24th August 2009

DEVELOPMENT SECURITIES PLC - INTERIM RESULTS
FOR THE SIX MONTHS ENDING 30th JUNE 2009
Well positioned to capitalise on emerging 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 2009.

Highlights:

- Net assets decline of 11.2%, reducing to £143.0m (31st December 2008: £161.0m), equivalent to 352p per share (31st December 2008: 397p per share)
- Loss after tax of £(18.5)m (30th June 2008: £(14.4)m) reflecting the further deterioration of property market values during the period
- Development programme on track:
  - CityPark, Manchester scheduled for completion next month;
  - Weeke Local Centre, Winchester expected to complete Q4 2009;
  - St Bride St, London EC4 forward funded scheme due for completion Q1 2010;
  - Two Kingdom Street, PaddingtonCentral due to be delivered early 2010 and in discussions to pre-lease two floors to a prime corporate covenant
- Investment portfolio outperformed All Property IPD Index during the period, showing a decline in value of 9.0% versus 13.2% for the wider market
- Successful equity fund raising in July of £100.0m at 240p per share provides significant balance sheet strength and ability to take advantage of current market opportunities
- Some £27.0m has been spent on four acquisitions since the fund raising, including the purchase of a bank loan – believed to be the first such acquisition in this part of the cycle
- Interim dividend maintained at 2.4p (30th June 2008: 2.4p)

Financial summary:
unaudited for the six months ended 30th June 2009

	30th June 2009 unaudited £ million	30th June 2008 unaudited £ million	31st Dec 2008 audited £ million
Loss after income tax	(18.5)	(14.4)	(60.5)
Net assets	143.0	213.6	161.0
Net debt*	(116.2)	(67.6)	(87.2)
Basic and diluted loss per share (pence)	(45.4)	(35.5)	(149.2)
Basic net assets per share# (pence)	352	526	397
Dividends per share declared# (pence)	2.4	2.4	4.8

Refer note 16
* Refer notes 9 and 16

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Chairman's statement

The loss before income tax of £19.1 million for the first six months of 2009 reflects the further deterioration in property markets continuing on from the significant decline in values that was recorded in 2008.

The loss before income tax equals that in the equivalent period last year and is 29.1 per cent of the loss before income tax reported for the year ended 31st December 2008. Nevertheless, given the financial strength within our balance sheet your Board has declared a dividend of 2.4 pence per share equal to the interim dividend paid in 2008. This will be paid on 27th October 2009 to shareholders on the register on 2nd October 2009 in relation to those shares in issue prior to the recent Firm Placing and Placing and Open Offer.

The background to the current difficulties within the property market relates both to the dysfunctionality of the banking markets as well as to the continuing decline in the United Kingdom economy. Whereas we are beginning to witness some modest return of loan origination to the property sector from its traditional banking participants, the level of finance available is currently inadequate to sustain any significant levels of transaction volumes. It has to be said however that, wherever possible, the banking sector is extending flexibility to distressed property investors in respect of the terms on which loans originated in the past few years were written. Consequently, the banking sector has not moved precipitately to foreclose on real estate collateral and there is little doubt this restriction on the supply side has assisted the market to avoid an even more substantial downward move in values. It is of course possible that some or all of the banks may reassess their strategies with regard to the current market.

The property investment market has seemingly polarised between prime and near prime properties on one hand and secondary properties on the other. The influences of the current economic recession combined with the restrictions on available finance have highlighted the need for property investors to focus on covenant risk as one of the key drivers to value. It is in the secondary property market that illiquidity is clearly apparent. The shortage of available equity both to market participants and their financing institutions has frozen the market into a situation where many participants lack the additional marginal cash needed to sustain an investment or development project.

It was against the backdrop of this constrained market place that your Company successfully raised £100.0 million last month by way of a Firm Placing and Placing and Open Offer at a modest discount of 9.1 per cent to the then market price. Net of expenses, the £94.0 million proceeds of this capital raising are now available to be injected into the market. We plan to co-invest in potential large scale development projects, and secure more modest sized real estate on our own account where we are able to identify development or other added value characteristics, secure property to be traded in the near term, as well as acquire existing loans that were previously made by banks and which are secured on otherwise sound property collateral. I am pleased to report that some progress has already been made in that regard.

Our active development programme continues on schedule, with construction activity continuing on Two Kingdom Street, PaddingtonCentral, CityPark in Manchester, St Bride Street in the City of London and our retail scheme at Weeke Local Centre, Winchester. At PaddingtonCentral, the 230,000 sq. ft. of prime office accommodation together with 22,000 sq. ft. of high-end studio space is programmed for completion in early 2010 with funding provided jointly by Aviva Investors and Quinlan Private. It is pleasing to note that we are currently in negotiation to pre-lease 50,000 sq. ft. at Two Kingdom Street to a prime corporate covenant. The 147,000 sq. ft. office building at CityPark, Manchester is on schedule for completion in the next month or so and was forward sold prior to commencement of the project in October 2007 to a private investor for part owner occupation. Construction of the prime 54,000 sq. ft. office and retail development at St Bride Street was forward-funded with Corpus Sireo Immobiliensfonds and is on schedule for completion in the first quarter of next year. Finally, construction at our 53,300 sq. ft. retail scheme in Winchester continues on schedule for completion in the final quarter of this year. The significant majority of the project was pre-leased to Waitrose, Boots, Costa and a local Primary Health Trust and it would be our intention to dispose of this property within the short term, thus recycling equity for new projects.

Negotiations are in hand for the disposal of 399 Edgware Road, Colindale, London NW9. We are also considering other alternative strategies that include seeking a variation to the current planning consent and considering an operational partnership to reopen the existing building for retail activity.

