

Embargoed: 7.00am

Rupert Mucklow, Chairman commented: "...I am pleased to report an encouraging set of results for the last 12 months, which show a healthy rise in asset value and underlying profits..."

Financial Summary
for the year ended 30 June 2010

Property portfolio	30 June 2010	30 June 2009
Portfolio value ⁽¹⁾	£236.9m	£201.0m
Increase/(reduction) in value	11%	(24)%
Initial yield on investment properties	7.4%	8.6%
Equivalent yield	8.4%	9.5%
Occupancy rate	91.5%	90.5%

Balance sheet	30 June 2010	30 June 2009
Net asset value	£185.9m	£159.7m
Basic NAV per share	310p	266p
Adjusted NAV per share ⁽²⁾	309p	267p
Net debt	£49.7m	£38.0m
Gearing	27%	24%

Income statement	Year ended 30 June 2010	Year ended 30 June 2009
Pre-tax profit/(loss)	£36.0m	£(52.0)m
Valuation gain/(deficit)	£23.5m	£(64.2)m
Net rental income	£16.5m	£15.9m
Basic EPS	60.91p	(86.71)p
Adjusted EPS ⁽³⁾	22.86p	19.12p
Ordinary dividend	17.97p	17.68p

Recommended final dividend of 9.94p, making the total in respect of the year ended 30 June 2010 17.97p (2009: 17.68p). The final dividend will be paid as a Property Income Distribution (PID).

1 See note 8.

2 Excludes the mark to market on debt and financial instruments and includes the surplus on trading properties.

3 Excludes the profit on disposal of investment properties and the revaluation of investment and development properties and financial instruments.

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Citigate Dewe Rogerson

Chairman's Statement

The Group's modern industrial and commercial portfolio together with its strong balance sheet have provided solid returns and sound protection throughout the economic downturn, which has enabled us to withstand the dramatic falls in UK property values and allowed us to maintain an unbroken dividend record spanning over 40 years.

Economic uncertainty is expected to persist for some time and any recovery in the property market is likely to be sporadic. However, despite these difficult conditions, I am pleased to report an encouraging set of results for the last 12 months, which show a healthy rise in asset value and underlying profits, making it possible for your board to recommend a 3% increase in the final dividend.

Results

Pre-tax profit for the year ended 30 June 2010 was £36.0m, compared with a pre-tax loss of £52.0m for the corresponding period last year. A surplus on the revaluation of investment properties and development land, increased the profit by £23.5m (2009: £64.2m reduction).

The underlying pre-tax profit*, which excludes the benefit of capitalised interest, fair value movement and profit from the disposal of investment and trading properties was £11.3m (2009: £11.1m). EPRA diluted earnings per share was 22.86p (2009: 19.12p).

EPRA (adjusted) net asset value per share† increased by 16% during the year from 267p to 309p per share. Shareholders' funds rose to £185.9m (2009: £159.7m), while borrowing net of cash amounted to £49.7m, representing 27% of shareholders' funds (2009: £38.0m and 24%).

The board is recommending the payment of a final dividend of 9.94p per Ordinary share, making a total for the year of 17.97p per share (2009: 17.68p). If approved by shareholders, the dividend will be paid on 4 January 2011, to Shareholders on the register at the close of business on 3 December 2010. The final dividend will be paid as a PID.

Property Review

The Midlands industrial market has seen a resurgence in investment activity during the year, but only a small improvement in tenant demand. While economic conditions remain volatile, our main priority continues to be maintaining occupancy levels above 90% to protect income.

Our occupancy levels improved marginally over the last 12 months from 90.5% to 91.5%, but gross annual passing rent was flat at £16.4m. Rental levels for modern industrial units remain stable, but rents for older, secondary properties are still falling and this trend is likely to continue.

The majority of our portfolio has been built to a high specification in the last 15 years and occupies prominent locations close to motorway junctions and main arterial roads throughout the Midlands.

On a positive note, there is now a general shortage of good quality industrial space in the Midlands and an increasing number of occupiers waiting for economic conditions to improve, before committing to new premises. Some of these requirements may convert into pre-lets and establish new rental levels, but the market is still too fragile at the present time for us to consider commencing any new speculative development.

Yields on prime industrial investments in the Midlands have hardened over the last 12 months by around 125bp, on the back of an increased number of transactions. Prime yields fell below 7% at one stage, but softened a little by our year end, as Institutional demand subsided. Yields on secondary properties have also improved by a similar margin.

DTZ Debenham Tie Leung reviewed the value of our investment and development properties as at 30 June 2010. The investment portfolio, including development land and owner-occupied property, was valued at

£236.9m, which showed a surplus over book value of £23.6m (11% gain). The initial yield on the investment properties was 7.4% (2009: 8.6%) and the equivalent yield was 8.4% (2009: 9.5%).

We acquired two modern industrial investments during the year for a total consideration of £5.9m. Both properties are let on long leases, to strong covenants at a combined rent of £0.5m per annum. The buildings have a total floor area of 90,000 sq ft and occupy prominent sites, in established industrial locations around Birmingham.

We actively monitor the Midlands property market and have considered a number of other investment opportunities over the last 12 months, but have been unwilling to pay aggressive prices. We continue to be very selective on property acquisitions and are prepared to bide our time for the right deals.

In August 2010 we completed the development of our 128,500 sq ft Costco warehouse in Coventry on time and budget. The building is now operational and on rent. The property has been let on a long lease, at an initial rent of £1.3m per annum and was valued for the first time at 30 June 2010 as a virtually completed investment property, contributing approximately £4.6m to the portfolio surplus.

DTZ Debenham Tie Leung also reviewed the value of our trading properties at 30 June 2010. The total value was £3.6m, which showed an unrecognised surplus of £3.0m over book value, equivalent to 5p per share.

As previously reported, we sold a residential site at Wolverley Park, Kidderminster in the first half year for £2.13m. The land was sold to a local Housing Association at a premium of 18% above valuation, to show a pre-tax profit of £1.6m. There were no other trading sales during the year.

