

JULY 2010

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**DEVELOPMENT SECURITIES PLC  
22 JULY 2010**

## **PLACING AND RIGHTS ISSUE TO RAISE APPROXIMATELY £100.2 MILLION**

Development Securities today announces a fully underwritten share issue to raise proceeds of approximately £100.2 million by way of a Placing and Rights Issue.

### **Highlights**

- Placing of 4,110,000 Placing Shares (representing in aggregate 5.0 per cent. of the existing issued share capital and 3.4 per cent. of the Enlarged Issued Share Capital immediately following completion of the Placing and the Rights Issue) at a price of 250 pence per share
- Rights Issue of 35,986,030 New Shares (representing in aggregate approximately 43.7 per cent. of the existing issued share capital and 29.4 per cent. of the Enlarged Issued Share Capital immediately following completion of the Rights Issue) at a price of 250 pence per share
- The Placing Price represents a 8.8 per cent. discount to the closing middle-market price on 21 July 2010
- The Rights Issue price represents a 0.0 per cent. discount to the theoretical ex-rights price, when calculated by reference to the Placing Price of 250 pence per Placing Share
- The Placees will be able to participate in the Rights Issue in respect of their Placing Shares in the same manner as Qualifying Shareholders
- Net Proceeds of approximately £94.1 million
- The Net Proceeds will be used by Development Securities to capitalise on new opportunities early in the property development cycle, continuing to exploit the current dearth of bank finance available, and additionally to enhance the Group's investment portfolio where attractive asset management opportunities exist
- Strong support from existing and new investors
- All the Directors who are Shareholders at the Record Date will participate in the Placing and the Rights Issue and in aggregate intend to subscribe for a total of 313,165 New Shares

Appendix I sets out the terms and conditions of the Placing.

Appendix II sets out the terms and conditions of the sub-underwriting of the Rights Issue.

## **Introduction**

The Board today announces a Placing and Rights Issue to raise proceeds of approximately £100.2 million, (£94.1 million, net of expenses), of which approximately £10.2 million will be raised by the Placing.

Placees will subscribe for the Placing Shares at the Placing Price of 250 pence per Placing Share. This represents a 8.8 per cent. discount to the closing middle-market price of 274 pence per Ordinary Share on 21 July 2010, being the last Business Day before the announcement of the Placing and the Rights Issue.

The Rights Issue is being made on the basis of 5 New Shares for every 12 Eligible Shares at 250 pence per New Share. The terms and conditions of the Rights Issue are set out in full in the Prospectus. The Issue Price represents a:

- 0.0 per cent. discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the Placing Price of 250 pence per Placing Share;
- 6.3 per cent. discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the closing middle-market price of 274 pence per Ordinary Share on 21 July 2010 (being the last Business Day before the announcement of the Placing and the Rights Issue);
- 6.1 per cent. discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the closing middle-market price of 274 pence per Ordinary Share on 21 July 2010, as adjusted to take account of the Placing at 250 pence per Placing Share; and
- 8.0 per cent. discount to the closing middle-market price of 271.6 pence per Ordinary Share on 21 July 2010 after adjustment for the 2010 Interim Dividend.

4,110,000 Placing Shares will be issued through the Placing and 35,986,030 New Shares will be issued through the Rights Issue. The Placing is underwritten by Collins Stewart and the Rights Issue is underwritten by Barclays Capital and Collins Stewart pursuant to the terms of the Underwriting Agreement. The terms and conditions of the Placing are set out in full in Appendix I of this announcement.

## **Background to and reasons for the Placing and the Rights Issue**

On 24 June 2009, Development Securities announced the July 2009 Equity Raising, generating approximately £94.0 million of net proceeds. The July 2009 Equity Raising was undertaken to put the group in a strong position to capitalise on new opportunities early in the property development cycle, and to enhance the Group's investment portfolio as and when attractive opportunities were identified. The Company has invested £68.9 million (including an element of future committed expenditure amounting to £14.5 million) of the proceeds of the July 2009 Equity Raising in a series of projects. These projects comprise a mix of development, refurbishment and investment assets, which the Directors expect to generate substantial profits for the business over the next one to five years. In addition, the Company has provisionally committed a further £51.1 million, such that the Directors expect to have allocated the full amount of the net £94.0 million raised in the July 2009 Equity Raising by the end of the third quarter of 2010.

The Directors continue to evaluate further opportunities, including several potential development schemes in central London and regional locations. These are typically large sites involving extensive pre-development master-planning and infrastructure implementation, where the Directors would intend to introduce equity partners before commencing significant works on site. At this early stage in the property cycle, and in view of the continuing wider economic uncertainty, there is sometimes a need for developers such as the Company to provide a higher level of equity commitment to developments than has historically been the case in order to participate in the opportunity.

The projects which have been acquired since July 2009 or are currently under negotiation include several in which the Directors have combined the Group's asset management and development skills with modest amounts of capital to unlock complex opportunities, which in a number of cases had been stalled by a lack of

liquidity. The Directors believe that this has further enhanced the Group's reputation and has resulted in offers of a number of similar projects.

The Directors do not believe that the economy is now entering into a period of uninterrupted recovery and continue to manage the business with caution as to future tenant demand and asset values. Property values have increased since the low point reached in the summer of 2009, but there is considerable uncertainty over the speed and extent of any further recovery over coming months. The Directors believe that the recent growth in property values may be levelling off, and there may yet be further negative rental growth. However, the lack of liquidity available to private developers, reflecting the dearth of new bank lending, means that there is a growing opportunity to acquire projects needing capital and real estate expertise. The Placing and Rights Issue are intended to extend the Company's advantage in exploiting the current market conditions.

The Directors consider that the availability of cash is vital to sourcing and securing opportunities, and frequently a prerequisite to entering into a negotiation. The ability to make and execute decisions efficiently without dependence on bank finance prior to completion may be critical to the success of a transaction and it may be more effective to negotiate bank finance at a later stage, when a deal is secure.

The UK property market has a record of responding to major shifts in both supply and demand. In recent times, the rental cycle peaked in 1988, then again in 2000 and most recently in 2007. The period from mid-2007 to June 2009 saw a fall in capital values, which was unprecedented in size and speed, reflecting primarily softening yields and lower rental expectations. Since then values have partially recovered, although the future direction remains uncertain, with continuing doubts over tenant demand and rental values. However, the Directors believe that, for large areas of the market, yields remain above historic norms. In addition, the relative shortage of new bank finance means that a number of property owners lack liquidity to finance project plans and working capital. Together, these factors mean that there are opportunities to acquire assets at attractive and, in some cases, distressed prices.