Our investment property portfolio continued its outperformance by recording a decline in value of 9.0 per cent to 30th June 2009 as compared to the 13.2 per cent negative capital return of the All Property IPD Index. At 30th June 2009, the annual rent passing was £7.7 million representing a yield of 7.3 per cent compared to the reversionary rental level of £10.0 million. The current vacancy rate is 9.9 per cent. Notable activity within this actively managed portfolio was at Atlantic Village, the 150,000 sq. ft. factory outlet centre in Bideford, Devon. Although the retail scheme is anchored by a 55,000 sq. ft. ASDA store immediately adjacent to our property, we were pleased recently to secure Marks & Spencer into a newly configured 10,500 sq. ft. unit. We are moving closer to realising the potential that we originally envisaged for this property when it was acquired in 2008. At Kingsland Shopping Centre, Thatcham, we are seeking to release land for the development of 35,000 sq. ft. of open A1 retail space which we believe will reinvigorate the retail centre and improve rental levels.

In recent weeks, we have secured a number of new properties for our portfolio. At Grimsby, we acquired a 92,000 sq. ft. department store within the town's established retail core. Leased to House of Fraser for an unexpired 30 year term, the acquisition price of £10.5 million reflects a net initial yield of 9.0 per cent. In Eltham, south east London, we acquired a 35,000 sq. ft. retail property for £4.5 million at a net initial yield of 8.7 per cent. The property is leased to four separate retailers, Carpetright, Peacocks, Sportsdirect.com and Bathstore.com. Also in August, we acquired an 82,000 sq. ft. vacant office building next to Wallington Station in south London for £2.2 million. The building has planning consent for 118 private flats, 22,400 sq. ft. of retail and commercial accommodation together with 124 car parking spaces. Additionally, terms have been agreed for the acquisition of a retail property in Cardiff, South Wales at a price of circa £11.0 million, reflecting a net initial yield of 8.0 per cent. If the due diligence and documentation process continues satisfactorily, we would plan to exchange contracts for purchase within the near term. Earlier this month, we acquired a senior bank loan secured on a neighbourhood shopping centre in south west England, at a cost of approximately £10.0 million. The loan is currently performing and the interest payments, which are being met by the borrower in full, reflect a yield in excess of 10.0 per cent. Clearly, the net annual rental income and interest payments of £3.4 million from these transactions will considerably benefit our ongoing earnings profile.

The investment property market decline has decelerated recently and we await to see the impact on valuations caused by further likely rental declines and increasing voids. We are cautiously optimistic that the market is now close to its low point although we are guarded against a possible further downward shift should sentiment still worsen with regard to the general economic climate in the United Kingdom.

Our Group cash flow has continued in line with previous expectations. The development expenditure at our retail scheme in Winchester and at our pre-sold project at CityPark, Manchester resulted in our net debt at 30th June 2009 rising to £116.2 million (30th June 2008: £67.6 million, 31st December 2008: £87.2 million). This level of net debt implies a net gearing of 81.3 per cent at 30th June 2009 but, setting aside consideration of the proceeds from our recent equity issue, this would have been reduced significantly upon receipt of the £43.5 million due on completion of CityPark, Manchester in the next month or so. It is anticipated that a successful disposal of the predominantly pre-let retail scheme at Winchester should also generate a further cash receipt of approximately £17.5 million by the end of the current financial year. We have made modest loan repayments in order to maintain compliance with our loan-to-value banking covenants and will be making such further adjustments as market values continue to soften. We have not renegotiated any banking covenants since our 2008 Annual Report was published and we remain comfortable with our current covenant obligations. Clearly, the proceeds from our recent share issue have significantly reduced our level of net debt. It is pleasing for me to report that our banks remain strongly supportive of your Company.

The Company has emerged stronger from a challenging period and the strength of our management team was not found wanting in any respect. I would wish to record my thanks to them.

D S Jenkins
Chairman
21st August 2009

Financial review

The loss before income tax of £19.1 million (30th June 2008: £19.1 million loss, 31st December 2008: £65.6 million loss) reflects a lower contribution from development profits, a revaluation deficit in respect of the investment property portfolio of £12.2 million and net finance costs of £3.6 million, with cash deposits continuing to earn negligible interest.

Development income of £0.8 million was earned in respect of CityPark, Manchester. As at 30th June 2009 the receivable included on the Balance sheet was £34.5 million with a corresponding loan secured against the property of £20.8 million. The development continues ahead of schedule and within budget, with practical completion now expected during the current quarter and settlement of the outstanding balance of £43.5 million due from the purchaser shortly thereafter (and backed by a bank guarantee).

The performance of our investment portfolio continues strongly, with tenant failures remaining low at 0.7 per cent. As at 30th June 2009 rents overdue by more than 30 days were 1.3 per cent of the rent roll. This excludes monthly turnover rents or payment concessions.

Cash income and expenditure continues in line with our budget. Net debt has increased to £116.2 million (30th June 2008: £67.6 million, 31st December 2008: £87.2 million), principally reflecting borrowings in respect of development expenditure at CityPark, Manchester and Weeke Local Centre, Winchester. These development facilities mature respectively in January and June 2010 and are shown as current liabilities as at 30th June 2009. The Directors expect that both loans will be repaid in advance of these dates from the proceeds of disposal of the assets; however they have also received expressions of interest in refinancing the Winchester facility. The increase in net debt and fall in net assets have taken gearing to 81.3 per cent, in line with our expectation ahead of receipt of the CityPark, Manchester completion monies.

The Group has made modest loan prepayments in order to maintain compliance with loan-to-value covenants, and expects to make further such adjustments whilst market yields continue to soften. These amounts have been in line with our budget. The Directors remain comfortable with our covenant levels, and the Group has not renegotiated any covenants since publication of the last financial statements. Our lenders remain strongly supportive and have demonstrated their intention to finance the Group's future projects.

The purpose of our recent share issue was to raise funds to take advantage of opportunities in the market, and not to bolster the Balance sheet; nevertheless the effect of receiving approximately £94.0 million of net proceeds will, together with completion of the CityPark, Manchester transaction, take the Group's gearing to below 20.0 per cent, pending investment of the proceeds.

