



## Crescent Resources



Art Fields  
President and CEO

June 2004

## Safe Harbor Statement

### Under the Private Securities Litigation Act of 1995

This document contains forward looking information which is subject to risks and uncertainties, including, but not limited to, changes in real estate markets, competition, the effect of accounting pronouncements, growth in opportunities for the Company's real estate operations, and other risks described in the Company's Securities and Exchange Commission filings.

## Regulation G

This document may include certain non-GAAP financial measures as defined under SEC Regulation G. In such an event, a reconciliation of those measures to the most directly comparable GAAP measures is included in the printed version of these slides and can be downloaded from our investor relations website at:  
[www.duke-energy.com/investors/financial/gaap/](http://www.duke-energy.com/investors/financial/gaap/)

# Charter

---

*We are Duke Energy, a leading energy company located in the Americas with an affiliated real estate operation.*



## Proven Business Plan

---

*Crescent delivers disciplined earnings through focus on existing business lines and execution of a proven development strategy without significantly increasing our risk profile. While opportunity-driven, Crescent manages risk and is a consistent provider of earnings and cash flows.*

<i>(\$ in millions)</i>	2000	2001	2002	2003	2004 – 2006 Annualized Growth
Segment EBIT	149	169	158	152 <sup>*</sup>	0 – 2%
CapEx	549	549	275	289	
Cash Flow	231	425	318	499	
Return on Capital Employed	16%	14%	12%	12%	12 – 15%

*\* Segment EBIT for 2003 includes \$18 million of segment EBIT that is included in Discontinued Operations for accounting purposes. See attached Reg G reconciliation.*

## Crescent's Strengths

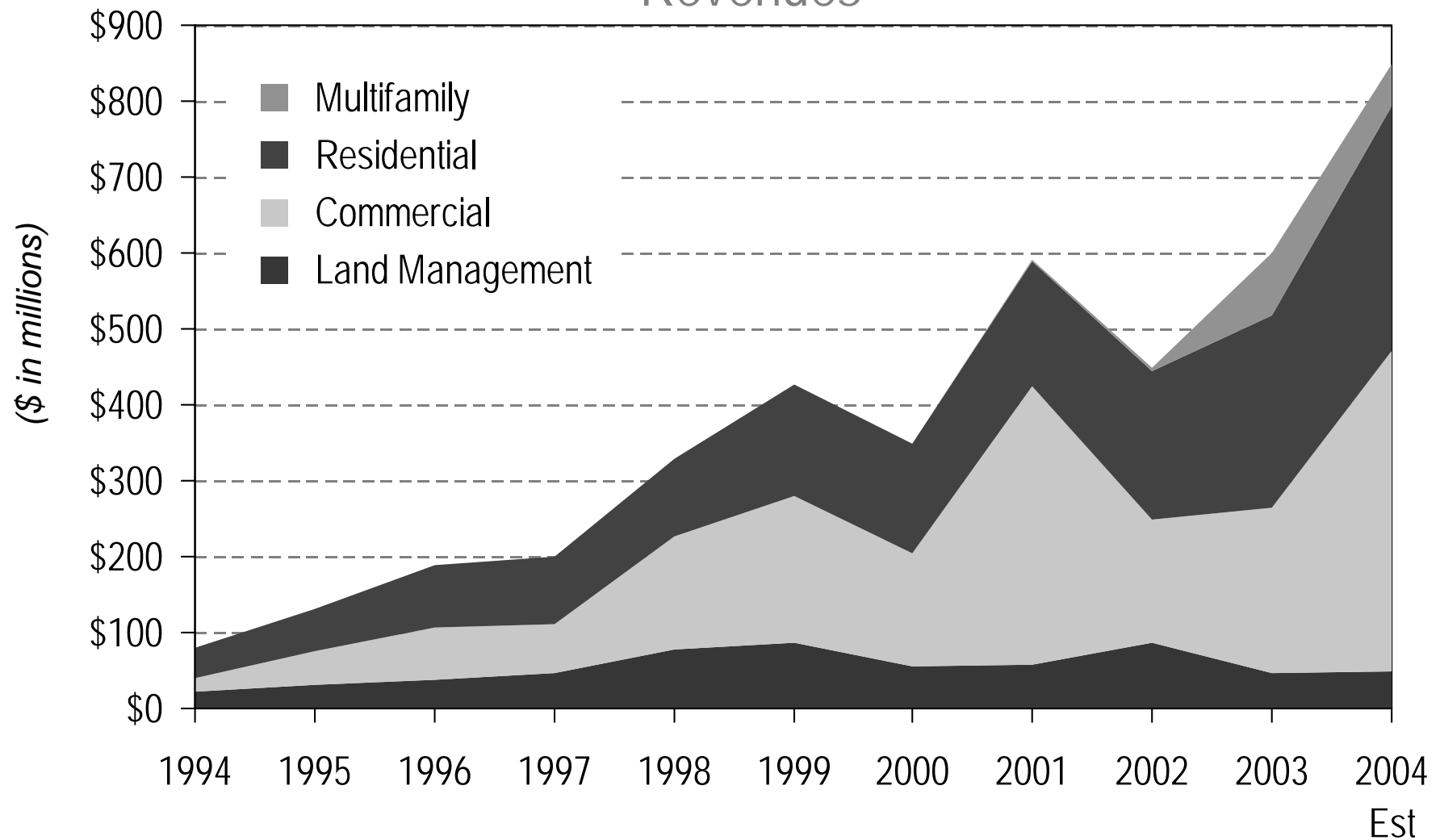
---

- Experienced development team
- Reputation for quality, integrity, honesty and exceeding expectations
- Credibility with:
  - ▶ Customers
  - ▶ Partners
  - ▶ Competitors
  - ▶ Regulators
  - ▶ Shareholders
- Financial strength
- Fiscal responsibility