We also successfully completed the extension and increase of our banking facilities with HSBC in November 2009, which has provided us with around £50m, to fund our development at Coventry and for further investment acquisitions. There are now no term facilities due for repayment until 2014.

Our financial position at year end remains strong, with a property portfolio valued at £236.9m and net debt of £49.7m. Undrawn banking facilities amounted to £39.0m at 30 June 2010 and the current value of security held against borrowings and undrawn facilities was £152.2m, leaving us with approximately £85m of unencumbered properties.

Outlook

It is difficult to predict what might happen in the UK economy over the next 12 months and what impact tax rises and public sector spending cuts may have on business confidence. We do however expect the occupier market to remain subdued for a while, until there are clear signs of a recovery and property values to fluctuate with the ever changing market sentiment.

We intend to continue to focus on maintaining a high occupancy level, during these uncertain times and look to acquire further investment properties, when suitable opportunities arise. Our resilient investment portfolio has already shown excellent defensive qualities, should the economic situation deteriorate and we believe we are extremely well positioned financially, to capitalise on current market conditions to grow the business.

Rupert J Mucklow

Chairman

7 September 2010

* See the property and financial review for the calculations.

† See note 7 for the calculations.

Property and Financial Review

Review

Despite an extremely challenging year both economically and more specifically in the property market, the Group has demonstrated a resilient and encouraging performance. The quality of our portfolio has helped to marginally improve our overall vacancy rate to 8.5%. With our gearing at a modest 27% there remains considerable scope for capitalising on the weak property market to expand the business.

The Group's results demonstrate the fundamental benefits of a financially sound and well managed asset-based business. We have concentrated much of our efforts this year on robust asset management initiatives and the continued build-up of our investment portfolio through selective purchases.

With our strong balance sheet and tightly focussed portfolio in terms of the Midlands industrial market, we remain well positioned to continue to improve the quality and size of our portfolio to provide long-term returns for our shareholders.

Strategy

The Group's long-term investment strategy remains unchanged. Our objective is to maintain a balanced portfolio of modern, income producing properties with potential for future rental and capital growth. The three main areas of our strategy are:

- Selectively acquiring and disposing of investment properties;
- Developing new properties for long-term investment; and
- Actively managing our assets to enhance value.

We continue to be a selective developer of well-located, quality property and a counter-cyclical investor in investment property. We believe that the precise timing of acquisitions and disposals is crucial in boosting returns from our existing property portfolio. In addition, the proactive approach to the management of our assets allows us additional opportunity to enhance overall value.

Investment

Following our conversion to a REIT in July 2007, the decision was made to make the main geographical focus of our business the Midlands Region, which is still our primary focus.

Pricing in the commercial property market continues to be dynamic. More buyers returned to the market during the year, leading to a rapid reduction in yields for prime property. The sustainability of this recovery is, however, in question, with some forecasters suggesting that industrial property values may fall in 2011.

Our portfolio now comprises mainly modern, securely let properties benefiting from the following characteristics at 30 June 2010:

- No one tenant represents more than 3% of current passing rent;
- No one building or estate represents more than 7% of the portfolio valuation;
- 84% of the portfolio developed since the 1980s;
- Tenant focus on quality businesses; and
- Average unexpired lease length of 7.5 years.

We refinanced our core banking facilities during the year, increasing the term and amount of those facilities, providing us with the funding and flexibility to acquire further investment properties.

Although our facilities have increased, we continue to be selective buyers of investment properties. We have not tried to outbid the funds to acquire properties at low yields, where there may be limited scope for capital

growth. In the year under review we have acquired two well located industrial properties, in our target market, in off-market transactions. In July 2009 we acquired a 35,000 sq ft unit in Aston, Birmingham, occupied by The BSS Group plc until 2022, for £2.0m and in March 2010 a 55,000 sq ft unit, let to Specialist Computers Centres plc until 2022, for £3.9m. Our annual passing rent has increased by £0.5m as a result of these transactions.

No investment property disposals took place in the year, although just before our year end we exchanged contracts for the disposal of a vacant 34,000 sq ft industrial unit in Biggleswade, Bedfordshire for £1.9m. Completion took place on 15 July 2010. The building was valued at £1.6m as at 31 December 2009.

Development

Site reclamation and construction of the 128,500 sq ft building at Torrington Avenue, Coventry commenced in November 2009. Construction work completed in August 2010, and the building is now let and on rent. This development has proved to be very successful, contributing a valuation surplus over cost of £4.6m at our year end.

All the remaining commercial development land, comprising over 30 acres, is being actively marketed to prospective tenants. There are signs that the pre-let market is starting to improve, but given the present uncertainty of the occupier market we feel it prudent to put on hold any further speculative development until a more confident and stable market returns.

Asset management

This aspect of our strategy forms a key focus for the Group. Through a pro-active, hands-on approach we have sought to protect both rental and capital values. Despite a challenging occupier market, we have managed to maintain our occupancy level above 90% (2010: 91.5%; 2009: 90.5%).

We took back 196,045 sq ft of space during the year and let 217,842 sq ft. The average rent free period on lettings was around 6 months and rental levels were discounted by approximately 7.5%.

The largest asset management initiative during the year was the surrender and re-letting of our 30,000 sq ft office building on Binley Business Park, Coventry. We agreed a surrender premium of £0.95m with the existing tenant to vacate the property two years before the lease expiry and re-let the building to Coventry Building Society on a new 15 year lease.

As at 30 June 2010 our investment portfolio, including commercial land and new developments, was valued at £236.9m (2009: £201.0m) by DTZ Debenham Tie Leung, which showed a surplus for the year of £23.6m (2009: deficit £64.7m). The average equivalent yield on our investment properties decreased during the year from 9.5% to 8.4%, with industrial at 8.6%, offices at 8.1% and retail at 7.3% at our year end.

Trading properties

We have disposed of one trading property during the twelve months to 30 June 2010, a residential development site at Wolverley Park, Kidderminster, for £2.13m, resulting in a pre-tax profit of £1.6m. The land was sold to a Housing Association at an 18% premium to the 30 June 2009 valuation.

