25 August 2011

DEVELOPMENT SECURITIES PLC - INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30th JUNE 2011
Most intense acquisition period in 15 years creates opportunities

Development Securities PLC ("Development Securities" or the "Company"), the leading property development and investment company, today announces interim results for the six months ended 30th June 2011.

They follow the Company's busiest and most intense acquisition period in 15 years, with the majority of the net share issue proceeds invested in more than 40 projects since 2009, providing a robust pipeline for value creation and realisation.

Highlights:

- Loss of £1.3 million pre-tax for the six months to 30th June 2011 (six months to 30th June 2010: £0.8 million profit)
- Net asset decline of 1.0 per cent after dividends to £329.6 million (31st December 2010: £333.1 million) equivalent to 269 pence per share (31st December 2010: 272 pence per share)
- Over £150 million of the net £188 million raised in the two issues invested or committed since July 2009, diversifying portfolio risk over a range of sectors and regions
- 14 projects added in the year to date, taking the total to 43 acquisitions since July 2009, with progress on most projects on or ahead of plan
- Asset realisations commenced with sales at Westminster Palace Gardens, SW1 and High Road, Tottenham and Red Lion Court, EC4 from the Rock Portfolio
- Planning consent granted at Hammersmith Grove for development of 275,000 sq. ft. of mixed-use space
- Net debt of £155.9 million (including share of joint ventures) as at 30th June 2011 representing net gearing of 47.3 per cent against net asset value
- Interim dividend of 2.4 pence per share (30th June 2010: 2.4 pence per share)

Financial summary:
unaudited for the six months ended 30th June 2011

	30th June 2011 unaudited £ million	30th June 2010 unaudited £ million	31st Dec 2010 audited £ million
(Loss)/profit before income tax	(1.3)	0.8	2.6
Net assets	329.6	238.5	333.1
Net debt*	(128.5)	(107.3)	(71.4)
Basic and diluted (loss)/earnings per share (pence)	(0.9)	(0.5)	1.7
Basic net assets per share** (pence)	269	290	272
Dividends per share declared** (pence)	2.4	2.4	4.8

* Refer notes 10 and 17
** Refer note 17

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Chairman's statement

With minimal valuation movements in our investment portfolio, and in advance of significant completions from our development and trading assets, we report a pre-tax loss of £1.3 million for the six months to 30th June 2011, compared to a profit of £0.8 million for the equivalent period last year. After swap revaluations and dividends paid, net assets reduced by 1.0 per cent to £329.6 million from £333.1 million at 31st December 2010, equivalent to 269 pence per share as compared to 272 pence per share as at 31st December 2010. The Directors have declared an interim dividend of 2.4 pence per share payable on 27th October 2011 to those shareholders on the register on 30th September 2011.

The UK economy is struggling to achieve any meaningful forward momentum. It remains the case that the Government, the consumer and the banking sector are deleveraging as they seek to redress the excesses of the previous cycle. Not only is the fiscal tightening on the UK through cuts in Government benefits, public sector employment and tax increases not yet fully implemented, but the consumer is also bearing a reduction in real pay since inflation has risen to circa 5 per cent per annum without a commensurate increase in take home pay. With mounting gloom over the prospects for global growth, the UK economy will struggle to generate any meaningful growth for the next few years. If pay growth does indeed remain muted, interest rates may well continue at their current low levels for a few more years as the economy seeks to recover. Unquestionably, low interest rates have supported asset values in the real estate sector with yields for prime property in Central London now back at levels that were pertaining prior to the crash in 2007. A considerable element, perhaps the majority, of the capital for investments into both the commercial and residential sectors of Central London has flowed in from overseas with investors taking advantage of what they see as an opportunity to acquire high quality assets at a devalued sterling exchange rate.

The speed with which the banks are able to reduce their exposure to real estate lending is necessarily constrained by the UK's weak economic reality, which affects a significant element of their portfolio located outside Central London. Given their need to reduce their real estate exposure, it should be of little surprise that net new loan origination to the real estate industry has remained negative for the last two years or so, and is likely to remain so for a while yet.

Since 1st January 2011, property values in the market have drifted sideways, with only a 1.0 per cent increase in the IPD All Property Capital Index to 30th June 2011 with the All Property Total Return for the same period recorded at 4.4 per cent. In our view, property remains fairly priced as against the main competing asset classes of equities and bonds. Property rental values have also drifted sideways in the six months under review, with the exception of certain Central London sub-markets which have performed well due mainly to supply constraints. The lack of any meaningful economic growth will continue to restrict the ability of landlords to achieve rental growth in the wider market.

During the last two years, your Company has cautiously invested the majority of the net proceeds of £187.7 million which it raised by way of two share issues in July 2009 and August 2010. Since July 2009, when this investment programme commenced, we have secured more than 40 investment, development and trading projects, making this one of the busiest and most intense period of acquisition deal flow that we have seen in the last 15 years. Our acquisition strategy continues to seek out those transactions where we can commit our significant expertise and cash resources with the maximum leverage.

Whilst we continue to seek out large-scale development projects in Central London, it seems to us that the weight of money seeking to enter this market has driven land values to a level where we are rarely able to justify the rental tone and exit yields that would be required for an economic, risk adjusted return. The sheer weight of money can often distort a market in both the near and medium-term. However, different forces are at work in the area of the market where we have been able to apply our expertise and cash, namely selected properties and projects, whose fundamental characteristics are sound, but which have been constrained by lack of capital and expertise. As intimated at the time of our capital raises, it is in such conditions that terms of trade move towards us.

It is never part of our strategy to acquire real estate simply to wait for market momentum to capture improvements in value, be it through rental growth or yield compression. Our aim is to identify opportunities to transform secondary assets, whether through change of use, refurbishment or redevelopment, into higher quality real estate that will appeal to the ultimate cash investor. Implicit in our approach to the creation of value is that, on average, it takes a period of some three years to achieve the necessary physical upgrade or change to the property itself. Notwithstanding this, some of our projects are accelerating at a faster rate than we had initially envisaged and in those instances, we anticipate an earlier and profitable conclusion to our endeavours.

The majority of our development activity has focussed on London, albeit mostly on the outer districts rather than the core central locations. In addition to our two major projects at PaddingtonCentral and Hammersmith Grove, our new development projects on which there has been significant activity this year are in Greenwich, Ilford, Abbey Wood, Hayes, Kensington Church Street and Westminster. In Greenwich, we secured a resolution to grant planning consent for a new, sustainable and mixed-use community development to comprise residential, student apartments and a hotel alongside extensive community infrastructure. The Section 106 agreement is under negotiation. In May, we secured a 3.7 acre site in close proximity to the Abbey Wood Cross Rail Station, also in South East London, and simultaneously entered into a joint venture agreement with a neighbouring land owner to develop our combined nine acres of land for a mixed-use project. On the opposite side of London, in Hayes, we acquired together with our joint venture partner Cathedral Group, a

17-acre partially developed and partially derelict business park site to be transformed into a mixed-use scheme led by residential and office uses. In Ilford, North East London, we acquired an office property yielding close to 6 per cent in a location designated by the local authority as an opportunity area and which, in our view, has interesting options for a food anchored, mixed-use project. In Central London, together with our partner Brockton Capital, we acquired a one acre office and retail block in a prime location on Kensington Church Street, Notting Hill. We are in the early stages of evaluating our strategy for the site which could range from a refurbishment of the existing office tower and asset management of the retail accommodation to a comprehensive mixed-use development. At Hale Barns in Manchester, we obtained planning consent for our retail and residential scheme and secured Booths as the anchor for a 30,000 sq. ft. food store. At Sandbanks, Dorset, construction of the five luxury apartments is progressing on schedule. We have not yet commenced marketing, but have been encouraged by the level of off-market interest in the development. At Lichfield, Staffordshire, we have entered into a 50/50 partnership to develop a 395,000 sq. ft. mixed-use complex with the new Friarsgate Shopping Centre at its core, with practical completion anticipated in 2014.