## **Details of the Placing**

The Board has examined a number of options for raising equity and has concluded that the Placing and the Rights Issue allow existing Shareholders to participate in the Rights Issue on a pre-emptive basis while procuring an appropriate level of support from major shareholders and new investors in raising the desired amount of equity capital.

Placees will subscribe for the Placing Shares at a Placing Price of 250 pence per Placing Share. The Placing comprises in aggregate 4,110,000 Placing Shares (representing 5.0 per cent. of Development Securities' existing ordinary share capital) and will therefore raise gross proceeds of £10.2 million. The Placing Shares will represent approximately 3.4 per cent. of the Company's issued Ordinary Shares immediately following completion of the Placing and the Rights Issue.

The Placing Price represents a 8.8 per cent. discount to the middle-market closing price of 274 pence per Ordinary Share on 21 July 2010 (being the last Business Day before the announcement of the Placing and the Rights Issue). The pricing was determined following discussions with both existing and potential new shareholders. The price per Placing Share is not directly connected to the Issue Price of the Rights Issue.

The Placing is conditional upon, amongst other things, fulfilment of the following conditions:

- (i) the Underwriting Agreement not having been rescinded or terminated in accordance with its terms prior to Admission; and
- (ii) Admission becoming effective.

Applications will be made for the Placing Shares to be admitted to listing on the Official List and to trading on the London Stock Exchange's Main Market. It is expected that Placing Admission will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 28 July 2010.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of their issue, save for the 2010 Interim Dividend.

The Placees will be able to participate in the Rights Issue in respect of their Placing Shares in the same manner as Qualifying Shareholders.

The share capital of the Company in issue at the date of this announcement will, following the Placing, be increased by 5.0 per cent. The effect of the Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of holders of Existing Shares by 4.8 per cent. The Placing is underwritten by Collins Stewart pursuant to, and subject to the terms of the Underwriting Agreement, the principal terms and conditions of which are summarised in the Prospectus.

### **Principal terms of the Rights Issue**

The Company is proposing to offer 35,986,030 New Shares by way of a Rights Issue. The New Shares will be offered to Qualifying Shareholders and Placees (other than, subject to certain exceptions, Shareholders or Placees with a registered address, or located or resident (as applicable), in the United States or the Excluded Territories). The Rights Issue is expected to raise gross proceeds of approximately £90.0 million.

The Issue Price represents a:

- 0.0 per cent. discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the Placing Price of 250 pence per Placing Share;
- 6.3 per cent. discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the closing middle-market price of 274 pence per Ordinary Share on 21 July 2010 (being the last Business Day before the announcement of the Placing and the Rights Issue);
- 6.1 per cent. discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the closing middle-market price of 274 pence per Ordinary Share on 21 July 2010, as adjusted to take account of the Placing at 250 pence per Placing Share; and
- 8.0 per cent. discount to the closing middle-market price of 271.6 pence per Ordinary Share on 21 July 2010 after adjustment for the 2010 Interim Dividend.

The Rights Issue will be made on the basis of:

#### **5 New Shares at 250 pence per New Share for every 12 Eligible Shares**

held by Qualifying Shareholders at the close of business on the Record Date (being 20 July 2010) or for which Placees subscribe pursuant to the Placing.

Entitlements to New Shares will be rounded down to the nearest whole number. The fractional entitlements not allotted to Qualifying Shareholders or Placees will be aggregated and placed in the market ultimately for the benefit of the Company. Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Placing and the Rights Issue.

The Rights Issue is underwritten by Barclays Capital and Collins Stewart pursuant to and subject to the terms and conditions of the Underwriting Agreement, the principal terms and conditions of which are summarised in the Prospectus.

The Rights Issue will result in 35,986,030 New Shares being issued (representing approximately 43.7 per cent. of the existing issued share capital and 29.4 per cent. of the Enlarged Issued Share Capital immediately following completion of the Rights Issue).

The Rights Issue is conditional, inter alia, upon:

- (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission; and
- (ii) Admission becoming effective by not later than 8.00 a.m. on 28 July 2010 (or such later time and date as the Company, Barclays Capital and Collins Stewart may agree).

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive dividends or distributions made, paid or declared after the date of this announcement, save for the 2010 Interim Dividend. Applications will be made to the UK Listing Authority and to the London Stock Exchange for the New Shares to be admitted to the Official List and to

trading on the London Stock Exchange. It is expected that Admission will occur and that dealings in the New Shares (nil paid) on the London Stock Exchange will commence at 8.00 a.m. on 28 July 2010.

Some questions and answers, together with details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in the Prospectus and, where relevant, will also be set out in the Provisional Allotment Letter.

## **Use of proceeds**

The Placing and the Rights Issue is expected to raise approximately £100.2 (£94.1 million, net of expenses) of which approximately £10.2 million will be raised by the Placing and the remainder from the Rights Issue. The Net Proceeds will be used by Development Securities to capitalise on new opportunities early in the property development cycle, continuing to exploit the current dearth of bank finance available, and additionally to enhance the Group's investment portfolio where attractive asset management opportunities exist. The Net Proceeds have not been allocated to specific projects as no commitments have been made. However, the Company intends to pursue its principal strategy of developing major property assets for third parties, undertaking more modest developments on its own balance sheet and enhancing its investment portfolio where attractive asset management opportunities exist. The Directors are appraising a number of opportunities, both in central London and in wider London and provincial markets. Such opportunities are distinct from those currently under offer, which are intended to be funded through existing resources and appropriate levels of debt finance.

To participate in new development opportunities early in the property cycle invariably requires an element of equity investment or financing commitment from the developer. The Net Proceeds will strengthen Development Securities' negotiating position with potential vendors, forward-funding partners and occupiers. Property acquisitions at this early stage in the property cycle may well include buildings or sites that each have more than one prospective option as to how latent value may be crystallised in either the short or medium term, e.g. tenanted properties that offer Development Securities rental income with the option of later redevelopment.

Development Securities raised approximately £94.0 million net of expenses pursuant to the July 2009 Equity Raising for similar purposes and the majority of those funds have now been invested. The application of the funds raised by the Placing and the Rights Issue will largely continue the same purposes as furthered by the funds generated by the previous equity raising.

