

11 September 2002

DEVELOPMENT SECURITIES PLC – INTERIM RESULTS

Pre-tax profit increased by 44% to £6.5 million PaddingtonCentral Phase One completion imminent

Development Securities PLC today announced an increase in pre-tax profit of 44%, and a 56% rise in earnings per share. The Company also announced the completion of the funding agreement with Standard Life Investments and the London Development Agency for the development of Phase One of the Royals Business Park, a major regeneration project in London's Docklands.

Shareholders' funds for the period increased to £124.5 million, equivalent to a net asset value per share of 434 pence (2001: 400 pence), while the Interim Dividend was increased, for the seventh successive year, to 1.65 pence per share (2001: 1.5 pence).

Financial Highlights

	30 June 2002	30 June 2001	
• Profit before tax	£6.5 million	£4.5 million	+ 44.4%
• Earnings per share	15.9 pence	10.2 pence	+ 55.9%
• Shareholders' funds	£124.5 million	£112.9 million	+ 10.3%
• NAV per share	434 pence	400 pence	+ 8.5%
• Dividend	1.65 pence	1.5 pence	+ 10.0%
• Net gearing	26%	20%	

PaddingtonCentral – Phase One completion imminent and with higher than anticipated rental levels. Phase Two detailed planning application submitted.

Royals Business Park – funding secured with Standard Life Investments for the development of Phase One of The Royals in London's Docklands.

Development Highlights

The Company's development activities continued to focus on the office market in central London and the business park market around London. Current phases of the programme now exceed one million sq. ft., with an estimated investment value of £400 million. There is an additional three million sq. ft. in the pipeline for future development.

PaddingtonCentral

The 330,000 sq. ft. first phase office development, for which full practical completion is expected in October, has outperformed initial expectations. The two office buildings are now fully let, with agreements to lease being concluded early in the year with Kingfisher PLC and The Prudential Assurance Company Limited. Of the 110,000 sq. ft. retail and leisure space in the same phase, 2002 has seen the Company conclude agreements to lease both the 25,000 sq. ft. health and leisure unit to Cannons Group Limited and the 7,250 sq. ft. food retail unit to J Sainsbury Supermarkets Limited.

Planning permission for the second phase, comprising two office buildings totalling 800,000 sq. ft., was submitted to Westminster County Council in June and the company hopes to commence construction of the first building in mid-2003.

Heart of Slough

Having been selected, along with Berkeley Homes, as the preferred developers for the "Heart of Slough", one of the largest urban regeneration projects in recent years, the company has agreed outline Heads of Terms with Slough Borough Council for the 29-acre initiative. Development Securities is now in the process of working up a detailed development agreement.

333 Oxford Street

Construction is proceeding towards completion by the end of this year on the 78,000 sq. ft. retail and office development at the corner of Oxford Street and New Bond Street. In May, the Company completed an agreement with Zara UK Limited to pre-let the 35,000 sq. ft. retail element on a 20-year lease at an annual rent of £2.75 million. Marketing of the office element will commence towards the end of this year.

Business Parks

Development Securities achieved a significant boost in August on completion of a funding agreement with Standard Life Investments for the development of the first phase of the Royals Business Park. Construction of this phase, comprising a 227,000 sq. ft. office building, is scheduled to commence in the final quarter of this year, with practical completion due in mid-2004.

In May, an outline planning application was submitted jointly with Pillar Property PLC to Flintshire County Council in respect of a 126,500 sq. ft. extension to Broughton Shopping Centre, near Chester, together with a 350,000 sq. ft. business park. Also in May, practical completion was achieved on the 180,000 sq. ft. business park in Frimley. Activity at the 50-acre Cambourne Business Park, the 43-acre Birmingham International Park and the 115,000 sq. ft. Globeside Business Park has slowed as a result of a softer letting market.

Investment Portfolio

To date this year, 16 disposals have been completed, generating proceeds of £14.9 million, realising a modest surplus over book values.

Non-executive Directors

Last month, Victoria Mitchell and Michael Soames were appointed as Non-executive Directors. They both have extensive experience and expertise in the property industry. Victoria is a Consultant at FPD Savills and Michael was, until recently, Head of the UK Commercial Division at Knight Frank.

