Quintain

24 May 2012

Quintain Estates and Development PLC

("Quintain" / "Company" / Group")

Results for the twelve months ended 31 March 2012

FURTHER YEAR OF PROGRESS FOR QUINTAIN

Quintain Estates and Development PLC today announces its results for the year ended 31 March 2012.

HIGHLIGHTS:

- Enhanced planning consents secured on 7m sq ft at Wembley, unlocking greater future value for shareholders
- At Greenwich, preparation of detailed plans for next phase of Peninsula Quays
- 1m sq ft of development currently underway at Wembley and completion of first phase on track for next calendar year
- Asset management now a scale business following the acquisition of Grafton Advisors - assets under management now increased to £2.2bn, surpassing our £2bn target a year ahead of schedule
- Cost reductions and income growth during the year will deliver positive operating cash flow from April 2012
- £373m of debt facilities now extended to 2016 (directly or through options), improving financial position
- £123m of sales agreed, further strengthening the balance sheet

FINANCIAL HIGHLIGHTS

Balance Sheet	**31 March 2012**	31 March 2011	Change %
Basic net asset value per share (pence)	**110**	116	(4.5)
EPRA net asset value per share (pence)	**116**	125	(7.6)
Total return (%)	**(4.5)**	(3.3)	
Gearing (%)	**87**	60	

Income Statement	31 March 2012	31 March 2011	Change %
Gross profit before trading property provisions (£m)	**27.8**	26.6	4.3
Gross profit (£m)	**24.9**	26.2	(4.9)
Adjusted profit before tax (£m)*	**5.8**	3.6	59.9
Loss before tax (£m)	**(43.5)**	(48.1)	
Earnings per share (pence)			
Basic	**(6.8)**	(6.7)	
Adjusted diluted (EPRA)	**0.3**	1.2	
Interest cover (x)	**2.9**	1.9	

*Adjusted for capital and revaluation movements and trading property provisions

William Rucker, Chairman of Quintain, said:

"Quintain is well placed for an exciting phase in its development. We have strengthened the balance sheet, maintained our momentum at Wembley and Greenwich and created an asset management business of genuine scale".

Adrian Wyatt, Chief Executive of Quintain, said:

"The last 12 months has been an exciting time for Quintain with more than 1m sq ft of construction underway at Wembley, further progress at Greenwich and the acquisition of Grafton Advisors in February. We have further strengthened the balance sheet, extending £373m of debt on attractive terms, successfully refinanced our iQ joint venture, agreed further disposals and turned operating cash flow positive from April 1st. All the ingredients are now in place to deliver success at Quintain."

Meeting and conference call
A meeting for analysts and institutional investors will take place today at 09.00 at RLM Finsbury, Tenter House, 45 Moorfields, London EC2Y 9AE. The meeting can also be accessed via a conference call dial in facility, using the following details:

Dial in number: +44 (0)20 3059 5861
Password: Results

In addition, an audio webcast will be made available on the Company's website www.quintain.co.uk following the meeting.

For further information, please contact

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Chairman's Statement

Chairman's Statement
This last financial year has been another year of real progress, in the face of a strong headwind in the credit markets.

Our intention twelve months ago was to strengthen the Group's profitability and financial health. This we have done by extending the Group's borrowing facilities, reducing the cost base and increasing recurring income.

Since the year end we have also:
- made important management changes; and
- continued the strengthening of the Group's balance sheet

Management changes
We have appointed Max James to the position of Chief Executive with effect from 25 May 2012. Max brings great experience and energy to the role and will provide leadership for the next important phase of Quintain's development. Rebecca Worthington will become Deputy Chief Executive on the same day and will continue as Finance Director until a new appointment is made.

Adrian Wyatt will step down from the Board on 25 May. Having founded the Company in 1992, Adrian has been a visionary, leading the company into new markets and projects. His legacy of a leading asset management business and two of the largest urban regeneration projects in London is one we are all proud with which to be associated. More recently, his efforts to stabilise the business against a background of some of the most difficult credit markets for a generation have resulted in a greatly strengthened business, compared to the height of the financial crisis in 2008-09.

We have also appointed Nigel Kempner of Grafton to the Board as an Executive Director with effect from 25 May. Nigel brings a wealth of experience with over 25 years in the property industry and publicly quoted sector. He will be a great support to Max and Becky.

Strengthening the balance sheet
We continued to improve the maturity of our corporate debt during the year, with £373m debt now extended directly, or through options, to 2016. In order to ensure sufficient funds are available to invest in the growth of the business, we made disposals of £123m during the year, with £66m of proceeds due after the year end. We will continue to make disposals in order to deleverage the balance sheet and enhance liquidity.

Quintain is today, I believe, now positioned for the next exciting stage in its development. In the last two and a half years, we have stabilised the financial state of the Company. We have maintained our momentum at Wembley and Greenwich and built up asset management activities. The Company is now set for the next phase of its evolution, principally focussing on the delivery of Wembley and Greenwich and the growth of its assets under management.

I would like to thank all those who have worked for and with Quintain over the past year to help bring this about as well as our shareholders for their continuing support.

In particular though, I would like to thank Adrian. He has been a great friend and supporter of all at Quintain.

William Rucker
Chairman
24 May 2012

Chief Executive's Review

Creating a solid platform for growth
In the last 12 months we have made significant progress towards turning our vision for Quintain's two major regeneration schemes in London at Wembley and Greenwich Peninsula into reality.

At Wembley, construction activity continues apace with the new 4-star Hilton Hotel next to Wembley Stadium scheduled for completion ahead of this summer's London Olympic Games and the 660-bedroom student accommodation block on track to complete in time for the new academic year. This together with the construction of the London Designer Outlet means we are on target in the next 18 months to complete the first phase of the Western Core at Wembley. With over 1m sq ft of construction currently underway across the estate, including Brent Civic Centre, Wembley is set to become a vibrant new retail and leisure destination for London.

At Greenwich Peninsula, we have also made progress, with the preparation of detailed plans for the next phase of Peninsula Quays due to be submitted shortly for one of the largest residential schemes in the capital. The next phase of the project comprises 1,400 residential units, with over 600 overlooking The O2 and Canary Wharf. Negotiations are advanced with relevant stakeholders to reduce the affordable housing quota for these homes. We are exploring a range of short term commercial opportunities for Peninsula Quays in order to maximise income during the early stages of the development and create an attractive landscape for the first home owners. We expect to commence on site later this year.

Our Asset Management business has also enjoyed a busy year. The acquisition in February of Grafton Advisors, the specialist West End of London strategic property adviser, increased property assets under management to £2.2bn, surpassing our £2.0bn strategic target – a year ahead of schedule. As a result, the proportion of capital to assets under management has now reduced from 19% to 12%, thus better leveraging our balance sheet, growing income and diversifying our management fee exposure.

Results
As at 31 March 2012, net asset value per share was 110p (2011: 116p). This decrease was driven by a 2.7% fall in valuations, the biggest impact being at Wembley and within the secondary property portfolio where the market uncertainty caused yields to increase in non-prime property. At Greenwich Peninsula and within the iQ student accommodation portfolio valuations rose slightly. The net valuation write-downs contributed to a loss before tax of £43.5m (2011: £48.1m). Excluding capital movements, adjusted profit before tax for the year was £5.8m (2011: £3.6m).

Financing
During the year we have built the foundations for a solid financial platform from which to deliver our two London regeneration schemes. A relentless focus on costs, combined with a growing income stream from our Asset Management business, will enable us to deliver a positive operational cash flow position for the start of the new financial year – a significant turning point for the company.

We further strengthened our balance sheet, with the terms of £373m of our existing debt now extended to 2016, either directly or through options. With forward sales exchanged during the year and a pipeline of disposals, we anticipate a reduction in gearing during the coming year.

Business Delivery
At the beginning of the year, we set ourselves a number of deliberately stretching and specific operational milestones and made good progress against many of them, notably surpassing our target to grow assets under management to at least £1.5bn through the acquisition of Grafton Advisors; securing Outline Planning Permission for the North West Lands at Wembley and accelerating the residential development at Greenwich Peninsula.

At Wembley we have recycled £66m of capital so far and we are currently in active discussions with interested parties to bring in third party capital to fund, *inter alia*, the London Designer Outlet centre. In all cases the priority remains to secure the right deals for all our shareholders, balancing returns with the appropriate level of risk.

Our focus for 2012-13
During the year, whilst taking action to strengthen our balance sheet, our principal focus was on our two London projects at Greenwich Peninsula and Wembley. We believe that they offer a unique opportunity to generate real value for our shareholders, building upon London's strength as a dynamic global city.

Our development activities in London are supported by our growing Asset Management business which generates a robust, recurring income stream to help support our development programme.

Consequently, our priorities for the year ahead are the following:
- To take further action on disposals to de-gear the balance sheet substantially
- To build upon the construction activity at Wembley this year and to continue our place-making at Greenwich and Wembley
- To continue to grow a robust and recurring income stream in our Asset Management business
- To continue to drive improvements to underlying earnings

People
The passion, dedication and hard work of the people at Quintain has ensured that despite challenging market conditions, our schemes at Wembley and Greenwich and our Asset Management business have made significant progress this year. On behalf of the Board I would like to thank everyone involved for all their efforts.

Awards
We are delighted to announce that Quintain won Gold at the 2011 What House Awards for Wembley "Best Mixed Use Development", a further testament to the quality of the work produced by the team during the year.

Outlook
The actions we have taken this year to reduce costs and grow our income stream mean, with effect from April 2012, the Company turned operational cash flow positive creating a solid platform for the future despite the testing environment. Market conditions are unlikely to improve in the short term and we remain mindful of the challenges that any further deterioration could present. The Company's focus in 2012-13 will be to continue our work to de-gear the balance sheet substantially and to drive further improvements in underlying earnings as we progress our development programme at Wembley and move forward our plans at Greenwich Peninsula. With London as one of the leading cities of the world, Quintain enters 2012-13 well placed to create value for all of the shareholders and stakeholders.

Adrian Wyatt
Chief Executive

Business Review

London Urban Regeneration

Wembley
Through the year we advanced on the build - out of Wembley and the completion of Phase I of the Western Core, with construction of the Hilton Hotel now almost complete and the 660-bedroom student accommodation block on track to complete in time for the start of the new academic year.

Western Core
The area adjacent to the western side of the Stadium represents the first phase of the development. Substantial achievements this year include the following key projects:

- The 361-room Hilton Hotel now in the 'fit out' phase and due to open in time for the Olympics
- The 660-room student accommodation now in the 'fit out' phase; completion in time for the 2012-13 academic year and forward sold to Keystone & Partners Real Estate
- Ground works started at the London Designer Outlet shopping centre (LDO); with 61% of available rent pre-let or under negotiation

During the reporting period our investment in the Wembley site increased from £489.7m at 31 March 2011 to £551.6m (excluding the Stadium Retail Park, which is held in SeQuel), due to our expenditure on construction costs. However, we have exchanged on sales which will deliver £63m of capital from the site during 2012-13 (with a further £5.5m deferred for up to five years), and generated £25m of gross income through assets at the site, which service some of the four million visitors to the Arena and Stadium each year.

Construction of the 361-room Hilton Hotel progressed well over the reporting period and is now nearing completion. With the final fit out underway it is scheduled to be open as planned, in time for the Olympics. The 4-star hotel will offer conference and banqueting facilities as well as a gym and "Skybar" overlooking the Stadium and Arena Square. Even though it has yet to be completed, the hotel is already attracting significant interest amongst conference organisers looking to use the Stadium and requiring substantial, convenient accommodation.

Construction of the student accommodation will complete soon after the period end, triggering (as announced last year) a payment of £50m from Keystone & Partners Real Estate for the 251 year lease of the student accommodation. Quintain will initially manage the building on behalf of Keystone.

With the Hilton Hotel and student accommodation nearing completion and construction underway at the LDO, we are now firmly in the delivery phase. We have appointed Realm Ltd, one of the UK's largest third party outlet centre operators, as asset manager of the LDO. During the construction phase, Realm will provide consultancy advice to ensure its quality and success when it opens in October 2013.

The marketing of space within the LDO continues to yield positive results. To date, contracts relating to 49% of the base rent have been exchanged or are in solicitors' hands and negotiations are advanced on a further 12% of rental income. Following the successful leasing of the food and beverage units, our focus during this period has been on lettings to anchor retail brands with an emphasis on designer, fashion and lifestyle products. We are delighted to add M&S to the growing list of quality brands, including Nike and Gap, with whom contracts have been exchanged. Superdry and Max Studio are both confirmed with talks at an advanced stage with a number of other key brands.

The Section 106 Agreement for the 5.3m sq ft Stage 1 Lands has been successfully renegotiated. There is now a direct link between the sales receipts achieved from Registered Providers and the level of affordable housing required, as well as a developer election to offset up to 25% of the requirement with the payment of a commuted sum set at £46.50 psf.

North West Lands
As the Western Core site reaches critical mass, our development focus is turning increasingly towards the North West Lands, the second phase of the development. The 14 acre site forms part of the western façade of Olympic Way, from Brent's new Civic Centre north towards Wembley Park underground station.

The period under review has seen the completion of the planning process on this next phase of development. We have secured final consent for 1.7m sq ft of mixed-use development and documented the associated Section 106 Agreement which sets the affordable housing requirements at 10%, which may rise to no more than 17.5% following a single review.