The Company's focus will continue to be on commercial rather than residential property and will continue to be restricted to the UK market. The Company will also continue to pursue the acquisition of distressed loans or properties from the banking sector and will give consideration to the injection of equity by the Group into existing debt and equity structures currently on the balance sheets of certain banks where the application of real estate expertise is required to help unlock latent value. If a loan is acquired from the banking sector, the ultimate objective would be for Development Securities to generate value from the underlying property, through participation or ownership, by way of development or further added value initiatives relating to the property. Such acquisitions or investments may be made in conjunction with one or more funding partners, depending on the size of the deal.

Pending use of the Net Proceeds as described above, Development Securities will hold the money in bank accounts or, where appropriate, through investment in UK government securities with a maturity of not more than 12 months or similar securities.

## **Commenting on the Placing and the Rights Issue, David Jenkins, Development Securities' Chairman, said:**

*We continue to be well placed to take advantage of the dislocation in the UK property market caused by the difficulties that the market is experiencing in obtaining access to capital, both equity and debt. This is especially the case in the secondary market. The recent precipitous fall in loan origination from those banks that have traditionally worked within our industry is unlikely to be reversed soon since the overall exposure of the banking sector to commercial property remains and is likely to remain for some time at record levels.*

*This £100 million Placing and Rights Issue, when coupled with our real estate expertise, provides us with considerable opportunity to take advantage of the dislocation that has occurred. Coming relatively soon after an equivalent amount was raised through the Firm Placing and Placing and Open Offer in July last year, we are delighted to have retained the support of our existing investors.*

*We believe that our expertise combined with our robust balance sheet and prudent business model will enable us to deploy the proceeds of the fundraising into new development and investment opportunities in a timely and effective manner to maximise shareholder returns.*

Collins Stewart is acting as joint financial adviser, joint bookrunner, broker, sponsor and joint underwriter. Barclays Capital is acting as joint bookrunner and joint underwriter. Rothschild is acting as joint financial adviser and has been appointed as the Company's financial adviser going forward.

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#### ***Disclaimer***

*This announcement is not a prospectus but an advertisement.*

*Barclays Capital, the investment banking division of Barclays Bank PLC, is authorised and regulated by the Financial Services Authority in the UK and is acting joint bookrunner and joint underwriter for Development Securities and no one else in connection with the Rights Issue and will*

*not regard any other person (whether or not a recipient of this announcement) as a client in relation to the Rights Issue and will not be responsible to anyone other than Development Securities for providing the protections afforded to its clients, nor for providing advice in relation to the Placing and Rights Issue or any other matters referred to in this announcement.*

*Collins Stewart is authorised and regulated by the Financial Services Authority in the UK and is acting as joint financial adviser, joint bookrunner, sponsor, broker and joint underwriter for Development Securities and no one else in connection with the Placing and Rights Issue and will not regard any other person (whether or not a recipient of this announcement) as a client in relation to the Placing and the Rights Issue and will not be responsible to anyone other than Development Securities for providing the protections afforded to its clients, nor for providing advice in relation to the Placing and the Rights Issue or any other matters referred to in this announcement.*

*Rothschild is authorised and regulated by the Financial Services Authority in the UK and is acting as joint financial adviser for Development Securities and no one else in connection with the Placing and the Rights Issue and will not regard any other person (whether or not a recipient of this announcement) as a client in relation to the Placing and Rights Issue and will not be responsible to anyone other than Development Securities for providing the protections afforded to its clients, nor for providing advice in relation to the Placing and the Rights Issue or any other matters referred to in this announcement.*

*Apart from the responsibilities and liabilities, if any, which may be imposed on Barclays Capital, Collins Stewart or Rothschild by the FSMA, none of Barclays Capital, Collins Stewart or Rothschild accepts any responsibility whatsoever nor does it make any representation or warranty, express or implied, for or in respect of the contents of this announcement, including its accuracy, completeness or verification or regarding the legality of an investment in the Nil Paid Rights, Fully Paid Rights, New Shares or Placing Shares by an offeree or purchaser thereof under the laws applicable to such offeree or purchaser or for any other statement made or purported to be made by Barclays Capital, Collins Stewart or Rothschild, or on behalf of Barclays Capital, Collins Stewart or Rothschild behalf, in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the New Shares, the Placing Shares or the Placing and the Rights Issue, and nothing in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Each of Barclays Capital, Collins Stewart and Rothschild accordingly disclaims to the fullest extent permitted by applicable law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this announcement or any such statement.*

*No person has been authorised to give any information or make any representations other than those contained in this announcement and the Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, Barclays Capital, Collins Stewart or Rothschild. Subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules, there shall not, in any circumstances, be any implication that there has been no change in the affairs of Development Securities since the date of this announcement or that the information in it is correct as at any subsequent date. None of the Company, Barclays Capital, Collins Stewart, Rothschild or any other person accepts any responsibility, except as required by applicable law or regulation, to update any information in this announcement.*

*The Nil Paid Rights, Fully Paid Rights, New Shares and Placing Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other*

*jurisdiction of the United States. There will be no public offer in the United States. The Nil Paid Rights, Fully Paid Rights, New Shares and Placing Shares will not be registered under the securities laws of the Excluded Territories and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws. There will be no public offer in any Excluded Territory. No action has been taken by Development Securities, Barclays Capital, Collins Stewart or Rothschild that would permit an offer of the New Shares or Placing Shares or rights thereto or possession or distribution of this announcement, the Provisional Allotment Letter, the Prospectus or any other offering or publicity material or in any jurisdiction where action for that purpose is required, other than in the United Kingdom.*

*The distribution of this announcement, the Prospectus, the Provisional Allotment Letter and/or the transfer of the Nil Paid Rights, Fully Paid Rights, New Shares or Placing Shares into jurisdictions other than the UK may be restricted by law. Persons into whose possession this announcement or any such document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. In particular, this announcement or any related document should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories or into any other jurisdiction where the extension or availability of the Placing and Rights Issue would breach any applicable law.*

*The information in this announcement may not be distributed, forwarded to or transmitted in or into the United States, the Excluded Territories or in or into any other jurisdiction where the extension or availability of the Placing and Rights Issue would breach any applicable law.*

*No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per share of Development Securities for the current or future financial years would necessarily match or exceed the historical published earnings per share of Development Securities.*