Hugh Jenkins CBE, Chairman of Development Securities PLC, commented:

“The Company has made excellent progress, notwithstanding the uncertainty in some of the markets in which we operate. We have operated a risk-averse strategy for the best part of a decade, with the majority of our development projects forward funded with institutional partners. It is particularly apparent that these funding techniques have served us well in this current economic climate. ”

Enquiries:

Michael Marx/Julian Barwick
Development Securities PLC

Tel: 020 7828 4777

Michael Holmes/Daniel de Belder
The Communication Group plc

Tel: 020 7630 1411

Or visit

www.developmentsecurities.com

CHAIRMAN'S STATEMENT

I am pleased to be able to report that your Company has again made excellent progress in the period under review, with profits before tax of £6.5 million, an improvement of 44 per cent over the equivalent period last year. This forward momentum, notwithstanding an element of uncertainty in some of the markets in which we operate, has lifted shareholders' funds to £124.5 million, equivalent to 434 pence per share. In view of the satisfactory outcome for these six months, the Board is pleased to declare a 10 per cent increase in the interim dividend to 1.65 pence per share, to be paid on 24th October 2002 to shareholders on the Register at 27th September 2002. This is the seventh consecutive increase in interim distributions since the recommencement of dividend payments by your Company in 1994.

The current phases of the development programme now exceed one million sq. ft., with an estimated, completed investment value of £400 million. In addition, there are a further three million sq. ft. in the pipeline for future development. The majority of this development programme is situated in the South East of England, with a significant emphasis in London. Additionally, and in line with our stated, risk-averse strategy, the overwhelming majority of these projects are, or will be, financed with institutional partners by employing the forward-funding techniques that we have consistently utilised for the best part of a decade. The value of such funding structures is more readily apparent in today's somewhat uncertain economic climate. We continue to seek out projects which can be executed, as far as possible, within the financial structures that have generated such satisfactory results for us to date.

Development – PaddingtonCentral

The 330,000 sq. ft. first phase of our PaddingtonCentral office development continues to out-perform initial expectations. Agreements for lease were concluded early in 2002 with Kingfisher PLC and The Prudential Assurance Company Limited in respect of the balance of the office accommodation that was not pre-let in the previous financial year. Of the 110,000 sq. ft. retail and leisure space in this same phase, 2002 has seen us conclude agreements to lease both the 25,000 sq. ft. health and leisure unit to Cannons Group Limited and the 7,250 sq. ft. food retail unit to J Sainsbury Supermarkets Limited. Interest for the remaining retail accommodation is strong. Completion of the construction of the office and retail units was attained last month, with full practical completion of this phase expected in October following the finalisation of landscaping arrangements. Thereafter, we expect the various leases to be taken up on the terms contracted, thus releasing to us an entitlement to our profit participation on this initial phase.

Paddington's strategic location as a major new West End business district has now been confirmed by the significant degree of tenant interest expressed in this phase to date. It is therefore with cautious optimism that we are now planning the second phase of 800,000 sq. ft. net, divided equally over two office buildings. We plan to commence construction of the first of these buildings in mid-2003, and to that end, we submitted, in June of this year, the detailed planning application to Westminster City Council for this second phase. Strong development activity on nearby sites further underlines the reality that Paddington has now been accepted, both by the property and occupier markets, as London's newest central

business district. The quality of building design and construction, with large, well-configured floor plates, in addition to excellent communication access, underpins a positive view of the development potential at PaddingtonCentral. Regeneration of this long-neglected part of Central London is now well underway. Ultimately, all three phases of PaddingtonCentral will provide 1.7 million sq. ft. of prime office, retail and leisure accommodation.

Development – 333 Oxford Street

Elsewhere in Central London, construction is proceeding towards completion by the end of the year at 333 Oxford Street, in London's West End. Located on the corner of Oxford Street and New Bond Street, the development comprises 35,000 sq. ft. of retail and 43,000 sq. ft. of office accommodation. In May of this year, we contracted with Zara UK Limited to pre-let the 35,000 sq. ft. retail element, on a 20-year lease at an annual rent of £2.75 million. Zara UK Limited will occupy the lower ground, ground and first floors for its flagship UK store. Marketing of the office space element of the development, on four floors, will commence towards the end of this year.

Development – Royals Business Park

The 50-acre Royals Business Park, in London's Docklands, forms part of the Royal Docks, one of the most important regeneration areas in London and the UK. Following completion of the long-term, performance-related development agreement with the London Development Agency, which was signed towards the end of last year, we completed last month, an agreement with our funding partner, Standard Life Investments, for the first phase of this business park. This prime office building, for which detailed planning consent has already been received, comprises 227,000 sq. ft. located on the Royal Albert Dock, directly opposite London City Airport. Construction of this phase is scheduled to commence in the final quarter of this year, with practical completion in the summer of 2004. The Royals Business Park, with its one-mile waterside frontage, is expected to attract high-quality tenants drawn by its strategic location and proximity to Canary Wharf and the City as well as excellent road communications to the M11 and M25 motorways.