The London Borough of Brent continues to make good progress with the construction of the new Civic Centre located to the north of Wembley Arena. This 240,000 sq ft building, due for completion in summer 2013, will provide a focal point for subsequent residential and retail development as it is predicted to attract an additional one million people to the area each year.

In the immediate term, both the Arena and Stadium will host a series of events during the Olympic and Paralympic Games, and these events should bring around 0.9m ticket-holders to Wembley. In order to manage successfully Wembley's contribution to the Games, on 1 May the London Organising Committee of the Olympic Games ("LOCOG") took temporary possession of 100,000 sq ft of our site adjacent to the Civic Centre, for its Wembley compound. The Games will provide an excellent opportunity to demonstrate the progress made in transforming Wembley and its convenience to Central London. We have been working closely with LOCOG over the reporting period to ensure the investment made in the site by the organisers will have a lasting legacy for Wembley and the wider community.

During the reporting period, our commercialisation and estate management activities provided £5.0m of income for the Group. This is generated in a number of ways including commercialisation of Wembley Arena and Arena Square, car parking, event day catering and the provision of services to the Wembley residents.

Greenwich Peninsula
Greenwich Peninsula represents another of the most significant active development opportunities in London. Focused to the south of The O2, offering high levels of prime river frontage and with a growing sense of place, it will be recognised as a convenient and highly desirable new residential and commercial district for London. Like Wembley, Greenwich Peninsula has also seen progress during the reporting period and we are moving towards the delivery phase at Peninsula Quays, a prime site which has unparalleled views across the Thames to Canary Wharf.

Peninsula Quays
As mentioned in last year's review, we have agreed new arrangements with our partner, Lend Lease Europe, which allows each company independent development rights for specific projects within the regeneration site. This allows us better opportunities for successful development through a more direct management approach. As a consequence, our primary focus is the construction of the first 611 homes on the river front at Peninsula Quays, overlooking Canary Wharf. Meanwhile, Lend Lease Europe will be building two housing blocks on the eastern side of the Peninsula.

Designs are being drawn up for our buildings in preparation for detailed planning applications to be submitted shortly. Pending approval of the application, ground works are timetabled to begin later in the year. We expect the first homes to be ready for occupation in 2014. This represents the first phase of our residential build out at Greenwich Peninsula, which will eventually see the creation of 10,000 homes, 3.5m sq ft of office and 360,000 sq ft of retail space.

Market conditions have changed substantially since outline planning consent was originally granted for Greenwich Peninsula in 2004. During the reporting period we have conducted an in-depth review of the master plan for Peninsula Quays, in order to maximise value across the site and in light of this review and following extensive collaboration with all our stakeholders, we are now confident we can move forward with the delivery of the next phase of residential with an improved affordable housing provision.

We will be delivering a range of high quality apartments and houses, most with spectacular views of the Thames and The O2. We expect this development will attract overseas and UK investors as well as young professionals and families who are drawn to the community we are building on the Peninsula and the ease of access to Canary Wharf and Central London. To provide for this range of demand we will be offering properties across the pricing structure, all finished to an extremely high standard, reflecting the value in the development. The desirability will be reinforced by the provision of high end amenities for residents, for example, a swimming pool, gymnasium and cinema room.

Peninsula Central
Despite the challenging conditions faced in the commercial market over the period, we have been pleased to announce the lease of 10,640 sq ft at Mitre Passage, adjacent to The O2, to the digital video business UCi2i at a rent of £32 per sq ft. A further floor is under offer to the Royal Borough of Greenwich to create an innovation centre.

The retail units at Peninsula Square have been let to high quality, commercial tenants including Tesco Metro, Café Rouge, Subway, Wagamama and Chiquitos. As well as building a sense of place, in the short term the Square is expected to attract significant footfall from Olympic spectators heading to and from The O2.

Building on the introduction of Ravensbourne College to the scheme last year, we are exploring opportunities to develop student accommodation on the Peninsula. Initial indications suggest that the location will be very attractive to student accommodation operators. Consent was granted in May for a 264-room student scheme on a plot on the southern end of the Peninsula and offers have also been received for a further plot to build up to 812 rooms of student accommodation to the north of the site, behind North Greenwich underground station.

Construction of the Emirates Air Line is well underway on the site. In addition to the ability to transport 2,500 people an hour from the Excel Centre, it will introduce a new station in London called “Emirates Greenwich Peninsula” which will appear on the Tube Map. The iconic structure will be unique in London and is expected to generate higher footfall to the Peninsula as well as increasing accessibility and the range of transport options, further developing the sense of place.

Peninsula Riverside
The plot sold to Bellway at the south of the Peninsula is now complete and occupied; it comprises 229 units, with prices achieved of up to £660 per sq ft. Bellway cited its Greenwich Peninsula building as one in particular that was attracting purchasers from the Far East who are able to buy off plan early in the development cycle. The success Bellway has seen in this first development reinforces the view that this site can be developed profitably. Bellway has made an offer on an additional 196 unit site and negotiations are on-going.

Asset Management

Our primary focus remains on specialist segments of the property markets where, through the application of our skills, we can deliver strong fund performance as well as achieving resilient recurring income to cover operational expenditure.

The acquisition of Grafton during the period increased our assets under management to £2.2bn, surpassing our strategic target of £2.0bn twelve months ahead of schedule.

The deal, which completed in February for £5.75m, has created an asset management business of compelling scale which we intend to expand further over the coming year. The addition of the Grafton management team, led by Nigel Kempner, further increases the breadth and depth of specialist sector knowledge within the Group.

The acquisition of Grafton coincides with an evolution of our approach towards asset management, with our focus for the coming year set to move away from the co-investment model towards a more traditional asset management model. By focusing our capital in this way, we believe that we will achieve better and more sustainable returns for Quintain.

Our primary focus is delivering strong returns by focusing our skill on specialist segments of the property markets. Our markets share three unique characteristics: compelling social, economic and environmental trends, high barriers to entry and the need for specialist knowledge and skills. The largest sectors we operate in are student accommodation, healthcare and the West End. Our iQ Fund, a 50-50 joint venture between Quintain and the Wellcome Trust, has grown to be one of the top 10 providers of student accommodation in the UK, while Quercus, our healthcare Fund managed in partnership with Aviva Investors, is now one of the three largest healthcare landlords in the UK. Our remaining funds are dedicated to science parks and secondary property.

The acquisition of Grafton, the strategic property adviser to the West End of London Property Unit Trust (WELPUT), (a leading institutional investment fund, managed by Schroders, owning a high quality portfolio of office properties in the West End of London) further enhanced our specialist property asset management capability. Following the disposal of a property in Stratton Street, WELPUT has some 80 investors and 10 properties with a gross value of around £717m and is seeking to re-invest an additional £100m in the short term. In the year to March 2012 the Fund provided a total return of 13.6% (3 year return 21.8% pa). In addition to growing assets under management, the acquisition of Grafton has increased the Group's recurring income, delivering upside potential through performance and development fees. Furthermore, it has added a second pooled investor fund to the asset management business alongside the healthcare Fund, Quercus.

Healthcare

The Quercus Healthcare Fund was established in 1998 as a partnership between Quintain and Aviva. In addition to generating fees from asset management and procurement, Quintain holds an 11.2% interest in the Fund, earning a share of the Fund's profits.

Quintain's net fees from the Fund in respect of asset management and procurement have remained stable at £2.3m. The distribution receivable from the Fund in the period under review was £3.0m (2011: £4.3m). The reduction in the distribution was due to a decrease in Quintain's holding in the Fund last year and lower income due to administrations in the year. Despite this, the distribution yield in the period under review remained robust at 5.6%.

The healthcare market remains an attractive long-term investment proposition, given the demographics of an ageing UK population and the inevitable demand for care services this will create. The fundamentals underpinning the sector remain strong, with the proportion of the population in 2010 aged 65 and over confirmed at 17% by the Office for National Statistics. By 2035 it is projected that those aged 65 and over will account for 23% of the UK population and those aged 85 and over will account for 5%.

However, while demand is expected to continue to increase for some time, supply has been more than keeping pace, with a net fall in occupancy recorded by Laing & Buisson this past year. As anticipated, cuts in public spending, which have reduced the amount local authorities are willing to pay for residential care, together with the rising cost of wages and utilities, have hit the sector hard. The most notable example being Southern Cross, to which Quercus had a small exposure of eight homes within the portfolio of 262. All of these homes were re-registered with the relevant authorities and placed with alternative Quercus operators with no break in the services offered to residents.

Distress has not been limited to Southern Cross, during the past two years there have been five new administrations, currently impacting 28 care homes across the portfolio. The asset management team continues to manage operators closely to enable emerging issues to be identified and managed-out effectively, ensuring wherever possible the continuing operation of the homes in question with minimal disruption to residents.

During this period we have taken a number of actions to introduce further diversification in the Fund. Of the 24 assets acquired during the year, seven, representing £34.2m of the £83.5m capital outlay, are facilities supporting young adults with a broad range of conditions that require specialist care. These homes have been leased to Exemplar Health Care Group, which has been an operator within the Quercus portfolio since 2001 and is a market leader in this form of care. This acquisition represents a useful diversification for Quercus away from elderly care and thereby enhances the Fund's portfolio during a challenging time for elderly care home operators.

Across the rest of the Quercus portfolio, rental collection remains high, with 91% of rent demanded paid within 20 days of falling due, which is consistent with the previous year. It should also be noted that providers with facilities in Wales and Scotland, where Quercus has good representation, have fared better, with some authorities increasing the amount they pay.

While we expect the sector to remain under pressure in the near future, with careful management, continual monitoring and support for operators, the impact of these challenges can be effectively managed. Following the negative impact of the past year, we believe that the position has now broadly stabilised.

Student Accommodation

The purpose-built student accommodation market in the UK continues to demonstrate strong fundamentals, with solid investor demand for assets in key university cities. The rise in university tuition fees from September has resulted in a predicted fall of student applications for the 2012-13 academic year; UCAS reported a decline of 7.7% from the previous year but this should be seen in the context of 29.7% of applicants in 2011 failing to secure a university place. Therefore the effect of tuition fee increases has been absorbed by the structural undersupply of higher education places.

Our bookings for the academic year 2012-13 remain in line with last year, and we expect to see the benefit of a 5.5% increase in rents at the start of the year.

iQ is a joint venture with Wellcome Trust which has grown to become one of the top ten student accommodation provider in the UK. Established in 2007, iQ will have 5,183 operational rooms by the beginning of the 2012-13 academic year. Total property assets have increased by 9.1% over the year, reflecting the addition of iQ Hoxton to the portfolio, continued demand for assets and the higher rents now being achieved. The Fund achieved a total return of 17.6% pre-refinancing costs in the year to March and 13.9% post those exceptional refinancing costs. The iQ portfolio was refinanced in March 2012 with M&G and Deutsche Postbank.

Another new site was completed in the summer of 2011 adding 257 bedrooms to the portfolio. The building, located in Hoxton, central London, was purchased on a forward funding agreement from developer, Watkin Jones. iQ Hoxton was completed in time for the start of 2011-12 academic year, with rooms being let at rental levels higher than projected at acquisition. This strong performance is reflected across the portfolio which saw a 4.3% increase in average base rents from the 2010-11 academic year.

The construction of iQ Shoreditch is entering the fit out phase and we anticipate that it will be completed on schedule in time for the 2012-13 academic year. The marketing suite and three show studios opened in January and design focus groups dealing with the many common rooms and social spaces have been completed. We have been very pleased with the response and the 673-bedroom scheme is letting well for the next academic year at a base rent in line with expectations, taking our total rental income projection from the iQ portfolio to over £33m for 2012-13 academic year. Post the year end, £70m of financing was put in place with M&G in respect of this asset.

The construction and leasing of Dashwood Studios was completed on schedule, delivering 232 fully let bedrooms to the market in time for the start of the 2011-12 academic year. During the reporting period the scheme was sold by Quintain to Rockspring Property Investment Managers for £34.0m, £3.4m above cost.

Science Parks

The Bristol & Bath Science Park, owned and managed by Quantum, a 50:50 joint venture between Quintain and Aviva Investors, was officially opened in September 2011 by the Rt. Hon David Willetts MP, Minister of State for Universities and Science. The Park is designed as a world class environment that provides the space, flexibility and support for science and technology businesses to accelerate their growth and success. It occupies a 59 acre site at Emersons Green, close to the M4 and Bristol's railway network, offering easy access to international transport hubs and has partnered with the three universities in the region.

The first building to open consists of three elements: the 25,000 sq ft Innovation Centre; the 25,000 sq ft Grow-On Centre; and the spectacular 6,000 sq ft Forum. We have been very encouraged by the level of interest shown in opportunities at the Centre and for standalone facilities elsewhere on the Park. The ground floor of the Innovation Centre is now almost fully let, as a result of which we have just commenced fit out works to the first floor, providing an additional 141 work stations; occupants include Science City Bristol, life sciences company Apitope, scientific consultancy Formumetrics, patent law specialists BPE Solicitors LLP and fund manager YFM Equity Partners. At the recent British Council for Offices awards, the building won the regional award for the best commercial workspace.

The second building on the Park, the National Composites Centre, also opened in the autumn of 2011. It is anticipated that more than 250 people will be located in the facility, which is supported by leading aerospace, engineering and environmental firms. Together, the National Composites and Innovation Centres account for 22% of the Emersons Green site, with 31 acres of plots awaiting development.