# Not Just a Liquidator of Land, We Create Value



## Revenues



## Basic Strategy in 4 Steps

---

- Step 1: Land sales
- Step 2: Section 1031 exchange and condemnation dollars - warehouse funds or immediately redeploy
- Step 3: Creating value by development of original and purchased properties
- Step 4: Harvest value by sale
- Step 5: Repeat steps 1 through 4

# Crescent Locations by Product Type

---

## Residential

- Charlotte, NC; Hilton Head, SC;  
Atlanta, GA; Austin, TX; Payson, AZ;  
Jacksonville, FL; Palm Coast, FL;  
St. Mary's, GA

## Commercial - Office and Industrial

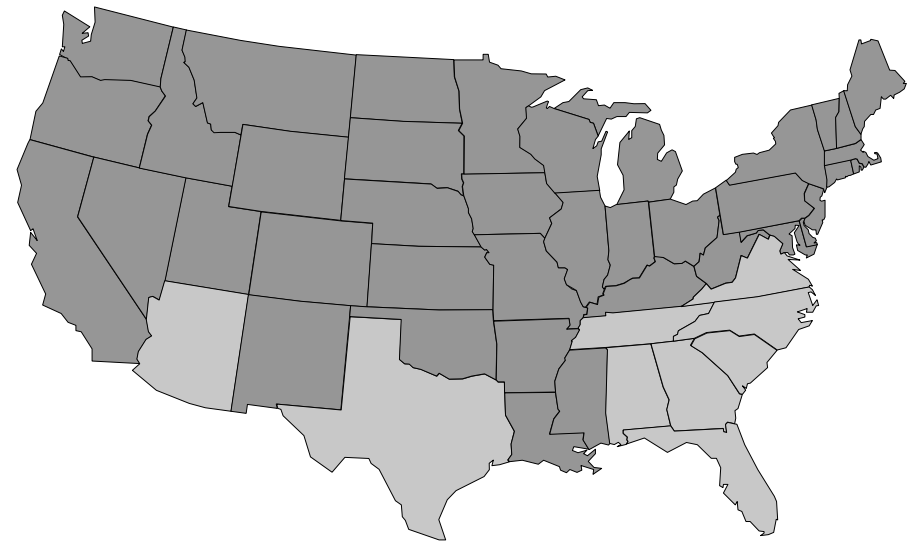
- Charlotte, NC; Nashville, TN;  
Atlanta, GA; Orlando, FL;  
Tampa, FL; Washington DC

## Multi-Family

- Charlotte, NC; Tampa, FL;  
Jacksonville, FL

## Commercial - Retail

- Charlotte, NC; Durham, NC;  
Anderson, SC; Hilton Head, SC;  
Trussville, AL; Port St. Lucie, FL;  
Tampa, FL; Jacksonville, FL;  
Orlando, FL



# Market Cycles

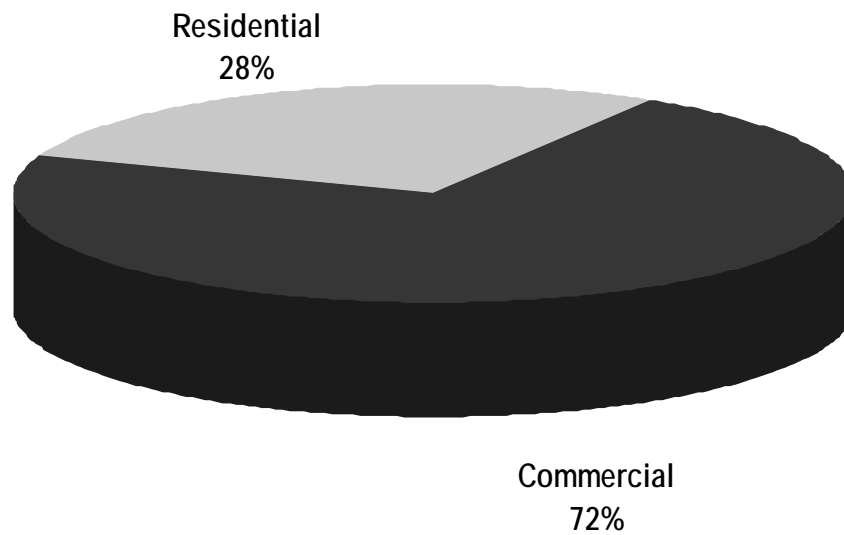
---

- Crescent Resources chooses to diversify because market cycles vary
  - ▶ By product type
  - ▶ By geographic location