The Group's trading properties mainly comprise residential land and were valued by DTZ Debenham Tie Leung as at 30 June 2010 at £3.6m (2009: £5.2m), which shows an unrecognised surplus of £3.0m over book value.

Financial performance

2010 sees a return to profitability, on the face of the income statement, following the previous two years of revaluation losses of £105.4m going through the income statement. Throughout this period, the Group has been consistently profitable, with our underlying profitability (which excludes the effects of property revaluations) improving from £10.4m in 2008, to £11.1m in 2009 and £11.3m in 2010, as shown in the table on page 8.

Our underlying rental performance has improved over last year, with a 3.8% increase in net rental income, reflecting the Group's focus on vacancy levels, improvements in rent at review, property acquisitions, a one-off lease expiry settlement, although competitive pressures on lease renewal remained. Our annual passing rent ended the year virtually unchanged, decreasing slightly from £16.5m to £16.4m. This decrease includes the impact of the expiry of £0.3m pa of rent previously paid on our development site at Coventry, until detailed planning permission was granted in July 2009. The net rental income of £16.5m shown in the income statement reflects a £0.95m settlement in respect of rent and dilapidations, following a back-to-back surrender and grant of a new 15 year lease at one of our office properties.

We have managed to successfully dispose of one of our last remaining trading properties, for a profit of £1.6m, helping to increase our adjusted earnings per share by 19.6% to 22.86p.

As mentioned last year, senior management have all seen a reduction in their remuneration for the twelve month period ending on 31 March 2010. This reduction in our cost base, in addition to other measures taken, have helped to offset the higher costs of our new bank facilities, leaving our administration costs unchanged on the prior year.

Net finance costs have increased in the year, mainly as a result of property acquisitions and the development of our Torrington Avenue, Coventry site, and the reduction in interest receivable, with last year's figures being inflated by a retrospective VAT claim.

Following the outcome of the Maco Doors case, relating to capital allowances on properties, as well as the resolution of some of our prior year liabilities, the 2010 figures reflect a net tax credit of £0.6m.

A reconciliation of the movement in our post tax profits is shown below.

	£000
Loss for the financial year ended 30 June 2009	(52,017)
Increase in net rental income	610
Increase in profits realised from trading properties	1,526
Reduction in profit realised from investment properties	(618)
Movement in property portfolio valuation	87,702
Increase in net finance costs	(1,256)
Reduction in current tax	593
Profit for the financial year ended 30 June 2010	36,540

We have also presented below an analysis of the Group's underlying rental performance before tax, which excludes the impact of EPRA adjustments, capitalised interest and shows separately the profit on sale of trading properties. The directors consider that this further analysis of our income statement gives shareholders a useful comparison of our underlying performance for periods shown in the consolidated financial statements.

We have saved around £3.0m of corporation tax in the current financial year as a result of our conversion to a Real Estate Investment Trust.

Three changes in accounting standards have been adopted for the first time in these results. IAS 1 (revised) requires that the statement of recognised income and expense is replaced by a statement of comprehensive income, as well as a new primary statement, a statement of changes in equity, which is separate from the income statement and statement of comprehensive income. The amendment to IAS 40 “Investment property” replaces the previous treatment of development property valuation movements, which were previously recognised in the statement of recognised income and expense, with the valuation movement now being reflected in the income statement. The income statement to 30 June 2010 includes a £4.6m valuation surplus on development property, whilst the 30 June 2009 figures remain as previously reported. IFRS 8 requires us to report operating segments on the basis of internal reports that are presented to the Board of Directors. The adoption of this standard has not changed the presentation of the Group’s segmental analysis. Further details of these changes are included in note 1.

The interim dividend of 8.03p per Ordinary share was paid as a 6.00p Property Income Distribution (“PID”), attracting a 20% withholding tax for shareholders who are not eligible for gross payment, and a 2.03p ordinary dividend. The final dividend of 9.94p will be paid as a PID. The level of dividend that must be distributed by way of a PID is determined by the tax legislation. The phasing out of Industrial Building Allowances, the reductions in the rate of capital allowances, from 2012, announced in the Emergency Budget on plant and machinery from 20% to 18% and integral features from 10% to 8% will reduce the adjustments required to profits in order to calculate the minimum PID obligation in future years.

The Board’s continued intention is to grow the rent roll to enable a sustainable, covered, increase in dividends over the long term, with a view to distributing around 90% of our recurring profit.

The interim and proposed final dividend amount to 17.97p per share, or £10.8m, amounts to 95% of our underlying pre-tax profit.

Underlying financial performance

	Total	Investment/ Development	Trading property	Other Items
	£000	£000	£000	£000
2010				
Rental income	17,003	17,003	-	-
Property outgoings	(508)	(508)	-	-
Net rental income	16,495	16,495	-	-
Sale of trading properties	2,130	-	2,130	-
Property outgoings on trading properties	(533)	-	(533)	-
Net income from trading properties	1,597	-	1,597	-
Administration expenses	(2,998)	(2,998)	-	-
Operating profit before net gains on investment	15,094	13,497	1,597	-
Net gains on revaluation	23,517	-	-	23,517
Operating profit	38,611	13,497	1,597	23,517
Finance income	21	21	-	-
Gross finance costs	(2,202)	(2,202)	-	-
Capitalised interest	225	-	-	225
Fair value movement on derivative financial instruments	(693)	-	-	(693)
Total finance costs	(2,670)	(2,202)	-	(468)
Profit before tax	35,962	11,316	1,597	23,049
2009	£000	£000	£000	£000
Rental income	16,574	16,574	-	-
Property outgoings	(689)	(689)	-	-
Net rental income	15,885	15,885	-	-
Sale of trading properties	104	-	104	-
Property outgoings on trading properties	(33)	-	(33)	-
Net income from trading properties	71	-	71	-
Administration expenses	(2,998)	(2,998)	-	-
Operating profit before net losses on investment	12,958	12,887	71	-
Profit on disposal of investment property	618	-	-	618
Net losses on revaluation	(64,185)	-	-	(64,185)
Operating (loss)/profit	(50,609)	12,887	71	(63,567)
Finance income	354	354	-	-
Gross finance costs	(2,107)	(2,107)	-	-
Capitalised interest	360	-	-	360
Total finance costs	(1,747)	(2,107)	-	360
(Loss)/profit before tax	(52,002)	11,134	71	(63,207)

Presented above is an analysis of the underlying rental performance before tax, which excludes the impact of EPRA adjustments, capitalised interest and the profit on sale of trading properties. The directors consider that this further analysis of our income statement gives shareholders a useful comparison of our underlying performance for the periods shown in the consolidated financial statements.