During the reporting period ministers from the Department for Business, Innovation and Skills (BIS) hosted their Advanced Manufacturing Summit and UKTI held a major Export Conference at the Science Park. Furthermore, visits by the Deputy Prime Minister and all ministers in the Department for Business, Innovation and Skills have enhanced the park's growing reputation as a centre of excellence; as has its designation as one of three BIS national assets.

In December 2011 Quantum sold its interest in the Cambridge Science Park for £1.7m, marginally above valuation, resulting in net proceeds to Quintain of £0.8m after selling costs.

Secondary Property

Quintain's main investment in the secondary market is through its 98.5% direct ownership of the SeQuel Fund and its 28% shareholding in Albemarle Retail Properties LLP.

SeQuel comprises a portfolio of high yielding management intensive assets situated throughout the UK. The portfolio comprises 26 properties with a gross rental income of £7.3m and an ERV of £8.5m. The average unexpired lease length to break is 3.3 years and 5.0 years to lease expiry. The portfolio was valued in March 2012 at £66.4m to reflect a 10.4% net initial yield. In line with the majority of secondary UK assets the portfolio is exposed to increased void rates and weakening capital values. £6.9m of sales were secured at a 10% premium to starting book value during the course of the year. £1.5m of leases were successfully renewed or regeared with the management team in discussion regarding the renewal of an additional £1.8m of income.

Quintain holds a stake in Albemarle Retail Properties LLP (ARP) to which it has provided £10.7m of funding. ARP comprises a portfolio of well secured high street retail units and food stores located in regionally dominant catchment towns and cities. The portfolio comprises 105 units with a gross rental income of £4.9m and an ERV of £5.0m. The average unexpired lease length throughout the portfolio is 10.4 years. Quintain's receives a 10% annual paid coupon and a priority deferred annual 10% coupon over three years. Quintain has representation in ARP's management structure and is the single largest shareholder in the vehicle.

Financial Review

We entered the year with two clear financial objectives. The first of these was to build recurring income and manage costs in order to move towards positive operating cash flow and the second was to extend the debt maturity profile of the Group, and we are pleased that we have made good progress on both fronts. Adjusted profit (our measure of recurring profit, which excludes valuation and mark to market adjustments), has increased by £2.3m and we commence the new financial year in a positive operating cash flow position. We have negotiated extensions, either directly or through options, on a further £105m of bank facilities since March 2011, with a total of £373m now extended out to 2016.

2011-12 has been a year of investment with £116.1m expenditure on investment properties and a net £48.1m advanced to joint ventures. The former has been spent on developing the Hilton Hotel and 660-bedroom student scheme at Wembley which are scheduled for completion this summer, and completing the Dashwood Studios student scheme which was sold in the year for £34.0m; a £3.4m profit on cost. The advance to joint ventures includes part funding of the construction of iQ Shoreditch which will be refinanced by the introduction of new debt into iQ on completion in the summer. This investment has resulted in total net debt increasing from £420m to £535m. This represents a peak with net debt forecast to fall in the first half of 2012-13 on receipt of the proceeds from the sale of the student scheme and Plaza Hotel at Wembley. Both were contracted during the year and together will realise £63m in the first half of the current year in addition to which the refinancing of iQ Shoreditch which will see a further net £29m returned to the Group.

While adjusted profit showed an increase in the year, the overall pre-tax result for the year was a loss of £43.5m due principally to a £40.5m investment property revaluation deficit. The two main contributory factors to this were a fall of some £15.6m across our secondary property portfolio and a 5.1% (£29.5m) reduction in the value of our holdings at Wembley. Offsetting the deficits was a valuation surplus of £6.5m on residential land at Greenwich. Joint ventures contributed positively to the results generating a profit of £8.6m. Notable within this was an increase of £10.4m in the value of our share of the properties within iQ, offset partly by a fall of £2.7m in our share of the value of Quercus, reflecting the respective strengths of the student and healthcare markets.

Looking forward to 2012-13 and beyond, the priorities are to remain focused on building recurring income and, now that debt maturities have been extended, to reduce gearing to provide operational flexibility for the next stage of the Group's development in the context of a macro-economic environment where capital availability remains constrained.

Income statement

The Group reported a loss before tax for the year of £43.5m (2011: £48.1m) which, as previously explained, is mainly attributable to revaluation movements. Excluding capital items, profit for the year before tax was £5.8m (2011: £3.6m) and profit after tax was £5.7m (2011: £3.4m).

Summary income statement			**31 March 2012**			31 March 2011
	Urban Regen	**Asset M'ment**	**Total**	Urban Regen	Asset M'ment	Total
Gross profit	**11.0**	**13.9**	**24.9**	12.6	13.6	26.2
Deficit on revaluation	**(25.9)**	**(14.6)**	**(40.5)**	(13.4)	(40.6)	(54.0)
(Loss) profit on disposals	**(4.2)**	**0.3**	**(3.9)**	2.6	0.2	2.8
Share of (loss) profit from joint ventures & associates	**(0.3)**	**8.8**	**8.5**	(5.2)	14.6	9.4
Net segmental (loss) profit	**(19.4)**	**8.4**	**(11.0)**	(3.4)	(12.2)	(15.6)
Administrative expenses			**(22.0)**			(20.6)
Net finance costs			**(10.5)**			(11.9)
Loss before tax			**(43.5)**			(48.1)
Tax credit			**8.0**			13.4
Loss for the financial year			**(35.5)**			(34.7)
Of which: Adjusted profit	**13.3**	**18.9**	**5.7**	13.1	18.3	3.4
Capital losses	**(32.7)**	**(10.5)**	**(41.2)**	(16.5)	(30.5)	(38.1)

With the exception of administrative expenses, which increased in the year as a consequence of one-off action taken to reduce ongoing operating costs, the benefit of which will show through in 2012-13 and future years, each item in the table above is discussed further below.

EPRA earnings per share

The table below reconciles EPRA earnings per share to the reported IFRS fully-diluted loss per share of 6.8p (2011: 6.7p).

EPRA earnings per share			**31 March 2012**			31 March 2011
	shares	**£m**	**pence**	shares	£m	pence
IFRS fully diluted earnings per share	518.3	(35.5)	**(6.8)**	517.9	(34.7)	(6.7)
Revaluation movements:						
Group		40.5	**7.8**		54.0	10.4
Joint ventures		(7.8)	**(1.5)**		(8.9)	(1.7)
Loss (profit) on disposals		3.9	**0.8**		(2.8)	(0.5)
Deferred tax arising on revaluation movements, capital allowances and derivatives						
Group		(14.6)	**(2.8)**		(10.4)	(2.0)
Joint ventures		3.8	**0.7**		3.1	0.6
Fair value adjustments on derivatives						
Group		11.1	**2.1**		4.7	0.9
Joint ventures		0.0	**0.0**		1.1	0.2
EPRA earnings per share fully diluted		**1.4**	**0.3**		6.1	1.2

Gross profit

Before provisions on trading properties, gross profit has increased by £1.2m, from £26.6m last year to £27.8m. Increases of £0.8m in other income (mainly commercialisation activities at Wembley), £0.9m in hotel income and £0.3m in fees from asset management have offset a reduction of £0.7m in rental income, which fell due to disposals in the year.

The trading property provision of £2.9m related to our development at Middlehaven where the carrying value has been adjusted to reflect a cautious assessment of the market outlook.

Gross profit	**31 March 2012**			31 March 2011		
	Urban Regen	**Asset M'ment**	**Total**	Urban Regen	Asset M'ment	Total
Rental income	**9.2**	**10.9**	**20.1**	9.7	10.5	20.2
Property outgoings	**(2.2)**	**(3.5)**	**(5.7)**	(2.3)	(2.8)	(5.1)
Net rental income	**7.0**	**7.4**	**14.4**	7.4	7.7	15.1
Income from sale of trading properties	**(0.1)**	**0.0**	**(0.1)**	0.0	0.0	0.0
Income from hotel operations	**4.8**	**0.0**	**4.8**	3.9	0.0	3.9
Fees from asset management	**0.0**	**5.8**	**5.8**	0.3	5.2	5.5
Other income	**2.2**	**0.7**	**2.9**	1.4	0.7	2.1
Gross profit before provisions	**13.9**	**13.9**	**27.8**	13.0	13.6	26.6
Trading property provisions	**(2.9)**	**0.0**	**(2.9)**	(0.4)	0.0	(0.4)
Gross profit	**11.0**	**13.9**	**24.9**	12.6	13.6	26.2

Rental income

The main feature of rental income earned in the year was the strong performance of our iQ student accommodation joint venture with 2011-12 benefiting from the opening of iQ Hoxton in September 2011. 2012-13 will include a full year's trading from this asset as well as the first six months' trading at iQ Shoreditch. This more than offset the slight fall in rental income from directly owned properties, which was due to disposals in the year.

Rental income	**31 March 2012**			31 March 2011		
	Urban Regen	**Asset M'ment**	**Total**	Urban Regen	Asset M'ment	Total
Gross rental income						
Direct owned	**9.2**	**10.9**	**20.1**	9.7	10.5	20.2
JV properties	**4.9**	**18.0**	**22.9**	1.6	16.6	18.2
Gross contracted annual rent						
Direct owned	**9.0**	**8.8**	**17.8**	8.7	10.8	19.5
JV properties	**0.8**	**18.9**	**19.7**	0.4	16.3	16.7
Gross ERV[1]						
Direct owned	**9.5**	**11.8**	**21.3**	11.3	13.3	24.6
JV properties	**2.3**	**20.4**	**22.7**	2.3	16.7	19.0

[1] Estimated Rental Value

Sales of non-current assets

Sales of non-current assets in the period realised £49.6m (2011: £50.1m), giving rise to a loss of £3.9m (2011: profit £2.8m). Of the proceeds, £34.0m was from the sale of the Dashwood Studios student scheme and £10.0m from the sale of Emersons Green in Bristol at the end of March. On the latter we received £10.0m on completion with a further £2.0m due at the end of September 2012. While the disposal of Emersons Green realised an accounting loss of £3.4m, no value has been attributed to a sales overage which could see part or all of this loss recovered in the future.

Results of joint ventures
Joint ventures contributed £8.6m (2011: £9.5m) of post tax profit to the results. Within this was a £7.8m (2011: £8.9m) surplus on the revaluation of investment properties, the most significant being a £10.4m increase in the value of our share of the iQ student accommodation joint venture, which was offset in part by a £2.7m reduction in our share of value of the Quercus healthcare joint venture.

Excluding valuation movements, joint ventures made a profit before tax of £4.6m (2011: £3.7m), benefiting from a strong performance at iQ which included six months of trading at iQ Hoxton. Net finance costs included a charge of £1.7m relating to the cancellation of interest rate collars on the £157.8m refinancing of the iQ portfolio completed in March 2012.

Net finance costs

	31 March 2012	31 March 2011
Interest payable	**19.7**	22.2
Interest capitalised	**(14.1)**	(11.9)
Interest receivable	**(6.2)**	(3.1)
Profit on termination of interest swaps	**0.0**	(0.1)
Change in fair value of financial instruments	**2.0**	(0.5)
Recycling of fair value adjustments on cashflow hedges	**9.1**	5.3
Net finance expenses	**10.5**	11.9

Lower interest payable reflects a lower average cost of debt compared to last year, following the re-pricing of swaps in the first half of the year. Interest receivable has increased mainly as a result of the loan to fund iQ Shoreditch. The capitalised interest relates wholly to Wembley. The recycling of fair value adjustments of £9.1m relates to the recycling of the hedge reserve arising on the re-pricing of swaps over the last two years.

Taxation
The Income Statement shows a tax credit for the year of £8.0m (2011: £13.4m). This mainly arose as a result of the valuation deficit.

Investment assets
The increase in the value of assets at Wembley reflects the ongoing construction of the student accommodation and Hilton Hotel, offset by the valuation deficit for the year. The increase at Greenwich reflects the valuation surplus in the year, with the reduction in other urban regeneration due mainly to the disposal of land at Emersons Green. Within Asset Management, the reduction in value reflects the disposal of the Dashwood Studios student scheme in the second half of the year while the increase in investment reflects the Company's funding of the construction activity at iQ Shoreditch.

At 31 March 2012	**Wembley**	**Greenwich**	**Other Urban Regeneration**	**Asset Management**	**Total**
Properties at valuation	**536.5**	**167.8**	**20.6**	**101.0**	**825.9**
Investment in Funds and JVs	**2.3**	**89.1**	**0.6**	**181.6**	**273.6**
Intangible assets	**0.0**	**0.0**	**0.0**	**7.5**	**7.5**
Other non-current assets	**0.0**	**0.0**	**4.2**	**12.2**	**16.4**
	538.8	**256.9**	**25.4**	**302.3**	**1,123.4**
At 31 March 2011					
Properties at valuation	470.9	159.0	37.8	137.9	805.6
Investment in Funds and JVs	3.5	83.7	0.9	128.9	217.0
Other non-current assets	0.0	0.0	3.6	12.2	15.8
	474.4	242.7	42.3	279.0	1,038.4

The intangible assets arose on the acquisition of Grafton Advisors (2006) LLP during the year.

Net assets per share

	31 March 2012	31 March 2011
IFRS net assets	**£571.7m**	£598.3m
IFRS NAV per share	**110p**	116p
EPRA net assets	**£599.6m**	£648.9m
EPRA NAV per share[1]	**116p**	125p

[1] The EPRA NAV per share excludes the fair value adjustments for debt and related derivatives and deferred taxation on revaluations and is calculated on a fully diluted basis

The basic net asset value per share at 31 March 2012 was 110p, down from 116p in 2011, due mainly to the valuation deficit in the year. The further fall in EPRA NAV per share from 125p to 116p arose because the Company realised a significant proportion of the mark to market deficit in the period which otherwise would have been excluded.