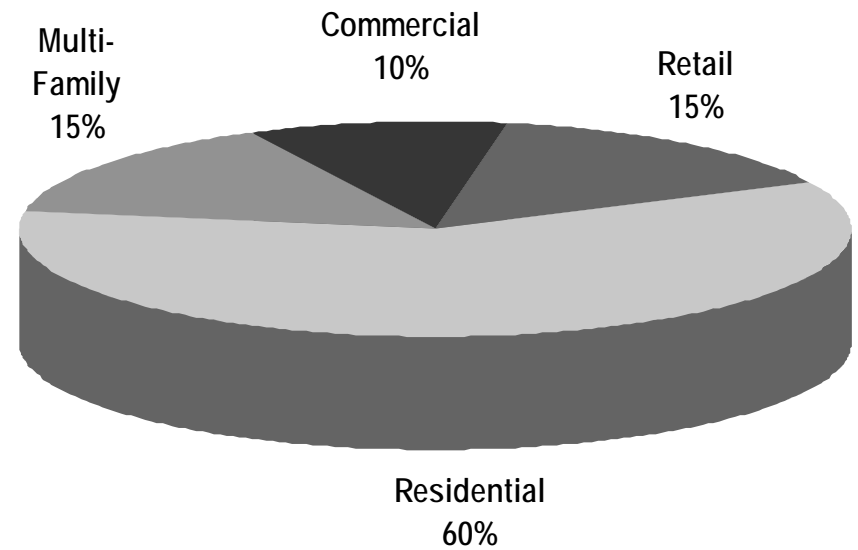
# Investment by Product Type

---

1999



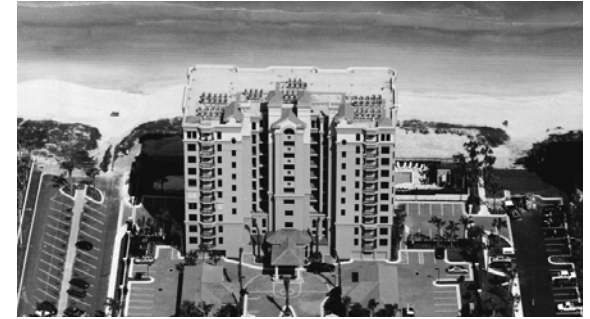
2003



# Crescent's Portfolio

---

- High-end, country club developments
  - ▶ Legacy land
  - ▶ Purchased land
- Amenitized custom home developments
  - ▶ Legacy land
  - ▶ Purchased land
- Tract and superpad development
- Resort golf developments on purchased land
- Suburban mid-rise Class A office buildings
- Warehouse and flex-space parks
- Food and drug retail
- Multi-family



# Commercial Inventory

## Inventory @ 12/31/03

	Number	Sq Ft (millions)	Total Cost (millions)	% Leased
Office Buildings	9	1.4	\$ 167.2	45%
Industrial Buildings	5	0.4	\$ 19.7	77%
Retail Centers	7	0.4	\$ 45.2	58%
<b>Total</b>	<b>21</b>	<b>2.2</b>	<b>\$ 232.1</b>	<b>53%</b>

## Projected Inventory @ 12/31/04

<b>10</b>	<b>1.5</b>	<b>\$ 230.0</b>	<b>57%</b>
-----------	------------	-----------------	------------