Net assets have increased from £159.7m to £185.9m, mostly reflecting the £23.5m property portfolio revaluation uplift recognised in the income statement.

Our gearing has increased from 24% to 27%, reflecting £49.7m (2009: £38.0m) of net debt. This level of debt equates to only 21% of the DTZ valuation of our investment and development portfolio of £236.9m, which is still at a very low level of gearing compared to other REITs and quoted property companies, and well within our self imposed gearing limit of 50%. This increase in gearing has arisen as a direct result of our investment

property acquisitions and development programme, offset by the 11% increase in the property portfolio valuation.

Financing, cash flow and going concern

As we mentioned last year, we took the opportunity to commence negotiations to refinance some of our revolving credit drawdowns into longer term debt. Completion of our new HSBC Bank plc facilities, consisting of a £20.0m five year loan, £5.0m overdraft and a £40.0m Five Year Revolving Credit Facility, occurred in November 2009. The renewal and replacement of our HSBC credit lines increased our facilities from £45.0m to £65.0m. The additional money raised paid off existing revolving credit facility drawdowns and increased the level of funds available for property investment and construction of the Torrington Avenue, Coventry unit.

As at the date of this preliminary announcement the Group had undrawn banking facilities of £38.0m and had only drawn £7.0m from the 2014 Revolving Credit Facility, leaving undrawn amounts of £33.0m from that facility and £5.0m from the Group's overdraft, which is due for renewal in November 2010.

Of the remaining borrowings held by the Group at 30 June 2010, only £4.2m of debenture stock expires in less than five years. The £20m Lloyds Bank loan expires in 2023 and the £675,000 of preference share capital has no redemption date.

The Group's available facilities as at 30 June 2010 therefore consisted of:

Borrowing	Expiry year	Available £m	Drawn £m	Undrawn £m
Overdraft	2010	5.0	-	5.0
Revolving Credit Facility	2014	40.0	6.0	34.0
HSBC term loan	2014	20.0	20.0	-
11.5% Debenture Stock	2014	4.2	4.2	-
Lloyds term loan	2023	20.0	20.0	-
Preference shares	-	0.7	0.7	-
		89.9	50.9	39.0

Of the £89.9m, £24.9m is at fixed rates. The Group has entered into interest rate caps in respect of £40m of the HSBC term loan and revolving credit facilities, in order to limit the impact to the Group of increases in LIBOR interest rates.

Only the overdraft is due for renewal within twelve months of the date of this document.

As the date of this preliminary announcement the Group had £84.7m of properties that were unencumbered, providing significant capacity to raise additional finance, if required, or to provide additional security for existing facilities, should property values fall any further. We are complying with our banking covenants and the directors do not expect this position to alter in the forthcoming twelve months. Additional information about the going concern assumption is provided in the accounting policies note on page 15 of this preliminary announcement. The directors have considered our forecast cash flows, the Group's low gearing, significant portfolio of unencumbered properties and the maturity profile of our borrowings, and have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Analysis of borrowings at 30 June

	2010	2009
	£000	£000
11.5% First Mortgage Debenture Stock 2014	4,203	4,203
Preference Share Capital	675	675
Cash and Short-Term Deposits	(885)	(2,352)
Lloyds loan 2023	19,945	19,942
HSBC term loan 2014	19,738	-
Borrowings from revolving credit facility	6,000	15,500
Net Debt and Preference Share Capital	49,676	37,968
Net Assets	185,908	159,734
Gearing (net of cash)	27%	24%

Outlook

With the latest economic data still pointing to considerable uncertainties about the pace and sustainability of recovery, the recent warnings that a recovery in the commercial property market is slowing and some forecasters suggesting that industrial property values may possibly fall during the course of 2011 we remain cautious and prudent in our approach. Whilst we are continually assessing acquisition opportunities we will remain selective, concentrating on those properties which we believe will offer income potential or exceptional growth.

We are, without a doubt, well placed to take advantage of this severe property downturn and finance starved market from our position of low gearing supported by a solid, quality income producing portfolio. The investment portfolio is our foundation and we aim to continue to maximise long-term returns for shareholders through actively managing income and keeping voids to a minimum.

The challenge for us remains in utilising our available cash resources prudently through the purchase of quality property in a very unpredictable and fluctuating market.

We remain confident in our strategy and are approaching the 2010/2011 Financial Year with cautious optimism.

Justin Parker
Managing Director

David Wooldridge
Finance Director

7 September 2010

**Consolidated Income Statement
for the year ended 30 June 2010**

	Notes	2010 £000	2009 £000
Revenue	2	19,133	16,678
Gross rental income relating to investment properties	2	17,003	16,574
Property outgoings		(508)	(689)
Net rental income relating to investment properties		16,495	15,885
Proceeds on sale of trading properties	2	2,130	104
Carrying value of trading properties sold		(531)	-
Property outgoings relating to trading properties		(2)	(33)
Net income from trading properties		1,597	71
Administration expenses		(2,998)	(2,998)
Operating profit before net gains/(losses) on investment		15,094	12,958
Profit on disposal of investment properties		-	618
Net gains/(losses) on revaluation of investment and development properties	3	23,517	(64,185)
Operating profit/(loss)		38,611	(50,609)
Net finance costs	4	(2,649)	(1,393)
Profit/(loss) before tax		35,962	(52,002)
Current tax credit/(charge)		578	(94)
Deferred tax credit		-	79
Total tax credit/(charge)	5	578	(15)
Profit/(loss) for the financial year		36,540	(52,017)
Basic and diluted profit/(loss) per share	7	60.91p	(86.71p)

All operations are continuing.

