Rebecca Worthington / Cressida Curtis

Tel: +44 (0) 20 7495 8968

Financial Dynamics

Stephanie Highett / Dido Laurimore / Laurence Jones

Tel: +44 (0) 20 7831 3113

Notes

2010/11 Milestones

The operational targets within Quintain's three year business plan are to grow funds under management to £2bn and complete the Western Core of Wembley City. Both actions will increase materially the amount of recurring income received by the Group.

Within this three year business plan, there are clear operational targets for the current financial year. These are to:

	Milestone	Business	Completed
1	Expand income producing beds in iQ by 20% at 3% year on year rental growth	Fund Management	July 2010
2	Conclude the sale of Pier Walk	Urban Regeneration	August 2010
3	Introduce equity partner to Corsham St scheme	Fund Management	
4	Start construction of Hilton and progress student block at Wembley	Urban Regeneration	
5	Create the next fund	Fund Management	
6	Invest the remaining designated cash from rights issue in income-producing assets	Fund Management	
7	Secure anchor tenants for Wembley retail outlet	Urban Regeneration	
8	Start construction of the next building at Greenwich	Urban Regeneration	
9	Achieve growth in FUM of approximately £250m	Fund Management	