Our 2008 Annual Report sets out our risk profile and our approach to managing our principal risks. With regard to the second half of the current year, whilst the Board perceives significant opportunities in the current market to acquire assets at distressed prices, nevertheless the Directors consider that wider economic risks remain on the downside. Consequently we will continue to exercise caution in selecting further investments, paying particular attention to the covenant strength of tenants and to the existence of alternative options to maintain and add value. Given the constraints on our banking partners, we also continue to monitor these relationships, and to cultivate new ones, in order to ensure that we retain the maximum flexibility in financing our portfolios.

Portfolio analysis

Tenant profile

1	FTSE 100	1%
2	Government	2%
3	PLC/Nationals	73%
4	Regional Multiples	4%
5	Local Businesses	20%

Lease profile

1	0-5 years	39%
2	5-10 years	17%
3	10-15 years	10%
4	15-20 years	16%
5	20 years+	18%

Location profile

1	London	9%
2	South East	50%
3	North	24%
4	South West	17%

Analysis by sector

1	Retail	74%
2	Office	12%
3	Industrial	10%
4	Residential	4%

Income generating properties as at 31st July 2009.

PRINCIPAL PROPERTIES

Retail

Kingsland Shopping Centre, Thatcham, Berkshire
131 The Broadway, Bexleyheath, Kent
The Furlong Centre, Ringwood, Hampshire
Swanley Shopping Centre, Swanley, Kent
Atlantic Village, Bideford, Devon
Victoria Street, Grimsby

Offices

The Genesis Centre, Birchwood, Warrington, Cheshire

Industrial

Great West Trading Estate, Great West Road, Brentford, Middlesex

Consolidated statement of comprehensive income
unaudited for the six months ended 30th June 2009

	Notes	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Revenue	2	18.9	127.3	171.1
Direct costs	2	(18.0)	(110.4)	(155.9)
Gross profit	2	0.9	16.9	15.2
Operating costs	2	(4.7)	(4.9)	(13.4)
Gain on disposal of investment properties	2	–	–	0.5
Loss on revaluation of investment property portfolio	2	(12.2)	(15.6)	(45.1)
Net foreign currency difference	2	–	0.4	–
Operating loss		(16.0)	(3.2)	(42.8)
Other income	2	–	2.3	2.8
Share of post-tax losses of joint ventures		–	(8.1)	(8.6)
Share of post-tax losses of associates		–	(0.4)	(1.2)
Income from financial assets		0.5	1.4	1.3
Impairment provision of financial assets		–	(1.6)	(2.1)
Profit on sale of other fixed assets		–	0.1	–
Profit on sale of investment		–	0.3	0.3
Loss before interest and income tax	2	(15.5)	(9.2)	(50.3)
Finance income	4	0.6	1.7	3.0
Finance costs	4	(4.2)	(11.6)	(18.3)
Loss before income tax		(19.1)	(19.1)	(65.6)
Income tax	5	0.6	4.7	5.1
Loss after income tax for the period		(18.5)	(14.4)	(60.5)
Other comprehensive income:				
Loss on revaluation of operating properties	8(a)	(0.3)	(0.2)	(0.3)
Gain/(loss) on valuation of cross-currency interest rate swap		2.4	1.0	(4.0)
Available-for-sale financial assets transferred to the Income statement		–	0.2	(1.8)
Deferred income tax (charge)/credit	5	(0.7)	(0.2)	1.6
Total comprehensive income for the period attributable to equity shareholders of the parent		(17.1)	(13.6)	(65.0)
Basic loss per share	7	(45.4)p	(35.5)p	(149.2)p
Diluted loss per share	7	(45.4)p	(35.5)p	(149.2)p

Notes 1 to 17 form an integral part of this condensed Consolidated interim financial information.

Consolidated balance sheet
unaudited as at 30th June 2009

	Notes	30th June 2009 unaudited £ million	30th June 2008 unaudited £ million	31st Dec 2008 audited £ million
Non-current assets				
Property, plant and equipment				
– Operating properties	8(a)	1.6	2.1	2.0
– Other plant and equipment	8(b)	3.8	3.1	3.5
– Investment properties	8(c)	123.2	164.1	134.1
Other financial assets		15.1	17.8	15.0
Investments in associates		–	0.5	–
Investments in joint ventures		0.7	0.9	0.6
Trade and other receivables		2.4	1.1	1.8
Deferred income tax assets		0.9	6.2	3.5
Derivative financial instruments		5.5	5.3	7.9
		153.2	201.1	168.4
Investment in joint venture – held for sale		0.6	–	0.6
Current assets				
Inventory – development and trading properties		65.2	81.4	59.4
Other financial assets		10.3	10.3	9.7
Trade and other receivables		56.7	50.2	46.9
Cash and cash equivalents	9(a)	32.2	64.4	60.7
		164.4	206.3	176.7
Total assets		318.2	407.4	345.7
Current liabilities				
Trade and other payables		(17.0)	(50.9)	(24.3)
Borrowings	9	(30.5)	(7.9)	(4.7)
		(47.5)	(58.8)	(29.0)
Non-current liabilities				
Borrowings	9	(117.9)	(124.1)	(143.2)
Derivative financial instruments		(2.3)	–	(3.0)
Deferred income tax liabilities		(0.9)	(8.4)	(3.5)
Provisions for other liabilities and charges	10	(6.6)	(2.5)	(6.0)
		(127.7)	(135.0)	(155.7)
Total liabilities		(175.2)	(193.8)	(184.7)
Net assets		143.0	213.6	161.0
Equity				
Share capital	11	20.3	20.3	20.3
Other reserves		155.5	159.7	154.0
Retained earnings		(32.8)	33.6	(13.3)
Equity attributable to equity shareholders of the parent		143.0	213.6	161.0
Basic net assets per share	7	352p	526p	397p
Diluted net assets per share	7	352p	525p	397p

Notes 1 to 17 form an integral part of this condensed Consolidated interim financial information.