Development – Cambourne Business Park

Activity at our 50-acre Cambourne Business Park, near Cambridge, has slowed from the energetic pace of previous years, reflecting perhaps the softening of certain occupier markets in the South East of England. In March of this year, we leased 19,000 sq. ft. of the second unit of the second phase of this business park to Campbell Grocery Products Limited. Campbell's will take the entire top floor of this new 56,000 sq. ft. building on a 15-year lease, at a rent in excess of £21.50 per sq. ft. The first office unit of this second phase was pre-let last year to Geneva Technology Limited. Approximately 50 per cent of the available accommodation of this phase has now been let and, notwithstanding the current general slowdown in market activity, we believe the quality of product and location will prove attractive. We continue to work with South Cambridgeshire District Council to fulfil certain contractual preconditions prior to construction of their new 50,000 sq. ft. Headquarters and Council Chamber on the next phase of this development.

Development – Frimley Business Park

Practical completion of this 180,000 sq. ft. business park in Frimley, Surrey was achieved on schedule in May of this year. Construction on the 7.6-acre, landscaped site, close to the town centre, began in February 2001, with the accommodation arranged over four office buildings. Here again, there has been a noticeable softening of tenant demand, but we remain cautiously optimistic that the quality of the product will prove attractive to the market place.

Development – Globeside Business Park

Practical completion of the first phase of this 115,000 sq. ft. business park was achieved in April 2001. Three of the four building units have already been let, for varying terms in excess of 16 years, to BT Cellnet Limited, Icon Clinical Research (UK) Limited and BYK UK Limited, a subsidiary of the German pharmaceutical group, Altana. Only one office unit comprising 42,000 sq. ft., remains to be let in this phase. Ultimately, this park will provide some 200,000 sq. ft. of first-class office and light industrial accommodation with the second phase commencing in a few years' time, once vacant possession of that element of the site has been secured.

Development – Birmingham International Park

Our activity over recent years on this 43-acre site has seen the completion of all current development. In May of this year, construction was completed at the final 24,000 sq. ft. office building, pre-let to the serviced office provider, Executive Communication Centres. This prime office building was forward-funded in the previous year, with United Bank of Kuwait. Only two buildings now remain unoccupied on the entire business and industrial park; a 20,000 sq. ft. office building on Birmingham International Square, previously forward-funded with The Prudential Assurance Company Limited and a 45,000 sq. ft. unit on an industrial phase of the park, which achieved practical completion at the end of last year, having been forward-funded with The Legal & General Assurance Society.

Development – Broughton Park

In May, an outline planning application was submitted jointly with Pillar Property PLC to Flintshire County Council in respect of a 126,500 sq. ft. extension to Broughton Shopping Centre, near Chester, together with a 350,000 sq. ft. business park, and an extensive highways improvement programme.

The successful trading format of the existing 298,000 sq. ft. centre, developed by us three years ago, has led to increasing demand for additional accommodation. The office development will meet the continuing demand for high-quality accommodation along the A55 corridor.

Development – Heart of Slough

As our track record, expertise and, indeed, the content of my report indicate, we are increasingly involved in large-scale, regenerative projects which offer us both the prospect of a phased development pipeline of future work and the opportunity to share in the benefits that often come from successful regeneration of our larger cities and towns. Subsequent to our selection in December of last year, we and our development partners,

Berkeley Homes, have agreed outline Heads of Terms with Slough Borough Council for the 29-acre 'Heart of Slough' initiative. We are now proceeding to work-up a detailed development agreement that will take account of the complexities of site assembly and the relocation of the different occupiers currently on the site, as well as preparing a planning application for our proposals. We continue to receive co-operation and encouragement from Berkeley Homes and Slough Borough Council in tackling these issues.

Investment Property Portfolio

Activity within the investment portfolio has continued with the emphasis on the final phase of portfolio restructuring. To date this year, 16 disposals have been completed, generating proceeds of £14.9 million, realising a modest surplus over book values.