*Prices and values of, and income from, securities may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.*

*Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.*

#### ***Cautionary note regarding forward-looking statements***

*This announcement contains “forward-looking statements”, regarding the belief or current expectations of the Company, the Directors and other members of senior management about the Company’s businesses and the transactions described in this announcement. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions identify forward-looking statements.*

*Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements.*

*These forward-looking statements speak only as at the date of this announcement. Except as required by the FSA, the London Stock Exchange, the Part VI Rules or applicable law, the Company does not have any obligation to update or revise publicly any forward-looking statement, whether as a result*

*of new information, further events or otherwise. Except as required by the FSA, the London Stock Exchange, the Prospectus Directive, the Listing Rules, the Disclosure and Transparency Rules or any other applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.*

*You are advised to read this announcement and the Prospectus and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect Development Securities' future performance and the industries in which the Group operates.*

## **About Development Securities**

Development Securities' business focuses on UK commercial property development and UK property investment. Its principal objective is to carry out substantial and complex development in a risk-averse manner with a view to generating returns for its shareholders. Over the last three years, Development Securities' commercial development projects have provided a greater contribution to shareholder returns than property investment.

The principal focus for development activity, through Development Securities' trading and development division, has been the provision of large-scale, multi-phase, urban developments in the office, retail and leisure sectors, with sites in central and suburban London and main provincial UK cities. The Directors believe that this is where the reputation and profile of the Company is held in high regard within the UK property market. In addition, the Company develops more modest schemes, either solely or in joint venture, with a focus on shorter term generation of profits and recycling of working capital. The property investment business, through the Investment division, acquires and holds a limited number of investment properties in the UK, generally with significant asset management or redevelopment potential, to provide the Company with a stable base of income to contribute to overheads and interest costs, sustaining the business through periods when development activity is low. The assets held as investment properties are, in general, selected and acquired for their redevelopment or refurbishment potential. The Company's strategy for this portfolio is to add value through its asset management and development skills, rather than through simple recurring income and capital growth generated solely by movements in market yields. Although, in general, investment properties are selected with a view to redevelopment or refurbishment at some stage in the future, the precise timeframe within which any redevelopment or refurbishment may occur is dependent on the particular nature and circumstances of each individual asset and prevailing market conditions.

The Company also undertakes a serviced office business through its Operating division. The Company has maintained its principal strategy of developing property assets for third parties, using a mixture of forward-funding, pre-sale, debt finance and joint venture arrangements. The Directors believe that the Company should continue with this focus, given the experience of the senior development management team and the working relationships that have been developed by Development Securities with the relevant local authorities, commercial property agents, funding partners and banks.

## **Current trading and prospects**

The market trends that were evident in the final quarter of 2009 continued at the beginning of 2010 with a rise of 3.9 per cent. in the IPD UK Monthly Index for the first three months of the year, bringing the 12 month capital growth rate to 7.6 per cent. as at 31 March 2010 – the highest since June 2007.

In April, May and June 2010, capital growth slowed to 0.8 per cent., 0.6 per cent. and 0.5 per cent. respectively. The UK economy has returned to growth, but only at a minimal level of 0.3 per cent. for the first quarter of 2010. The unprecedented monetary support given by both the Bank of England and the UK government may prove to have arrested the downward trend. The devaluation of Sterling over the last year has also assisted the turnaround. For most of the United Kingdom, however, the occupational market is still weak with the consequential softening in rental levels as vacancy rates have risen. It would appear that in order to stabilise the current level of UK government debt let alone reducing it to more comfortable levels, significant spending cuts will now have to be made and this is expected to have a significant impact on the levels of employment in the public sector.

The recent surge in some commercial property asset values has been driven by the favourable exchange rate, the relatively high yield compared to other asset classes (notably cash) and a significant demand from overseas investors who wished to take advantage of these circumstances. As is normal in the recovery part of a cycle, the upswing has been led by prime real estate in central London which has now largely readjusted to yield levels seen before the market decline of the last few years. A similar, though less marked, downward pressure has been evident on the yields for better secondary assets. IPD reported an improving rental tone in March this year, including the first sector level positive rental growth emerging in the office sector.

The Directors believe that, the situation in the real estate market appears to have polarised. There would appear to be a not inconsiderable amount of institutional, retail and sovereign wealth money seeking to enter

the real estate market in the United Kingdom. It would also appear that there are insufficient opportunities to satisfy the appetite represented by this cash. On the other hand, the smaller players in the physical real estate market, mainly private property companies, investors and regional developers, have been unable to access capital from the banking sector in sufficient quantity or at an acceptable price. Whilst there have been some high profile entrants into the public market from the private sector, in general the private sector does not have access to fresh equity capital. With the banks no longer able or willing to provide the necessary finance and liquidity, these entities are constrained from exploiting real estate projects. A partial vacuum has appeared in the market which Development Securities has been able to enter, and the Company has consequently deployed most of the £94.0 million net proceeds from the July 2009 Equity Raising. The Directors believe it is likely that this market opportunity will continue in the near to medium term as financial pressure continues in the private real estate sector. Such pressure is likely only to be relieved as and when the banks are able or willing to recommence an adequate active lending programme, which is not expected for some time.

Development Securities will be focusing on securing participation in development sites that the Directors believe will provide potentially attractive returns in the future, as well as enhancing its investment portfolio where attractive asset management opportunities exist. The Group continues to search for appropriate investment properties to take advantage of relatively high yields available, maintaining our criteria of seeking properties with defensive qualities and asset management opportunities. The Directors intend to target investments at yields of between 8 and 15 per cent. Since the July 2009 Equity Raising, the Group has acquired a number of properties at a total acquisition cost of £167.4 million (deploying equity of £68.9 million), including an element of future committed expenditure amounting to £14.5 million. These may be analysed as £25.8 million of development projects and £36.4 million of income-generating properties with redevelopment or refurbishment options, together with £34.8 million of investment properties, one operating property of £8.2 million and an asset acquired, for £62.2 million, on behalf of a joint venture to which Development Securities will provide asset management services.

The accounting classification of these properties, subject to audit, will be investment properties of £58.2 million, trading and development properties of £34.9 million, share of net assets in joint ventures of £14.7 million, operating properties of £8.2 million and £3.9 million of assets held under other balance sheet classifications. In addition, the Group is negotiating the acquisition of further investment and development properties totalling £55.1 million, including an equity component of £51.1 million, such that the Directors expect to have allocated the full amount of the net £94.0 million raised in the July 2009 Equity Raising by the end of the third quarter of 2010.

