

16th January 2014

Development Securities PLC (“Development Securities” or “The Company”) - Interim Management Statement for the period from 1st September 2013 to date

Development Securities today announces its Interim Management Statement for the period from 1st September 2013 to date.

Commenting on the Company’s activities, Michael Marx, Chief Executive Officer, said:

“We continue to make good progress to realise value across our diversified portfolio of assets. Our track record for delivering development and trading gains is established and we are set to realise further significant profits through asset realisations this year and in the years to come. With the economy showing continued signs of recovery, and confidence and activity levels rising outside of the Central London property markets, we also see further opportunities to invest in assets where we can create value through regeneration. The Company is well positioned to continue to deliver on its stated strategy, with a strong balance sheet and a healthy pipeline of projects established.”

Development and trading portfolio

We have continued to make good progress to underwrite further gains across our portfolio in line with our expectations. With bank lending still constrained and the yield gap between prime and secondary markets still wide, we see opportunities to extend our development and trading activities. Thus, we are seeking to reinvest an element of our equity into further buying opportunities that offer potential for asset enhancement and value creation. These opportunities are not limited to London and the South East.

In October 2013, we acquired a development site in Dublin for €2.4 million. This benefits from an existing planning consent for a mixed-use development that includes twelve luxury apartments, 4,700 sq. ft. of restaurant and retail space, and 6,500 sq. ft. of office accommodation. We expect to be under construction in this quarter having now obtained vacant possession of the site.

In November 2013, we acquired a 64,800 sq. ft. office building in Sevenoaks for £5.5 million at a 5.24 per cent yield. An application for permitted development rights which would allow the building to be converted from office to residential space has subsequently been submitted. The building is well configured for residential use and benefits from its location next to Sevenoaks station, within a strengthening residential market.

In December 2013, we also exchanged contracts to acquire a portfolio of five office properties in Zones 1 and 2 in North London for £17.5 million with completion due next month. The offices are income producing and offer redevelopment options in the medium-term and all benefit from close proximity to good transport links. Further details will be advised upon completion.

During the period, we have generated further gains from the final tranche of disposals within the Chrome portfolio. By the year end, the realisation of assets within this portfolio will be materially complete.

In September 2013, we also announced we had secured a significant planning consent at a site north of Norwich in joint venture with Beyond Green Developments. The scheme will be delivered in

phases over the next 15 to 20 years and comprise up to 3,520 homes, 16,800 sq. m. of commercial space, up to 8,800 sq. m. of retail space, two primary schools, a hotel and extensive landscaped public space.

Major developments portfolio

In November 2013, we were pleased to announce that we had signed a pre-let agreement with pharmaceuticals company Takeda, for a 42,000 sq. ft. office building on the Cambridge Science Park. Construction of the laboratory and research building will commence next month. Including this first building, we have secured planning consent for a total of 133,000 sq. ft. of office space across three buildings. Pre-let interest in the remaining two buildings is strong.

In London, our activities are focussed on fringe locations of London's core office market where demand is increasing, with projects in Southwark and Hammersmith. We have recommenced the marketing of the top three floors at 10 Hammersmith Grove after we ended our negotiations with the party who had them under offer. 28 per cent of space is now under offer at 10 Hammersmith Grove. We are now introducing 12 Hammersmith Grove, the next phase of this development comprising 165,000 sq. ft. of office space, to the funding market so that a start on site can be made by the middle of 2014.

At our development site adjacent to Southwark tube station, Algarve House, we are progressing the masterplan for the project with the aim of submitting a planning application for an office-led redevelopment in the second half of this year.

Investment portfolio

We are seeing improving investor appetite in secondary markets outside of London.

In October 2013, we sold the Phones 4u Arena in Manchester for £82.1 million. After finalising our promote entitlements with our joint venture partner, Patron Capital, the sale generated in excess of £10 million of cash to Development Securities and realised a profit ahead of our original expectations.

In November 2013, we sold an industrial trading estate in Brentford, West London, for £13.5 million, a price slightly ahead of its book value.

Across our investment portfolio, we have maintained a good level of lettings in the period with voids rates largely unchanged.

Finance

We maintain a conservative level of gearing as guided by our core principles.

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