A further six properties are under offer, with another four in the course of marketing for disposal. The completion of these disposals, which total a further £21 million, will reduce the investment portfolio from 50 properties with an average lot size of £1.7 million in 2000 to 20 properties with an average lot size of £4.2 million currently; a core portfolio from which to move forward. Certain of these disposals, especially in Central London, capitalise on strong market conditions. We believe that there is an element of an asset-pricing bubble developing and are of the opinion that now is the optimum time to dispose of some of our ex-growth assets.

The reinvestment strategy continued with two acquisitions to date this year. Firstly, Kingsland Shopping Centre, Thatcham, Berkshire was purchased for £6.3 million. The centre, anchored by a Waitrose supermarket let for a further 19 years, provides the combination of secure income and active management opportunities which we believe offer out-performance potential. Indeed, since acquisition, we have increased the income yield from 7.4 per cent to 8.8 per cent by settling outstanding rent reviews.

The second acquisition is an office building in Southampton, let to Regus plc for a further 14 years, where the tenant pays a rent discounted to open market values with the lease subject to minimum fixed uplifts, giving a reversionary yield of 9.4 per cent in 2006. These two factors offer downside protection against the covenant. The building was completed in 2001 to a high specification and is well-located adjacent to the city's airport.

Several additional property investments are currently under consideration in line with our target objective of increasing the size of the investment portfolio to a value of approximately £150 million. However, we believe that current market conditions require selectivity and we are therefore appraising investments cautiously.

Active management of the retained portfolio continues and should be aided by the appointment in August of a sole managing agent, allowing increased management focus on the strategic issues of releasing value.

Finance

Our net gearing of 26 per cent at 30th June 2002 remains at the low level we have maintained for some time now in expectation of a more general economic slowdown. The

debt liability portfolio with our relationship bankers and debt providers has an average maturity of 12 years. This balance sheet strength, together with anticipated, strong, near-term cash flows, will be the platform from which your Board will consider its future distribution policy, whereby we intend to return enhanced payments to shareholders on a basis consistent with prudent financial management.

Board

In August, we were delighted to appoint Victoria Mitchell and Michael Soames to the Board of your Company as Non-executive Directors, also serving on the Audit and Remuneration Committees of the Board. Both Victoria and Michael have extensive experience and expertise, as well as current involvement in the property industry, and we have no doubt that they will make a valuable contribution to the continuing success of Development Securities.

Finally, it would not be proper to close my remarks without thanking all our Directors and staff for their further unstinting commitment to your Company. They are the true assets on which this business is leveraged.

H R Jenkins CBE

11th September 2002

Consolidated profit and loss account

unaudited for the six months ended 30th June 2002

	Note	Six months to 30th June 2002 unaudited £'million	Six months to 30th June 2001 unaudited £'million	Year ended 31st Dec 2001 audited £'million
Turnover: continuing operations		16.4	18.2	35.9
Direct costs		(4.2)	(8.8)	(11.5)
Gross profit	2	12.2	9.4	24.4
Net operating expenses		(3.6)	(3.2)	(7.2)
Net operating expenses - exceptional item		-	-	(3.0)
Operating profit: continuing operations		8.6	6.2	14.2
Profit/(loss) on disposal of fixed assets		0.3	-	(0.1)
Profit on ordinary activities before interest		8.9	6.2	14.1
Net interest payable		(2.4)	(1.7)	(3.9)
Profit on ordinary activities before taxation		6.5	4.5	10.2
Tax on profit on ordinary activities	3	(2.0)	(1.6)	(3.4)
Profit on ordinary activities after taxation		4.5	2.9	6.8
Dividends on equity shares	4	(0.5)	(0.4)	(1.3)
Retained profit for the period		4.0	2.5	5.5
Earnings per share	5	15.9p	10.2p	24.0p
Diluted earnings per share	5	15.7p	10.0p	23.6p
Dividends per share	4	1.65p	1.5p	4.5p

Consolidated balance sheet

unaudited as at 30th June 2002

	Note	30th June 2002 unaudited £'million	30th June 2001 unaudited £'million	31st Dec 2001 audited £'million
Fixed assets				
Investment properties	6	117.5	119.4	115.3
Operating properties	6	7.5	-	9.8
Other tangible assets		4.5	3.8	4.2
Investments		1.0	2.0	1.0
		130.5	125.2	130.3
Current assets				
Land, developments and trading properties		9.8	8.9	9.5
Debtors		32.5	22.1	36.0
Cash at bank and in hand		44.4	48.6	45.2
		86.7	79.6	90.7
Creditors: amounts falling due within one year		(19.2)	(21.9)	(29.7)
Net current assets		67.5	57.7	61.0
Total assets less current liabilities		198.0	182.9	191.3
Creditors: amounts falling due after more than one year				
Borrowings		(73.5)	(70.0)	(72.0)
Net assets		124.5	112.9	119.3
Financed by:				
Capital and reserves				
Called up share capital		14.3	14.1	14.1
Reserves		108.9	105.3	109.0
Profit and loss account		1.3	(6.5)	(3.8)
Total equity shareholders' funds	8	124.5	112.9	119.3
Net assets per share		434p	400p	423p
Diluted net assets per share		431p	392p	417p