Consolidated statement of changes in equity unaudited as at 30th June 2009

	Share capital £ million	Other reserves £ million	Retained earnings £ million	Total £ million
At 1st January 2008	20.3	158.5	50.1	228.9
Loss for the six months to 30th June 2008	–	–	(14.4)	(14.4)
Other comprehensive income:				
Net loss on revaluation of operating properties	–	(0.2)	–	(0.2)
Fair value adjustment to available-for-sale assets	–	0.2	–	0.2
Fair value of cross-currency interest rate swap	–	1.0	–	1.0
Deferred income tax charged directly to equity	–	–	(0.2)	(0.2)
Total comprehensive income for the period ended 30th June 2008	20.3	159.5	35.5	215.3
Transactions with owners:				
Net proceeds of issue of new shares	–	0.2	–	0.2
Final dividends relating to 2007	–	–	(1.9)	(1.9)
Balance at 30th June 2008	20.3	159.7	33.6	213.6
Loss for the year ended 31st December 2008	–	–	(46.1)	(46.1)
Other comprehensive income:				
Net loss on revaluation of operating properties	–	(0.1)	–	(0.1)
Fair value adjustment to available-for-sale assets	–	(2.0)	–	(2.0)
Fair value of cross-currency interest rate swap	–	(5.0)	–	(5.0)
Deferred income tax charged directly to equity	–	1.6	0.2	1.8
Total comprehensive income for the year ended 31st December 2008	20.3	154.2	(12.3)	162.2
Transactions with owners:				
Adjustment to net proceeds of issue of new shares	–	(0.2)	–	(0.2)
Interim dividends relating to 2008	–	–	(1.0)	(1.0)
Balance at 31st December 2008	20.3	154.0	(13.3)	161.0
Loss for the six months to 30th June 2009	–	–	(18.5)	(18.5)
Net loss on revaluation of operating properties	–	(0.3)	–	(0.3)
Fair value of cross-currency interest rate swap	–	2.4	–	2.4
Deferred income tax charged directly to equity	–	(0.7)	–	(0.7)
Total comprehensive income for the period ended 30th June 2009	20.3	155.4	(31.8)	143.9
Share based payments	–	0.1	–	0.1
Final dividends relating to 2008	–	–	(1.0)	(1.0)
Balance at 30th June 2009	20.3	155.5	(32.8)	143.0

Notes 1 to 17 form an integral part of this condensed Consolidated interim financial information.

Consolidated cash flow statement
unaudited for the six months ended 30th June 2009

	Notes	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Net cash flow from operating activities	12	(31.4)	29.8	15.9
Investing activities:				
Interest received		0.4	2.2	5.7
Proceeds on disposal of plant and equipment		–	0.1	–
Proceeds on disposal of investment properties		–	–	2.6
Proceeds on disposal of investments		–	0.3	0.3
Purchase of plant and equipment		(0.6)	(0.9)	(1.5)
Purchase of investment properties		(1.3)	(24.5)	(26.3)
Purchase of investments		(0.1)	(0.5)	(1.2)
(Investment in)/return of financial assets		(0.1)	2.0	1.7
Cash (outflow)/inflow from joint ventures		–	(0.5)	0.5
Net cash flow from investing activities		(1.7)	(21.8)	(18.2)
Financing activities:				
Dividends paid		–	–	(2.9)
Issue of new shares		–	–	0.1
Repayments of borrowings		(8.1)	(79.0)	(81.4)
New bank loans raised		13.3	59.3	72.8
Net cash flow from financing activities		5.2	(19.7)	(11.4)
Net decrease in cash and cash equivalents		(27.9)	(11.7)	(13.7)
Cash and cash equivalents at the beginning of the period		60.4	72.5	72.5
Net foreign currency differences arising on re-translation of cash and cash equivalents		(0.8)	–	1.6
Cash and cash equivalents at the end of the period		31.7	60.8	60.4
Cash and cash equivalents comprise:				
Cash at bank and in hand		11.2	25.5	29.0
Pledged cash held as security against financial liabilities	9(a)	21.0	38.9	31.7
Cash and short-term deposits		32.2	64.4	60.7
Bank overdrafts		(0.5)	(3.6)	(0.3)
Cash and cash equivalents at the end of the period		31.7	60.8	60.4

	Notes	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Net debt comprises:				
Cash and short-term deposits		32.2	64.4	60.7
Financial liabilities:				
Current borrowings	9	(30.5)	(7.9)	(4.7)
Non-current borrowings	9	(117.9)	(124.1)	(143.2)
Net debt		(116.2)	(67.6)	(87.2)

Notes 1 to 17 form an integral part of this condensed Consolidated interim financial information.

Notes to the interim financial statements
unaudited for the six months ended 30th June 2009

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) General information
The condensed Consolidated interim financial statements of the Group for the six months ended 30th June 2009 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 21st August 2009.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK.

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 2008, 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 30th March 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

b) Basis of preparation
The condensed Consolidated interim financial information for the six months ended 30th June 2009 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 as at 31st December 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

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 amounts reported in the Statement of comprehensive income and the Balance sheet. The principal amounts affected by such judgements are set out in note 1(c) of the financial statements for the year ended 31st December 2008.

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 2008, as described in those financial statements.

The following standards, amendments and interpretations are mandatory for the first time for the financial year beginning 1st January 2009.

