



## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of Development Securities PLC (the "Company") will be held on the 14th Floor, Portland House, Bressenden Place, London SW1E 5DS on 27th May 2011 at 12.00 noon. The business of the Meeting will be as follows:

### Ordinary business

1. To receive the Report of Directors and Financial statements for the year ended 31st December 2010.
2. To approve the Remuneration Report as set out on pages 52 to 59 of the Annual Report 2010.
3. To re-elect Mr D S Jenkins as a Director of the Company.
4. To re-elect Mr M H Marx as a Director of the Company.
5. To re-elect Mr G Prothero as a Director of the Company.
6. To re-elect Mr C J Barwick as a Director of the Company.
7. To re-elect Mr M S Weiner as a Director of the Company.
8. To re-elect Mrs V M Mitchell as a Director of the Company.
9. To re-elect Mr M S Soames as a Director of the Company.
10. To re-elect Mrs S C Bates as a Director of the Company.
11. To declare a final dividend.
12. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
13. To authorise the Directors to determine the remuneration of the auditors.

### Special Business

As Special Business, to consider and if thought fit pass the following resolutions, of which resolution 15 will be proposed as an ordinary resolution and resolutions 14, 16, 17 and 18 will be proposed as special resolutions:

14. THAT the Company be and it is hereby generally and unconditionally authorised for the purpose of Section 701 of the Companies Act 2006 (the "**Act**") to make market purchases (as defined in Section 693(4) of the Act) of Ordinary shares of 50 pence each in the capital of the Company on such terms and in such manner as the Directors may determine PROVIDED THAT:
  - (i) the maximum number of Ordinary shares hereby authorised to be so acquired is 12,235,250;
  - (ii) the minimum price which may be paid for such shares is the nominal value per share (exclusive of expenses);
  - (iii) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105.0 per cent of the average of the middle market quotations for the Ordinary shares of the Company derived from the Daily Official List of the London Stock Exchange on the five business days immediately preceding the day on which the shares are contracted to be purchased (exclusive of expenses);
  - (iv) the authority hereby conferred shall expire at the end of the next Annual General Meeting or 1st July 2012 if earlier; and
  - (v) the Company may under the authority hereby conferred and prior to the expiry of that authority make a contract to purchase its own shares which will or may be executed wholly or partly after the expiry of that authority and may make a purchase of its own shares in pursuance of any such contract.

15. THAT the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to a nominal amount of £20,392,084; and
- (ii) comprising equity securities (as defined in Section 560(1) of the Act) up to a further nominal amount of £20,392,084 in connection with an offer by way of a rights issue;

such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the Act and to expire at the end of the next Annual General Meeting or on 1st July 2012 if earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to be granted after the authority ends.

For the purposes of this Resolution **“rights issue”** means an offer to:

- (a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

16. THAT subject to the passing of Resolution 15 above, the Directors be empowered to allot equity securities (as defined in Section 560(1) of the Act) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of Resolution 15 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act in each case:
  - (a) in connection with a pre-emptive offer; and
  - (b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £3,058,812; and
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 15 above in connection with a rights issue, as if Section 561(1) of the Act did not apply to any such allotment;

such power to expire at the end of the next Annual General Meeting of the Company or on 1st July 2012 if earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this Resolution:

- (a) **“rights issue”** has the same meaning as in Resolution 15 above;
- (b) **“pre-emptive offer”** means an offer of equity securities open for acceptance for a period fixed by the Directors to holders (other than the Company) on the register on a record date fixed by the Directors of Ordinary shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
- (c) references to an allotment of equity securities shall include a sale of treasury shares; and
- (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

17. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

18. THAT the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of the existing Articles of Association. An explanation of the principal changes are summarised in the Appendix hereto.

Registered Office:  
Portland House  
Bressenden Place  
London SW1E 5DS

By order of the Board  
G Prothero  
Director  
1 March 2011

## Appendix

### Resolution 18 – Adoption of new Articles of Association

It is proposed in this resolution to adopt new Articles of Association (the “**New Articles**”) in order to update the Company's current Articles of Association (the “**Current Articles**”) primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the “**Shareholders' Rights Regulations**”) and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations, or conform the language of the New Articles with that used in the model articles for public companies set out in The Companies (Model Articles) Regulations 2008, for example Article 80 relating to the failure of a member to supply an address for the receipt of notice, have not been noted below. The New Articles showing all the changes to the Current Articles are available for inspection, as stated in the notes to this document.

#### (a) Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. In particular, the provisions regarding notices of meetings and contents of notices have been substantially amended to remove provisions that duplicated the Companies Act 2006. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

#### (b) Increase, Consolidation, Sub-division, Cancellation, Reduction and Purchase of Share Capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

#### (c) Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

#### (d) Notice of general meetings

The Shareholders' Rights Regulations amend the Companies Act 2006 to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice of general meetings and the content of such notices on the basis that this is dealt with in the Companies Act 2006.

#### (e) Adjournments for lack of quorum

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

(f) Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. The existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

(g) Annual re-election of Directors

In light of the recommendation in the new UK Corporate Governance Code, the New Articles provide for the board to resolve that the Directors shall stand for re-election more frequently than every three years as set out in the Current Articles.

(h) Failure to supply address

The model articles for public companies set out in The Companies (Model Articles) Regulations 2008, provide that if a company sends more than one document to a member on separate occasions during a 12 month period and each of them is returned undelivered, then that member shall not be entitled to receive notices from the company until he has supplied a new postal or electronic address for the service of notices. The New Articles have been brought into line with this provision.

(i) General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies set out in The Companies (Model Articles) Regulations 2008.

## Notes:

Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote instead of the member. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting in person.

A Form of Proxy for this Meeting is enclosed and if used, should be either (a) lodged with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with the instructions below, in each case so as to be received not later than 12.00 noon on 25th May 2011.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in paragraph two above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

The right to appoint a proxy does not extend to persons whose shares are held on their behalf by another person and who have nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 (the "Act") ("Nominated Persons"). Nominated Persons may have the right to be under an agreement with the person who holds the shares to be appointed as proxy or may have someone else appointed as their proxy. The Nominated Person may have the right to give voting instructions to the person holding the shares as to the exercise of voting rights.

Entitlement to attend and vote at the Meeting and the number of votes which may be cast at the Meeting will be determined by reference to the Company's register of members at 6.00 pm on 25th May 2011, or if the Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting (as the case may be). In each case changes to the register after such time will be disregarded.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Shareholders should note that, it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1st January 2010; or (ii) any circumstance connected with an auditor of the Company for the financial year beginning 1st January 2010 ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 14th April 2011, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Copies of the Articles of Association, Executive Directors' contracts of service and Non-executive Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours from the date of this notice to the date of the Annual General Meeting and at the Meeting itself on 27th May 2011 from 11.45 am until the end of the Meeting.

A copy of this notice, and other information required by Section 311A of the Act, can be found on the Company's website [www.developmentsecurities.com](http://www.developmentsecurities.com).

Members may not use any electronic address provided in either this Notice of Annual General Meeting or any related documents (including the enclosed Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Only holders of Ordinary shares are entitled to attend and vote at this Annual General Meeting. As at 28th February 2011 (being the last working day prior to the publication of this notice) the Company's issued share capital consists of 122,352,504 Ordinary shares of 50 pence each carrying one vote each. The total voting rights in the Company as at 28th February 2011 are 122,352,504.