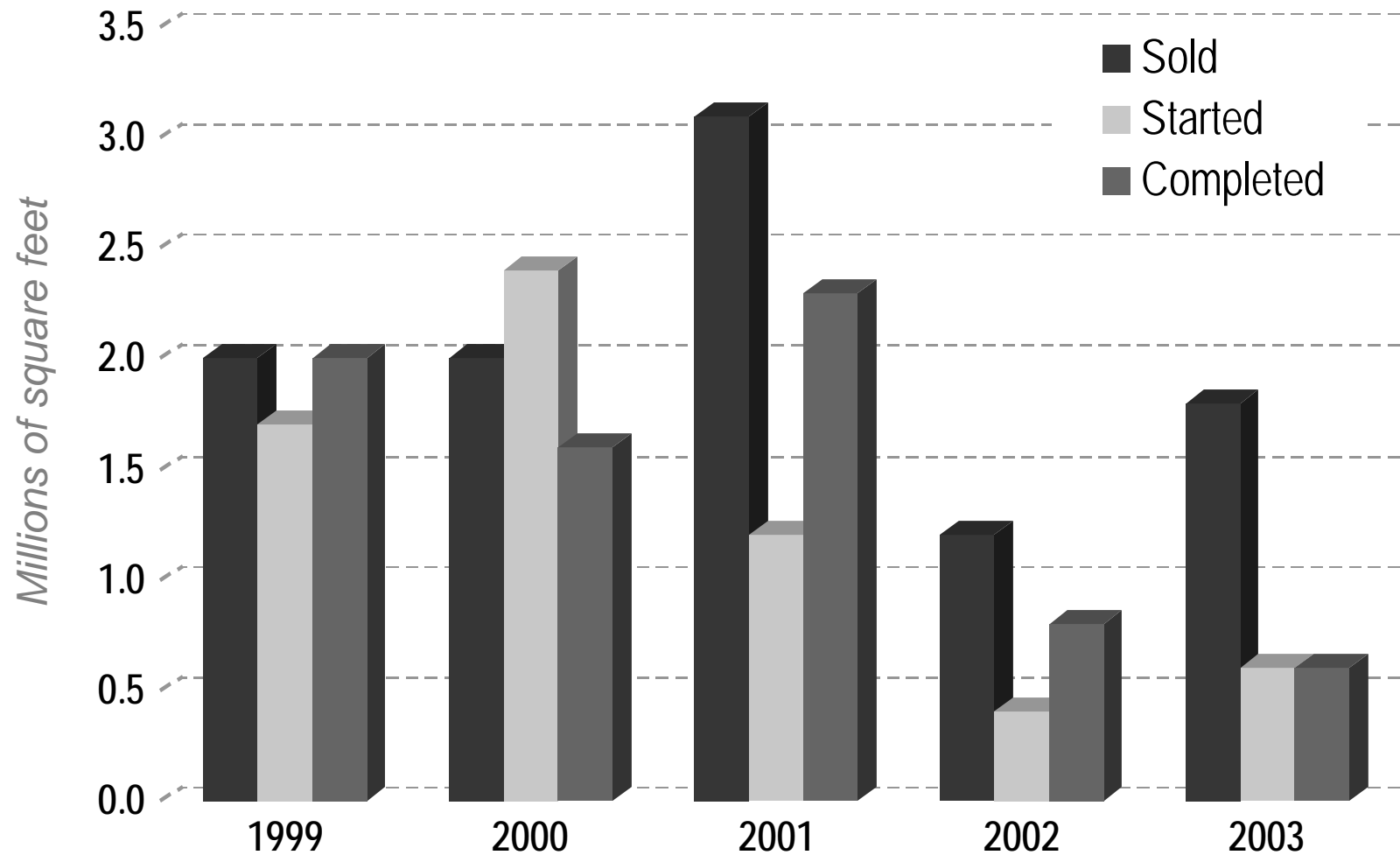


# Crescent's Commercial Development Cycle

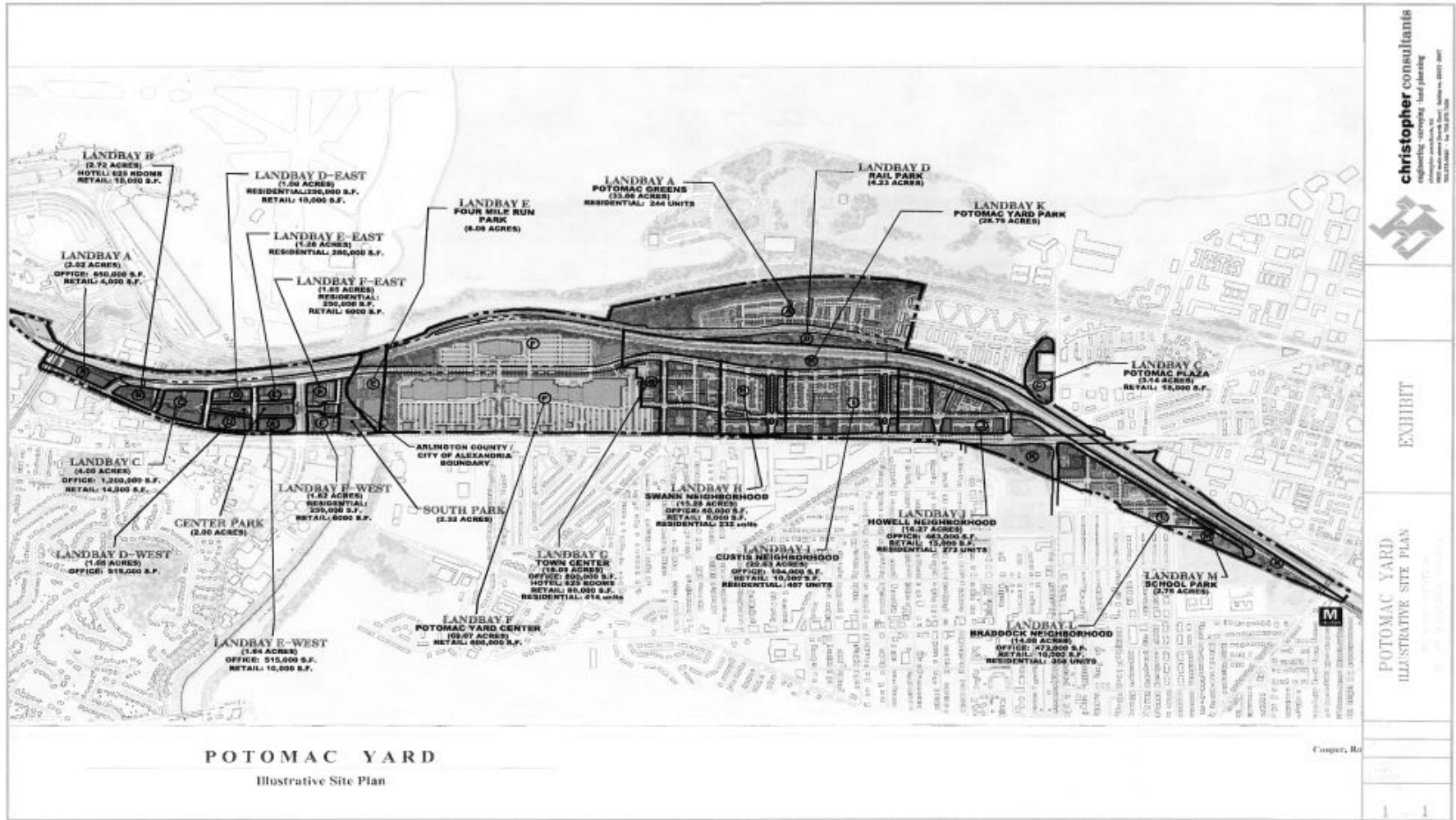
---

- 1 Acquire "path of progress" land with "1031 dollars"
- 2 Replicate proven building designs
- 3 Lease aggressively to Class A tenants and provide unequalled property management
- 4 Hold leased-up buildings until cap rates justify sale
- 5 Sell and reinvest tax-free via Section 1031 where possible

# Commercial Activity



# Potomac Yard – Alexandria and Arlington, VA

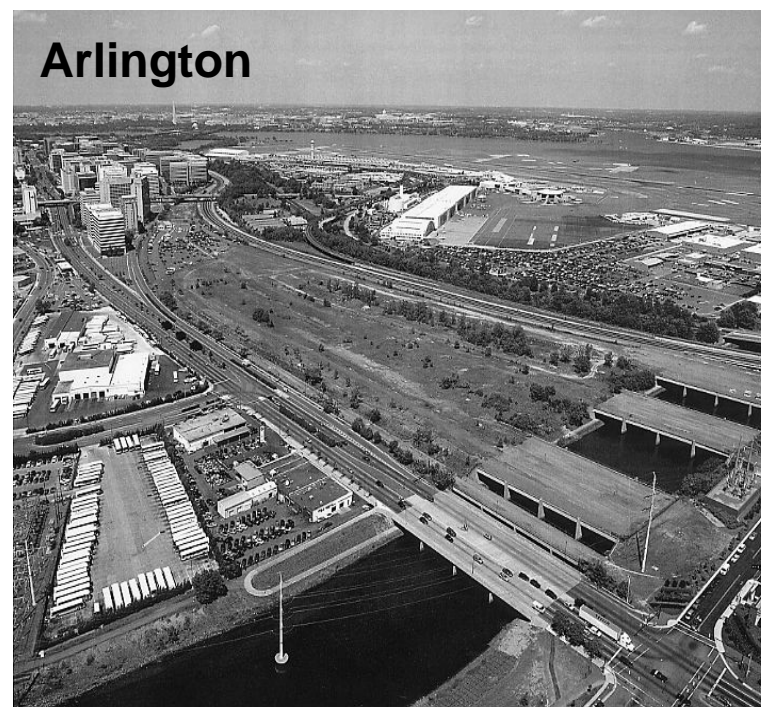
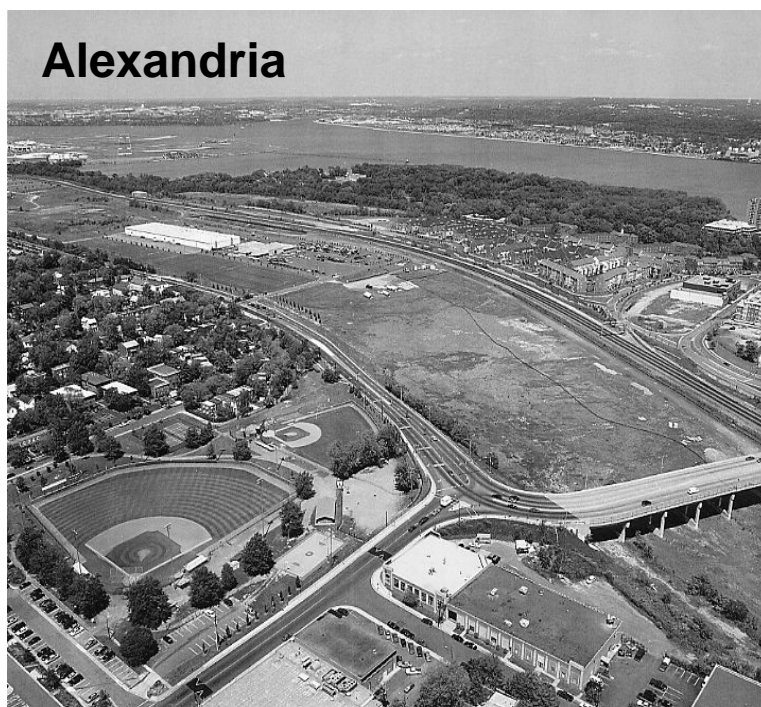


# Potomac Yard – Alexandria and Arlington, VA



*(\$ in millions)*

	2003A	2004E	Total
Total Sales	\$ 57	\$ 181	\$ 238



# Multi-family

---



## Multi-family Activity

---

- Crescent began multi-family development in 2000
- Developed over 1,400 units in four apartment communities in Charlotte, Jacksonville and Tampa
- Sold 453-unit Crosswynde community in Tampa in 2003 for \$36 million
- Sold 501-unit Lighthouse Court community in Jacksonville in 2003 for \$40 million
- Currently developing 352-unit Gardens of Bridgehampton in Jacksonville
- Targeting new developments in Tampa, Nashville, Philadelphia and Washington DC

# Multi-family Inventory

(\$ in millions)

## Inventory @ 12/31/03

	Number	Units	Total Cost
Apartment Communities	4	880	\$ 75.2
Condominium Properties	1	104	\$ 36.2 (1)
Total	5	984	\$111.4

## Projected Inventory @ 12/31/04

	Number	Units	Total Cost
Apartment Communities	2	424	\$ 32.7
Condominium Properties	1	104	\$ 36.2 (1)
Total	3	528	\$ 68.9

(1) Represents Parkside of One Bayshore project. See next slide.