Consolidated cash flow statement
unaudited for the six months ended 30th June 2002

	Six months to 30th June 2002 unaudited £'million	Six months to 30th June 2001 unaudited £'million	Year ended 31st Dec 2001 audited £'million
Cash inflow from operating activities	1.2	22.5	26.0
Returns on investment and servicing of finance	(4.2)	(2.2)	(3.9)
Taxation	(2.2)	(1.6)	(4.0)
Capital transactions and financial investment	0.1	(28.9)	(31.5)
Equity dividends paid	-	-	(2.6)
Cash outflow before financing	(5.1)	(10.2)	(16.0)
Financing	0.1	19.4	21.8
(Decrease)/increase in cash in the period	(5.0)	9.2	5.8

**Reconciliation of net cash flow
to movement in net debt**
unaudited for the six months ended 30th June 2002

	Six months to 30th June 2002 unaudited £'million	Six months to 30th June 2001 unaudited £'million	Year ended 31st Dec 2001 audited £'million
(Decrease)/increase in cash in the period	(5.0)	9.2	5.8
Cash outflow from reduction in debt	0.5	0.6	1.3
Cash inflow from new borrowings	(2.0)	(6.5)	(9.1)
Cash outflow/(inflow) from increase/ (decrease) in pledged cash	2.7	(12.8)	(13.2)
Change in net debt resulting from cash flow	(3.8)	(9.5)	(15.2)
Non-cash adjustment	-	-	(0.2)
Movement in net debt in the period	(3.8)	(9.5)	(15.4)
Net debt at 1st January	(28.6)	(13.2)	(13.2)
Net debt at 30th June/31st December	(32.4)	(22.7)	(28.6)

Reconciliation of operating profit to net cash inflow from operating activities
unaudited for the six months ended 30th June 2002

	Six months to 30th June 2002 unaudited £'million	Six months to 30th June 2001 unaudited £'million	Year ended 31st Dec 2001 audited £'million
Operating profit	8.6	6.2	14.2
Provision against investment and loans	-	-	3.0
Loss on disposal of tangible fixed assets	0.3	-	0.1
(Increase)/decrease in development and trading properties	(0.3)	4.3	3.7
Decrease/(increase) in debtors	3.8	5.0	(12.3)
(Decrease)/increase in creditors	(11.6)	6.6	16.6
Depreciation	0.4	0.3	0.6
Other items – non-cash	-	0.1	0.1
Cash inflow from operating activities	1.2	22.5	26.0

Analysis of net debt

unaudited for the six months ended 30th June 2002

	Balance at 1st Jan 2002 audited £'million	Cash flow £'million	Other non-cash changes £'million	Balance at 30th June 2002 unaudited £'million
Cash at bank and in hand	23.6	(3.5)	-	20.1
Bank overdraft	(0.8)	(1.5) (5.0)	-	(2.3)
Debt falling due within one year	(1.0)	0.5	(0.5)	(1.0)
Debt falling due after more than one year	(72.0)	(2.0)	0.5	(73.5)
Pledged cash	21.6	2.7 1.2	-	24.3
	(28.6)	(3.8)	-	(32.4)

Notes to the interim financial information

unaudited for the six months ended 30th June 2002

- 1 The results for the year ended 31st December 2001 are an abridged version of the full financial statements for that year which received an unqualified audit report from the auditors and which have been filed with the Registrar of Companies. The results for the six months to 30th June 2002 and 2001 are unaudited and do not constitute the Group's statutory accounts.

The results have been prepared using accounting policies consistent with those adopted for the financial statements for the year ended 31st December 2001, other than the adoption of Financial Reporting Standard No 19, "Deferred Tax", as set out in note 3.