Reconciliation to EPRA NAV per share

	31 March 2012 £m	31 March 2011 £m
IFRS net assets	**571.7**	598.3
EPRA adjustments:		
Dilutive effect of options	**0.1**	0.2
Deferred tax arising on revaluation movements, capital allowances and derivatives		
Group	**13.8**	29.5
Joint ventures	**(4.8)**	(8.5)
Associates	**0.5**	0.5
Fair value adjustments on interest rate swaps		
Group	**17.6**	22.2
Joint ventures	**0.7**	6.7
EPRA net assets	**599.6**	648.9
EPRA NAV per share	**116p**	125p

Capital commitments

The table below sets out capital commitments including our share of any commitments within joint ventures. £24.3m is committed at Wembley for the completion of the Hilton Hotel and student accommodation scheme and the development of the first stage of the London Designer Outlet centre. A further £24.5m relates to our share of the remaining construction cost of iQ Shoreditch, which will be refinanced on completion later this summer. These capital commitments will be financed from working capital generated from contracted sales (£66m), the proceeds from the refinancing of iQ Shoreditch (£54m) and the Group's existing bank facilities (of which £72m are undrawn at 31 March 2012).

	31 March 2012 £m
Group:	
Wembley	**24.3**
Other	**0.7**
Joint ventures	
iQ - Corsham St	**24.5**
Greenwich	**1.2**
Total	**50.7**

Financing strategy and capital structure

Our financing strategy in the medium term is to manage a level of debt that balances the risks to the business with the higher returns on equity that, over time, will accrue due to the lower cost of debt. Gearing levels, being the proportion of debt compared with equity, will vary depending on the profile of operational risks, the capital that is currently committed or expected to be committed in the future and the cyclical high or low of property valuations.

Our financing structure needs to be flexible, taking account of the availability of debt, and cost effective. This has been achieved through securing funding at the corporate level, giving us the scope to fund efficiently all areas of the portfolio which otherwise would be more challenging, such as infrastructure works at Wembley and Greenwich. It also provides us with liquidity and operational flexibility.

In the expectation that debt markets will remain challenging for some time, we have proactively managed maturities. We now have £373m of facilities extended, either fully or though a series of options, out to 2016. £105m of this was achieved since March 2011, with the Co-operative Bank extending the maturity on £25m, Barclays lengthening the maturity and increasing their facility to £50m, extendable to £60m subject to interest cover levels which have been comfortably exceeded and, since the year end, Allied Irish Bank extending the maturity on £20m.

The extension options on our Lloyds Banking Group and HSBC facilities require amortisation of £25m and £15m respectively in each of June 2012 and June 2013. The £373m of facilities extended to 2016 takes account of these amortisations. The facilities could be subject to amortisation on the exercise of elections, at the Company's request, to adjust for losses for interest cover purposes. Discussions are ongoing with other lenders regarding the extension of a further £20m of maturities to 2016.

Debt summary

Group:	**Covenant**	**31 March 2012**	31 March 2011
Net debt		**£535m**	£420m
Weighted average debt maturity		**3.2 years**	2.8 years
Weighted average interest rate		**3.1%**	4.5%
% of debt fixed		**60.5%**	76.3%
% of debt capped		**39.5%**	23.7%
Interest cover	**1.25x**	**2.9x**	1.9x
Gearing	**110%**	**87%**	60%
Undrawn committed facilities		**£72m**	£191m

[1] Interest cover, per our banking covenants, is defined as operating profit plus realised surpluses on disposals divided by net finance costs excluding mark to market adjustments.

[2] Gearing, per our banking covenants, is defined as the ratio of net borrowings of the Company and its wholly owned subsidiaries to equity.

Joint ventures:	**Quercus**	**iQ**	**Sequel[1]**
Net debt (QED share)	**£36.0m**	**£71.0m**	**£38.5m**
Weighted average debt maturity	**2.0 years**	**5.0 years**	**1.8 years**
Weighted average interest rate	**4.4%**	**4.2%**	**5.5%**
% of debt at fixed/capped interest rate	**75%**	**73%**	**69%**
Interest cover	**2.9**	**2.4**	**2.8**
Loan to value	**44%**	**55%**	**62%**
Undrawn committed facilities (total)	**£42m**	**-**	**-**

[1] Included in the Group debt analysis

Hedging
At 31 March 2012, Quintain's interest rate was 60.5% hedged (2011: 76.3%) with swaps with the remainder covered by caps. The fair value adjustment on these interest rate hedging instruments was a debit of £6.4m (2011: credit £2.8m). Of the movement in the period £2.0m was debited to the Income Statement, being the element relating to ineffective hedges and £4.4m debited to other comprehensive income.

During the year we reset £150m of 5.0% 2014 swaps to the market price of 1.9% at a cost of £12.4m, being the net present value at the point of rebasing. This followed the resetting of £150m of 5.0% 2013 swaps to the market price at the time of 1.7% at a cost of £14.4m in the prior year.

In order to continue the protection of the business from material increases in LIBOR, we purchased a £50m forward cap at a strike rate of 1.52% and entered into a forward swap for £50m at a rate of 1.61%, both of which apply from 2013 to 2016.

Cash flow
Net cash flow from operating activities was an outflow of £21.9m (2011: £28.2m). This includes a £12.4m payment in relation to re-pricing £150m of 2014 swaps which has the benefit of repositioning our debt costs at a lower level over the next three years.

In delivering the business plan of achieving critical mass at Wembley and in providing funding to iQ for the construction of iQ Shoreditch, there was a net cash outflow from investing activity of £91.3m (2011: £34.5m). This included the purchase and development of investment property assets of £95.5m (2011: £63.2m), primarily relating to construction of the Hilton Hotel and student accommodation at Wembley. £45.3m of loans were advanced to joint ventures, of which £36.0m related to iQ Shoreditch. This expenditure was partly offset by proceeds of £49.6m (2011: 50.1m) from the sales of non-current assets.

Risk Management

In addition to general economic, security and regulatory risks faced by a wide range of companies that are part of the general commercial environment, we consider there to be a number of specific risks that are faced by our Company.

How we manage risk

In managing the business, the identification and monitoring of risk is crucial. The Risk Committee comprises the Executive Team and meets quarterly. The risk register is divided into four areas and those responsible for the risks in each area are required to present to the Risk Committee at one of the quarterly meetings. The minutes of those meetings are distributed to the Audit Committee and more formally the Audit Committee is asked to review the risk register and consider the adequacy of controls at least once annually. Internal Audit, which is outsourced to PwC (who were appointed during the year), also reviews the risk register and considers this in planning their audit programme. Set out below is management's views of the current key specific business risks and action taken in mitigation.

Risk and mitigation

Description and implication of risk	Mitigation
Property valuations Property valuations are inherently subjective and uncertain; particularly in current markets where transaction volumes are at relatively low levels and in relation to our major regeneration projects which are unique.	We use external independent valuers that are well regarded in the industry. We keep in close contact to understand how valuations are moving. With respect to the urban regeneration properties, valuers support their stand back valuation with other metrics including value per acre, value per net developable square foot and discounted cash flow.
Banking covenants The two key financial covenants within the corporate bilateral facilities are gearing and interest cover. The gearing ratio of 87% compares with a covenant of 110%. Interest cover for the year was 2.9 times against a covenant of 1.25 times.	Covenants are forecast and monitored on a regular basis. Internal guidelines which have been endorsed by the Board operate at tighter levels of control than the external covenants and incorporate the impact of positioning in the cycle. In re-pricing the 2013 and 2014 swaps to market, the banks have agreed to exclude the NPV payment from interest cover which materially increases headroom against forecast for the next two years. The corporate debt remains substantially hedged to assist in cost certainty and we continue to invest in income producing assets and build the asset management business to improve the income profile of the Group.
Liquidity Quintain's corporate debt facilities expire between 2013 and 2016. Ensuring sufficient liquidity is available to deliver the business plan.	Facilities have been extended, either fully or through options, out to 2016 on £373m of debt net of amortisation, an increase of £105m since March 2011. We currently have sufficient undrawn facilities to meet commitments. Further capital for the continued build out of our major regeneration schemes will come from asset sales and joint venture partnerships.

Description and implication of risk	Mitigation
Development The Group is exposed to risks associated with development projects. Delays could occur for regulatory or funding reasons. Counterparty risk remains high with a risk that contractors may become bankrupt or insolvent. This also applies to other counterparties such as development partners who may fail to meet their obligations. Control of timing and construction costs are vital to prevent overspend or delay once on site.	Quintain's in-house project management team transfers risk to contractors where possible and employs a culture of no changes once the design is agreed. The supply chain management initiative SC^2, is creating increasing visibility into opportunities for cost control and reduction, while standardisation across Quintain's projects will increase predictability and provide economies of scale. Structuring of deals and retentions provide some support against counterparty risk, which is considered further below.
Market The Group's business is dependent on the general economic and property market conditions in the United Kingdom. Deterioration in residential and commercial property markets could lead to declines in the value of the Group's property portfolio, tenant default and a reduction in income from these properties. Land, which makes up approximately 50% of the Group's gross assets, tends to experience greater volatility in valuations than income producing assets.	There is significant diversification in the profile of assets, from nursing homes with RPI linked long leases and minimum rental uplifts, to direct lets of student accommodation, secondary regional property with a wide tenant base and regeneration projects with lower initial income profiles. While the Group has a considerable quantity of planning consents, we have few development obligations. The largest tenant comprising 5.0% of contracted annualised rent is Live Nation, operating Wembley Arena. This exposure is reduced by receipts equating to approximately half of the rent being received in Quintain controlled bank accounts before being passed on and also by Quintain's ability to step in to the business.
Reputation Quintain's reputation with many stakeholders is important in the continued effective operation of the business. Support from the public sector is essential in continuing to achieve detailed planning consents. Relationships with joint venture partners and other professional organisations are critical in delivery of the business.	On-going senior management engagement with stakeholders allows greater management of reputational risk. All deals that may have a material impact on reputation must be reviewed by the Board.
Counterparty risk The ability of counterparties to meet their obligations is crucial. In particular we are exposed to contractors on developments under construction, joint venture partners and end purchasers under forward funding agreements.	We monitor counterparty risk and ensure that through step-in rights, retentions and deposits, we have protected our position as far as possible from financial loss. The covenant of key counterparties is considered on an ongoing basis.
Personnel The need to retain and develop our staff and ensure that we recruit high calibre people is essential to the delivery of the business strategy.	A new LTIP scheme for senior staff was implemented during the year and we have recently introduced a salary sacrifice facility within the Group Personal Pension Plan for all staff. This further enhances our already competitive benefits package. The response to the annual employee survey allows us to understand and address employees' issues. We continue with our regular formal staff meetings and monthly informal events at which staff can communicate with senior management, as well as weekly transmissions of news and successes allowing all employees to understand the activities around the Group and the impact of their contribution.

Responsibility Statement
We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and

- The Management Report[1], the Principal Risks and Key Performance Indicators sections of this report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

[1] The Management Report encompasses the Chairman's Statement, the Chief Executive's Review, Finance Review and the Business Review.

On behalf of the Board
William Rucker
Chairman
24 May 2012

Rebecca Worthington
Finance Director
24 May 2012

Forward-looking statements

This document contains certain "forward-looking" statements reflecting, amongst other things, current views on our markets, activities and prospects. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur and which may be beyond Quintain Estates and Development's ability to control or predict (such as changing political, economic or market circumstances). Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of Quintain Estates and Development speak only as of the date on which they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Except to the extent required by law, Quintain Estates and Development does not undertake to update or revise forward-looking statements to reflect any changes in Quintain Estates and Development's expectations with regard thereto or any changes in information, events, conditions or circumstances on which any such statement is based.