## Multi-family – Parkside at One Bayshore

---

- 104 condominium units for sale
- 100 units under contract
- Delivery of initial units: February 2005



# Crescent Residential Communities

- High-End First Home Segment
  - ▶ The Point – Charlotte (Lake Norman)
  - ▶ Ballantyne – Charlotte
  - ▶ Sugarloaf – Atlanta
  - ▶ The River Club – Atlanta
  - ▶ Twin Creeks – Austin, TX
- High-End Second Home Segment
  - ▶ Palmetto Bluff – Bluffton, SC (Hilton Head)
  - ▶ Oldfield – Beaufort, SC (Hilton Head)
  - ▶ Chaparral Lakes and Pines, The Rim – Payson, Arizona
- LandMar – Florida
  - ▶ First and Second Home Communities
    - Jacksonville, FL area / I-95 corridor
    - Tampa
    - Orlando
    - Naples / Ft. Myers



# Residential Inventory

(\$ in millions)

<b>Inventory @ 12/31/03</b>	<b>Lots</b>	<b>Sales Price</b>
High-End First Home Segment	629	\$ 77.7
High-End Second Home Segment	381	127.5
LandMar	234	13.9
<b>Total</b>	<b>1,244</b>	<b>\$ 219.1</b>
<b>Projected 2004 Sales</b>	<b>1,205</b>	<b>\$ 324.0</b>
<b>Projected Inventory @ 12/31/04</b>		
High-End First Home Segment	880	\$ 109.1
High-End Second Home Segment	380	126.7
LandMar	1,000	60.0
<b>Total</b>	<b>2,260</b>	<b>\$ 295.8</b>