**Consolidated Statement of Comprehensive Income
for the year ended 30 June 2010**

	Notes	2010 £000	2009 £000
Gains/(losses) on revaluation of development and owner-occupied properties	3	110	(516)
Cancellation of share options		-	65
Deferred tax asset on items taken to equity	5	-	66
Net gain/(loss) recognised directly in equity		110	(385)
Profit/(loss) for the year		36,540	(52,017)
Total comprehensive income/(loss) for the year		36,650	(52,402)

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2010**

	Ordinary share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Share-based payments reserve £000	Retained earnings £000	Total equity £000
Balance 1 July 2008	14,998	11,162	1,055	48	195,417	222,680
Retained loss	-	-	-	-	(52,017)	(52,017)
Items taken directly to reserves	-	-	(450)	-	-	(450)
Share-based payment	-	-	-	126	-	126
Dividends paid	-	-	-	-	(10,605)	(10,605)
Transfers	-	-	-	(65)	65	-
Balance 30 June 2009	14,998	11,162	605	109	132,860	159,734
Retained profit	-	-	-	-	36,540	36,540
Items taken directly to reserves	-	-	110	-	-	110
Share-based payment	-	-	-	130	-	130
Dividends paid	-	-	-	-	(10,606)	(10,606)
Transfers*	-	-	(442)	-	442	-
Balance 30 June 2010	14,998	11,162	273	239	159,236	185,908

*As explained in note 1, under IAS 40, revaluation movements on development properties are now taken through the income statement. Following this change in treatment it is considered more appropriate for cumulative revaluation movements on development properties to be presented in retained earnings rather than the revaluation reserve.

**Consolidated Balance Sheet
at 30 June 2010**

	Notes	2010 £000	2009 £000
Non-current assets			
Investment and development properties	8	235,594	199,664
Property, plant and equipment		1,456	1,323
Derivative financial instruments		359	-
Trade and other receivables		289	315
		237,698	201,302
Current assets			
Trading properties		553	965
Trade and other receivables		5,517	4,931
Cash and cash equivalents		885	2,352
		6,955	8,248
Total assets		244,653	209,550
Current liabilities			
Trade and other payables		(7,700)	(7,894)
Tax liabilities		(484)	(1,602)
		(8,184)	(9,496)
Non-current liabilities			
Borrowings		(50,561)	(40,320)
Total liabilities		(58,745)	(49,816)
Net assets		185,908	159,734
Equity			
Called up ordinary share capital		14,998	14,998
Revaluation reserve		273	605
Share-based payment reserve		239	109
Redemption reserve		11,162	11,162
Retained earning		159,236	132,860
Total equity		185,908	159,734
Net assets per Ordinary share			
- Basic and diluted	7	310p	266p
- Adjusted	7	309p	267p

Rupert J Mucklow

David Wooldridge

**Consolidated Statement of Cash Flows
for the year ended 30 June 2010**

	2010	2009
	£000	£000
Cash flows from operating activities		
Operating profit/(loss)	38,611	(50,609)
Adjustments for non-cash items		
- Unrealised net revaluation (gains)/losses on investment and development properties	(23,517)	64,185
- Profit on disposal of investment properties	-	(618)
- Depreciation and other non-cash items	118	95
- Share based payments	130	61
- Profit on sale of fixed assets	(35)	-
Other movements arising from operations		
- Decrease/(increase) in trading properties	409	(56)
- Increase in receivables	(216)	(748)
- (Decrease)/increase in payables	(882)	732
Net cash generated from operations	14,618	13,042
Interest received	7	339
Interest paid	(2,836)	(2,101)
Preference dividends paid	(47)	(47)
Corporation tax paid	(396)	(3,586)
Net cash inflow from operating activities	11,346	7,647
Cash flows from investing activities		
Acquisition and property development	(11,714)	(3,579)
Grants received	-	34
Sales of investment properties	-	1,915
Net disposal proceeds on property, plant and equipment	59	-
Net cash outflow from investing activities	(11,655)	(1,630)
Cash flows from financing activities		
Net increase in borrowings	10,500	8,924
Payment for derivative financial instruments	(1,052)	-
Equity dividends paid	(10,606)	(14,792)
Net cash outflow from financing activities	(1,158)	(5,868)
Net (decrease)/increase in cash and cash equivalents	(1,467)	149
Cash and cash equivalents at 1 July	2,352	2,203
Cash and cash equivalents at 30 June	885	2,352

NOTES TO THE ACCOUNTS

1 Accounting policies

Basis of preparation of financial information

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation. Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRSs, this announcement itself does not contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs on 1 October 2010.

The preliminary announcement was approved by the board of directors on 7 September 2010. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 30 June 2010 or 2009 as defined under Section 434 of the Companies Act 2006. The financial information for the year ended 30 June 2009 is derived from the statutory accounts for that year which has been delivered to the Registrar of Companies and those for 2010 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498 of the Companies Act 2006.

The financial statements are prepared under the historical cost convention, except for the revaluation of investment properties, development properties and owner-occupied properties and deferred tax thereon and certain financial assets, with consistent accounting policies to the prior year.

The preparation of financial statements requires the use of estimates and assumptions that affect reported amounts of assets and liabilities during the reporting period. These estimates and assumptions are based on management's best knowledge of the amount, event or actions. Actual results may differ from those amounts.

As at 30 June 2010 the Group had £39.0m of undrawn banking facilities and had drawn down £6.0m from its HSBC £40m 2014 Revolving Credit Facility. The Group's £5.0m overdraft, which is due for renewal within 12 months of the date of this document, was undrawn. Given these facilities, the Group's low gearing level of 27% and £84.7m of unencumbered properties, significant capacity exists to raise additional finance or to provide additional security for existing facilities, should property values fall. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Control is assumed where the Parent Company has the power to govern the financial and operational policies of the subsidiary.