At Westminster Palace Gardens, following the consent for change of use from office to residential, we have now entered into a contract for sale of the completed residential units and commenced the conversion works. We anticipate a profit of circa £4.0 million and an IRR of 45.0 per cent. In February, we sold a property at High Road, Tottenham, originally acquired as part of the Rock portfolio in 2010, for £1.5 million, generating an initial profit of £0.2 million and an IRR of 15.0 per cent. Since the period end we have completed the sale of Red Lion Court, an 11,000 sq. ft. office building in London EC4, which was also part of the Rock portfolio. The sale price was £5.0 million, in line with our expectation at the time of acquisition, generating a gross profit of £1.1 million and an IRR of 38.6 per cent.

Within our flagship London developments, Rio Tinto took space at our prime PaddingtonCentral mixed-use scheme in April, leaving 132,000 sq. ft. of accommodation available. In March, we achieved a resolution to grant planning consent at our Hammersmith Grove site, for the development of 275,000 sq. ft. of prime office accommodation and high quality restaurants and cafes alongside a new public open space. We anticipate a full planning consent imminently. We are in advanced negotiations for institutional forward-funding of the development, and expect to commence works on site in the second half of 2011.

In June we added to our investment portfolio, with the £7.6 million acquisition of Colston Tower in Bristol yielding 10.1 per cent. Elsewhere within the portfolio, we have continued with our programme of asset management initiatives to enhance value for the medium and long-term. At our Broughton residential site near Chester, our Appeal against non-determination by the local authority will be heard before an Appeal Hearing on 28th September 2011 and we are pleased to note that the local authority is now publicly supporting our proposals subject to resolution of the Section 106 Agreement. Once the Inspector has prepared his report, it will be placed before a Welsh Assembly Government Minister who will make the final decision. Accordingly, we are now hopeful of reaching the end of this long and complicated planning process to provide circa 280 housing units into a market where supply is constrained.

Within the completed portfolio, which is located entirely outside Central London, there was a small valuation uplift for the six month period of 0.6 per cent (including our share of the Manchester Arena Complex), which compares with an increase of 1.0 per cent in the IPD All Property Capital Index. With IPD growth driven almost exclusively by Central London, we are pleased with the positive movement in our portfolio, which was achieved through continuing asset management initiatives.

At our wholly-owned HDD subsidiary, the notable new development commenced during the period was at Llanelli, where we are developing an £18.0 million, 110,000 sq. ft. leisure complex in the centre of the town. The scheme is 47 per cent pre-let and debt finance is being provided by Santander. Following the completion of the sale to Morrison at Stanground, Peterborough, we have significant interest in the adjacent retail units, and in April sold the pub plot to Marstons. At Lawley, Telford, we secured a pre-let to Morrisons of a 39,000 sq. ft. supermarket and are close to securing a forward-funding partner for its delivery.

In the 24 months since July 2009, we have invested or committed over £150 million of the net £187.7 million raised in the two issues, acquiring assets to the value of £331.4 million (both directly and with partners). As one might expect, there are a number of further projects under review and negotiation and we are hopeful that some of them will come forward for acquisition.

Since the beginning of the year, acquisition activity has further reduced our cash balances, taking our net debt to £155.9 million (including share of joint ventures) as at 30th June 2011, representing net gearing of 47.3 per cent against our net asset value as at that date. In June, we were pleased to finalise a new £22.5 million 14-year term loan with Aviva Commercial Finance, carrying an interest rate of 5.5 per cent. This loan in part refinanced earlier property acquisitions which, in the interest of speed and certainty, were initially acquired with cash.

The first six months of the year have continued an exciting period for your Company and we remain deeply appreciative of the support our shareholders have given to us. It would be remiss of me not to record how grateful my Board and I are to the management and staff of the business for their commitment, professionalism and sheer hard work in a particularly productive phase of this cycle.

D S Jenkins
Chairman

Financial review

Total comprehensive income for the six months was a loss of £0.6 million, (30th June 2010: loss of £3.5 million, 31st December 2010: loss of £0.6 million). After dividends of £2.9 million (30th June 2010: £2.0 million, 31st December 2010: £4.0 million), net asset value fell by £3.5 million to £329.6 million (30th June 2010: £238.5 million, 31st December 2010: £333.1 million).

Profit before interest and taxation was £2.7 million (30th June 2010: £6.5 million, 31st December 2010: £12.6 million). Net rental income in the investment portfolio was £5.6 million, supplemented by a further £1.4 million of net rental income earned from development and trading assets, reflecting our increasing focus on income generation. We achieved a modest revaluation surplus of £1.3 million in our direct portfolio together with an additional £0.6 million share of uplift in the Manchester Arena Complex, which, given that our properties are located outside of Central London, was generated by asset management initiatives rather than any improvement in market yields. There were no significant tenant failures in the portfolio and, as at 16th August 2011, arrears in excess of 30 days stood at £0.1 million.

In line with expectation, profits from development and trading were limited: the significant progress made on these projects during the period is not captured until profits are realised on ultimate sale. The disposal of Westminster Palace Gardens is a forward sale of completed units, accounted for as a construction contract, and consequently profits will accrue over the coming twelve months.

Net finance costs were £(4.0) million (30th June 2010: £(5.7) million, 31st December 2010: £(10.0) million), partly offset by a gain of £0.8 million (30th June 2010: loss of £(4.0) million, 31st December 2010: loss of £(2.7) million) on the valuation of the cross-currency interest rate swap.

Net debt as at 30th June was £128.5 million, representing gearing of 39.0 per cent (30th June 2010: £107.3 million and 45.0 per cent, 31st December 2010: £71.4 million and 21.4 per cent). In addition, our share of net debt in joint ventures was £27.4 million (30th June 2010: £7.8 million, 31st December 2010: £20.8 million), increasing our effective gearing to 47.3 per cent (30th June 2010: 48.3 per cent, 31st December 2010: 27.7 per cent).

In challenging banking markets we are pleased to continue working with our strong relationship lenders. During the six months ended 30th June 2011 we drew further loans secured against our investment portfolio of £22.5 million from Aviva Commercial Finance and £6.8 million from Lloyds Banking Group, together with a further £26.0 million from Royal Bank of Scotland in our Kensington Church Street joint venture. Since 30th June 2011 we have completed additional facilities of £6.5 million in respect of development and trading properties. The weighted average maturity of our debt is 9.0 years, with a weighted average interest rate of 5.7 per cent. The proportion of the portfolio which is subject to fixed interest rates is 69.5 per cent. If our share of debt in joint ventures is included, weighted average maturity is 8.2 years, the average interest rate is 5.5 per cent, and the proportion of fixed rate debt is 67.0 per cent. We maintain a keen focus on our liability profile, and remain comfortable with the position.