Quintain Estates and Development plc
Consolidated Income Statement
For the year ended 31 March 2012

	Notes	**2012 £m**	2011 £m
Revenue	2.3	**45.4**	46.9
Cost of sales	2.3	**(20.5)**	(20.7)
Gross profit		**24.9**	26.2
Administrative expenses	2.4	**(22.0)**	(20.6)
Operating profit before recognition of results from non-current asset sales and revaluation		**2.9**	5.6
(Loss) profit from sale of non-current assets		**(3.9)**	2.8
Deficit on revaluation of investment properties	3.1	**(40.5)**	(54.0)
Share of profit from joint ventures	3.4	**8.6**	9.5
Share of loss from associates		**(0.1)**	(0.1)
Operating loss before net finance expenses and tax		**(33.0)**	(36.2)
Finance expenses	2.6	**(16.7)**	(15.0)
Finance income	2.6	**6.2**	3.1
Loss before tax		**(43.5)**	(48.1)
Tax credit for the year	2.7	**8.0**	13.4
Loss for the financial year		**(35.5)**	(34.7)
Attributable to:			
Equity shareholders		**(35.5)**	(34.7)
Non-controlling interest		**-**	-
		(35.5)	(34.7)
Earnings per share (pence):			
Basic and diluted	2.8	**(6.8)**	(6.7)

Consolidated Statement of Other Comprehensive Income
For the year ended 31 March 2012

	Notes	**2012 £m**	2011 £m
Foreign currency translation differences		**(0.4)**	(0.1)
Deficit on revaluation of other non-current investments		**(0.2)**	(0.3)
Effective portion of changes in fair value of cashflow hedges		**(4.4)**	2.3
Recycling of fair value adjustment on cashflow hedges		**9.1**	5.3
Recycling of fair value adjustment on disposal of interest in joint venture		**-**	0.4
Share of other comprehensive income in joint ventures, net of tax	3.4	**3.2**	4.8
Tax on other comprehensive income	2.7	**1.2**	(2.1)
Other comprehensive income for the financial year		**8.5**	10.3
Loss for the financial year		**(35.5)**	(34.7)
Total comprehensive loss for the financial year		**(27.0)**	(24.4)
Attributable:			
Equity shareholders		**(27.0)**	(24.4)

Consolidated Balance Sheet
As at 31 March 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment properties	3.1	**825.9**	805.6
Owner-occupied properties, plant and equipment		**0.8**	2.6
Intangible assets	4.1	**7.5**	-
Investment in joint ventures	3.4	**273.6**	217.0
Investment in associates		**1.5**	1.5
Non-current receivables	5.1	**14.9**	14.3
Total non-current assets		**1,124.2**	1,041.0
Current assets			
Trading properties	3.3	**21.3**	23.9
Trade and other receivables		**23.1**	19.4
Cash and cash equivalents		**7.5**	19.8
Total current assets		**51.9**	63.1
Total assets		**1,176.1**	1,104.1
Current liabilities			
Bank loans and other borrowings	6.1	**(76.1)**	(3.7)
Trade and other payables	5.3	**(42.0)**	(36.5)
Current tax liability		**(1.4)**	(1.2)
Total current liabilities		**(119.5)**	(41.4)
Non-current liabilities			
Bank loans and other borrowings	6.1	**(464.2)**	(432.7)
Deferred tax liability	2.7	**(4.8)**	(12.2)
Obligations under finance leases		**(11.1)**	(11.1)
Other payables	5.2	**(4.5)**	(8.1)
Total non-current liabilities		**(484.6)**	(464.1)
Total liabilities		**(604.1)**	(505.5)
Net assets		**572.0**	598.6
Equity			
Issued capital	6.2	**130.2**	130.2
Share premium account		**137.3**	137.3
Other capital reserves		**107.5**	108.1
Cashflow hedge reserve		**(19.2)**	(28.3)
Retained earnings		**224.6**	260.6
Own shares held reserve		**(8.7)**	(9.6)
Equity shareholders' funds		**571.7**	598.3
Non-controlling interest		**0.3**	0.3
Total equity		**572.0**	598.6
Net asset value per share (pence):	2.8		
Basic		110	116
Diluted		110	115

Approved by the Board of Directors on 24 May 2012 and signed on its behalf by:

WILLIAM RUCKER
Director

REBECCA WORTHINGTON
Director

Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 March 2012

	Issued capital £m	Share premium account £m	Other capital reserves £m	Cashflow hedge reserve £m	Retained earnings £m	Own shares held reserve £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
Balance 1 April 2011	**130.2**	**137.3**	**108.1**	**(28.3)**	**260.6**	**(9.6)**	**598.3**	**0.3**	**598.6**
Loss for the financial year	**-**	**-**	**-**	**-**	**(35.5)**	**-**	**(35.5)**	**-**	**(35.5)**
Other comprehensive income for the year, net of tax	**-**	**-**	**(0.6)**	**9.1**	**-**	**-**	**8.5**	**-**	**8.5**
Shares awarded to employees under Share-based payment schemes	**-**	**-**	**-**	**-**	**(0.9)**	**0.9**	**-**	**-**	**-**
Costs relating to share-based payment schemes	**-**	**-**	**-**	**-**	**0.4**	**-**	**0.4**	**-**	**0.4**
Balance 31 March 2012	**130.2**	**137.3**	**107.5**	**(19.2)**	**224.6**	**(8.7)**	**571.7**	**0.3**	**572.0**

Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 March 2011

	Issued capital £m	Share premium account £m	Other capital reserves £m	Cashflow hedge reserve £m	Retained earnings £m	Own shares held reserve £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
Balance 1 April 2010	130.1	137.3	108.5	(39.0)	294.8	(9.6)	622.1	0.3	622.4
Loss for the financial year	-	-	-	-	(34.7)	-	(34.7)	-	(34.7)
Other comprehensive income for the year, net of tax	-	-	(0.4)	10.7	-	-	10.3	-	10.3
Issue of shares less costs	0.1	-	-	-	-	-	0.1	-	0.1
Costs relating to share-based payment schemes	-	-	-	-	0.5	-	0.5	-	0.5
Balance 31 March 2011	130.2	137.3	108.1	(28.3)	260.6	(9.6)	598.3	0.3	598.6

Consolidated Cashflow Statement
For the year ended 31 March 2012

	2012 £m	2011 £m
Operating activities		
Loss for the financial period	(35.5)	(34.7)
Adjustments for:		
Depreciation of plant and equipment	0.6	0.8
Costs relating to share-based payment schemes	0.4	0.5
Net finance expenses	10.5	11.9
Loss (profit) on sale of non-current assets	3.9	(2.8)
Deficit on revaluation of investment properties	40.5	54.0
Share of profit from joint ventures	(8.6)	(9.5)
Share of loss from associates	0.1	0.1
Provisions in book value of trading properties	2.9	0.4
Foreign exchange gains	(0.4)	-
Tax on continuing operations	(8.0)	(13.4)
	6.4	7.3
(Increase) decrease in trade and other receivables	(1.8)	0.7
Increase (decrease) in trade and other payables	4.0	(1.9)
(Increase) decrease in trading properties	(1.5)	2.2
Cash generated from operations	7.1	8.3
Interest paid	(30.7)	(37.3)
Interest received	1.6	0.9
Tax recovered (paid)	0.1	(0.1)
Net cashflow from operating activities	(21.9)	(28.2)
Investing activities		
Proceeds from sale of investment properties	49.6	34.6
Purchase and development of investment properties	(95.5)	(63.2)
Purchase of owner-occupied properties, plant and equipment	(0.1)	(0.7)
Refund of capital from other non-current investments	0.5	-
Purchase of subsidiary net of cash acquired	(5.5)	-
Proceeds from sale of interests in joint ventures	-	15.5
Capital and loan payments advanced to joint ventures	(45.3)	(45.1)
Capital and loan repayments received from joint ventures	1.5	28.9
Loans advanced to associate	-	(10.7)
Distributions received from joint ventures	3.5	6.2
Net cashflow from investing activities	(91.3)	(34.5)
Financing activities		
Issue of shares	-	0.1
Proceeds from new borrowings	110.5	193.1
Repayment of borrowings	(7.9)	(156.3)
Payment of loan issue costs	(0.9)	(0.8)
Payment of finance lease liabilities	(0.8)	(0.8)
Net cashflow from financing activities	100.9	35.3
Net decrease in cash and cash equivalents	(12.3)	(27.4)
Cash and cash equivalents at start of year	19.8	47.2
Cash and cash equivalents at end of year	7.5	19.8

Notes to the accounts
For the year ended 31 March 2012

Section 1: Preparation of financial statements

1.1 Basis of preparation

The Board approved the Group financial statements on 24 May 2012. These have been prepared in accordance with International Financial Reporting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Union ('IFRS') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are presented in Sterling and have been prepared on an historical cost basis except that investment properties, other non-current investments and certain financial instruments have been stated at fair value.

1.2 Going concern

The Group financial statements have been prepared on a going concern basis, which assumes that the Group will continue to meet its liabilities as they fall due. At 31 March 2012, the Group has prepared detailed cashflow forecasts which show that it has adequate committed undrawn facilities to finance its committed capital expenditure and other outflows, which will enable it to continue in operational existence for the foreseeable future. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Operational and Financial Review.

The Group's key financial covenants are an interest cover covenant, which requires the Group's operating profit before net finance expenses plus realised profits on disposals over net finance expenses excluding mark to market movements on derivatives to be greater than 1.25x, and a gearing covenant, which requires the net borrowings of the Company and its wholly owned subsidiaries to be less than 110% of its equity, as defined in the banking covenants. The Group has a gearing ratio of 87% at 31 March 2012 and an interest cover ratio of 2.9x at 31 March 2012. The Group's forecasts show that the Group is expected to continue to meet both financial covenants for the foreseeable future.

Based on the above the directors believe it is appropriate to prepare the financial statements on a going concern basis.

1.3 Significant judgements, estimates and assumptions

The preparation of financial statements under IFRS requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates. The areas where management has made significant judgements and estimates concern the classification and valuation of joint ventures and of properties.

Other areas of judgement, risk and uncertainty which are relevant to an understanding of these results and the Group's financial position are referred to in the Operational and Financial Review.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the accounts
continued

Section 1: Preparation of financial statements continued

1.4 Basis of consolidation
The Group's financial statements consolidate those of the Company and its subsidiaries, together referred to as the Group, and equity account for the Group's interest in joint ventures and associates. The parent company financial statements present information about the Company as a separate entity and not about its Group. The Company has elected to prepare its parent company financial statements in accordance with UK GAAP.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date it ceases.

Section 2: Performance for the year

2.1 Underlying results for the year
Underlying results for the year are provided to enable readers of the accounts to differentiate between items of an underlying operating nature and those relating to capital or revaluations.

	2012 Adjusted £m	**2012 Capital[1] £m**	**2012 Total £m**	2011 Adjusted £m	2011 Capital[1] £m	2011 Total £m
Revenue	**45.4**	**-**	**45.4**	46.9	-	46.9
Cost of sales	**(17.6)**	**(2.9)**	**(20.5)**	(20.3)	(0.4)	(20.7)
Gross profit (loss)	**27.8**	**(2.9)**	**24.9**	26.6	(0.4)	26.2
Administrative expenses	**(22.0)**	**-**	**(22.0)**	(20.6)	-	(20.6)
Operating profit (loss) before recognition of results from non-current asset sales and revaluation	**5.8**	**(2.9)**	**2.9**	6.0	(0.4)	5.6
(Loss) profit from the sale of non-current assets	**-**	**(3.9)**	**(3.9)**	-	2.8	2.8
Deficit on revaluation of investment properties	**-**	**(40.5)**	**(40.5)**	-	(54.0)	(54.0)
Share of profit from joint ventures	**4.4**	**4.2**	**8.6**	4.8	4.7	9.5
Share of loss from associates	**-**	**(0.1)**	**(0.1)**	-	(0.1)	(0.1)
Operating profit (loss) before finance expenses and tax	**10.2**	**(43.2)**	**(33.0)**	10.8	(47.0)	(36.2)
Finance expense	**(10.6)**	**(6.1)**	**(16.7)**	(10.3)	(4.7)	(15.0)
Finance Income	**6.2**	**-**	**6.2**	3.1	-	3.1
Net finance expenses	**(4.4)**	**(6.1)**	**(10.5)**	(7.2)	(4.7)	(11.9)
Profit (loss) before tax	**5.8**	**(49.3)**	**(43.5)**	3.6	(51.7)	(48.1)
Tax (charge) credit for the year	**(0.1)**	**8.1**	**8.0**	(0.2)	13.6	13.4
Profit (loss) for the financial year attributable to equity shareholders	**5.7**	**(41.2)**	**(35.5)**	3.4	(38.1)	(34.7)

[1] For these purposes revaluation movements and trading property provisions are included with capital items.

Notes to the accounts
continued

Section 2: Performance for the year continued

2.2 Segmental information

The Group has seven reportable segments being Wembley, Greenwich, Other Urban Regeneration ("UR"), Quercus, iQ, SeQuel and Other Quintain Asset Management ("QAM"). The first three of these relate to the Group's urban regeneration activities and the remaining four to the Group's Asset Management activities. The latter includes asset management fees and investment returns from properties held for rental income either directly by the Group, including SeQuel (the Group's secondary property portfolio) or in specialist property joint ventures, including Quercus (healthcare) and iQ (student accommodation). The factors used to determine the Group's reportable segments relate to the way in which the business is aligned and the manner in which results and assets are reported to the Board (as the Board is considered to be the chief operating decision maker) and therefore the basis that resource allocations are made.

Since the prior year, QAM has been expanded to include both the previous fund management and the investment property previously disclosed as an 'other' segment and the comparatives have been adjusted accordingly.

The measure of segment result is considered to be the IFRS measure of operating profit before administrative expenses. The Board reviews administrative expenses, finance expenses and tax at Group level and does not allocate these costs to segments. The Group's segment asset and liability disclosures reflect the Board's primary focus on property, joint venture and investment assets at the segment level with all other assets being reviewed at the Group level. Liabilities are only reviewed at the Group level and not allocated to segments.

All activities are based in the United Kingdom and Channel Islands.

Further discussion of the Group's results for the year and the segmental balance sheets is contained in the Operational and Financial Review.