- IAS 1 (amendment) 'Presentation of financial statements'. The Group has elected to present a single performance statement: a Consolidated statement of comprehensive income. The Consolidated interim financial statements have been prepared under the revised disclosure requirements.
- IAS 23 (amendment) 'Borrowing costs'. This amendment does not have any impact on the Group financial statements as its requirements are already being applied.
- IFRIC 15 'Agreements for the Construction of Real Estate'. This standard does not have any impact on the Group financial statements as its requirements are already being applied.
- IFRS 8 'Operating segments'. IFRS 8 replaces IAS 14 'Segmental reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This standard does not have any impact on the Group as the reporting segments were already presented on that basis.

The Group also adopted the following new and amended IFRS and IFRIC interpretations during the period which did have an effect on the financial performance or position of the Group in the current or prior periods:

- IFRS 2 (amendment) 'Share-based payment'. Impact of changes to vesting conditions and cancellations on the Group SAYE schemes. These were not material.

The following standards, amendments and interpretations are mandatory for the first time for the current accounting period but are not relevant to the Group's operations:

- IFRIC 13 'Customer loyalty programmes'
- IFRIC 16 'Hedges of a New Investment in a Foreign Operation'

- IAS 32 (amendment) ‘Financial instruments: presentation’

The following new standards, amendments and interpretations have been issued, but are not effective for the financial period beginning 1st January 2009 and have not been early adopted:

- IFRS 3 (amendment) ‘Business combinations’ and consequential amendments to IAS 27, ‘Consolidated and separate financial statements’. This will impact the Group only in the event of future acquisitions.
- IAS 28 ‘Investments in associates’ and IAS 31 ‘Interests in joint ventures’, effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group.
- IFRIC 17 ‘Distributions of non-cash assets to owners’, effective for annual accounting periods beginning on or after 1st July 2009. This is not relevant to the Group, as the Group only makes distributions to owners in the form of cash.
- IFRIC 18 ‘Transfer of assets from customers’, effective for periods beginning on or after 1st July 2009. This is not relevant for the Group.

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;
Trading and Development	– managing the Group’s development projects. 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 £0.8 million (30th June 2008: £0.8 million, 31st December 2008: £0.8 million), which are located in France and The Netherlands. Accordingly, no secondary segmental information is shown. All revenue arises from continuing operations.

2. SEGMENTAL ANALYSIS continued

	Six months to 30th June 2009 (unaudited)			
	Investment £ million	Trading and development £ million	Operating £ million	Total £ million
Segment revenue	4.2	13.0	1.7	18.9
Direct costs	(1.9)	(13.6)	(2.5)	(18.0)
Segment result	2.3	(0.6)	(0.8)	0.9
Operating costs	(1.6)	(3.1)	–	(4.7)
Loss on revaluation of investment property portfolio	(12.2)	–	–	(12.2)
Operating loss				(16.0)
Income from financial assets	0.5	–	–	0.5
Loss before interest and income tax				(15.5)
Finance income	0.4	0.2	–	0.6
Finance costs	(2.5)	(1.7)	–	(4.2)
Loss before income tax				(19.1)
Income tax				0.6
Loss after income tax for the period				(18.5)
Assets and liabilities				
Segment assets	154.2	143.7	6.7	304.6
Unallocated assets				13.6
Total assets				318.2
Segment liabilities	(94.9)	(73.3)	(2.5)	(170.7)
Unallocated liabilities				(4.5)
Total liabilities				(175.2)
Revenue				
Rental income	4.2	–	–	4.2
Operating property income	–	–	1.7	1.7
Project management fees	–	0.5	–	0.5
Construction contract revenue	–	11.6	–	11.6
Development proceeds	–	0.9	–	0.9
	4.2	13.0	1.7	18.9

2. SEGMENTAL ANALYSIS continued

	Six months to 30th June 2008 (unaudited)			
	Investment £ million	Trading and development £ million	Operating £ million	Total £ million
Segment revenue	4.6	121.0	1.7	127.3
Direct costs	(2.3)	(105.8)	(2.3)	(110.4)
Segment result	2.3	15.2	(0.6)	16.9
Operating costs	(1.7)	(3.2)	–	(4.9)
Loss on revaluation of investment property portfolio	(15.6)	–	–	(15.6)
Net foreign currency differences				0.4
Operating loss				(3.2)
Other income	–	2.3	–	2.3
Share of post-tax losses of joint ventures	–	(8.1)	–	(8.1)
Share of post-tax profits of associates	(0.4)	–	–	(0.4)
Income from financial assets	–	1.4	–	1.4
Impairment provision of financial assets	(1.6)	–	–	(1.6)
Profit on sale of other fixed assets				0.1
Profit on sale of investments	0.3	–	–	0.3
Loss before interest and income tax				(9.2)
Finance income	1.1	0.6	–	1.7
Finance costs	(8.8)	(2.8)	–	(11.6)
Loss before income tax				(19.1)
Income tax				4.7
Loss after income tax for the period				(14.4)
Assets and liabilities				
Segment assets	197.6	173.1	6.6	377.3
Unallocated assets				30.1
Total assets				407.4
Segment liabilities	(91.4)	(86.7)	(2.0)	(180.1)
Unallocated liabilities				(13.7)
Total liabilities				(193.8)
Revenue				
Rental income	4.6	–	–	4.6
Operating property income	–	–	1.7	1.7
Project management fees	–	0.8	–	0.8
Trading property sales	–	73.5	–	73.5
Construction contract revenue	–	24.0	–	24.0
Development proceeds	–	22.7	–	22.7
	4.6	121.0	1.7	127.3