Our 2010 Annual Report sets out our risk profile and our approach to managing our principal risks. These principal risks remain unchanged as at 30th June 2011. With regard to the second half of the current year, the Board is cautious as to the potential effects of the current macro-economic difficulties, as set out in the Chairman's Review. We are alert to possible tenant defaults and other counterparty risks, and to the potential for a significant liquidity squeeze, should European sovereign concerns translate into significant losses for the banks.

For reasons of practicality and efficiency we have decided to move the Group's annual reporting date, from 31st December to 28th February. The announcement of 30th June interim results within 60 days puts undue pressure on a small team during the peak holiday period, and the announcement of December results at the beginning of March means that year end investor meetings frequently clash with MIPIM. The change of reporting date will take effect forthwith, such that the current period will be extended to fourteen months, ending on 29th February 2012. An additional Interim Management Statement will be published for the period to 31st December 2011.

Portfolio analysis

Tenant profile

1	FTSE 100	1%
2	Government	1%
3	PLC/Nationals	62%
4	Regional Multiples	17%
5	Local Traders	19%

Lease profile

1	0-5 years	37%
2	5-10 years	31%
3	10-15 years	16%
4	15-20 years	6%
5	20 years+	10%

Location profile

1	London	11%
2	South East	43%
3	South West	19%
4	Midlands	6%
5	North	12%
6	Wales	9%

Analysis by sector

1	Retail	62%
2	Office	6%
3	Mixed	19%
4	Industrial	11%
5	Residential	2%

Income generating properties as at 31st July 2011

Income generating properties – Like-for-like rental income received **30th June 2011**

	Properties owned throughout the period £ million	Acquisitions £ million	Disposals £ million	Total net rental income £ million
Investment properties	5.2	1.1	0.1	6.4
Development and trading properties	0.8	1.5	-	2.3
Joint ventures	-	0.8	-	0.8
	6.0	3.4	0.1	9.5

30th June 2010

	Properties owned throughout the period £ million	Acquisitions £ million	Disposals £ million	Total net rental income £ million
Investment properties	5.1	0.6	1.0	6.7
Development and trading properties	0.6	-	-	0.6
Joint ventures	-	-	-	-
	5.7	0.6	1.0	7.3

Investment property – key statistics

	Portfolio value £ million	Contracted rent £ million	Number of assets held No.	New lettings in year £ million/ '000 sq.ft.	Initial yield in year %	Equivalent yield %	Voids (excluding developable land) %	Rate of rent collections within 30 days %
30th June 2011	210.0	13.4	38	£0.4 / 31 sq.ft.	6.9	7.5	7.9	95.5
31st December 2010	199.2	12.5	37	£1.3 / 101 sq.ft.	6.1	7.3	8.0	92.3
31st December 2009	181.0	11.6	33	£1.3 / 99 sq.ft.	6.8	8.1	7.5	91.9

Consolidated statement of comprehensive income unaudited for the six months ended 30th June 2011

	Notes	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Revenue	2	19.0	14.3	44.4
Direct costs	2	(12.2)	(9.5)	(31.0)
Gross profit	2	6.8	4.8	13.4
Operating costs	2	(6.2)	(5.4)	(12.9)
(Loss)/gain on disposal of investment properties	2	–	(0.1)	0.3
Gain on revaluation of investment property portfolio	2	1.3	4.9	8.8
Increase in fair value of asset held for sale	2	–	2.8	–
Operating profit		1.9	7.0	9.6
Other income	2	–	–	0.1
Share of post-tax profits/(losses) of joint ventures	2	0.8	(0.1)	2.9
Provision for impairment of joint ventures	2	–	(0.4)	–
Profit before interest and income tax	2	2.7	6.5	12.6
Finance income	3	1.3	0.7	1.5
Finance costs	3	(5.3)	(6.4)	(11.5)
(Loss)/profit before income tax		(1.3)	0.8	2.6
Income tax	4	0.1	(1.2)	(0.9)
(Loss)/profit after income tax for the period/year		(1.2)	(0.4)	1.7
Other comprehensive income:				
Loss on revaluation of operating properties	7(a)	–	(0.2)	(0.3)
Gain/(loss) on valuation of cross-currency interest rate swap		0.8	(4.0)	(2.7)
Deferred income tax (charge)/credit	4	(0.2)	1.1	0.7
Total comprehensive income for the period/year attributable to owners of the parent		(0.6)	(3.5)	(0.6)
Basic (loss)/earnings per share	6	(0.9)p	(0.5)p	1.7p
Diluted (loss)/earnings per share	6	(0.9)p	(0.5)p	1.7p

Notes 1 to 18 form an integral part of this condensed Consolidated interim financial information.

Consolidated balance sheet
unaudited as at 30th June 2011

	Notes	30th June 2011 unaudited £ million	30th June 2010 unaudited £ million	31st Dec 2010 audited £ million
Non-current assets				
Property, plant and equipment				
– Operating properties	7(a)	1.2	1.3	1.2
– Other plant and equipment	7(b)	5.1	4.7	4.8
– Investment properties	7(c)	210.0	204.2	199.2
Intangible assets - goodwill		1.3	2.2	1.3
Other financial assets	9	30.4	24.4	27.2
Investments in associates		2.0	1.5	2.0
Investments in joint ventures		22.5	–	9.7
Trade and other receivables		4.4	2.6	2.9
Deferred income tax assets		4.6	3.8	5.5
Derivative financial instruments		6.2	0.4	3.3
		287.7	245.1	257.1
Current assets				
Inventory – development and trading properties	8	178.8	112.6	157.7
Assets classified as held for sale		–	70.1	–
Other financial assets		0.2	0.5	0.5
Trade and other receivables		24.4	12.2	25.8
Cash and cash equivalents	10(a)	75.6	68.0	104.1
		279.0	263.4	288.1
Total assets		566.7	508.5	545.2
Current liabilities				
Trade and other payables		(26.9)	(30.5)	(25.0)
Liabilities classified as held for sale		–	(50.0)	–
Borrowings	10	(6.5)	(3.9)	(0.5)
		(33.4)	(84.4)	(25.5)
Non-current liabilities				
Borrowings	10	(197.6)	(171.4)	(175.0)
Derivative financial instruments		–	(2.8)	–
Deferred income tax liabilities		(4.6)	(3.8)	(5.5)
Provisions for other liabilities and charges	11	(1.5)	(7.6)	(6.1)
		(203.7)	(185.6)	(186.6)
Total liabilities		(237.1)	(270.0)	(212.1)
Net assets		329.6	238.5	333.1
Equity				
Share capital	12	61.2	41.1	61.2
Other reserves		148.0	146.6	147.4
Retained earnings		120.4	50.8	124.5
Equity attributable to owners of the parent		329.6	238.5	333.1
Basic net assets per share	6	269p	290p	272p
Diluted net assets per share	6	270p	290p	272p

Notes 1 to 18 form an integral part of this condensed Consolidated interim financial information.