Unrealised gains and losses on intra-Group transactions and intra-Group balances are eliminated from the consolidated results.

At the date of this preliminary announcement, the following Standards, Amendments and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 24 (revised)	Related Party Transactions
IAS 32	Financial Instruments: Presentation (amendment)
IFRS 1	First Time Adoption of IFRS (amendment)
IFRS 2	Share Based Payments (amendment)
IFRS 9	Financial Instruments
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

In addition, Improvements to IFRSs (issued April 2009) is the 2009 tranche and Improvements to IFRSs (issued May 2010) is the 2010 tranche of the Improvements to IFRS project and these have a number of minor amendments to existing IAS and IFRS, which require implementation from 1 July 2010 and 1 July 2011 respectively.

The directors anticipate that the adoption of these Standards, Amendments and Interpretations in future periods will have no material impact on the financial statements of the Group.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income, which replaces the statement of recognised income and expense. As a result, a consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented. 2010 is the first year to reflect this change in presentation.

The amendment to IAS 40 “Investment property”, effective from 1 January 2009 and applied prospectively, requires that property under construction or development for future use as an investment property is to be recognised in investment property and measured at fair value through the income statement. This replaces the previous treatment under IAS 16, where properties acquired to be developed for future use as an investment property were treated as development property until completion, with any fair value movement recorded in the Statement of Recognised Income and Expense. The income statement to 30 June 2010 includes a £4.6m revaluation surplus in respect of development properties. In addition, a transfer of £0.4m has been made in the statement of changes in equity between the revaluation reserve and retained earnings relating to the cumulative revaluation movements on development properties.

IFRS 8, effective from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors to allocate resources to the segments and to assess their performance. This has resulted in no changes to the presentation of the Group’s segmental analysis. Accordingly, the segmental information required by IAS 34 which is included in note 3 below is presented in accordance with IFRS 8.

The amendment to IFRS 7 ‘Financial Instruments Disclosure’ requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

Revenue recognition

Rental income

Gross rental income represents rents receivable for the year. Rent increases arising from rent reviews due during the year are taken into account only to the extent that such reviews have been agreed with tenants at the accounting date.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Lease incentives are amortised on a straight-line basis over the lease term.

Property operating expenses are expensed as incurred. Service charges and other recoverables are credited against the related expense.

Revenue and profits on sale of investment and trading properties

Revenue and profits on sale of investment properties and trading properties are taken into account on the completion of contracts.

The amount of profit recognised is the difference between sale proceeds and the carrying amount.

Dividends and interest income

Dividend income from investments in subsidiaries is recognised when shareholders' rights to receive payment have been established.

Interest income is recognised on an accruals basis when it falls due.

Cost of properties

An amount equivalent to the total development outgoings, including interest, attributable to properties held for development is added to the cost of such properties. A property is regarded as being in the course of development until practical completion.

Interest associated with direct expenditure on investment properties which are undergoing development or major refurbishment and development properties is capitalised. Direct expenditure includes the purchase cost of a site or property for development properties, but does not include the original book cost of investment property under development or refurbishment. Interest is capitalised gross from the start of the development work until the date of practical completion, but is suspended if there are prolonged periods when development activity is interrupted. The rate used is the rate on specific associated borrowings or, for that part of the development costs financed out of general funds, the average rate.

Valuation of properties

Investment properties are valued at the balance sheet date at market value. Where investment properties are being redeveloped the property continues to be treated as an investment property. Surpluses and deficits attributable to the Group arising from revaluation are recognised in the income statement. Valuation surpluses reflected in retained earnings are not distributable until realised on sale.

Properties under development, which were not previously classified as investment properties, are valued at market value until practical completion, when they are transferred to investment properties. Following the amendment to IAS 40 "Investment Property" as explained on page 16, valuation surpluses and deficits attributable to properties under development are recognised in the income statement.

Owner-occupied properties are valued at the balance sheet date at market value. Valuation changes in owner-occupied property are taken to revaluation reserve. Where the valuation is below historic cost, the deficit is recognised in the income statement.

Trading properties held for resale are stated at the lower of cost and net realisable value.

Critical accounting judgements and key sources of estimation uncertainty

Management has made judgements over the valuation of properties that has a significant effect on the amounts recognised in the financial statements. Management has used the valuation performed by its independent valuers as the fair value of its investment, development, owner-occupied and trading properties. The valuation is based upon assumptions including future rental income and an appropriate discount rate. The valuers also use market evidence of transaction prices for similar properties.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Plant and equipment is stated at cost less accumulated depreciation, less any recognised impairment.

Depreciation

Depreciation is provided on buildings, motor vehicles and fixtures and fittings on a straight-line basis over the estimated useful lives of between two and twenty-five years. Investment properties are not depreciated.

Government grants

Capital grants received relating to the cost of building or refurbishing investment properties are deducted from the cost of the relevant property. Revenue grants are deducted from the related expenditure.

Share-based payments

The cost of granting equity-settled share options and other share-based remuneration is recognised in the income statement at their fair value at grant date. They are expensed straight-line over the vesting period, based on estimates of the shares or options that eventually vest. Options are valued using the Monte Carlo simulation model.

Deferred taxation

Deferred taxation is provided in full on temporary differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Temporary differences arise from the inclusion of items in taxation computations in periods different from when they are included in the financial statements. Deferred tax is provided on temporary differences arising from the revaluation of fixed assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax is recognised in the income statement except for items that are reflected directly in equity, where the tax is also recognised in equity.

Pension costs

The cost to the Group of contributions made to defined contribution plans is expensed when the contributions fall due.

Acquisitions

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the Group's share of separable net assets. Where the fair value of the cost of acquisition exceeds the fair value attributable to such assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

Goodwill is reviewed annually for impairment. Under the Group's previous policy, £134,728 of goodwill has been written off directly to reserves as a matter of accounting policy. This would be credited to the income statement on disposal of the business to which it related.

Group undertakings

Investments are included in the balance sheet at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for any amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of future cash flows discounted at the effective rate computed at initial recognition.