Notes to the accounts continued

Section 2: Performance for the year continued

2.2. Segmental information continued

The segmental information of the Group's results for the year ended 31 March 2012 was as follows:

	Wembley	*Greenwich*	*Other UR*	Total UR	*Quercus*	*iQ*	*SeQuel*	*Other QAM*	Total QAM	Total
	£m	*£m*	*£m*	£m	*£m*	*£m*	*£m*	*£m*	£m	£m
Revenue	*23.0*	*0.2*	*1.8*	25.0	*3.6*	*3.0*	*8.5*	*5.3*	20.4	45.4
Cost of sales	*(10.0)*	*(0.1)*	*(3.9)*	(14.0)	*(1.3)*	*-*	*(2.2)*	*(3.0)*	(6.5)	(20.5)
Gross profit (loss)	*13.0*	*0.1*	*(2.1)*	11.0	*2.3*	*3.0*	*6.3*	*2.3*	13.9	24.9
(Loss) profit from the sale of non-current Assets	*(0.8)*	*-*	*(3.4)*	(4.2)	*-*	*-*	*0.6*	*(0.3)*	0.3	(3.9)
(Deficit) surplus on revaluation of investment properties	*(29.5)*	*6.5*	*(2.9)*	(25.9)	*-*	*-*	*(10.9)*	*(3.7)*	(14.6)	(40.5)
Share of profit (loss) from joint ventures	*0.3*	*(0.7)*	*0.1*	(0.3)	*0.6*	*8.3*	*-*	*-*	8.9	8.6
Share of loss from associates	*-*	*-*	*-*	-	*-*	*-*	*-*	*(0.1)*	(0.1)	(0.1)
Operating (loss) profit before administrative expenses	*(17.0)*	*5.9*	*(8.3)*	(19.4)	*2.9*	*11.3*	*(4.0)*	*(1.8)*	8.4	(11.0)
Administrative expenses										(22.0)
Net finance expenses										(10.5)
Loss before tax										(43.5)
Adjusted	*13.3*	*(0.8)*	*0.8*	13.3	*5.3*	*4.8*	*6.3*	*2.5*	18.9	32.2
Capital[1]	*(30.3)*	*6.7*	*(9.1)*	(32.7)	*(2.4)*	*6.5*	*(10.3)*	*(4.3)*	(10.5)	(43.2)
Operating (loss) profit before administrative expenses	*(17.0)*	*5.9*	*(8.3)*	(19.4)	*2.9*	*11.3*	*(4.0)*	*(1.8)*	8.4	(11.0)

[1] For these purposes revaluation movements and trading property provisions are included with capital items.

Notes to the accounts continued

Section 2: Performance for the year continued

2.2 Segmental information continued

The segmental information of the Group's results for the year ended 31 March 2011 was as follows:

	Wembley	*Greenwich*	*Other UR*	Total UR	*Quercus*	*iQ*	*SeQuel*	*Other QAM*	Total QAM	Total
	£m	*£m*	*£m*	£m	*£m*	*£m*	*£m*	*£m*	£m	£m
Revenue	*25.2*	*0.4*	*3.5*	29.1	*3.4*	*2.4*	*9.0*	*3.0*	17.8	46.9
Cost of sales	*(13.0)*	*(0.1)*	*(3.4)*	(16.5)	*(1.1)*	*-*	*(1.7)*	*(1.4)*	(4.2)	(20.7)
Gross profit	*12.2*	*0.3*	*0.1*	12.6	*2.3*	*2.4*	*7.3*	*1.6*	13.6	26.2
Profit (loss) from the sale of non-current assets	*0.1*	*2.5*	*-*	2.6	*0.2*	*-*	*0.7*	*(0.7)*	0.2	2.8
(Deficit) surplus on revaluation of investment properties	*(6.8)*	*3.0*	*(9.6)*	(13.4)	*-*	*-*	*(4.9)*	*(35.7)*	(40.6)	(54.0)
Share of (loss) profit from joint ventures	*(0.8)*	*(5.9)*	*1.5*	(5.2)	*7.3*	*7.5*	*-*	*(0.1)*	14.7	9.5
Share of loss from associates	*-*	*-*	*-*	-	*-*	*-*	*-*	*(0.1)*	(0.1)	(0.1)
Operating profit (loss) before administrative expenses	*4.7*	*(0.1)*	*(8.0)*	(3.4)	*9.8*	*9.9*	*3.1*	*(35.0)*	(12.2)	(15.6)
Administrative expenses										(20.6)
Net finance expenses										(11.9)
Loss before tax										(48.1)
Adjusted	*12.4*	*(1.4)*	*2.1*	13.1	*6.5*	*2.9*	*7.3*	*1.6*	18.3	31.4
Capital[1]	*(7.7)*	*1.3*	*(10.1)*	(16.5)	*3.3*	*7.0*	*(4.2)*	*(36.6)*	(30.5)	(47.0)
Operating profit (loss) before administrative expenses	*4.7*	*(0.1)*	*(8.0)*	(3.4)	*9.8*	*9.9*	*3.1*	*(35.0)*	(12.2)	(15.6)

[1] For these purposes revaluation movements and trading property provisions are included with capital items.

Notes to the accounts continued

Section 2: Performance for the year continued

2.2 Segmental information continued

The segmental information of the Group's Balance Sheet as at 31 March 2012 was as follows:

	Wembley £m	*Greenwich* £m	*Other UR* £m	Total UR £m	*Quercus* £m	*iQ* £m	*SeQuel* £m	*Other QAM* £m	Total QAM £m	Unallocated	Total £m
Non-current assets											
Investment properties	*536.5*	*167.8*	*20.6*	724.9	-	-	*66.4*	*34.6*	101.0	-	825.9
Owner-occupied properties, plant and equipment	-	-	-	-	-	-	-	-	-	0.8	0.8
Intangible assets	-	-	-	-	-	-	-	*7.5*	7.5	-	7.5
Investment in joint ventures	*2.3*	*89.1*	*0.6*	92.0	*50.1*	*116.4*	-	*15.1*	181.6	-	273.6
Investment in associates	-	-	-	-	-	-	-	*1.5*	1.5	-	1.5
Non-current receivables	-	-	*4.2*	4.2	-	-	-	*10.7*	10.7	-	14.9
Total non-current assets	*538.8*	*256.9*	*25.4*	821.1	*50.1*	*116.4*	*66.4*	*69.4*	302.3	0.8	1,124.2
Current assets											
Trading properties	*9.0*	-	*12.3*	21.3	-	-	-	-	-	-	21.3
Other current assets	-	-	-	-	-	-	-	-	-	30.6	30.6
Total current assets	*9.0*	-	*12.3*	21.3	-	-	-	-	-	30.6	51.9
Total assets	*547.8*	*256.9*	*37.7*	842.4	*50.1*	*116.4*	*66.4*	*69.4*	302.3	31.4	1,176.1
Total current liabilities	-	-	-	-	-	-	-	-	-	(119.5)	(119.5)
Total non-current liabilities	-	-	-	-	-	-	-	-	-	(484.6)	(484.6)
Total liabilities	-	-	-	-	-	-	-	-	-	(604.1)	(604.1)
Net assets (liabilities)	*547.8*	*256.9*	*37.7*	842.4	*50.1*	*116.4*	*66.4*	*69.4*	302.3	(572.7)	572.0
Capital expenditure	*81.1*	*2.4*	*1.0*	84.5	-	-	-	*17.5*	17.5	-	102.0

Notes to the accounts continued

Section 2: Performance for the year continued

2.2 Segmental information continued

The segmental information of the Group's Balance Sheet as at 31 March 2011 was as follows:

	Wembley	*Greenwich*	*Other UR*	Total UR	*Quercus*	*iQ*	*SeQuel*	*Other QAM*	Total QAM	Unallocated	Total
	£m	*£m*	*£m*	£m	*£m*	*£m*	*£m*	*£m*	£m		£m
Non-current assets											
Investment properties	*470.9*	*159.0*	*37.8*	667.7	-	-	*83.7*	*54.2*	137.9	-	805.6
Owner-occupied properties, plant and equipment	-	-	-	-	-	-	-	-	-	2.6	2.6
Investment in joint ventures	*3.5*	*83.7*	*0.9*	88.1	*51.8*	*67.7*	-	*9.4*	128.9	-	217.0
Investment in associates	-	-	-	-	-	-	-	*1.5*	1.5	-	1.5
Non-current receivables	-	-	*3.6*	3.6	-	-	-	*10.7*	10.7	-	14.3
Total non-current assets	*474.4*	*242.7*	*42.3*	759.4	*51.8*	*67.7*	*83.7*	*75.8*	279.0	2.6	1,041.0
Current assets											
Trading properties	*11.1*	-	*12.8*	23.9	-	-	-	-	-	-	23.9
Other current assets	-	-	-	-	-	-	-	-	-	39.2	39.2
Total current assets	*11.1*	-	*12.8*	23.9	-	-	-	-	-	39.2	63.1
Total assets	*485.5*	*242.7*	*55.1*	783.3	*51.8*	*67.7*	*83.7*	*75.8*	279.0	41.8	1,104.1
Total current liabilities	-	-	-	-	-	-	-	-	-	(41.4)	(41.4)
Total non-current liabilities	-	-	-	-	-	-	-	-	-	(464.1)	(464.1)
Total liabilities	-	-	-	-	-	-	-	-	-	(505.5)	(505.5)
Net assets (liabilities)	*485.5*	*242.7*	*55.1*	783.3	*51.8*	*67.7*	*83.7*	*75.8*	279.0	(463.7)	598.6
Capital expenditure	*32.4*	*0.2*	*0.1*	32.7	-	-	*0.1*	*37.1*	37.2	-	69.9

Notes to the accounts
continued

Section 2: Performance for the year continued

2.3 Revenue, cost of sales and gross profit

	Revenue £m	**Cost of sales £m**	**2012 Gross profit £m**	Revenue £m	Cost of sales £m	2011 Gross profit £m
Rental income	**20.1**	**(5.7)**	**14.4**	20.2	(5.1)	15.1
Income from sale of trading properties	**2.3**	**(2.4)**	**(0.1)**	7.6	(7.6)	-
Income from hotel operations	**8.5**	**(3.7)**	**4.8**	7.6	(3.7)	3.9
Fees from fund management and other services provided to related parties	**7.3**	**(1.5)**	**5.8**	6.7	(1.2)	5.5
Other income	**7.2**	**(4.3)**	**2.9**	4.8	(2.7)	2.1
	45.4	**(17.6)**	**27.8**	46.9	(20.3)	26.6
Provision in book value of trading properties	**-**	**(2.9)**	**(2.9)**	-	(0.4)	(0.4)
	45.4	**(20.5)**	**24.9**	46.9	(20.7)	26.2

2.4 Administrative expenses

The analysis of the Group's administrative expenses was as follows:

	2012 £m	2011 £m
Directors' remuneration	**2.6**	2.8
Staff costs	**12.0**	9.8
Total staff costs	**14.6**	12.6
Legal and other professional fees	**2.2**	2.5
Office costs	**3.5**	3.2
Depreciation of tangible fixed assets	**0.5**	0.6
Operating lease payments	**1.1**	1.1
General expenses	**0.1**	0.6
	22.0	20.6

Future minimum lease payments payable by the Group under non-cancellable operating leases were £3.0m (2011: £3.8m) payable evenly over the next four years.

2.5 Property revaluation movements

The revaluation movements on the Group's investment properties whether held directly or through joint ventures and the associates were as follows:

	2012 £m	2011 £m
Deficit on revaluation of directly held investment properties	**(40.5)**	(54.0)
Surplus on revaluation of investment properties in joint ventures	**7.8**	8.9
Deficit on revaluation of investment properties in associates	**(0.2)**	(0.1)
	(32.9)	(45.2)

Notes to the accounts
continued

Section 2: Performance for the year continued

2.6 Net finance expenses

	2012 £m	2011 £m
Recognised in Income Statement:		
Interest expense on bank debt and associated swaps	18.9	21.4
Interest on obligations under finance leases	0.8	0.8
	19.7	22.2
Interest capitalised	(14.1)	(11.9)
	5.6	10.3
Change in fair value of ineffective caps	2.0	(0.5)
Recycling of fair value adjustment on effective swaps	9.1	5.3
Profit realised on termination of swaps	-	(0.1)
Finance expenses	16.7	15.0
Finance income: interest income on loans and receivables	(6.2)	(3.1)
	10.5	11.9
Recognised in other comprehensive income:		
Net change in fair value of quoted investments	0.2	0.3
Effective portion of changes in fair value of cashflow hedges	4.4	(2.3)
Recycling of fair value adjustment on effective swaps	(9.1)	(5.3)
	(4.5)	(7.3)

The interest capitalised relates to investment properties in the course of construction. The average rate of interest used for capitalisation was 5.3% (2011: 6.0%).