## Residential Marketing Statistics

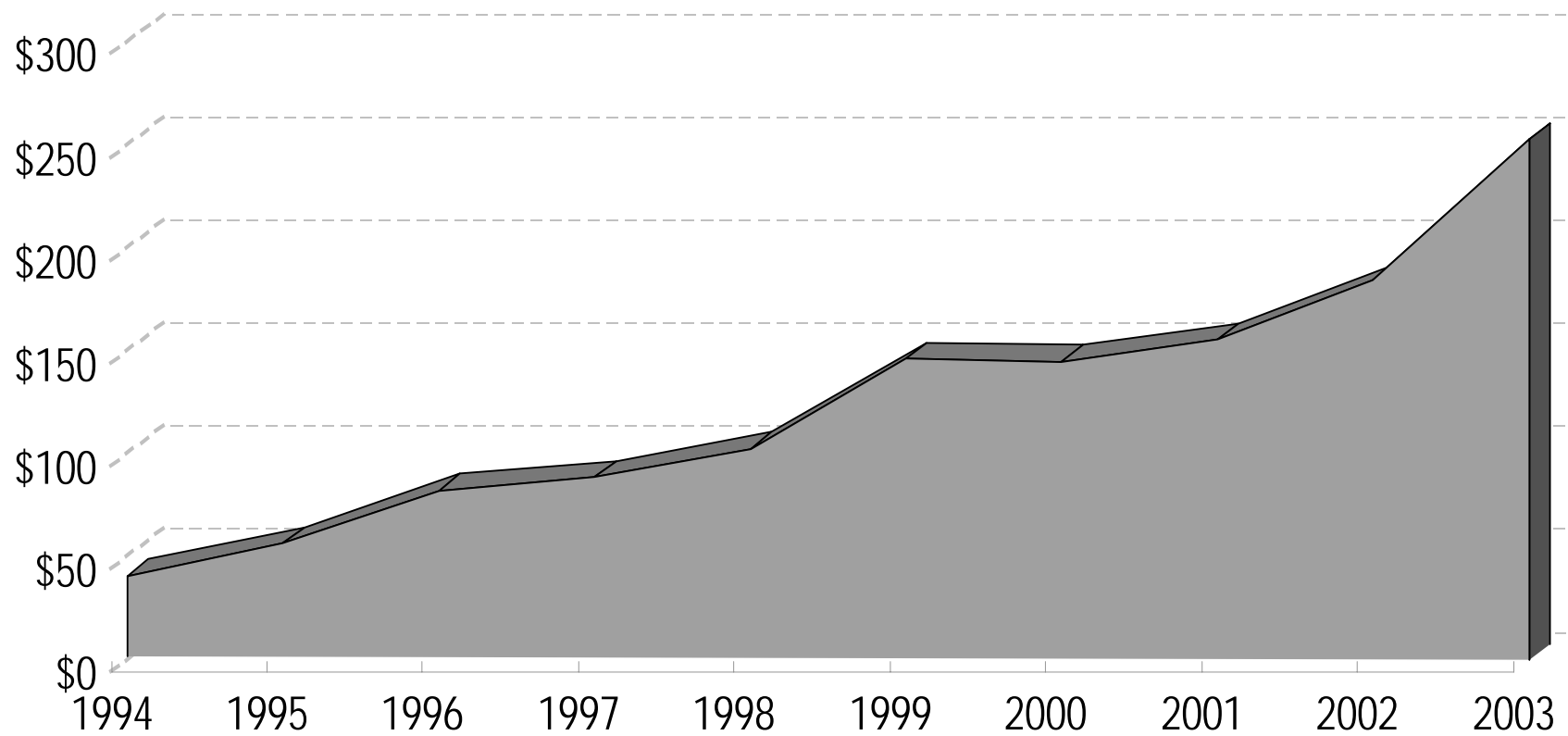
---

Crescent maintained strong market share in 2003

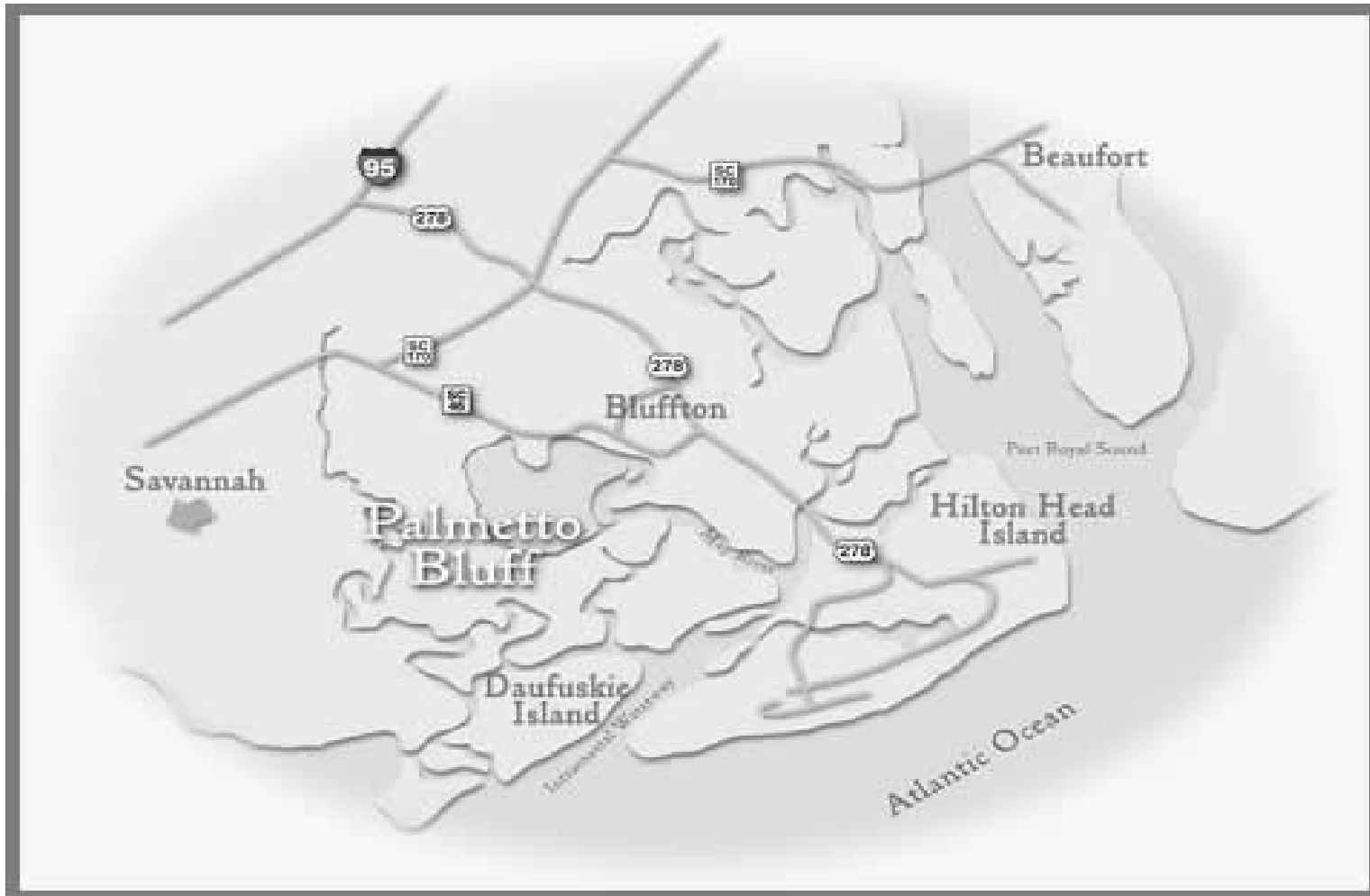
- Sold 57% of the total value of homesites with an average price of \$50,000 or more in new communities in the greater Charlotte area
- 55% of homes sold over \$1,000,000 in the greater Charlotte area were sold in Crescent Communities
- In the Atlanta market, Sugarloaf Country Club has been the top-selling luxury golf club community for million-dollar homes for the past six years
- In Palm Coast, Florida, LandMar Group's Grand Haven community exceeded 2003 sales projections by 55%