Consolidated statement of changes in equity unaudited as at 30th June 2011

	Share capital £ million	Other reserves £ million	Retained earnings £ million	Total £ million
At 1st January 2010	41.1	149.7	53.2	244.0
Loss for the six months ended 30th June 2010	–	–	(0.4)	(0.4)
Other comprehensive income:				
Net loss on revaluation of operating properties	–	(0.2)	–	(0.2)
Fair value of cross-currency interest rate swap	–	(4.0)	–	(4.0)
Deferred income tax credited directly to equity	–	1.1	–	1.1
Total comprehensive income for the six month period ended 30th June 2010	–	(3.1)	(0.4)	(3.5)
Transactions with shareholders:				
Final dividend relating to 2009	–	–	(2.0)	(2.0)
Balance at 30th June 2010	41.1	146.6	50.8	238.5
Profit for the six months ended 31st December 2010	–	–	2.1	2.1
Other comprehensive income:				
Net loss on revaluation of operating properties	–	(0.1)	–	(0.1)
Fair value of cross-currency interest rate swap	–	1.3	–	1.3
Deferred income tax debited directly to equity	–	(0.4)	–	(0.4)
Total comprehensive income for the six month period ended 31st December 2010	–	0.8	2.1	2.9
Transactions with shareholders:				
Net proceeds of issue of new shares	20.1	–	73.6	93.7
Interim dividend relating to 2010	–	–	(2.0)	(2.0)
Balance at 31st December 2010	61.2	147.4	124.5	333.1
Loss for the six months ended 30th June 2011	–	–	(1.2)	(1.2)
Other comprehensive income:				
Fair value of cross-currency interest rate swap	–	0.8	–	0.8
Deferred income tax debited directly to equity	–	(0.2)	–	(0.2)
Total comprehensive income for the six month period ended 30th June 2011	–	0.6	(1.2)	(0.6)
Transactions with shareholders:				
Final dividend relating to 2010	–	–	(2.9)	(2.9)
Balance at 30th June 2011	61.2	148.0	120.4	329.6

Notes 1 to 18 form an integral part of this condensed Consolidated interim financial information.

Consolidated cash flow statement
unaudited for the six months ended 30th June 2011

	Notes	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Cash flows from operating activities	13	(25.1)	(8.6)	(69.8)
Cash used in operations:				
Interest paid		(5.3)	(4.8)	(13.9)
Income tax paid		(0.1)	(0.7)	(0.8)
Net cash used in operating activities		(30.5)	(14.1)	(84.5)
Cash flows from investing activities:				
Interest received		0.4	0.5	1.1
Proceeds on disposal of plant and equipment		–	–	0.2
Proceeds on disposal of investment properties		0.1	1.3	25.0
Purchase of plant and equipment		(0.7)	(1.0)	(1.5)
Purchase of investment properties		(9.5)	(19.7)	(34.0)
Purchase of investments in joint ventures and associates		(12.1)	–	(7.1)
Purchase of net assets held for sale		–	(64.8)	–
Purchase of subsidiary, net of cash acquired		–	(2.3)	(1.6)
Investment in financial assets		(3.2)	(8.9)	(11.8)
Cash outflow from joint ventures		–	(0.5)	–
Net cash used in investing activities		(25.0)	(95.4)	(29.7)
Cash flows from financing activities:				
Dividends paid		–	–	(4.0)
Issue of new shares (net of transaction costs)		–	–	93.7
Repayments of borrowings		(2.1)	(16.3)	(48.3)
New bank loans raised		29.3	65.3	95.7
New bank loans raised held for sale		–	47.5	–
Net cash from financing activities		27.2	96.5	137.1
Net (decrease)/increase in cash and cash equivalents		(28.3)	(13.0)	22.9
Cash and cash equivalents at the beginning of the period/year		103.3	80.6	80.6
Net foreign currency differences arising on re-translation of cash and cash equivalents		0.3	(0.5)	(0.2)
Cash and cash equivalents at the end of the period/year		75.3	67.1	103.3
Cash and cash equivalents comprise:				
Cash at bank and in hand		60.4	45.1	77.1
Pledged cash held as security against financial liabilities	10(a)	15.2	22.9	27.0
Cash and short-term deposits		75.6	68.0	104.1
Bank overdrafts		(0.3)	(0.9)	(0.8)
Cash and cash equivalents at the end of the period/year		75.3	67.1	103.3

	Notes	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Net debt comprises:				
Cash and short-term deposits		75.6	68.0	104.1
Financial liabilities:				
Current borrowings	10	(6.5)	(3.9)	(0.5)
Non-current borrowings	10	(197.6)	(171.4)	(175.0)
Net debt		(128.5)	(107.3)	(71.4)

Notes 1 to 18 form an integral part of this condensed Consolidated interim financial information.

Notes to the interim financial information
unaudited for the six months ended 30th June 2011

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) General information
The condensed set of financial information in the half-yearly report of the Group for the six months ended 30th June 2011 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 24th August 2011.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is Portland House, Bressenden Place, London, SW1E 5DS.

The condensed Consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2010, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union, were approved by the board of directors on 1st March 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This Consolidated interim financial information has been reviewed, not audited.

b) Basis of preparation of half-year report
The condensed Consolidated interim financial information for the six months ended 30th June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed Consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31st December 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern basis
The Group has considerable financial resources. Rental income continues to be robust, with the risk of significant default assessed by the Directors as low. Development and trading activities are well diversified across regions and sectors. Debt finance is secured for appropriate periods and the Group is comfortable with its covenant positions. As a result the Directors believe that the Group is well placed to manage its business risks successfully, despite the continuing uncertain economic outlook. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Judgements and key sources of estimation uncertainty
The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed Consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated financial statements for the year ended 31st December 2010.

d) Accounting policies
Except as described below, the accounting policies applied in these condensed Consolidated interim financial statements are consistent with those of the Group's annual financial statements for the year ended 31st December 2010, as described in those financial statements.

The following standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January 2011.

- Revised IAS 24, 'Related party disclosures', issued in November 2009.
- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009

The following standards, amendments and interpretations are effective in 2011 but are not relevant to the Group's operations:

- Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1st January 2011 and have not been early adopted. The financial impact of the new standards, new interpretations and amendments to standards and interpretations are not expected to be material.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1st January 2015 but is available for early adoption.

- IFRS 11, 'Joint Arrangements', supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39, 'Financial instruments: Recognition and measurement', and have not been changed. The Group has not yet decided when to adopt IFRS 9.

e) Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed Consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2010.

There have been no changes in risk management since year end or in any risk management policies.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30th June 2011.

	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments:				
Cross currency interest rate swap	–	6.2	–	6.2
Derivative financial instruments at fair value through the Statement of comprehensive income	–	–	–	–
Total assets	–	6.2	–	6.2
Liabilities				
Derivative financial instruments at fair value through the Statement of comprehensive income	–	–	–	–
Total liabilities	–	–	–	–

The following table presents the Group's assets and liabilities that are measured at fair value at 30th June 2010

	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments:				
Cross currency interest rate swap	–	0.4	–	0.4
Derivative financial instruments at fair value through the Statement of comprehensive income	–	–	–	–
Total assets	–	0.4	–	0.4
Liabilities				
Derivative financial instruments at fair value through the Statement of comprehensive income	–	(2.8)	–	(2.8)
Total liabilities	–	(2.8)	–	(2.8)

The following table presents the Group's assets and liabilities that are measured at fair value at 31st December 2010

	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments:				
Cross currency interest rate swap	–	3.3	–	3.3
Derivative financial instruments at fair value through the Statement of comprehensive income	–	–	–	–
Total assets	–	3.3	–	3.3
Liabilities				
Derivative financial instruments at fair value through the Statement of comprehensive income	–	–	–	–
Total liabilities	–	–	–	–

In 2011 there have been no significant changes in business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2011 there have been no reclassifications of financial assets.

2. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into three operating divisions, whose principal activities are as follows:

Investment	– management of the Group's investment property portfolio, generating rental income and valuation surpluses from property management;
Development and Trading	– managing the Group's development and trading properties. Revenue is received from project management fees, development profits and the disposal of inventory; and
Operating	– serviced office operations. Revenue is principally received from short-term licence fee income.

These divisions are the basis on which the Group reports its primary segmental information. All operations occur and all assets are located in the United Kingdom, except assets of £0.3 million (30th June 2010: £0.6 million, 31st December 2010: £0.6 million), which are located in France and The Netherlands. All revenue arises from continuing operations.

2. SEGMENTAL ANALYSIS continued

	Six months to 30th June 2011 (unaudited)			
	Investment £ million	Development and trading £ million	Operating £ million	Total £ million
Segment revenue	6.6	10.4	2.0	19.0
Direct costs	(1.0)	(8.6)	(2.6)	(12.2)
Segment result	5.6	1.8	(0.6)	6.8
Operating costs	(2.1)	(4.1)	–	(6.2)
Gain on revaluation of investment property portfolio	1.3	–	–	1.3
Operating profit/(loss)	4.8	(2.3)	(0.6)	1.9
Share of post-tax profits/(losses) of joint ventures	0.9	(0.1)	–	0.8
Profit before interest and income tax				2.7
Finance income	0.7	0.6	–	1.3
Finance costs	(3.2)	(2.1)	–	(5.3)
Loss before income tax				(1.3)
Income tax				0.1
Loss after income tax				(1.2)
Assets and liabilities				
Segment assets	254.7	249.2	7.3	511.2
Unallocated assets				55.5
Total assets				566.7
Segment liabilities	(149.4)	(73.6)	(3.0)	(226.0)
Unallocated liabilities				(11.1)
Total liabilities				(237.1)
Revenue				
Rental income	6.4	2.3	–	8.7
Operating property income	–	–	2.0	2.0
Project management fees	–	0.1	–	0.1
Asset management fees	0.1	0.3	–	0.4
Trading property sales	–	1.5	–	1.5
Other trading property income	–	0.8	–	0.8
Construction contract revenue	–	3.6	–	3.6
Development proceeds	–	1.6	–	1.6
Other income	0.1	0.2	–	0.3
	6.6	10.4	2.0	19.0

2. SEGMENTAL ANALYSIS continued

	Six months to 30th June 2010 (unaudited)			
	Investment £ million	Development and trading £ million	Operating £ million	Total £ million
Segment revenue	6.7	5.7	1.9	14.3
Direct costs	(2.8)	(4.1)	(2.6)	(9.5)
Segment result	3.9	1.6	(0.7)	4.8
Operating costs	(2.3)	(3.1)	–	(5.4)
Loss on disposal of investment properties	(0.1)	–	–	(0.1)
Gain on revaluation of investment property portfolio	4.9	–	–	4.9
Increase in fair value of asset held for sale	2.8	–	–	2.8
Operating profit/(loss)	9.2	(1.5)	(0.7)	7.0
Share of post-tax losses of joint ventures	–	(0.1)	–	(0.1)
Provision for impairment of joint ventures	–	(0.4)	–	(0.4)
Profit before interest and income tax				6.5
Finance income	0.4	0.3	–	0.7
Finance costs	(4.9)	(1.5)	–	(6.4)
Profit before income tax				0.8
Income tax				(1.2)
Loss after income tax				(0.4)
Assets and liabilities				
Segment assets	312.4	164.2	7.1	483.7
Unallocated assets				24.8
Total assets				508.5
Segment liabilities	(197.9)	(59.1)	(2.9)	(259.9)
Unallocated liabilities				(10.1)
Total liabilities				(270.0)
Revenue				
Rental income	6.7	0.6	–	7.3
Operating property income	–	–	1.9	1.9
Project management fees	–	0.1	–	0.1
Development proceeds	–	5.0	–	5.0
	6.7	5.7	1.9	14.3

2. SEGMENTAL ANALYSIS continued

	Year ended 31st December 2010 (audited)			
	Investment £ million	Development and trading £ million	Operating £ million	Total £ million
Segment revenue	12.9	27.7	3.8	44.4
Direct costs	(3.7)	(22.2)	(5.1)	(31.0)
Segment result	9.2	5.5	(1.3)	13.4
Operating costs	(3.6)	(9.3)	–	(12.9)
Gain on disposal on investment properties	0.3	–	–	0.3
Gain on revaluation of investment property portfolio	8.8	–	–	8.8
Operating profit/(loss)	14.7	(3.8)	(1.3)	9.6
Other income	0.1	–	–	0.1
Share of post-tax profits/(losses) of joint venture	3.4	(0.5)	–	2.9
Profit before interest and income tax				12.6
Finance income	0.8	0.7	–	1.5
Finance costs	(8.5)	(3.0)	–	(11.5)
Profit before income tax				2.6
Income tax				(0.9)
Profit after income tax				1.7
Assets and liabilities				
Segment assets	249.4	223.4	7.2	480.0
Unallocated assets				65.2
Total assets				545.2
Segment liabilities	(128.2)	(71.5)	(3.1)	(202.8)
Unallocated liabilities				(9.3)
Total liabilities				(212.1)
Revenue				
Rental income	12.8	2.4	–	15.2
Operating property income	–	–	3.8	3.8
Project management fees	–	0.2	–	0.2
Trading property sales	–	4.9	–	4.9
Other trading property income	–	5.5	–	5.5
Construction contract revenue	–	6.6	–	6.6
Development proceeds	–	8.1	–	8.1
Other income	0.1	–	–	0.1
	12.9	27.7	3.8	44.4

3. FINANCE INCOME AND COSTS

	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Finance income			
Interest receivable	0.9	0.7	1.4
Other finance income	0.1	–	0.1
Net foreign currency differences arising on retranslation of cash and cash equivalents	0.3	–	–
Total finance income	1.3	0.7	1.5

	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Finance costs			
Interest on bank loans and other borrowings	4.0	3.9	8.7
Interest on debenture	1.1	1.1	2.2
Amortisation of transaction costs	0.2	0.2	0.4
Fair value loss on financial instruments – interest rate swaps, caps and collars	–	0.7	–
Net foreign currency differences arising on retranslation of cash and cash equivalents	–	0.5	0.2
Total finance cost	5.3	6.4	11.5

In addition the Group recorded a gain of £0.8 million (30th June 2010: charge of £4.0 million and 31st December 2010: charge of £2.7 million) in respect of a cross-currency interest rate swap. This amount is reported as a movement in other reserves in the period.

4. TAXATION

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 29th February 2012 is 26.0 per cent (the estimated tax rate for the six months ended 30th June 2010 was 28.0 per cent). The decrease is mainly due to the Group not recognising deferred tax assets due to uncertainty over the timing of when this would unwind.

	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Current tax charge	–	0.1	0.2
Deferred tax (credit)/charge	(0.1)	1.1	0.7
Total income tax	(0.1)	1.2	0.9

A £0.2 million deferred income tax charge (30th June 2010: £1.1 million credit and 31st December 2010: £0.7 million credit) has been booked directly in reserves in respect of the fair value of cross-currency interest rate swap movement.