2.7 Taxation
i) Tax credit for the year

	2012 £m	2011 £m
UK current tax at 26% (2011: 28%)	-	-
Adjustment to prior year's UK corporation tax	-	0.1
Overseas tax	0.1	0.1
Total current tax charge	0.1	0.2
Deferred tax:		
On investment properties	(13.5)	(10.7)
On derivative financial instruments	(0.5)	0.1
On other temporary differences	6.3	(2.2)
Effect of tax rate change	(0.4)	(0.8)
Total deferred tax credit	(8.1)	(13.6)
Tax credit	(8.0)	(13.4)

ii) Tax credit reconciliation

	2012 £m	2011 £m
Loss before tax	(43.5)	(48.1)
Tax applied at UK corporation tax rate of 26% (2011: 28%)	(11.3)	(13.5)
Use of losses and differing tax rates in respect of overseas results	-	(0.1)
Unrecognised tax losses	2.4	-
Indexation relief on UK investment properties	-	0.3
Adjustment to prior years' current and deferred tax	4.3	0.8
Tax credit taken to share of income from joint ventures and associates	(3.7)	(3.8)
Impact of future UK corporation tax rate change	0.2	(0.8)
Other movements	0.1	3.7
Tax credit	(8.0)	(13.4)

Notes to the accounts
continued

Section 2: Performance for the year continued

2.7 Taxation continued
iii) Tax recognised in other comprehensive income

	2012 £m	2011 £m
Deferred tax (credit) charge recognised in other comprehensive income	**(1.2)**	2.1

iv) Deferred tax movements

	1 April 2011 £m	Recognised in Income Statement £m	Effect of tax rate change £m	Recognised on acquisition of subsidiary £m	Recognised in other comprehensive income £m	**31 March 2012 £m**
Capital gains less capital losses	25.6	(13.5)	(0.9)	-	-	**11.2**
Capital allowances	9.8	0.7	(0.9)	-	-	**9.6**
Derivative financial instruments	(5.9)	(0.5)	0.5	-	(1.2)	**(7.1)**
Other temporary differences	0.5	-	-	1.9	-	**2.4**
Revenue tax losses	(17.8)	5.6	0.9	-	-	**(11.3)**
Deferred tax provision	12.2	(7.7)	(0.4)	1.9	(1.2)	**4.8**

As part of the Budget presented on 21 March 2012, the Government announced that the corporation tax rate would reduce to 24% with effect from April 2012 with two further annual 1% cuts to 22% by April 2014. On 26 March 2012, the Provisional Collection of Taxes Act 1968 substantively enacted the reduction to 24% on 1 April 2012. The Group has therefore re-measured the deferred tax assets and liabilities as at 31 March 2012 using the enacted rate of 24%. Other than the enacted change to 24%, the effects of the announced changes are not reflected in the financial statements for the year ended 31 March 2012 as they have not yet been enacted and the impact has not yet been estimated.

The impact of the rate reduction was to reduce deferred tax liabilities by £0.4m. This has been recognised within the Income Statement. Management cannot quantify the full impact of the further rate changes.

Deferred tax assets estimated at £20.1m (2011: £15.4m) have not been recognised due to a higher degree of uncertainty over both the amount and timing of the utilisation of the underlying tax losses and deductions, which amounted to £52.0m (2011: £39.0m). Under current tax legislation, there is no expiry date associated with the unprovided deferred tax assets.

There were no temporary differences associated with investment in subsidiaries and interests in joint ventures and associates for which deferred tax liabilities have not been recognised.

v) Total tax credit
The tax credit recognised in these financial statements was as follows:

	2012 £m	2011 £m
Tax credit on loss as above	**(8.0)**	(13.4)
Tax charge on share of profit in joint ventures (note 3.4c)	**3.8**	3.1
Tax credit on share of profit in associates	**(0.1)**	-
Tax (credit) charge on income and expenses recognised in other comprehensive income	**(1.2)**	2.1
	(5.5)	(8.2)

Notes to the accounts
continued

Section 2: Performance for the year continued

2.8 Earnings per share and net asset value per share
i) Earnings per share

	2012			2011		
	Loss after tax	**Weighted average number of shares**	**Earnings per share**	Loss after tax	Weighted average number of shares	Earnings per share
	£m	**m**	**pence**	£m	m	pence
Basic and diluted	**(35.5)**	**518.3**	**(6.8)**	(34.7)	517.8	(6.7)

ii) Net asset value per share

	2012			2011		
	Equity shareholders' funds	**Number of shares**	**Net asset value per share**	Equity shareholders' funds	Number of shares	Net asset value per share
	£m	**m**	**pence**	£m	m	pence
As per accounts	**571.7**	**520.9**		598.3	520.7	
Less: Treasury shares	**-**	**(2.5)**		-	(2.8)	
Basic	**571.7**	**518.4**	**110**	598.3	517.9	116
Adjustments:						
Employee share-based payment schemes	**0.1**	**0.5**		0.2	1.2	
Diluted	**571.8**	**518.9**	**110**	598.5	519.1	115

Although not required under IFRS, net asset value per share is considered a key performance indicator in the sector in which the Group operates.

Apart from allocations which have vested but not been released, entitlements under the Executive Directors' Performance Share Plan have been excluded from the calculation in ii) above as the commitments relate to contingently issuable shares where the conditions had not been met at the balance sheet date.

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates

3.1 Investment properties

	Freehold £m	Long leasehold £m	Short leasehold £m	**Total £m**
Balance 31 March 2010	733.1	74.2	5.6	812.9
Additions	53.6	16.3	-	69.9
Interest capitalised	11.9	-	-	11.9
Disposals	(20.1)	(15.0)	-	(35.1)
Revaluation deficit	(16.6)	(37.3)	(0.1)	(54.0)
Balance 31 March 2011	**761.9**	**38.2**	**5.5**	**805.6**
Additions	**100.8**	**1.2**	**-**	**102.0**
Interest capitalised	**14.1**	**-**	**-**	**14.1**
Disposals	**(49.3)**	**(6.0)**	**-**	**(55.3)**
Revaluation (deficit) surplus	**(41.1)**	**0.8**	**(0.2)**	**(40.5)**
Balance 31 March 2012	**786.4**	**34.2**	**5.3**	**825.9**

Of the additions shown above, £nil (2011: £37.2m) related to the acquisition of properties, £102.0m (2011: £32.7m) related to construction on development sites and improvements to existing properties.

The historical cost of the Group's investment properties as at 31 March 2012 was £758.4m (2011: £691.1m), which included capitalised interest of £87.5m (2011: £73.4m).

The average rate used for capitalisation is shown in note 2.6.

All of the Group's properties were externally valued as at 31 March 2012 on the basis of market value by professionally qualified valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors, except for two properties valued by the directors. Such valuations are carried out every six months.

The Group's land and property holdings at Greenwich, Wembley, Silvertown and Dairy House Farm, Redhill have been valued by Savills Commercial Limited. Other properties in the United Kingdom have been valued by Jones Lang LaSalle Limited, CB Richard Ellis Limited and Christie + Co. The Group's property interests in the Channel Islands have been valued by Guy Gothard & Co.

A reconciliation of the valuations carried out by the external valuers to the carrying values shown in the Balance Sheet was as follows:

	2012 £m	2011 £m
Per valuers' reports		
Savills Commercial Limited	**783.9**	761.1
Jones Lang LaSalle Limited	**75.1**	112.1
Other valuers	**13.9**	29.6
	872.9	902.8
Adjustment for properties held in joint ventures and associates and as trading	**(119.9)**	(107.2)
Directors' valuation	**63.1**	-
Investment properties at market value	**816.1**	795.6
Adjustment in respect of rent-free periods and other tenant incentives	**(1.4)**	(1.2)
Adjustment in respect of minimum payment under head leases separately included as a liability in the Balance Sheet	**11.2**	11.2
As shown in the Balance Sheet	**825.9**	805.6

The properties subject to directors' valuation are where conditional contracts for sale have been exchanged and completion is scheduled for the first half of 2012-13.

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates continued

3.2 Capital commitments
As at 31 March 2012, the Group had capital commitments of £25.0m (2011: £105.9m) in relation to its own development properties of which £nil (2011: £3.8m) is recoverable under government grants.

The Group's share of capital commitments in relation to its joint ventures was £25.7m (2011: £67.8m), of which £18.0m (2011: £18.0m) will be refunded to the Group following the re-financing of iQ Shoreditch property by iQ Unit Trust on practical completion of the development.

3.3 Trading Properties
As at 31 March 2012, properties held for resale had a carrying value of £21.3m (2011: £23.9m), which include capitalised interest of £1.2m (2011: £1.3m). Provisions to the carrying value of trading property were £2.9m (2011: £0.4).

During the year, the Group sold trading properties with carrying values of £2.3m (2011: £7.6m).

3.4 Investments in joint ventures
a) The Group's interest in its joint ventures was as follows:

	% of ownership	Country of incorporation	Joint venture partners
Quercus Healthcare Property Unit Trust (Quercus) (1)	11.22	Channel Islands	Aviva
Greenwich Peninsula Regeneration Limited (GPRL) (2)	50.00	United Kingdom	Lend Lease (Europe)
Greenwich Peninsula N0204 Block B Unit Trust (N0204)	50.00	Channel Islands	Lend Lease (Europe)
Greenwich Peninsula Retail LLP (Greenwich Retail)	50.00	United Kingdom	Lend Lease (Europe)
iQ Unit Trust (iQ)	49.98	Channel Islands	Wellcome Trust
Quantum Unit Trust (Quantum)	50.00	Channel Islands	Aviva
Crest Nicholson BioRegional Quintain LLP (OneBrighton)	50.00	United Kingdom	Crest Nicholson
Quintessential Homes (Wembley) LLP (Quintessential) (3)	63.02	United Kingdom	Geninvest Family Housing Development Company

(1) Quercus is accounted for as a joint venture as the Group has a 50% share of the general partner which controls the operation of the Unit Trust.

(2) GPRL owns 98.00% of its main development subsidiary.

(3) Quintessential is accounted for as a joint venture as the Group does not exercise control over substantive issues.

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates continued

3.4 Investments in joint ventures continued
b) The movement in investment in joint ventures was as follows:

	2012 £m	2011 £m
Opening balance	217.0	202.1
Additions	-	2.7
Amounts advanced	49.6	44.0
Amounts repaid	(1.6)	(24.9)
Disposals	-	(15.5)
Distributions	(3.2)	(5.7)
Share of profit, net of tax	8.6	9.5
Share of other comprehensive income, net of tax	3.2	4.8
Closing balance	273.6	217.0

c) The Group's share of the results of its joint venture operations was as follows:
Summarised income statements for the year ended 31 March 2012

	Greenwich £m	iQ £m	Quercus £m	Quantum £m	Other joint ventures £m	Group share in joint ventures £m
Rental income	4.6	11.3	6.4	0.3	0.3	22.9
Income from sale of trading properties	-	-	-	-	1.9	1.9
Revenue	4.6	11.3	6.4	0.3	2.2	24.8
Cost of sales	(4.5)	(3.2)	(0.9)	(0.5)	(1.8)	(10.9)
Gross profit (loss)	0.1	8.1	5.5	(0.2)	0.4	13.9
Administrative expenses	(0.1)	(1.3)	(1.0)	-	-	(2.4)
Operating profit (loss)	-	6.8	4.5	(0.2)	0.4	11.5
Surplus (deficit) on revaluation of investment properties	0.3	10.4	(2.7)	(0.2)	-	7.8
Profit (loss) before net finance expenses and tax	0.3	17.2	1.8	(0.4)	0.4	19.3
Finance expenses	(0.8)	(5.3)	(1.5)	-	-	(7.6)
Finance income	-	0.3	-	0.4	-	0.7
Profit (loss) before tax	(0.5)	12.2	0.3	-	0.4	12.4
Tax	(0.2)	(3.9)	0.3	-	-	(3.8)
Profit (loss) after tax	(0.7)	8.3	0.6	-	0.4	8.6
Share of other comprehensive income:						
Effective portion of changes in fair value of cashflow hedges, net of tax	-	1.3	0.7	-	-	2.0
Recycling of mark-to-market adjustments	-	1.2	-	-	-	1.2
	-	2.5	0.7	-	-	3.2

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates continued

3.4 Investments in joint ventures continued
Summarised balance sheets as at 31 March 2012

	Greenwich	iQ	Quantum	Quercus	Other joint ventures	Group share in joint ventures
	£m	£m	£m	£m	£m	£m
Investment properties	20.8	168.5	5.1	86.8	-	281.2
Investment in joint ventures	1.2	-	-	-	-	1.2
Trading properties	63.0	-	-	0.9	6.6	70.5
Deferred tax asset	3.4	0.8	0.3	0.3	-	4.8
Other assets	6.3	10.4	12.3	3.8	1.0	33.8
Total assets	94.7	179.7	17.7	91.8	7.6	391.5
Current liabilities:						
Trade and other payables	(5.6)	(5.6)	(2.6)	(3.4)	(4.7)	(21.9)
Non-current liabilities:						
Bank loans and other borrowings	(97.6)	(95.6)	-	(38.3)	-	(231.5)
Net assets	(8.5)	78.5	15.1	50.1	2.9	138.1
Represented by:						
Group share of net assets	(8.5)	78.5	15.1	50.1	2.9	138.1
Loans to JV's	97.6	37.9	-	-	-	135.5
Total investment	89.1	116.4	15.1	50.1	2.9	273.6

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates continued

3.4 Investments in joint ventures continued

Summarised income statements for the year ended 31 March 2011

	Greenwich	iQ	Quantum	Quercus	Other joint ventures	Group share in joint ventures
	£m	£m	£m	£m	£m	£m
Rental income	1.3	8.9	0.2	7.5	0.3	18.2
Income from sale of trading properties	5.8	-	-	-	10.8	16.6
Revenue	7.1	8.9	0.2	7.5	11.1	34.8
Cost of sales	(6.5)	(2.7)	(0.3)	-	(9.2)	(18.7)
Gross profit (loss)	0.6	6.2	(0.1)	7.5	1.9	16.1
Administrative expenses	(0.3)	(1.2)	-	(1.4)	(0.1)	(3.0)
Operating profit (loss)	0.3	5.0	(0.1)	6.1	1.8	13.1
Loss from sale of non-current assets	-	-	-	(0.1)	-	(0.1)
Surplus (deficit) on revaluation of investment properties	(0.5)	9.4	(0.1)	1.7	(1.6)	8.9
Profit (loss) before net finance expenses and tax	(0.2)	14.4	(0.2)	7.7	0.2	21.9
Finance expenses	(4.6)	(3.1)	-	(1.8)	-	(9.5)
Finance income	-	-	0.2	-	-	0.2
Profit (loss) before tax	(4.8)	11.3	-	5.9	0.2	12.6
Tax	(1.1)	(3.8)	(0.1)	1.4	0.5	(3.1)
Profit (loss) after tax	(5.9)	7.5	(0.1)	7.3	0.7	9.5
Share of other comprehensive income:						
Effective portion of changes in fair value of cashflow hedges, net of tax	0.4	1.8	-	1.0	-	3.2
Recycling of mark-to-market adjustments	2.3	(0.7)	-	-	-	1.6
	2.7	1.1	-	1.0		4.8