2. SEGMENTAL ANALYSIS continued

	Year ended 31st December 2008 (audited)			
	Investment £ million	Trading and development £ million	Operating £ million	Total £ million
Segment revenue	8.9	158.6	3.6	171.1
Direct costs	(5.9)	(145.4)	(4.6)	(155.9)
Segment result	3.0	13.2	(1.0)	15.2
Operating costs	(5.1)	(8.3)	–	(13.4)
Gain on disposal of investment properties	0.5	–	–	0.5
Loss on revaluation of investment property portfolio	(45.1)	–	–	(45.1)
Operating loss				(42.8)
Other income	–	2.8	–	2.8
Share of post-tax losses of joint ventures	–	(8.6)	–	(8.6)
Share of post-tax losses of associates	(1.0)	(0.2)	–	(1.2)
Income from financial assets	–	1.3	–	1.3
Impairment provision of financial assets	(2.1)	–	–	(2.1)
Profit on sale of investments	0.3	–	–	0.3
Loss before interest and taxation				(50.3)
Finance income	2.0	1.0	–	3.0
Finance costs	(14.0)	(4.3)	–	(18.3)
Loss before income tax				(65.6)
Income tax				5.1
Loss after income tax for the year				(60.5)
Assets and liabilities				
Segment assets	165.5	139.3	6.6	311.4
Unallocated assets				34.3
Total assets				345.7
Segment liabilities	(98.4)	(74.6)	(2.1)	(175.1)
Unallocated liabilities				(9.6)
Total liabilities				(184.7)
Revenue				
Rental income	8.8	–	–	8.8
Operating property income	–	–	3.5	3.5
Project management fees	–	1.4	–	1.4
Trading property sales	–	89.3	–	89.3
Construction contract revenue	–	35.8	–	35.8
Development proceeds	–	32.1	–	32.1
Other income	0.1	–	0.1	0.2
	8.9	158.6	3.6	171.1

3. OPERATING LOSS

The following items have been charged to operating loss during the period:

	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Cost of development and trading properties recognised in direct cost	11.5	100.1	111.9
Write-down of development and trading properties to net realisable value	0.8	2.0	26.8

Financial assets were reviewed for impairment as at 30th June 2009. There was no indication of impairment.

4. FINANCE INCOME AND COSTS

	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Finance income			
Interest receivable	0.6	1.7	2.9
Other finance income	-	-	0.1
Total finance income	0.6	1.7	3.0

	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Finance costs			
Interest on bank loans and other borrowings	3.5	5.2	9.4
Interest on debenture	1.1	1.1	2.2
Loan repayment fees	-	5.9	5.9
Amortisation of transaction costs	0.3	0.2	0.4
Fair value (gain)/loss on financial instruments – interest rate caps and collars	(0.7)	(0.1)	3.1
Net foreign currency differences arising on re-translation of cash and cash equivalents	0.8	-	(1.6)
Total finance cost	5.0	12.3	19.4
Capitalised interest on development and trading properties	(0.8)	(0.7)	(1.1)
Finance costs	4.2	11.6	18.3

In addition the Group recorded a gain of £2.4 million (30th June 2008: gain of £1.0 million and 31st December 2008: loss of £4.0 million) in respect of a cross-currency interest rate swap. This amount is reported as a movement in other reserves in the period.

5. TAXATION

Corporation tax for the interim period is charged at 28.0 per cent (30th June 2008: 29.0 per cent and 31st December 2008: 28.5 per cent).

	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
UK corporation tax:			
Deferred tax credit	0.6	4.7	5.1

A £0.7 million deferred income tax charge has been made directly to reserves in respect of the fair value of cross-currency interest rate swap movement.

6. DIVIDENDS

	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Amounts recognised as distributions to equity holders in the period	1.0	1. 9	2.9
Proposed dividend	1.0	1.0	1.0
	Pence	Pence	Pence
Interim dividend per share	2.40	2.40	2.40
Final dividend per share	–	–	2.40

An interim dividend was approved by the Board on 21st August 2009 and has not been included as a liability or deducted from retained earnings as at 30th June 2009. The interim dividend is payable on 27th October 2009 to Ordinary shareholders on the register at the close of business on 2nd October 2009, in relation to those shares in issue prior to the recent Firm Placing and Placing and Open Offer, and will be recorded in the financial statements for the year ended 31st December 2009.

7. LOSS PER SHARE AND NET ASSETS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Six months to 30th June 2009 unaudited	Six months to 30th June 2008 unaudited	Year ended 31st Dec 2008 audited
Loss for the purposes of basic and diluted loss per share (£ million)	(18.5)	(14.4)	(60.5)
Number of shares (million)			
Weighted average number of Ordinary shares for the purposes of basic loss per share	40.6	40.6	40.6
Effect of dilutive potential Ordinary shares:			
– Share options	–	–	–
Weighted average number of Ordinary shares for the purpose of diluted loss per share	40.6	40.6	40.6
Basic loss per share (pence)	(45.4)	(35.5)	(149.2)
Diluted loss per share (pence)	(45.4)	(35.5)	(149.2)

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

	Six months to 30th June 2009 unaudited	Six months to 30th June 2008 unaudited	Year ended 31st Dec 2008 audited
Net assets (£ million):			
Basic net assets	143.0	213.6	161.0
Effect of dilutive potential Ordinary shares	1.3	1.8	1.7
Diluted net assets	144.3	215.4	162.7
Number of shares (million):			
Number of shares in issue at the balance sheet date	40.6	40.6	40.6
Effect of dilutive potential Ordinary shares	0.4	0.4	0.4
Diluted number of shares in issue at the balance sheet date	41.0	41.0	41.0
Basic net assets per share (pence)	352	526	397
Diluted net assets per share (pence)	352	525	397