Available-for-sale assets

Mortgages receivable held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 12 to the annual report. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, which are recognised directly in the income statement.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss recognised in the investments revaluation reserve is included in profit or loss for the period.

Financial assets at FVTPL

Financial assets are classified as at 'fair value through profit or loss' where it is a derivative that is not designated and effective as a hedging instrument. The interest rate caps are classified as FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlements or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 Revenue

	2010	2009
	£000	£000
Total rental income from investment and development properties	17,003	16,574
Income received from trading properties	2,130	104
	19,133	16,678
Finance income (note 4)	21	354
Total revenue	19,154	17,032

The 2010 rental income for investment and development properties includes a £0.95m settlement of rent and dilapidations, following a back to back surrender and grant of a new lease at one of our office properties.

3 Segmental analysis – primary segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The impact of the standard on the Group's financial statements is not significant since the Group's segmental reporting already closely reflected reports regularly reviewed by the chief operating decision maker, considered to be the Board of Directors. Accordingly, this has resulted in no change to the presentation of the Group's segmental analysis.

The Group has two reportable segments: investment and development property and trading property. The Group has a large and diverse customer base and there is no significant reliance on any single customer.

The measure of profit or loss that is reported to the Board of Directors for the segments is profit before tax. A segmental analysis of income from the two segments is presented below, which includes a reconciliation to the results reported in the consolidated income statement.

	2010	2009
	£000	£000
Investment and development properties		
- Net rental income	16,495	15,885
- Profit on disposal	-	618
- Gain/(deficit) on revaluation of investment properties	18,961	(57,184)
- Gain/(deficit) on revaluation of development properties	4,556	(7,001)
	40,012	(47,682)
Trading properties		
- Income received from trading properties	2,130	104
- Carrying value on sale	(531)	-
- Property outgoings	(2)	(33)
	1,597	71
Net income/(loss) from the property portfolio before administration expenses	41,609	(47,611)
Administration expenses	(2,998)	(2,998)
Operating profit/(loss)	38,611	(50,609)
Net financing costs	(2,649)	(1,393)
Profit/(loss) before tax	35,962	(52,002)
The property revaluation gain/(deficit) has been recognised as follows:		
Income statement		
- Investment properties	18,961	(57,184)
- Development properties	4,556	(7,001)
	23,517	(64,185)
Statement of comprehensive income		
- Development and owner-occupied properties	110	(516)
Total revaluation gain/(deficit) for the period	23,627	(64,701)

Segmental information on assets and liabilities, including a reconciliation to the results reported in the consolidated balance sheet, are as follows.

	2010	2009
	£000	£000
Balance – segment assets		
Investment and development properties		
- Segment assets	240,896	204,359
- Segment liabilities	(4,747)	(5,041)
	236,149	199,318
Trading properties		
- Segment assets	553	965
- Segment liabilities	-	-
	553	965
Other activities		
- Unallocated assets	2,319	1,891
- Unallocated liabilities	(3,436)	(4,472)
- Net borrowings	(49,677)	(37,968)
	(50,794)	(40,549)
Net assets	185,908	159,734
Capital expenditure		
Investment and development properties	12,188	2,072
Other activities	165	-
	12,353	2,072
Depreciation		
Investment and development properties	-	-
Other activities	118	95
	118	95

All operations and income are derived from the United Kingdom and therefore no geographical segmental information is provided.

4 Net finance costs

	2010	2009
	£000	£000
Finance costs on:		
Debenture stock	483	483
Preference share dividend	47	47
Capitalised interest	(225)	(360)
Fair value movement of financial instruments	693	-
Bank overdraft and loan interest payable	1,672	1,577
Total finance costs	2,670	1,747
Finance income on:		
Short-term deposits	4	2
Bank and other interest receivable	17	352
Total finance income	21	354
Net finance costs	2,649	1,393

5 Taxation

	2010 £000	2009 £000
Tax charge		
Current tax		
- Corporation tax charged at 28% (2009: 28%)	6	171
- Prior year adjustment	(584)	(77)
	(578)	94
Deferred tax		
- Other deferred tax	-	-
- Prior year adjustment	-	(79)
Deferred tax credit	-	(79)
Total tax (credit)/charge in the income statement	(578)	15
Tax recognised in equity		
Deferred tax	-	(66)

The tax credit in the current financial year reflects the resolution of prior year liabilities, including the finalisation of historic capital allowance claims as a result of the outcome of the Maco Doors case.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before tax	35,962	(52,002)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of UK Corporation tax of 28% (2009: 28%)	10,069	(14,561)
Effect of:		
Other deferred tax movements	-	(79)
REIT exempt income and gains	(10,099)	14,838
IFRS 2 charge	36	17
Net movement in prior year liabilities	-	(123)
Adjustments in respect of prior years	(584)	(77)
	(578)	15

The Group became a Real Estate Investment Trust (REIT) on 1 July 2007. Under the REIT regime properties which are developed and then sold within three years do not benefit from the tax exemption provided to a REIT. No deferred tax has been provided in respect of this potential tax liability as the Group has no current plans to dispose of such development properties. The value of development properties at 30 June 2010 was £28.2m (2009: £17.0m) and if the tax exemption was lost the amount of tax payable on this value would be £Nil (2009: £0.2m).

The Emergency Budget 2010 introduced a reduction in the rate of corporation tax from 28% to 27% from 1 April 2011. This legislation was substantively enacted on 21 July 2010. Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. Accordingly, this reduction has not been taken into account when stating the deferred tax assets and liabilities at 30 June 2010 but will impact the Group's deferred tax assets and liabilities in future periods.

6 Dividends

	2010	2009
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2009 of 9.65p (2008: 9.65p) per share	5,787	5,787
Interim dividend for the year ended 30 June 2010 of 8.03p (2009: 8.03p) per share	4,819	4,818
	10,606	10,605

The directors propose a final dividend for the year ended 30 June 2010 of 9.94p (2009: 9.65p) per Ordinary share, totalling £6.0m.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has therefore not been included as a liability in these financial statements.