The Directors have prepared the following indicative pipeline of opportunities, being a series of projects currently under review and negotiation.

<b>Asset</b>	<b>Purpose</b> (1)	<b>Development</b>	<b>Sector</b>	<b>Description</b>
		<b>Securities</b>		
		<b>equity</b>		
		<b>£ million</b>		
Office development in major city	D	8.0	Office and mixed use	2.8 acre site in a major city. Mixed use planning permission in place to be principally funded by development partner
Residential development	D	3.0	Residential	Urban residential scheme
Suburban town centre regeneration	D	6.0	Mixed residential, hotel & student accommodation	2.2 acre site in London suburb to be developed in joint venture with local specialist developer
Care home developments	D	10.0	Residential care	Commitment of capital and expertise to develop pipeline of care home developments, in each case pre-let to an established operator, for sale as

				institutional grade investments
Regional town centre regeneration	D	4.2	Retail and mixed-use	Commitment of capital and expertise into a town centre retail scheme with existing planning permission, to be developed in joint venture with local developer who cannot access the requisite funding
Hotel in major city	D	5.0	Hotel	Development of hotel for international operator
Portfolio acquisition	ID	4.0	Mixed	Acquisition of portfolio of investment and development properties from an administrator (appointed by a bank), in joint venture with a funding partner
Hotel/Retail redevelopment	ID	2.9	Hotel/Retail	Acquisition of edge of town hotel (in major south west town) adjacent to existing retail, for redevelopment for retail use
Office development	D	8.0	Office	1.5 acre site in Hammersmith, W6. Office development to be pre-funded by a development partner
<b>Total:</b>		<b>51.1</b>		

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Note (1): I – Investment, D – Development, ID – Income producing development site

In appraising projects, Development Securities targets returns for ungeared projects in the range of 10-20 per cent. and an IRR for geared projects in the range of 15-30 per cent.

In addition to the opportunities set out above, the Group continues to evaluate other prospective large scale development projects but, since 31 December 2009, it has undertaken no new commitments.

The Group has completed construction on its active development programmes at St Bride Street in London EC4, CityPark in Manchester, Weeke Local Centre in Winchester and Two Kingdom Street in Paddington Central, London. Active marketing of the vacant accommodation is continuing at both St Bride Street and Two Kingdom Street.

The Directors believe that the Group's cash resources remain strong. Since 31 December 2009, the Company has negotiated a new £58.2 million fixed rate, fifteen year term debt facility with Aviva Commercial Finance Limited. The facility is secured on several properties acquired with the net proceeds from the July 2009 Equity Raising (which were initially acquired using equity for speed and market advantage), together with certain other properties previously financed by shorter term loans. The facility carries a fixed interest rate of 6.2 per cent.

As at 16 July 2010, net debt had increased to £166.6 million, following a number of asset acquisitions since 1 January 2010, representing gearing of 68.3 per cent. (calculated on the basis of net assets as at 31 December 2009). As at 30 June 2010, the weighted average debt maturity for the Group was 9.9 years, with a blended interest rate of 5.9 per cent. Owing to the timing of the acquisition of the MEN Arena and the implementation of the related joint venture arrangements, for a period of time the Group will have the full debt relating to the MEN Arena in its balance sheet. If that loan is included, the weighted average debt maturity falls to 8.4 years and the blended interest rate falls to 5.5 per cent.

In view of the Placing and the Rights Issue and the growth of the Group, the Directors have considered the Group's advisory relationships, and have appointed Rothschild to act as joint financial adviser in respect of the Placing and the Rights Issue and as retained financial adviser thereafter.

## Effect of the Placing and the Rights Issue

Upon completion of the Placing and the Rights Issue, the Placing Shares will represent approximately 3.4 per cent. of the Enlarged Issued Share Capital, the New Shares will represent approximately 29.4 per cent. of the Enlarged Issued Share Capital and the Existing Shares will represent approximately 67.2 per cent. of the Enlarged Issued Share Capital.

Over the longer term, the Placing and the Rights Issue are expected to be accretive to the Group's earnings.

## Directors' intentions regarding the Rights Issue

The Directors are fully supportive of the Placing and the Rights Issue. All the Directors who are Shareholders at the Record Date will participate in the Rights Issue, and in aggregate intend to subscribe for a total of 313,165 New Shares. Following the Placing and the Rights Issue, the Directors will beneficially own, in aggregate, approximately 0.9 per cent. of the Enlarged Issued Share Capital.

## Dividends and dividend policy

The Placing Shares and New Shares will, when issued and fully paid, rank pari passu in all aspects with the Existing Shares, including the right to receive all dividends and other distributions (if any) declared, paid or made by Development Securities after the date of this announcement, save for the 2010 Interim Dividend. It is the current intention of the Directors to maintain dividends at current levels, returning to a progressive dividend policy once the property market recovers and economic activity is sustained by positive GDP growth.

References to dividends and dividend policy should not be interpreted as a dividend forecast or profit forecast.

## Expected timetable of principal events

Each of the times and dates in the table below is indicative only and may be subject to change.

Record Date for entitlement under the Rights Issue for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders .....	close of business on 20 July 2010
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)...	27 July 2010
<b>Dealings in Placing Shares, fully paid, commence on the London Stock Exchange (Placing Admission) .....</b>	<b>8.00a.m. on 28 July 2010</b>
<b>Dealings in New Shares, nil paid, commence on the London Stock Exchange (Admission) .....</b>	<b>8.00 a.m. on 28 July 2010</b>
Existing Shares marked "ex rights" by the London Stock Exchange (expected to be).....	8.00 a.m. on 28 July 2010
Nil Paid Rights credited to stock accounts in CREST (Placees and Qualifying CREST Shareholders only) .....	8.00 a.m. on 28 July 2010
Nil Paid Rights and Fully Paid Rights enabled in CREST .....	8.00 a.m. on 28 July 2010
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form) .....	4.30 p.m. on 5 August 2010
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form) .....	3.00 p.m. on 6 August 2010
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid .....	3.00 p.m. on 9 August 2010

<b>Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters .....</b>	<b>11.00 a.m. on 11 August 2010</b>
<b>Dealings in New Shares, fully paid, commence on the London Stock Exchange.....</b>	<b>8.00 a.m. on 12 August 2010</b>
New Shares credited to CREST stock accounts .....	as soon as possible after 8.00 a.m. on 12 August 2010
Despatch of definitive share certificates for New Shares in certificated form.....	by no later than 19 August 2010

## **Documentation**

The Rights Issue will be on the terms and subject to the conditions set out in the Prospectus, which is expected to be published today. The Prospectus will be available from Development Securities' registered office and website: [www.developmentsecurities.com](http://www.developmentsecurities.com). The Prospectus will give further details of the Nil Paid Rights, Fully Paid Rights and the New Shares being offered pursuant to the Rights Issue.