- 2 Analysis of gross profit:

	Six months to 30th June 2002 unaudited £'million	Six months to 30th June 2001 unaudited £'million	Year ended 31st Dec 2001 audited £'million
Net rental income	3.8	2.6	6.3
Net operating property (deficit)/ income	(0.2)	0.3	0.7
Project management fee income	0.6	1.0	1.7
	<hr/> 4.2	<hr/> 3.9	<hr/> 8.7
Land, development and trading properties	8.0	5.5	15.7
	<hr/> 12.2	<hr/> 9.4	<hr/> 24.4

- 3 The tax charge for the period has been calculated using an expected effective tax rate for the full year of 31.5%. The rate is higher than the statutory rate due to the impact of expenditure disallowable for corporation tax purposes. No adjustment is required to the current or preceding years' accounts as a result of the adoption of FRS 19.
- 4 The Board has declared an interim dividend of 1.65 pence per Ordinary share (30th June 2001: 1.5 pence, 31st December 2001: 3.0 pence), payable on 24th October 2002 to Ordinary shareholders on the register at the close of business on 27th September 2002.
- 5 Earnings per share and diluted earnings per share have been calculated based on the profit on ordinary activities after taxation divided by the weighted average number of shares in issue during the period.

	Six months to 30th June 2002 unaudited	Six months to 30th June 2001 unaudited	Year ended 31st Dec 2001 audited
Earnings (£ million, basic and diluted)	4.5	2.9	6.8
Weighted average no. of shares (million, basic)	<hr/> 28.4	<hr/> 28.2	<hr/> 28.2
Earnings per share (pence, basic)	<hr/> 15.9	<hr/> 10.2	<hr/> 24.0
Weighted average no. of shares (million, diluted)	<hr/> 28.6	<hr/> 28.6	<hr/> 28.6
Earnings per share (pence, diluted)	<hr/> 15.7	<hr/> 10.0	<hr/> 23.6

6 a) Investment Properties

Investment properties at 30th June 2002 are stated at the valuations incorporated within the financial statements for the year ended 31st December 2001 or at cost where acquired subsequently. The movement in investment properties for the six-month period ended 30th June 2002 was:

	Freehold £'million	Long leasehold £'million	Total £'million
At 1st January 2002	87.4	27.9	115.3
Additions	14.4	-	14.4
Disposals	(3.3)	(8.9)	(12.2)
	<hr/>		
At 30th June 2002	98.5	19.0	117.5

Interest of £0.2 million has been capitalised in the six months ended 30th June 2002 (six months to 30th June 2001: £0.5 million).

b) Operating Properties

Operating properties at 30th June 2002 are stated at the valuations incorporated within the financial statements for the year ended 31st December 2001, or at cost where acquired subsequently, less depreciation where material. The movement in operating properties for the six-month period ended 30th June 2002 was:

	Freehold £'million	Long leasehold £'million	Short leasehold £'million	Total £'million
At 1st January 2002	6.9	1.4	1.5	9.8
Disposals	(2.3)	-	-	(2.3)
	<hr/>			
At 30th June 2002	4.6	1.4	1.5	7.5

7 At 30th June 2002, 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, resulting in a negative fair value adjustment before tax of £12.4 million (30th June 2001: £11.1 million, 31st December 2001: £11.9 million) 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 2002 and is not recognised in the balance sheet.

8 The reconciliation of movement in total equity shareholders' funds is set out below:

	Six months to 30th June 2002 unaudited £'million	Six months to 30 th June 2001 unaudited £'million	Year ended 31 st Dec 2001 audited £'million
Profit on ordinary activities after taxation	4.5	2.9	6.8
Dividends on equity shares	(0.5)	(0.4)	(1.3)
Retained profit for the financial period	4.0	2.5	5.5
Surplus on revaluation of property portfolio	-	-	3.8
Issue of new shares	1.2	0.7	0.3
Net movement in total equity shareholders' funds	5.2	3.2	9.6
Opening total equity shareholders' funds	119.3	109.7	109.7
Closing total equity shareholders' funds	124.5	112.9	119.3

9 Statement of total recognised gains and losses for the six months ended 30th June 2002:

	Six months to 30th June 2002 unaudited £'million	Six months to 30 th June 2001 unaudited £'million	Year ended 31 st Dec 2001 audited £'million
Profit on ordinary activities after taxation	4.5	2.9	6.8
Unrealised surplus on revaluation of the property portfolio	-	-	3.8
Total recognised gains for the period	4.5	2.9	10.6

10 The interim report will be sent to all holders of the Company's listed securities and will be available to members of the public at the Company's registered office.