

20th July 2012

Development Securities PLC (“Development Securities” or the “Company”)

Interim Management Statement for the period from 1st March to date

More significant milestones achieved to realise value on a number of assets

Development Securities PLC today releases its Interim Management Statement (IMS) covering its activities for the period from 1st March 2012 to date.

Commenting on the Company’s progress, Michael Marx, Chief Executive, said: “Activity continues at a high level and the generation of cash and profits from across our portfolio is gaining momentum. We are confident in the continued progress made to realise value through the repositioning and redevelopment of secondary real estate into the prime or near-prime market. Not only have we successfully secured a number of planning consents to redevelop underperforming and functionally obsolete assets into high quality development schemes but we continue to realise the value created at the appropriate opportunity as evidenced by recent disposals.”

DEVELOPMENT AND TRADING PORTFOLIO

At Cross Quarter, Abbey Wood, in South East London, we have signed an agreement for lease subject to planning with Sainsbury’s for a 46,000 sq. ft. sales area foodstore on a 25-year lease. A planning application for a mixed-use regeneration scheme on this currently vacant 10-acre industrial site will be submitted later this year comprising the anchor Sainsbury’s foodstore, up to 200 residential units, 5,000 sq. ft. of commercial space, an 80-100 bed hotel and community facilities.

Since 1st March 2012 we have sold further properties from the Rock Portfolio generating revenue of £3.6 million and profits of £0.4 million, taking our total disposals to 49 per cent of the portfolio and producing a total revenue of £20.8 million and profits of £4.2 million.

At Westminster Palace Gardens we have now received cash of £18.9 million in respect of 21 completions out of the total of 23 residential units with the balance of £1.7 million anticipated to be received later in the current month.

At The MVMNT, Greenwich, a 2.2-acre mixed-use regeneration site in partnership with Cathedral Group, we completed the disposal of the £50 million GDV residential element of the scheme to Willmott Dixon and exchanged contracts for the sale of the 358-bed student village to McLaren at £8.3 million. Negotiations are in hand regarding the long-term institutional funding of the hotel element of the scheme, pre-let to Travelodge, and enabling works are now underway to prepare the site for development.

Completion of the sale of the Wick Site at Littlehampton to Morrisons is expected at the start of August (following expiry of the Judicial Review period) and will produce revenue of £12.5 million and profits of £2.7 million.

At Eastgate Quarter, Llanelli, the 100,000 sq. ft. edge of town leisure scheme, letting interest has been strong and the scheme is now 72 per cent let following the recent lease of 3,800 sq. ft. to Nando’s, with a further 16 per cent of space under offer. This is pleasing given that practical completion is not due until September 2012, with construction proceeding on time and budget. We anticipate a disposal of this significant development in Q1 2013.

MAJOR DEVELOPMENT PORTFOLIO

In June 2012 we secured a 15-year lease of 26,000 sq. ft. to Statoil (U.K.) Limited at Two Kingdom Street taking its total occupation at PaddingtonCentral to 102,700 sq. ft. This leaves a further 50,000 sq. ft. of offices and 28,000 sq. ft. of studio space to be let, with interest in both.

Construction of the first phase of Hammersmith Grove, a 110,000 sq. ft. prime office building together with 6,000 sq. ft. of restaurants and cafes, is proceeding in line with budget and timetable, with practical completion scheduled for Q2 2013.

BROUGHTON AND 399 EDGWARE ROAD

In May we were advised that the Welsh Minister for Environment, Sustainability and Housing is 'minded to accept' the Inspector's recommendation that outline planning permission be granted in respect of the 19.0-acre residential development site in Broughton near Chester. We have now responded to all the open enquiries made by the office of the Welsh minister and outline planning consent is expected shortly. In the interim, the land has been marketed for sale and is now under offer to a housebuilder at a price in line with our expectations and the completion of this sale is anticipated in Q3 2012.

In addition, we have achieved outline planning consent for up to 24 residential units on a further 2.5 acre site close by, which is now being marketed for sale. Also, on another separate site at Broughton, on land jointly controlled by the Group and Flintshire County Council, we have submitted a planning application for an integrated 42,800 sq. ft. cinema and restaurant development together with an 80-bed hotel.

At 399 Edgware Road, London NW9, we are finalising our planning application for submission in August 2012 for a mixed-use regeneration scheme anchored by an 80,000 sq. ft. foodstore, already pre-let to Morrisons. The 224-unit residential element of the scheme is under offer to a major housebuilder.

INVESTMENT PORTFOLIO

We continue to progress the active management of our portfolio, and have secured 28,500 sq. ft. of new lettings since 1st March 2012, equating to rental income of £0.4 million per annum and reducing our void rate from 11.4 per cent to 8.6 per cent (reducing further to 7.7 per cent including properties under offer to lease).

At Wick Lane Wharf, Hackney Wick, a completed block of 112 live/work units that we acquired for £15.7 million in joint venture with Realstar Group in April 2012, good progress has been made with the refurbishment work, due to complete at the end of July 2012. Letting has now commenced, with seven units already let or under offer at or above our appraisal levels.

FINANCIAL

As at 30 June 2012 gearing stood at 49.5 per cent, rising to 61.4 per cent including share of joint ventures. Weighted average maturity of the debt portfolio stood at 9.1 years, falling to 8.1 years including share of joint ventures.

During June and July 2012 the Group purchased 123,397 of its own ordinary shares at an average price of 137.4 pence per share, which are now held as Treasury shares. This reduced the balance of shares with voting rights to 122,229,107 shares.

On 19th June 2012 we notified the market that Graham Prothero, Finance Director, will be leaving to join the board of Galliford Try plc at a date to be advised. The appointment of his successor will be announced in due course.

For further information, please contact:

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