Qualifying Shareholders will receive the Circular setting out the background to, reasons for and details of the Placing and the Rights Issue. Qualifying Non-CREST Shareholders will also receive a Provisional Allotment Letter.

## Definitions

<b>2010 Interim Dividend</b>	the interim dividend declared on 22 July 2010
<b>Acceptance Date</b>	11.00 a.m. on 11 August 2010, being the latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters
<b>Admission</b>	the admission of the New Shares (nil paid) to the Official List becoming effective in accordance with the Listing Rules and the admission of such shares (nil paid) to trading on the London Stock Exchange's market for listed securities becoming effective in accordance with the Admission and Disclosure Standards
<b>Admission and Disclosure Standards</b>	the "Admission and Disclosure Standards" of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities
<b>Barclays Capital</b>	Barclays Capital, the investment banking division of Barclays Bank PLC, of 5 The North Colonnade, Canary Wharf, London E14 4BB
<b>Board</b>	the board of directors of Development Securities
<b>Business Day</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open in London for the transaction of normal business
<b>certificated or in certificated form</b>	where a share or other security is not in uncertificated form
<b>the Chairman</b>	David Jenkins
<b>Circular</b>	the circular to Shareholders dated 22 July 2010 issued by the Company in connection with the Placing and Rights Issue
<b>Collins Stewart</b>	Collins Stewart Europe Limited of 88 Wood Street, London EC2V 7QR
<b>Companies Act</b>	the UK Companies Act 1985, as amended, or the UK Companies Act 2006, as the context requires
<b>Company or Development Securities</b>	Development Securities PLC, a company incorporated under the laws of England and Wales (registered under no. 1528784), with its registered office at Portland House, Bressenden Place, London SW1E 5DS
<b>CREST</b>	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear UK is the operator as defined in the CREST Regulations)
<b>CREST Regulations or Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
<b>Dealing Day</b>	a day on which dealings in domestic securities may take place, with the authority of the London Stock Exchange
<b>Directors</b>	the Executive Directors and Non-executive Directors
<b>Disclosure and Transparency Rules</b>	the rules relating to the disclosure of information made in accordance with Section 73A(3) of the FSMA

<b>Eligible Shares</b>	the Existing Shares together with the Placing Shares for which Placees will subscribe
<b>Enlarged Issued Share Capital</b>	the ordinary share capital of the Company following completion of the Placing and Rights Issue
<b>EU or European Union</b>	the European Union
<b>Euroclear UK</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>European Economic Area</b>	the European Union, Iceland, Norway and Liechtenstein
<b>Excluded Territories and, each, an Excluded Territory</b>	Australia, Canada, Japan, South Africa and any other jurisdiction where the extension or availability of the Rights Issue (or any transaction contemplated thereby and any activity carried out in connection therewith) would breach applicable law
<b>Executive Directors</b>	the executive directors of Development Securities
<b>Existing Shares</b>	the Ordinary Shares in issue as at the date of this announcement
<b>Financial Services Authority or FSA</b>	the Financial Services Authority of the UK
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Fully Paid Rights</b>	rights to acquire the New Shares, fully paid
<b>GDP</b>	the gross domestic product for the UK
<b>Group</b>	the Company and each of its subsidiaries and subsidiary undertakings from time to time
<b>IPD</b>	Investment Property Databank
<b>IPD UK Monthly Index</b>	the IPD Monthly All Property Index
<b>Issue Price</b>	250 pence per New Share
<b>July 2009 Equity Raising</b>	the firm placing and placing and open offer of approximately £100 million announced on 24 June 2009
<b>Listing Rules</b>	the Listing Rules made by the FSA under Part VI of the FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Net Proceeds</b>	the proceeds of the Placing and Rights Issue after expenses incurred in connection therewith
<b>New Shares</b>	Ordinary Shares to be allotted and issued pursuant to the Rights Issue
<b>Nil Paid Rights</b>	rights to acquire the New Shares, nil paid
<b>Non-CREST Shareholder</b>	a Shareholder who does not hold their Ordinary Shares in CREST
<b>Non-executive Directors</b>	the non-executive directors of Development Securities
<b>Official List</b>	the Official List of the FSA pursuant to Part VI of the FSMA
<b>Ordinary Shares or Shares</b>	the ordinary shares of £0.50 each in the share capital of the Company (including, if the context requires, the Placing Shares and/or the New Shares)
<b>Part VI Rules</b>	the rules contained in Part VI of the FSMA
<b>Placees</b>	those persons who will subscribe for Placing Shares
<b>Placing</b>	the placing of Placing Shares as described in the Prospectus

<b>Placing Admission</b>	the admission of the Placing Shares to the Official List becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards
<b>Placing Price</b>	250 pence per Placing Share
<b>Placing Shares</b>	the 4,110,000 new Ordinary Shares which are the subject of the Placing
<b>pounds sterling or £</b>	the lawful currency of the UK
<b>PricewaterhouseCoopers LLP</b>	PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH
<b>Prospective Directive</b>	the Directive of the European Parliament and of the Council of the European Union 2003/71/EC
<b>Prospectus Rules</b>	the Prospectus Rules published by the FSA under Section 73A of the FSMA
<b>Provisional Allotment Letter or PAL</b>	the renounceable provisional allotment letter expected to be sent to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Shareholders with a registered address in the Excluded Territories), in respect of the New Shares to be provisionally allotted to them pursuant to the Rights Issue
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST
<b>Qualifying Non-CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in certificated form
<b>Qualifying Shareholders</b>	holders of Ordinary Shares on the register of members of the Company at the Record Date
<b>Record Date</b>	close of business on 20 July 2010
<b>Rights Issue</b>	the issue by way of rights of New Shares to Qualifying Shareholders and Placees on the basis described in the Prospectus and, in the case of Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Shareholders with a registered address in the US or any Excluded Territory), in the Provisional Allotment Letter
<b>Rothschild</b>	N M Rothschild & Sons Limited of New Court, St. Swithin's Lane, London EC4P 4DU
<b>Shareholder or Development Securities Shareholder</b>	a holder of Ordinary Shares
<b>Stick</b>	those New Shares that are not taken up or deemed to be taken up under the Rights Issue and that Barclays Capital and/or Collins Stewart do not procure persons to take up and so fall to be acquired by Barclays Capital and Collins Stewart and/or the Sub-underwriters
<b>stock account</b>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited

<b>subsidiary</b>	as defined in section 1159 of the Companies Act
<b>subsidiary undertaking</b>	as defined in section 1162 of the Companies Act
<b>UK Listing Authority or UKLA</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA
<b>uncertificated or in uncertificated form</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>Underwriting Agreement</b>	the underwriting agreement dated 22 July 2010 between the Company, Barclays Capital and Collins Stewart relating to the Placing and Rights Issue as further described in the Prospectus
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>US Securities Act</b>	the US Securities Act of 1933, as amended

**APPENDIX I**  
**TERMS AND CONDITIONS OF THE PLACING**

**IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY**

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE TERMS AND CONDITIONS SET OUT AND REFERRED TO HEREIN ARE DIRECTED ONLY AT PERSONS SELECTED BY COLLINS STEWART EUROPE LIMITED ("**COLLINS STEWART**" AND THE "**PLACING AGENT**") WHO ARE (A) PERSONS IN THE EUROPEAN UNION WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2.1(E) OF DIRECTIVE 2003/71/EC (THE "**PROSPECTUS DIRECTIVE**"), WHICH INCLUDES LEGAL ENTITIES WHICH ARE REGULATED BY THE FINANCIAL SERVICES AUTHORITY OF THE UNITED KINGDOM (THE "**FSA**") OR ENTITIES WHICH ARE NOT SO REGULATED WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES OR (B) "INVESTMENT PROFESSIONALS" FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**FPO**") OR "HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC" FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FPO OR TO PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

Unless otherwise defined in this appendix, definitions used in this appendix shall have the meaning given to them in the "Definitions" section of this announcement.

The placing shares that are the subject of the Placing (the "**Placing Shares**") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. No public offering of the Placing Shares is being made in the United States. The Placing is being made outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**")) meeting the requirements of Regulation S. Persons receiving this document (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it in or into the United States or use the United States mails, directly or indirectly, in connection with the Placing.

This announcement does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction including, without limitation, the United States, Canada, Australia, South Africa or Japan or any other jurisdiction in which such offer or solicitation is or may be unlawful (a "**Prohibited Jurisdiction**"). This announcement and the information contained herein are not for publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction.

The distribution of this announcement, the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law and/or regulation. No action has been taken by the Company, Collins Stewart or any of their respective Affiliates (as defined below) that would permit an offer of the Placing Shares or possession or distribution of this announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this announcement are required to inform themselves about and to observe any such restrictions.

Collins Stewart Europe Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Development Securities PLC and for no one else in connection with the Placing and will not be responsible to anyone other than Development Securities PLC for providing the protections afforded to clients of Collins Stewart Europe Limited or for affording advice in relation to the Placing, or any other matters referred to herein.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") by making or accepting an oral offer to take up Placing Shares is deemed to have read and understood this announcement, including this appendix, in its entirety and to be making or accepting such offer on the terms and conditions, including this condition and providing the representations, warranties, undertakings, agreements and acknowledgements contained in this appendix.

In particular, each such Placee represents, warrants and acknowledges that it is:

- (a) a Relevant Person and undertakes that it will acquire, hold manage or dispose of any Placing Shares that are allocated to it for the purposes of its business; and
- (b) outside of the United States and is subscribing for the Placing Shares in an "offshore transaction" in reliance upon Regulation S.

### **Participation in, and principal terms of, the Placing**

Each of Collins Stewart and its respective Affiliates (as defined below) is entitled to participate as a Placee.

A single price of 250 pence per Placing Share (the "**Placing Price**") will be payable to Collins Stewart by all Placees.

Prospective Placees will be identified and contacted by Collins Stewart. Participation in the Placing will only be available to persons invited to participate by Collins Stewart.

Collins Stewart will agree with, and confirm orally to, each Placee the size of such Placee's commitment to acquire a fixed number of Placing Shares (the "**Placing Commitment**"). A trade confirmation of each Placee's Placing Commitment ("**Confirmed Commitment Letter**") will be dispatched as soon as possible after such oral agreement and confirmation. Collins Stewart's oral confirmation to a Placee of the size of such Placee's Placing Commitment and each Placee's oral commitment to accept the same will constitute a legally binding agreement pursuant to which each such Placee will be required to accept the number of Placing Shares allocated to such Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this appendix and in accordance with the Company's Articles of Association.

In addition, each Placee agrees to take up in full the rights to New Shares relating to its Placing Commitment pursuant to the proposed Rights Issue on the basis of the terms and conditions set out in the Prospectus. Nil Paid Rights in respect of the relevant New Shares will be credited to the CREST account of Collins Stewart automatically on Admission as agent for such Placees.

In consideration of its participation in the Placing and of its agreement to take up in full the rights under the Rights Issue to New Shares relating to its Placing Commitment, a Placee will be entitled to a commission of 1.75 per cent. of:

- (a) the aggregate value at the Placing Price of its Placing Commitment; and
- (b) the aggregate value at the Issue Price of the New Shares relating to its Placing Commitment,

which commission will be paid to such Placee:

- (i) in respect of its commission at (a) above, on the second Dealing Day immediately following the Acceptance Date under the Rights Issue; and
- (ii) in respect of its commission at (b) above, on the seventh Dealing Day immediately following the Acceptance Date under the Rights Issue.

No commission (whether under (a) or (b) above) will be payable to Placees who fail to take up in full their rights to New Shares.

If the conditions set out in the Underwriting Agreement are not satisfied in accordance with their terms or waived or if either Collins Stewart or Barclays Capital, the investment banking division of Barclays Bank plc ("**BarCap**"), exercise their right to terminate the Underwriting Agreement, all Placing participants will cease and the Placees will not receive any Placing commission.