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates continued

3.4 Investments in joint ventures continued
Summarised balance sheets as at 31 March 2011

	Greenwich £m	iQ £m	Quantum £m	Quercus £m	Other joint ventures £m	Group share in joint ventures £m
Investment properties	21.5	154.4	2.6	79.6	-	258.1
Investment in joint ventures	1.2	-	-	-	-	1.2
Trading properties	56.0	-	-	0.8	8.6	65.4
Deferred tax asset	3.4	4.7	0.4	-	-	8.5
Other assets	6.5	4.8	9.1	5.2	0.9	26.5
Total assets	88.6	163.9	12.1	85.6	9.5	359.7
Current liabilities:						
Trade and other payables	(4.8)	(27.1)	(2.7)	(3.2)	(5.1)	(42.9)
Current tax liabilities	(0.1)	-	-	-	-	(0.1)
Non-current liabilities:						
Bank loans and other borrowings	(91.6)	(67.3)	-	(30.0)	-	(188.9)
Other liabilities	-	(1.8)	-	(0.6)	-	(2.4)
Net external assets	(7.9)	67.7	9.4	51.8	4.4	125.4
Represented by:						
Capital	(7.9)	67.7	9.4	51.8	4.4	125.4
Loans	91.6	-	-	-	-	91.6
Total investment	83.7	67.7	9.4	51.8	4.4	217.0

d) The summarised financial statements of the Group's principal joint venture operations were as follows:

	2012 Greenwich £m	2011 Greenwich £m	**2012 Quercus £m**	2011 Quercus £m	**2012 iQ £m**	2011 iQ £m
Income statements						
Revenue	**9.3**	14.4	**57.0**	54.1	**22.6**	17.8
Expenses	**(10.3)**	(23.9)	**(54.3)**	(11.8)	**1.8**	4.9
Profit (loss) before tax	**(1.0)**	(9.5)	**2.7**	42.3	**24.4**	22.7
Balance Sheets						
Non-current assets	**51.5**	52.2	**776.3**	707.1	**338.6**	318.4
Current assets	**140.6**	127.6	**41.8**	56.2	**20.8**	9.4
Total assets	**192.1**	179.8	**818.1**	763.3	**359.4**	327.8
Current liabilities	**(11.4)**	(9.9)	**(29.8)**	(29.1)	**(11.2)**	(54.1)
Non-current liabilities	**(198.0)**	(185.9)	**(341.5)**	(272.9)	**(191.2)**	(138.3)
Net external assets	**(17.3)**	(16.0)	**446.8**	461.3	**157.0**	135.4
Percentage share held by the Group	**49.30%**	49.30%	**11.22%**	11.22%	**49.98%**	49.98%
Group share of net assets	**(8.5)**	(7.9)	**50.1**	51.8	**78.5**	67.7

Notes to the accounts
continued

Section 3: Property Assets, joint ventures and associates continued

3.4 Investments in joint ventures continued

d) The summarised financial statement of the Group's principal joint venture operations were as follows:

	2012 Quantum £m	2011 Quantum £m	**2012 Quintessential £m**	2011 Quintessential £m	**2012 OneBrighton £m**	2011 OneBrighton £m
Income statements						
Revenue	**0.6**	0.7	**3.3**	8.4	**0.2**	13.8
Expenses	**(0.6)**	(0.7)	**(2.8)**	(7.8)	**-**	(10.8)
Profit before tax	**-**	-	**0.5**	0.6	**0.2**	3.0
Balance Sheets						
Non-current assets	**10.9**	5.9	**-**	-	**-**	-
Current assets	**24.4**	18.2	**10.8**	13.1	**1.4**	1.9
Total assets	**35.3**	24.1	**10.8**	13.1	**1.4**	1.9
Current liabilities	**(5.2)**	(5.3)	**(7.0)**	(7.5)	**(0.6)**	(0.5)
Net external assets	**30.1**	18.8	**3.8**	5.6	**0.8**	1.4
Percentage share held by the Group	**50.00%**	50.00%	**63.02%**	63.02%	**50.00%**	50.00%
Group share of net external assets	**15.1**	9.4	**2.4**	3.5	**0.4**	0.7

During the year, the Group received the following fees in respect of services provided to its joint ventures:

	2012 £m	2011 £m
Quercus Healthcare Property Unit Trust	**3.7**	3.4
iQ Unit Trust	**3.0**	2.4
Greenwich Peninsula Regeneration Limited	**-**	0.3
Quintessential Homes (Wembley) LLP	**0.1**	0.1
Quantum Unit Trust	**0.3**	0.5
	7.1	6.7

During the year, the Group received the following interest on its loan notes to its joint ventures:

	2012 £m	2011 £m
Greenwich Peninsula Regeneration Limited	**1.8**	1.6
Greenwich Peninsula Retail LLP	**0.1**	-
iQ Unit Trust	**1.9**	-
Greenwich N0204	**0.8**	0.7
Wembley City HIX Limited	**-**	0.1
	4.6	2.4

Notes to the accounts
continued

Section 4: Acquisitions

4.1 Acquisition of Grafton Advisors (2006) LLP

On 28 February 2012 the company acquired 100% of the partnership capital of Grafton Advisors (2006) LLP ("Grafton") for a cash consideration of £5.7m. The principal business of Grafton is to act as property adviser to the West End of London Property Unit Trust ("WELPUT"), a leading institutional investment fund that owns a high quality portfolio of predominantly office properties in London's West End.

The following table sets out the fair value of the assets and liabilities acquired on acquisition:

	£m
Intangible assets	7.5
Deferred tax recognised on the acquisition	(1.9)
Trade debtors	0.8
Cash at bank	0.2
Trade creditors	(0.9)
Fair value of net assets acquired	5.7

The intangible asset is the fair value of the WELPUT property adviser contract. This will be amortised over 10 years; being the term remaining on this contract. At 31 March 2012 the unamortised value of this intangible asset in the Consolidated Balance Sheet was £7.5m.

In addition to the cash consideration, the Grafton management team (the Grafton Team) were issued with Unsecured Loan Notes ("Loan Notes") which are redeemable to the extent that certain fees, including performance fees arising from WELPUT, are earned over the next five years. These qualifying fees will be shared equally between the Grafton Team and Quintain, with the maximum amount receivable by the Grafton Team being £5.0 million. The Loan Notes will carry a 2% coupon from the date of issue and the holders will have the right to apply the proceeds in subscribing for Quintain ordinary shares at a price of 55 pence per share, representing a 30% premium to the volume weighted average price for the five days to 27 February 2012.

The fair value of these Loan Notes at the date of acquisition was deemed to be £1.2m and this is being amortised over the service period. The fair value was calculated from the estimated cash flows arising from the Loan Notes, discounted at a rate reflective of the inherent risk. The cost of the loan notes will be amortised over the minimum employment term of the Grafton Team.

Section 5: Other assets and liabilities

5.1 Non Current receivables

The movement in other non-current investments was as follows:

	2012 Loans at amortised cost £m	**2012 Investments at fair value £m**	**2012 Total £m**	2011 Loans at amortised cost £m	2011 Investments at fair value £m	2011 Total £m
Opening balance	**10.7**	**3.6**	**14.3**	-	3.9	3.9
Additions	**1.3**	**-**	**1.3**	10.7	-	10.7
Return of capital	**-**	**(0.5)**	**(0.5)**	-	-	-
Revaluation loss	**-**	**(0.2)**	**(0.2)**	-	(0.3)	(0.3)
Closing balance	**12.0**	**2.9**	**14.9**	10.7	3.6	14.3

During the year the Company sold the majority of its holding in Velocity1 Limited, retaining a 10% equity stake and a loan of £1.3m. This loan is repayable in November 2016.

Notes to the accounts
continued

Section 5: Other assets and liabilities continued

5.1 Non Current receivables continued
During the prior year, the Group granted two unsecured loans totalling £10.7m to an associate, Albemarle Retail Properties LLP, which carry a coupon of 10% per annum and the principal of which will be repaid together with an additional rolled-up coupon of 10% out of the proceeds from the sale of the associate's properties. The receivables are shown in the Balance Sheet at amortised cost. During the year the Group received interest of £1.1m (2011: £0.1m).

Section 6: Funding

6.1 Bank loans and other borrowings

	2012 £m	2011 £m
Current liabilities:		
Bank loans	**76.1**	1.7
10% First Mortgage Debenture Stock 2011 (secured)	**-**	2.0
	76.1	3.7
Non-current liabilities	**464.2**	432.7
	540.3	436.4
Non-current liabilities:		
Bank loans	**466.4**	436.2
Amortised borrowing costs	**(2.2)**	(3.5)
	464.2	432.7

The loans are secured by floating charges over assets owned by subsidiary undertakings.

The 10% First Mortgage Debenture Stock 2011 issued by Estates Property Investment Company Limited was repaid in the year.
The maturity profile of the Group's debt was as follows:

	2012 Total debt £m	2011 Total debt £m	**2012 Undrawn facilities £m**	2011 Undrawn facilities £m
Within one year	**76.1**	3.7	**-**	25.0
From one to two years	**51.0**	91.7	**30.0**	18.9
From two to five years	**413.7**	342.7	**46.5**	146.6
After five years	**1.7**	1.8	**-**	-
	542.5	439.9	**76.5**	190.5

During the year the Group has negotiated an extension to the maturity of £60m of its loan facilities from March 2013 to March 2016. The Board have judged this to be a continuation of the previous arrangement as the revised terms of the debt are not considered substantially different to the original terms. Subsequent to the year end, the Group has extended £20m of debt to 2016 and the total of undrawn facilities has reduced by £5m.

The interest rate profile of the Group's debt before interest rate swap arrangements at the balance sheet date was as follows:

Percent	**2012 £m**	2011 £m
1.0 – 2.0	**74.4**	90.0
2.0 – 3.0	**425.8**	299.8
3.0 – 4.0	**12.6**	14.6
4.0 – 5.0	**1.7**	5.5
5.0 – 6.0	**28.0**	28.0
9.0 –10.0	**-**	2.0
	542.5	439.9

Notes to the accounts
continued

Section 6: Funding continued

6.1 Bank loans and other borrowings continued

After taking account of interest rate swap arrangements, the risk profile of the Group's borrowings was as follows:

	Fixed £m	**Capped £m**	**2012 Total debt £m**	Fixed £m	Capped £m	2011 Total debt £m
Sterling	**328.0**	**214.5**	**542.5**	335.5	104.4	439.9

The weighted average interest rate and the weighted average period of the Group's fixed rate debt were as follows:

	2012 %	2011 %	**2012 years**	2011 years
Sterling	**3.59**	4.55	**2**	2

The maturity profile of the Group's share of debt held within its joint ventures was as follows:

	2012 £m	2011 £m
From one to two years	**32.4**	**67.3**
From two to five years	**82.5**	**30.0**
	114.9	**97.3**

6.2 Share Capital

	Number of shares m	**Nominal value £m**
Allotted, called up and fully paid:		
In issue as at 31 March 2010	520.5	130.1
Issue of shares under share-based payment schemes at 25p per share	0.2	0.1
In issue as at 31 March 2011	520.7	130.2
Issue of shares under share-based payment schemes at 25p per share	**0.2**	**-**
In issue as at 31 March 2012	**520.9**	**130.2**

As at 31 March 2012, share capital included 2.5m (2011: 2.8m) shares held by ESOP Trusts. These shares had a nominal value of £0.6m (2011: £0.7m).

The movement in the year in the number and weighted average exercise price of outstanding options was as follows:

	Number of shares m	**2012 Weighted average exercise price pence**	Number of shares m	2011 Weighted average exercise price pence
In issue as at 1 April	**3.6**	**14.2**	6.0	37.1
Issue of new options	**6.2**	**26.0**	-	-
Options exercised	**(0.2)**	**24.0**	(0.2)	25.0
Distribution under share-based payment scheme (deferred bonus)	**(0.3)**	**-**	-	-
Options lapsed	**(1.9)**	**11.0**	(2.2)	75.0
In issue as at 31 March	**7.4**	**24.0**	3.6	14.2

The weighted average share price at the date of exercise for share options exercised during the year was 49p (2011: 25p). The options outstanding as at 31 March 2012 had a weighted average remaining contingent life of 3.7 years (2011: 2.2 years). Details of the Group's share-based payment schemes are disclosed in the Remuneration Report.

Notes to the accounts
continued

Financial Statements

The information set out above does not constitute statutory accounts for the year ended 31 March 2012 or 2011 but is derived from those accounts. Statutory accounts for 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's annual general meeting and will be made available on the Company's website, www.quintain.co.uk. The accounts have been prepared on a going concern basis which the directors consider appropriate. The auditors have reported on the 2011 and 2012 accounts, their reports were unqualified and did not contain statements under section 498 (1) or (2) of the Companies Act 2006.