5. DIVIDENDS

	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
Amounts recognised as distributions to equity holders in the period	2.9	2.0	4.0
Proposed dividend	2.9	2.0	2.9

	Pence	Pence	Pence
Interim dividend per share	2.40	2.40	2.40
Final dividend per share	–	–	2.40

An interim dividend was declared by the Board on 24th August 2011 and has not been included as a liability or deducted from retained earnings as at 30th June 2011. The interim dividend is payable on 27th October 2011 to Ordinary shareholders on the register at the close of business on 30th September 2011, and will be recorded in the financial statements for the year ended 29th February 2012 (refer note 16).

6. (LOSS)/EARNINGS PER SHARE AND NET ASSETS PER SHARE

Management has chosen to disclose the European Public Real Estate Association (EPRA) adjusted net assets per share and earnings per share from continuing activities in order to provide an indication of the Group's underlying business performance and to assist comparison between European property companies.

The calculation of basic and diluted (loss)/earnings per share and EPRA (loss)/earnings per share is based on the following data:

	Six months to 30th June 2011 unaudited	Six months to 30th June 2010 unaudited	Year ended 31st Dec 2010 audited
(Loss)/profit			
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share (£ million)	(1.2)	(0.4)	1.7
Revaluation surplus (including share of joint venture revaluation surplus)	(2.0)	(4.9)	(12.1)
Loss/(gain) on disposal of investment properties	–	0.1	(0.3)
Gain on disposal of trading properties	(0.2)	–	(1.1)
Increase in fair value of asset held for sale	–	(2.8)	–
Mark-to-market adjustment on interest rate swaps (including share of joint venture mark-to-market adjustment)	–	0.7	0.1
EPRA adjusted loss from continuing activities attributable to owners of the Company	(3.4)	(7.3)	(11.7)
Number of shares (million)			
Weighted average number of Ordinary shares for the purposes of basic (loss)/earnings per share	122.4	82.3	99.0
Effect of dilutive potential Ordinary shares:			
– Share options	–	–	–
Weighted average number of Ordinary shares for the purpose of diluted (loss)/earnings per share	122.4	82.3	99.0
Basic (loss)/earnings per share (pence)	(0.9)	(0.5)	1.7
Diluted (loss)/earnings per share (pence)	(0.9)	(0.5)	1.7
EPRA adjusted loss per share (pence)	(2.7)	(8.9)	(11.8)
EPRA adjusted diluted loss per share (pence)	(2.7)	(8.9)	(11.8)

Net assets per share and diluted net assets per share and EPRA net assets per share and EPRA diluted net assets per share have been calculated as follows:

	Six months to 30th June 2011 unaudited	Six months to 30th June 2010 unaudited	Year ended 31st Dec 2010 audited
Net assets (£ million):			
Basic net assets	329.6	238.5	333.1
Cumulative mark-to-market adjustment on interest rate swaps	3.5	8.2	4.3
EPRA adjusted net assets	333.1	246.7	337.4
Cumulative mark-to-market adjustment on interest rate swaps	(3.5)	(8.2)	(4.3)
Fair value of debt	9.6	5.8	7.5
EPRA adjusted triple net assets	339.2	244.3	340.6
Effect of dilutive potential Ordinary shares	1.4	1.4	1.5
Diluted net assets	331.0	239.9	334.6
EPRA diluted net assets	334.5	248.1	338.9
EPRA diluted triple net assets	340.6	245.7	342.1
Number of shares (million):			
Number of shares in issue at the balance sheet date	122.4	82.3	122.4
Effect of dilutive potential Ordinary shares	0.4	0.4	0.4
Diluted number of shares in issue at the balance sheet date	122.8	82.7	122.8
Basic net assets per share (pence)	269	290	272
Diluted net assets per share (pence)	270	290	272
EPRA adjusted net assets per share (pence)	272	300	276
EPRA diluted net assets per share (pence)	272	300	276
EPRA adjusted triple net assets per share (pence)	277	297	278
EPRA diluted triple net assets per share (pence)	277	297	278

7. PROPERTY, PLANT AND EQUIPMENT

a) Operating properties

	Long leasehold £ million
At valuation 1st January 2010	2.0
Deficit on revaluation	(0.2)
At valuation 30th June 2010	1.8
Deficit on revaluation	(0.1)
At valuation 31st December 2010 and 30th June 2011	1.7
Accumulated depreciation:	
At 1st January 2010	0.4
Charge for the period	0.1
At 30th June 2010	0.5
Charge for the period	–
At 31st December 2010	0.5
Charge for the period	–
At 30th June 2011	0.5
Net book amount 30th June 2011	1.2
Net book amount 31st December 2010	1.2
Net book amount 30th June 2010	1.3

b) Other plant and equipment

	Fittings and computer equipment £ million	Motor vehicles £ million	Total £ million
At cost 1st January 2010	7.5	0.4	7.9
Additions	0.9	0.1	1.0
Disposals	(0.4)	(0.1)	(0.5)
At cost 30th June 2010	8.0	0.4	8.4
Additions	0.5	–	0.5
Disposals	(0.2)	–	(0.2)
At cost 31st December 2010	8.3	0.4	8.7
Additions	0.7	–	0.7
Disposals	(0.1)	–	(0.1)
At cost 30th June 2011	8.9	0.4	9.3
Accumulated depreciation:			
At 1st January 2010	3.4	0.3	3.7
Charge for the period	0.2	-	0.2
Disposals	(0.1)	(0.1)	(0.2)
At 30th June 2010	3.5	0.2	3.7
Charge for the period	0.4	–	0.4
Disposals	(0.2)	–	(0.2)
At 31st December 2010	3.7	0.2	3.9
Charge for the period	0.4	–	0.4
Disposals	(0.1)	–	(0.1)
At 30th June 2011	4.0	0.2	4.2
Net book amount 30th June 2011	4.9	0.2	5.1
Net book amount 31st December 2010	4.6	0.2	4.8
Net book amount 30th June 2010	4.5	0.2	4.7

7. PROPERTY, PLANT AND EQUIPMENT continued

c) Investment properties

	Freehold £ million	Long leasehold £ million	Total £ million
At valuation 1st January 2010	178.8	2.3	181.1
Additions:			
– acquisitions	16.7	–	16.7
– capital expenditure	3.5	–	3.5
Disposals	(1.5)	(0.5)	(2.0)
Surplus/(deficit) on revaluation	5.0	(0.1)	4.9
At valuation 30th June 2010	202.5	1.7	204.2
Additions:			
– acquisitions	13.3	–	13.3
– capital expenditure	0.5	–	0.5
Disposals	(22.7)	–	(22.7)
Surplus/(deficit) on revaluation	4.1	(0.2)	3.9
At valuation 31st December 2010	197.7	1.5	199.2
Additions:			
– acquisitions	–	7.9	7.9
– capital expenditure	1.6	–	1.6
Surplus on revaluation	1.3	–	1.3
At valuation 30th June 2011	200.6	9.4	210.0

The Group's investment properties have been valued at 30th June 2011 by independent valuers and by the Directors on the basis of market value in accordance with the Appraisal and Valuation Standards of the Royal Institute of Chartered Surveyors. Completed investment properties have been valued by DTZ Debenham Tie Leung, Chartered Surveyors, Ryden LLP, Commercial Property Consultants and Savills Commercial Limited, Chartered Surveyors at a value of £172.1 million (30th June 2010: £174.6 million, 31st December 2010: £168.4 million).