# Gross Residential Developed Lot Sales

(\$ in millions)



# Palmetto Bluff – Bluffton, SC



# Palmetto Bluff – Bluffton, SC

*(\$ in millions)*

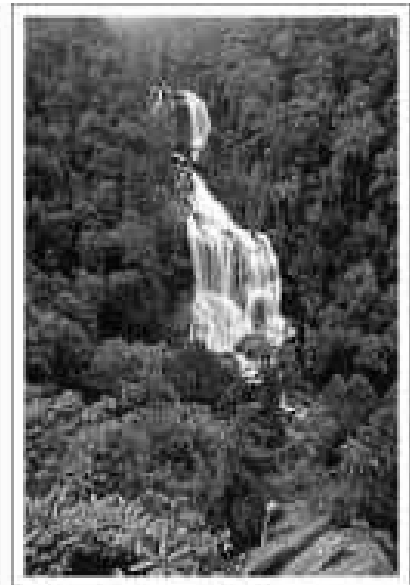
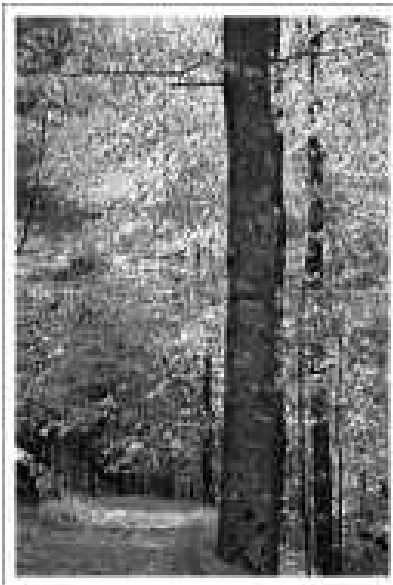
	2003A	2004E	Total
Total Sales	\$ 52	\$ 64	\$ 116



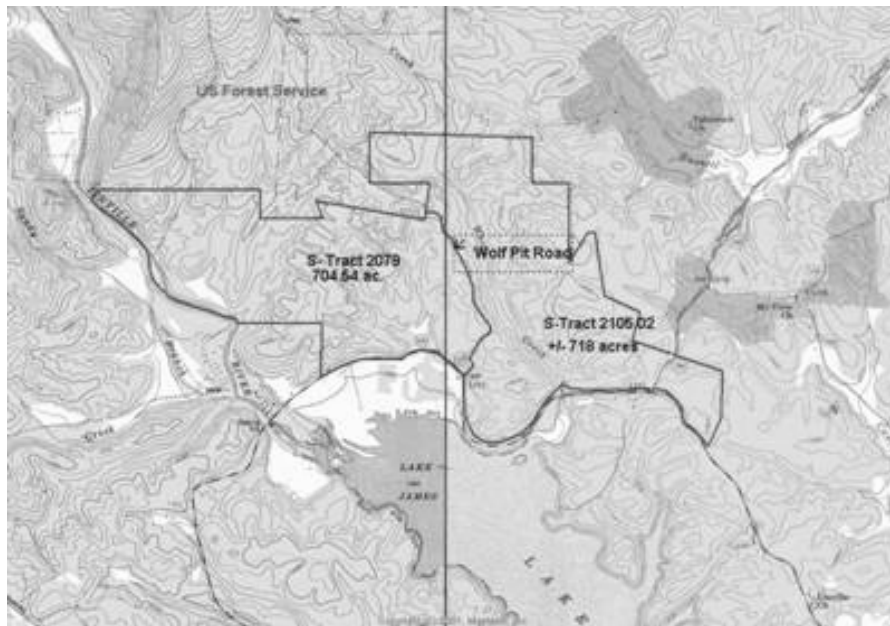
# Land Management

---

- Approximately 115,000 remaining acres of legacy land from Duke
- Potential land buyers include governmental entities, real estate developers, recreational enthusiasts, speculative investors and adjoining land owners



# Land Management – Linville River



## Management Philosophy

---

- Build / develop and sell – turn capital
- Maintain experienced development team
- Been through ups and downs of real estate cycles
- Diversify by region and product type
- Market and opportunity driven
- Keep employees fulfilled
  - ▶ Fulfilled employees satisfy customers
  - ▶ Satisfied customers provide economic profit

## Why Crescent Resources?

---

- Crescent is “self-sufficient” in every way; maximum flexibility; a fully-integrated real estate business run by real estate professionals
- Strong earnings and cash flow
- Well capitalized; enhancing land values by use of pre-tax sales proceeds
- Not a consumer of Duke Capital credit
  - ▶ No guarantees by Duke Energy

**Duke Energy Corporation**  
**Reg G reconciliation**

(\$ in millions)

**Crescent EBIT**  
**Full Year 2003**

	<u>EBIT</u>	<u>Annualized Growth Rate</u>	<u>Return on Capital Employed</u>
<b>Crescent Base Segment EBIT</b>	<b>\$152</b>	0 - 2%	12%
Less discontinued operations	(18)		
<b>Crescent Reported EBIT from continuing operations</b>	<u><b>\$ 134</b></u>	12 - 14%	10%