8. PROPERTY, PLANT AND EQUIPMENT

a) Operating properties

	Long leasehold £ million
At valuation 1st January 2008	2.6
Deficit on revaluation	(0.2)
At valuation 30th June 2008	2.4
Deficit on revaluation	(0.1)
At valuation 31st December 2008	2.3
Deficit on revaluation	(0.3)
At valuation 30th June 2009	2.0
Accumulated depreciation:	
At valuation 1st January 2008	0.2
Charge for the period	0.1
At valuation 30th June 2008	0.3
Charge for the period	–
At valuation 31st December 2008	0.3
Charge for the period	0.1
At valuation 30th June 2009	0.4
Net book amount 30th June 2009	1.6
Net book amount 31st December 2008	2.0
Net book amount 30th June 2008	2.1

b) Other plant and equipment

	Fixtures and fittings £ million	Motor vehicles and other fixed assets £ million	Total £ million
At cost 1st January 2008	5.0	0.4	5.4
Additions	0.8	0.1	0.9
Disposals	–	(0.1)	(0.1)
At cost 30th June 2008	5.8	0.4	6.2
Additions	0.6	–	0.6
Disposals	(0.1)	–	(0.1)
At cost 31st December 2008	6.3	0.4	6.7
Additions	0.6	–	0.6
Disposals	(0.1)	–	(0.1)
At cost 30th June 2009	6.8	0.4	7.2
Accumulated depreciation:			
At cost 1st January 2008	2.9	0.1	3.0
Charge for the period	0.1	–	0.1
At cost 30th June 2008	3.0	0.1	3.1
Charge for the period	0.2	0.1	0.3
Disposals	(0.2)	–	(0.2)
At cost 31st December 2008	3.0	0.2	3.2
Charge for the period	0.2	–	0.2
At cost 30th June 2009	3.2	0.2	3.4
Net book amount 30th June 2009	3.6	0.2	3.8
Net book amount 31st December 2008	3.3	0.2	3.5
Net book amount 30th June 2008	2.8	0.3	3.1

c) Investment properties

	Freehold £ million	Long leasehold £ million	Total £ million
At valuation 1st January 2008	152.4	2.4	154.8
Additions:			
– acquisitions	21.1	–	21.1
– capital expenditure	3.8	–	3.8
Deficit on revaluation	(15.5)	(0.1)	(15.6)
At valuation 30th June 2008	161.8	2.3	164.1
Additions:			
– capital expenditure	1.5	–	1.5
Disposals	(2.0)	–	(2.0)
Deficit on revaluation	(29.3)	(0.2)	(29.5)
At valuation 31st December 2008	132.0	2.1	134.1
Additions:			
– capital expenditure	1.3	–	1.3
Deficit on revaluation	(12.2)	–	(12.2)
At valuation 30th June 2009	121.1	2.1	123.2

The Group's investment properties have been valued at 30th June 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, or Savills Commercial Limited, Chartered Surveyors at a value of £97.0 million (30th June 2008: £132.0 million, 31st December 2008: £118.4 million).

Included within investment properties are freehold land and buildings, being land and investment properties under development, amounting to £54.9 million (30th June 2008: £58.2 million, 31st December 2008: £47.7 million), which have been valued by the Directors. Of this, £28.7 million (30th June 2008: £39.1 million, 31st December 2008: £32.5 million) has been included in the above valuation by the Group's independent valuers. The amounts valued by Directors include a balance of £7.9 million (30th June 2008: £9.7 million, 31st December 2008: £7.9 million) which is stated at cost. This represents buildings and landholdings adjacent to existing investment properties, acquired for the purpose of extending the existing shopping centres. The fair value of these properties rests in the planned extensions, and therefore exceeds the respective open market values.

Fair value has been assessed as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. A deduction is made to reflect purchaser's acquisition costs and no special assumptions have been made except in the case of those properties held at Directors' valuation where it is the Directors' opinion that the valuation of an investment property under development should also take account of its future development potential in order to reflect its true fair value.

9. BORROWINGS AND LOANS

	30th June 2009 unaudited £ million	30th June 2008 unaudited £ million	31st Dec 2008 audited £ million
Non – current	117.9	124.1	143.2
Current	30.5	7.9	4.7
	148.4	132.0	147.9

	£ million
Movements in loans and borrowings are analysed as follows:	
At 1st January 2008	144.6
New borrowings drawn down	59.3
Repayment of borrowings	(79.0)
Foreign currency movement of Euro denominated loans	4.1
Movement on overdraft balances	2.9
Movement in unamortised transaction costs	0.1
At 30th June 2008	132.0
New borrowings drawn down	13.5
Repayment of borrowings	(2.4)
Foreign currency movement of Euro denominated loans	7.8
Movement on overdraft balances	(3.1)
Movement in unamortised transaction costs	0.1
At 31st December 2008	147.9
New borrowings drawn down	13.3
Repayment of borrowings	(8.1)
Foreign currency movement of Euro denominated loans	(4.8)
Movement on overdraft balances	0.1
At 30th June 2009	148.4

Bank loans, loan notes and overdrafts comprise:

	Maturity	30th June 2009 unaudited £ million	30th June 2008 unaudited £ million	31st Dec 2008 audited £ million
£30.0 million variable rate loan	19 Jan 2010	20.8	6.3	13.2
£15.0 million variable rate loan	26 Jan 2010	-	4.6	4.6
£13.0 million variable rate loan	2 Jun 2010	9.6	-	3.9
£25.0 million variable rate loan	31 Mar 2011	2.0	-	2.0
£38.0 million variable rate loan	31 Jan 2013	34.5	38.0	38.0
£14.5 million variable rate loan	31 May 2013	14.5	14.5	14.5
£8.4 million variable rate loan	17 Oct 2014	8.4	10.0	8.4
£20.0 million first mortgage debenture	06 Jan 2016	20.0	20.0	20.0
€47.0 million variable rate loan notes	25 Oct 2027	40.1	37.1	44.9
Bank overdrafts		0.4	3.6	0.3
		150.3	134.1	149.8
Unamortised transaction costs		(1.9)	(2.1)	(1.9)
		148.4	132.0	147.9

The covenant position at 30th June 2009 remains unchanged since 31st December 2008, as reported on page 27 of the 2008 Annual Report.

a) Cash balances shown on the Balance sheet at 30th June 2009 include £21.0 million (30th June 2008: £38.9 million, 31st December 2008: £31.7 million) of cash held as security against borrowings or received in respect of a specific property development funding which cannot be utilised for other purposes.

b) At 30th June 2009, an external valuation, undertaken by J C Rathbone Associates Limited, appraised the market value of the Group's 11% debenture fixed rate debt on a replacement basis, taking into account the difference between fixed interest rates for the debenture and the market value and prevailing interest rates of similar debt instruments, resulting in an excess of fair value over book value of £6.3 million before taxation (30th June 2008: £1.3 million excess, 31st December 2008: £6.7 million excess) at that date. The valuation, which is subject to daily fluctuations in line with money market movements, is only an indication of the notional effect on the net asset value of the Group at 30th June 2009 and is not recognised in the Balance sheet.

10. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	£ million
At 1st January 2008	1.4
Additional provisions	1.4
Utilised during the period	(0.3)
At 30th June 2008	2.5
Additional provisions	3.8
Utilised during the period	(0.3)
At 31st December 2008	6.0
Additional provisions	2.0
Unused amount reversed	(0.4)
Utilised during the period	(1.0)
At 30th June 2009	6.6

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.

11. SHARE CAPITAL

	30th June 2009 unaudited £ million	30th June 2008 unaudited £ million	31st Dec 2008 audited £ million
Authorised:			
50,000,000 Ordinary shares of 50 pence (30th June and 31st December 2008: 50,000,000 Ordinary shares of 50 pence)	25.0	25.0	25.0
Issued, called up and fully paid:			
40,603,214 Ordinary shares of 50 pence (30th June and 31st December 2008: 40,603,214 Ordinary shares of 50 pence)	20.3	20.3	20.3

On 24th June 2009 the Group announced a fully underwritten share issue to raise gross proceeds of approximately £100.0 million by way of a Firm Placing and Placing and Open Offer. On 10th July 2009 41,653,260 new ordinary shares of 50 pence were allotted at a price of 240 pence per share and admitted to the Official List of the London Stock Exchange. After expenses of the issue net proceeds were approximately £94.0 million. The new shares rank pari passu in all respects with the existing shares, including the right to receive dividends and other distributions after 24th June 2009, save for the final dividend for the 2008 financial year, paid on 6th July 2009, and for the interim dividend in respect of the six months ended 30th June 2009.

12. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30th June 2009 unaudited £ million	Six months to 30th June 2008 unaudited £ million	Year ended 31st Dec 2008 audited £ million
Operating loss	(16.0)	(3.2)	(42.8)
Adjustments for:			
Gain on disposal of investment properties	–	–	(0.5)
Net loss on revaluation of property portfolio	12.2	15.6	45.1
Depreciation of property, plant and equipment	0.3	0.2	0.4
Operating cash flows before movements in working capital	(3.5)	12.6	2.2
(Increase)/decrease in developments	(5.6)	0.9	(1.6)
(Increase)/decrease in trading properties	(0.1)	73.2	98.4
Increase in receivables	(10.2)	(32.1)	(31.4)
Decrease in payables	(7.9)	(11.5)	(37.2)
Increase in provisions	0.6	–	4.6
Cash (used in)/ generated by operations	(26.7)	43.1	35.0
Income taxes paid	(0.1)	–	–
Interest paid	(4.6)	(13.3)	(19.1)
Net cash flow from operating activities	(31.4)	29.8	15.9

13. CONTINGENT LIABILITIES

Performance bonds given on behalf of Group companies are guaranteed by banks in favour of third parties for a total of £0.1 million (30th June and 31st December 2008: £0.2 million). The performance of obligations under various leases guaranteed by Group companies, amount to £1.5 million per annum (30th June 2008: £1.3 million, 31st December 2008: £1.5 million).

The Group has provided guarantees in respect of certain obligations of its investees, associates and joint ventures. The Group has guaranteed the payment of £2.7 million in respect of a deferred trading liability of Fiducia Group Limited. The Group considers that this liability will be financed from agreed and intended sales of land by Fiducia Group. 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.

14. 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 end 31st December 2008 are set out in the Remuneration report on pages 95 to 104 of the 2008 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 2009	–	–	8.3	–
30th June 2008	–	–	8.1	–
31st December 2008	–	–	8.3	–
Associates				
30th June 2009	–	–	11.5	–
30th June 2008	–	–	10.4	–
31st December 2008	–	–	8.9	–

15. EVENTS OCCURING AFTER THE REPORTING PERIOD

As disclosed in note 11, the Group raised additional equity capital in July 2009.

Since 30th June 2009 the Group has acquired two investment properties, as described in the Chairman's statement, for an aggregate purchase price of £15.0 million. The Group has also acquired a senior bank loan secured on a neighbourhood shopping centre for a price of circa £10.0 million. In addition the Group has acquired for its trading and development portfolio a vacant office building for £2.2 million.

Details of the interim dividend proposed are given in note 6.

16. GLOSSARY

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

Net gearing: Net gearing, expressed as a percentage, is measured as net borrowings divided by total equity.

Basic net assets per share: Net assets per share are defined as total equity as shown in the Group's Balance sheet, divided by the number of equity shares in issue at the balance sheet date.

Diluted net assets per share: Diluted net assets per share are defined as total equity as shown in the Group's Balance sheet and notional equity arising from the exercise of share options, divided by the number of equity shares in issue and the total of equity shares under option at the balance sheet date.

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.

17. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' confirm that this condensed Consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and that 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 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;
- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report;

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.

The Directors of Development Securities PLC are listed in the Development Securities PLC Annual Report 2008.

M H Marx
Chief Executive
21st August 2009

Independent review report to Development Securities PLC

Introduction

We have been engaged by the Company to review the condensed consolidated financial information in the half-yearly financial report for the six months ended 30th June 2009, which comprises the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly 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 financial information included in this half-yearly 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 financial information in the half-yearly 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 financial information in the half-yearly financial report for the six months ended 30th June 2009 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
21st August 2009