The final dividend, if approved, will be paid on 4 January 2011 to shareholders on the register at the close of business on 3 December 2010.

7 Profit/(loss), earnings per share and net asset value per share

Profit/(loss) before tax

The adjusted profit before tax has been amended from the profit/(loss) before tax as follows:

	2010	2009
	£000	£000
Profit/(loss) before tax	35,962	(52,002)
Profit on disposal of investment properties	-	(618)
Fair value movement on derivative financial instruments	693	-
Net (gains)/losses on revaluation of investment and development properties	(23,517)	64,185
Adjusted profit before tax	13,138	11,565

Earnings per share

The basic and diluted earnings per share of 60.91p (2009 loss: 86.71p) has been calculated on the basis of the weighted average of 59,991,990 Ordinary shares and profit of £36.5m (2009 loss: £52.0m). The adjusted earnings per share has been amended from the basic and diluted earnings per share by the following:

	2010	2009
	£000	£000
Earnings	36,540	(52,017)
Profit on disposal of investment properties	-	(618)
Net (gains)/losses on revaluation of investment and development properties	(23,517)	64,185
Fair value movement on derivative financial instruments	693	-
Deferred tax	-	(79)
EPRA adjusted and adjusted earnings	13,716	11,471
EPRA and adjusted diluted earnings per share	22.86p	19.12p

The Group presents an adjusted earnings per share figure as the directors consider that this is a better indicator of the performance of the Group.

There are no dilutive shares. Options over 86,154 Ordinary shares were granted in the year (2009: 105,411 Ordinary shares) under the 2007 Performance Share Plan. The vesting conditions for these shares have not been met, so they have not been treated as dilutive in these calculations. No awards have lapsed in the year.

Net asset value per share

The net asset value per share of 310p (2009: 266p) has been calculated on the basis of the number of equity shares in issue of 59,991,990 and net assets of £185.91m (2009: £159.73m). The adjusted net asset value per share has been calculated as follows:

	2010	2009
	£000	£000
Equity shareholder's funds	185,908	159,734
Valuation of land held as trading properties	3,583	5,178
Book value of land held as trading properties	(553)	(965)
Mark to market on debt	(4,081)	(3,875)
Fair value movement on derivative financial instruments	693	-
	185,550	160,072
EPRA (adjusted) net asset value per share	309p	267p

8 Investment and development properties

	Investment	Development	Total
	£000	£000	£000
At 1 July 2008	234,391	28,600	262,991
Additions	81	2,025	2,106
Capitalised interest	-	360	360
Transfer	6,652	(6,652)	-
Grant	(34)	-	(34)
Disposals	(1,297)	-	(1,297)
Revaluation deficit	(57,184)	(7,278)	(64,462)
At 1 July 2009	182,609	17,055	199,664
Additions	5,835	6,353	12,188
Capitalised interest	-	225	225
Revaluation gain	18,961	4,556	23,517
At 30 June 2010	207,405	28,189	235,594

The closing book value shown above comprises £223.5m (2009: £188.4m) of freehold and £12.1m (2009: £11.3m) of leasehold properties.

	Freehold	Leasehold	Total
	£000	£000	£000
Properties held at valuation on 30 June 2010:			
Cost	158,963	13,461	172,424
Valuation surplus/(deficit)	64,536	(1,366)	63,170
Valuation	223,499	12,095	235,594

	Freehold £000	Leasehold £000	Total £000
Properties held at valuation on 30 June 2009:			
Cost	146,550	13,461	160,011
Valuation surplus/(deficit)	41,804	(2,151)	39,653
Valuation	188,354	11,310	199,664

Investment and development properties have been included at market value after having deducted an amount of £0.2m (2009: £0.3m) in respect of lease incentives and letting fees included in trade and other receivables.

The properties are stated at their 30 June 2010 market value and are valued by DTZ Debenham Tie Leung, professionally qualified external valuers, in accordance with the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. DTZ Debenham Tie Leung have recent experience in the relevant location and category of the properties being valued. In their valuation report the valuers have noted, in accordance with Guidance Note 5 of the Standards, that the primary source of evidence for valuations should be recent, comparable market transactions on arms length terms.

	2010 £000	2009 £000
DTZ valuation	236,935	200,990
Owner-occupied property included in property, plant and equipment	(1,092)	(982)
Lease inducements	(208)	(284)
Other adjustments	(41)	(60)
Investment and development properties as at 30 June 2010	235,594	199,664

Additions to freehold and leasehold properties include capitalised interest of £0.23m (2009: £0.36m). The capitalisation rate used was 3.73% (2009: 4.61%). The total amount of interest capitalised included in freehold and leasehold properties is £5.23m (2009: £5.00m). Properties valued at £152.29m (2009: £97.05m) were subject to a security interest.

9 Directors and Company Secretary

Rupert J Mucklow BSc	-	<i>Chairman</i>
Justin Parker BSc MRICS	-	<i>Managing Director</i>
David Wooldridge FCCA ACIS	-	<i>Finance Director and Company Secretary</i>
David F Austin FRICS*	-	<i>Senior Independent Non-Executive</i>
Paul A Ludlow FRICS*	-	<i>Independent Non-Executive</i>
Stephen Gilmore LLB*	-	<i>Independent Non-Executive</i>

*Member of Remuneration Committee and Audit Committee.

Responsibility statement of the directors on the annual report

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 30 June 2010. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS's as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the board of directors on 7 September 2010 and is signed on its behalf by:

Rupert J Mucklow
Chairman

David Wooldridge
Finance Director and Company Secretary

DATES

Annual General Meeting

The Annual General Meeting will be held on Tuesday 9 November 2010 at 11.30 a.m. at the Birmingham Botanical Gardens, Westbourne Road, Edgbaston, Birmingham, B15 3TR.

Dividend

The final dividend, if approved, will be paid on 4 January 2011 to Ordinary shareholders on the register on 3 December 2010.

Report and Accounts

The full report and accounts for the year ended 30 June 2010 will be available on 1 October 2010.

A copy of this document is available on the Company's website, www.mucklow.com.