Land held as an investment property has been valued by Colliers CRE, Chartered Surveyors at £14.3 million (30th June 2010: £10.0 million, 31st December 2010: £12.4 million).

An investment property acquired in June 2011 has been recorded at its fair value of £7.9 million as at 30th June 2011.

Also included within investment properties are freehold land and buildings representing investment properties under development, amounting to £15.7 million (30th June 2010: £19.6 million, 31st December 2010: £18.4 million), which have been valued by the Directors. These properties comprise buildings and land holdings for current or future development as investment properties. This approach has been taken because the value of these properties is dependent on a detailed knowledge of the planning status, the competitive position of these assets and a range of complex project development appraisals.

Investment properties under development include £8.0 million (30th June 2010: £9.2 million, 31st December 2010: £7.1 million) of landholdings adjacent to retail properties within the Group's portfolio, acquired for the purpose of extending the existing shopping centres. The fair value of these properties rests in the planned extensions, and is difficult to estimate pending confirmation of designs and planning permission, and hence has been estimated by the Directors at cost.

8. INVENTORY – DEVELOPMENT AND TRADING PROPERTIES

	Development properties £ million	Trading properties £ million	Total £ million
At 1st January 2010	35.3	43.2	78.5
Additions:			
– acquisitions	–	15.8	15.8
– acquired through business combination	18.1	–	18.1
– development expenditure	2.6	–	2.6
Disposals	–	(2.4)	(2.4)
At 30th June 2010	56.0	56.6	112.6
Additions:			
– acquisitions	34.4	21.4	55.8
– development expenditure	0.6	–	0.6
Disposals	(11.3)	–	(11.3)
Transfer from trading to development properties	4.5	(4.5)	–
At 31st December 2010	84.2	73.5	157.7
Additions:			
– acquisitions	5.6	14.4	20.0
– development expenditure	4.2	0.6	4.8
Disposals	(1.3)	(1.2)	(2.5)
Write-down of development and trading properties to net realisable value	(1.1)	(0.1)	(1.2)
At 30th June 2011	91.6	87.2	178.8

Included in the above amounts are projects stated at net realisable value, being development and trading properties of £47.8 million (30th June 2010: £38.7 million, 31st December 2010: £42.9 million).

9. OTHER FINANCIAL ASSETS

Included within other financial assets is £5.0 million which represents funding provided to our Curzon Park Limited joint venture, to enable a partial repayment of the bank loan held within the entity. Our joint venture partner has made a similar contribution.

The Group acquired a 50 per cent share of the 10.5 acre site, in Birmingham, in November 2006. In March 2010, the Government published a paper outlining the proposed High Speed Rail Link between London and Birmingham (HS2), which indicates that the planned route passes through the site. The Group, together with its joint venture partner, has put on hold plans for development while it awaits the Government's proposals for taking the project forward. The proposed route may restrict development by approximately two-thirds of its original potential. In view of this uncertainty, the Group is seeking advice in order to protect its position.

Should the value of the site, together with any compensation received, be insufficient to repay the bank loan, the Group may incur further charges in respect of its obligations to the joint venture and the bank.

10. BORROWINGS

	30th June 2011 unaudited £ million	30th June 2010 unaudited £ million	31st Dec 2010 audited £ million
Non – current	197.6	171.4	175.0
Current	6.5	3.9	0.5
	204.1	175.3	175.5

Movements in loans and borrowings are analysed as follows:	£ million
At 1st January 2010	126.3
New borrowings drawn down	65.3
Loans acquired	2.7
Repayment of borrowings	(16.3)
Foreign currency movement of Euro denominated loans	(3.1)
Movement on overdraft balances	0.9
Movement in unamortised transaction costs	(0.5)
At 30th June 2010	175.3
New borrowings drawn down	30.6
Repayment of borrowings	(31.8)
Foreign currency movement of Euro denominated loans	1.7
Movement on overdraft balances	(0.1)
Movement in unamortised transaction costs	(0.2)
At 31st December 2010	175.5
New borrowings drawn down	29.3
Repayment of borrowings	(2.1)
Foreign currency movement of Euro denominated loans	2.1
Movement on overdraft balances	(0.5)
Movement in unamortised transaction costs	(0.2)
At 30th June 2011	204.1

Bank loans, loan notes and overdrafts comprise:

	Maturity	30th June 2011 unaudited £ million	30th June 2010 unaudited £ million	31st Dec 2010 audited £ million
£1.4 million variable rate loan	31 Jan 2011	–	1.4	–
£1.8 million variable rate loan	30 Nov 2011	–	1.8	–
£6.6 million variable rate loan	25 Jun 2012	6.6	6.6	6.6
£38.0 million variable rate loan	31 Jan 2013	37.9	31.1	31.1
£13.0 million variable rate loan	31 May 2013	–	13.0	–
£15.3 million variable rate loan	28 Oct 2013	13.8	–	15.3
£6.0 million variable rate loan	17 Oct 2014	–	6.0	–
£6.2 million variable rate loan	11 Jul 2015	6.2	–	6.2
£20.0 million first mortgage debenture	6 Jan 2016	20.0	20.0	20.0
£58.2 million fixed rate loan	12 Mar 2025	57.0	58.1	57.6
£22.5 million fixed rate loan	12 Mar 2025	22.5	–	–
€47.0 million variable rate loan notes	25 Oct 2027	42.4	38.6	40.3
Bank overdrafts		0.3	0.9	0.8
		206.7	177.5	177.9
Unamortised transaction costs		(2.6)	(2.2)	(2.4)
		204.1	175.3	175.5

The Group remains in compliance with its various banking covenants as at 30th June 2011.

a) Cash balances shown on the Balance sheet at 30th June 2011 include £15.2 million (30th June 2010: £22.9 million, 31st December 2010: £27.0 million) of cash held as security against borrowings.

10. BORROWINGS continued

b) At 30th June 2011, an external valuation, undertaken by J C Rathbone Associates Limited, appraised the market value of the Group's fixed rate debt on a replacement basis, taking into account the difference between fixed interest rates for the Group's borrowings and the market value and prevailing interest rates of appropriate debt instruments. Whilst the replacement basis provides a consistent method for valuation of fixed rate debt, such financing facilities are in place to provide continuing funding for the Group's activities. The valuation is therefore only an indication of a notional effect on the net asset value of the Group as at 30th June 2011 and may be subject to daily fluctuations in line with money market movements.

The fair value compared to the carrying amounts of the Group's fixed rate financial liabilities as at 30th June 2011 is analysed below:

	Book value 30th June 2011 £ million	Fair value 30th June 2011 £ million	Book value 30th June 2010 £ million	Fair value 30th June 2010 £ million	Book value 31st Dec 2010 £ million	Fair value 31st Dec 2010 £ million
First Mortgage Debenture 11% due 2016	20.0	25.3	20.0	26.1	20.0	25.7
Fixed rate term loan due 2025	57.0	60.0	58.1	58.1	57.6	60.8
Fixed rate term loan due 2025	22.5	22.5	–	–	–	–
	99.5	107.8	78.1	84.2	77.6	86.5

The fair value difference of £8.3 million (30th June 2010: £6.1 million, 31st December 2010: £8.9 million) represents approximately 8.3 per cent of gross, fixed rate borrowings (30th June 2010: 7.8 per cent, 31st December 2010: 11.5 per cent). The effect on net assets per share after tax of this adjustment would be a decrease of 4.9 pence after tax (30th June 2010: 5.3 pence, 31st December 2010: 5.3 pence).

11. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	£ million
At 1st January 2010	7.1
Charged to the Statement of comprehensive income in the period	1.2
Utilised during the period	(0.7)
At 30th June 2010	7.6
Provisions written back to the Statement of comprehensive income in the period	(0.5)
Utilised during the period	(1.0)
At 31st December 2010	6.1
Charged to the Statement of comprehensive income in the period	0.2
Provisions written back to the Statement of comprehensive income in the period	(0.8)
Utilised during the period	(4.0)
At 30th June 2011	1.5

Provisions relate to properties and to onerous leases where Group companies act as a guarantor. Onerous lease provisions have been calculated by making assumptions about future lettings, the outcome of which is uncertain. These assumptions are reviewed at the end of each period and the provisions adjusted accordingly.

12. SHARE CAPITAL

	30th June 2011 unaudited £ million	30th June 2010 unaudited £ million	31st Dec 2010 audited £ million
Issued, called up and fully paid:			
122,352,504 Ordinary shares of 50 pence (30th June 2010: 82,256,474 and 31st December 2010: 122,352,504 Ordinary shares of 50 pence)	61.2	41.1	61.2

13. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30th June 2011 unaudited £ million	Six months to 30th June 2010 unaudited £ million	Year ended 31st Dec 2010 audited £ million
(Loss)/profit before income tax	(1.3)	0.8	2.6
Adjustments for:			
Loss/(gain) on disposal of investment properties	–	0.1	(0.3)
Gain on revaluation of investment property portfolio	(1.3)	(4.9)	(8.8)
Other income	–	–	(0.1)
Share of post-tax (profits)/losses of joint ventures	(0.8)	0.1	(2.9)
Provision for impairment of joint ventures	–	0.4	–
Finance income	(1.3)	(0.7)	(1.5)
Finance costs	5.3	6.4	11.5
Increase in fair value of asset held for sale	–	(2.8)	–
Depreciation of property, plant and equipment	0.4	0.3	0.7
Operating cash flows before movements in working capital	1.0	(0.3)	1.2
Increase in development and trading properties	(21.1)	(16.8)	(61.0)
Decrease/(increase) in receivables	0.7	10.4	(0.6)
Decrease in payables	(1.2)	(2.4)	(8.3)
(Decrease)/increase in provisions	(4.5)	0.5	(1.1)
Cash flow from operating activities	(25.1)	(8.6)	(69.8)

14. CONTINGENT LIABILITIES

Performance bonds given on behalf of Group companies are guaranteed by banks in favour of third parties for a total of £nil million (30th June and 31st December 2010: £0.1 million). The performance of obligations under various leases guaranteed by Group companies amount to £0.4 million per annum (30th June 2010 and 31st December 2010: £0.4 million).

The Group has guaranteed its share of the interest payable by Wessex Property Fund in respect of the Fund's borrowings of £17.5 million. The interest liability is currently covered by the Fund's rental income.

The Group has guaranteed its share of the loan and interest payable by Curzon Park Limited, a joint venture, in respect of the company's borrowings of £15.6 million (refer note 9).

The Group has also guaranteed its share of the loan payable by Notting Hill (Guernsey Propco) Limited, a joint venture, in respect of the company's borrowings of £26.0 million. The Group's obligation under this guarantee is limited to £0.5 million.

15. RELATED PARTIES

During the period, the Group entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into and balances outstanding at 30th June and 31st December with related parties are set out below. Only Directors are considered to be key management personnel. There were no transactions with Directors other than remuneration. Details of remuneration for the year ended 31st December 2010 are set out in the Remuneration report on pages 52 to 59 of the 2010 Annual Report.

	Sales to related parties £ million	Purchases from related parties £ million	Amounts owed by related parties £ million	Amounts owed to related parties £ million
Joint ventures				
30th June 2011	–	–	20.0	–
30th June 2010	–	–	9.0	–
31st December 2010	–	–	11.5	–
Associates				
30th June 2011	–	–	17.3	–
30th June 2010	–	–	13.2	–
31st December 2010	–	–	14.3	–

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Details of the interim dividend proposed are given in note 5.

In July 2011, the Group has acquired a trading property in East London for £5.3 million. In addition the Group has acquired a 50 per cent holding in S Harrison Developments Lichfield Limited for £2.4 million. The purpose of the joint venture is to develop a shopping centre in Lichfield.

During August 2011, the Group disposed of a trading property in London for consideration of £5.0 million. The asset was originally acquired as part of the Rock portfolio in October 2010.

The directors have made the decision to change the Group's accounting reference date from 31st December to 28th February, as noted in the Financial review. The change will take place with immediate effect. The current period will be extended to 14 months, and the next report and accounts will be prepared to 29th February 2012.

17. GLOSSARY

Net debt: total debt less cash and short-term deposits, including pledged cash.

Gearing: expressed as a percentage, is measured as net debt divided by total shareholders' funds.

IPD Index and Total Portfolio Return: total return from the completed investment property portfolio, comprising net rental income or expenditure and capital gains or losses from disposals and revaluation surpluses or deficits, divided by the average capital employed during the financial period, as defined and measured by Investment Property Databank Limited, a company that produces independent benchmarks of property returns.

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the period/year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the period/year.

Diluted (loss)/earnings per share amounts are calculated by dividing the (loss)/profit attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the period/year plus the weighted average number of Ordinary shares that would be issued on the conversion of all the dilutive potential Ordinary shares into Ordinary shares.

Basic net assets per share amounts are calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date.

Diluted net assets per share amounts are calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date plus the number of Ordinary shares that would be issued on the conversion of all the dilutive potential Ordinary shares into Ordinary shares.

Dividends per share: Dividends per share, expressed as an amount in pence per share, is defined as the total dividend declared by the Directors divided by the number of equity shares qualifying for such dividend.

EPRA is the European Public Real Estate Association.

EPRA earnings is the profit after taxation excluding investment property revaluations (including revaluations of joint venture investment properties), gains/(losses) on disposals of investment and trading properties, mark-to-market movements of derivative financial instruments (including those of joint ventures) and intangible asset movements and their related taxation.

EPRA net assets (EPRA NAV) are the Balance sheet net assets excluding the mark-to-market adjustment on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations, and diluting for the effect of those shares potentially issuable under employee share schemes.

EPRA NAV per share is EPRA NAV divided by the diluted number of shares at the period end.

EPRA triple net assets is the EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.

18. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' confirm that, to the best of their knowledge, these condensed Consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last Annual Report;

The Directors of Development Securities PLC are listed in the Development Securities PLC Annual Report of 31st December 2010. A list of the current Directors is maintained on the Development Securities PLC website: www.developmentsecurities.com.

The maintenance and integrity of the Development Securities PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

M H Marx
Chief Executive
25th August 2011

Independent review report to Development Securities PLC

Introduction

We have been engaged by the Company to review the condensed Consolidated interim financial information in the interim financial report for the half-year ended 30th June 2011, which comprises the interim Consolidated statement of comprehensive income, the interim Consolidated balance sheet, the interim Consolidated statement of changes in equity, the interim Consolidated cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed Consolidated interim financial information.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1(b), the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed Consolidated interim financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed Consolidated interim financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed Consolidated interim financial information in the interim financial report for the half-year ended 30th June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
25th August 2011