A Form of Confirmation will be included with each Confirmed Commitment Letter and this should be completed and returned by fax before 3.00 p.m. on 22 July 2010 in accordance with the details set out therein.

Each Placee's obligations will be owed to the Company and to Collins Stewart. Following the oral confirmation referred to above, each Placee will, subject to Admission, have an immediate, separate, irrevocable and binding obligation, owed to Collins Stewart, to pay to Collins Stewart (or as Collins Stewart may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares comprised in such Placee's Placing Commitment.

Settlement of the Placing Shares is due in cleared funds by 8.00 a.m. on 30 July 2010 or by the Placee ensuring that its CREST account enables delivery of such Placing Shares to be made to it on 30 July 2010 against payment of the settlement price in full.

All obligations of Collins Stewart under the Placing will be subject to fulfilment of the conditions referred to below under "**Conditions of the Rights Issue and Placing**".

Collins Stewart shall be entitled to effect the Placing by such method as it shall in its sole discretion determine. To the fullest extent permissible by law, neither Collins Stewart or any holding company thereof, nor any subsidiary, branch or affiliate of Collins Stewart (each an "**Affiliate**") nor any person acting on behalf of any of the foregoing shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither of Collins Stewart nor any Affiliate thereof nor any person acting on its behalf shall have any liability to Placees in respect of its conduct of the Rights Issue or the Placing.

Each Placee agrees that on and from the date of this announcement up to and including the time of announcement by the Company by Regulatory Information Service of the results of the placing of New Shares that are not taken pursuant to the Rights Issue, it will not and will procure that its Affiliates will not enter into any other transaction involving the Ordinary Shares (or derivatives relating thereto) in each case intended, directly or indirectly, to have the economic effect of hedging or otherwise mitigating its Placing Commitment, provided always that the foregoing restrictions shall not apply to the ordinary course activities of such Placee and its Affiliates unrelated to its Placing Commitment and in particular (save as prohibited by law) shall not apply to:

1. transactions that involve any securities or derivatives that reference any existing, established and publicly available sector or market index, provided that the weighting of the Ordinary Shares of any such sector or market index does not exceed 20%;
2. transactions entered into for the purposes of hedging in relation to the Company's securities that are undertaken with a view to achieving a substantially market-neutral position (but allowing for daily trading fluctuations);
3. proprietary positions in the Company's securities or derivatives related to the Company's securities entered into by such Placee or its Affiliates prior to the date of this announcement;

4. any other transactions relating to ordinary course market making or customer facilitation transactions; or
5. transactions to which the Company consents (such consent not to be unreasonably withheld or delayed).

### **Details of the Underwriting Agreement and the Placing Shares**

The Company has entered into an underwriting agreement (the "**Underwriting Agreement**") with Collins Stewart and BarCap, under which Collins Stewart has, as agent for the Company, subject to the terms set out therein, agreed, amongst other things, to use its reasonable endeavours procure Places for the Placing Shares.

To the extent that Collins Stewart does not procure persons to take up the Placing Shares, Collins Stewart shall acquire such shares.

The Placing Shares will, when issued and fully paid, rank in full for all dividends declared after the Record Date other than the 2010 Interim Dividend and otherwise pari passu in all respects with the Existing Shares.

### **Application for listing and admission to trading**

Application will be made to the FSA (as the competent authority for listing) for admission of the Placing Shares to the Official List maintained by the FSA in accordance with section 74(1) of the Financial Services and Markets Act 2000 ("**FSMA**") for the purposes of Part VI of FSMA and to London Stock Exchange plc (the "**London Stock Exchange**") for admission to trading of the Placing Shares on the London Stock Exchange's market for listed securities ("**Placing Admission**"). It is expected that Placing Admission will become effective and that dealings will commence at 8.00 a.m. on 28 July 2010.

### **Conditions of the Rights Issue and the Placing**

The Placing is conditional upon the Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of Collins Stewart under the Underwriting Agreement are conditional, inter alia, on:

1. none of the warranties given by the Company in the Underwriting Agreement being untrue, inaccurate or misleading in any material respect on and as at each of the date of the Underwriting Agreement, the date of publication of the Prospectus, the date that any Supplementary Prospectus is published by the Company and Admission, in each case, with reference to the facts and circumstances then existing (including such facts or circumstances included in any Supplementary Prospectus published prior to the relevant date);
2. each condition to enable the Nil Paid Rights and the Fully Paid Rights to be admitted as a participating security (as defined in the CREST Regulations) in CREST (other than Admission) being satisfied on or before the date of this announcement;
3. the FSA agreeing, by no later than the date of this announcement, to admit the New Shares (nil paid and fully paid) to the Official List and the London Stock Exchange agreeing, by no later than the date of this announcement, to admit the New Shares to trading on its main market for listed securities (in each case subject only to allotment of the New Shares) and Admission occurring on or before 8.00 a.m. on 28 July 2010;
4. Collins Stewart or BarCap not having terminated the Underwriting Agreement in accordance with its terms; and

5. no matter referred to in section 87G(1) of FSMA arising between the time of publication of the Prospectus and Admission.

If (a) the conditions to the Underwriting Agreement are not fulfilled (or, to the extent permitted under the Underwriting Agreement, waived by Collins Stewart and BarCap), by the respective times or dates specified (or such later time or date as the Company, Collins Stewart and BarCap may, if permitted, agree) or (b) the Underwriting Agreement is terminated in the circumstances specified below, the Placing and the Rights Issue will lapse and each Placee's rights and obligations hereunder shall cease and determine at such time and no claim may be made by a Placee in respect thereof.

Collins Stewart and BarCap may, in their discretion and upon such terms as they think fit, waive compliance or extend the time and/or date for fulfilment by the Company with the whole or any part of any of the Company's obligations in relation to certain conditions in the Underwriting Agreement. Collins Stewart and BarCap reserve the right to waive compliance or to extend the time and/or date of fulfilment of the relevant conditions in the Underwriting Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this appendix.

Collins Stewart and BarCap shall not have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to exercise any discretion or power under the Underwriting Agreement or to waive or to extend the time and/or date for the satisfaction of any condition in the Underwriting Agreement or in respect of the Placing generally.

By participating in the Placing, each Placee agrees that its rights and obligations hereunder terminate only in the circumstances described in this paragraph "**Conditions of the Rights Issue and the Placing**" above and under "**Rights of termination**" below, and will not be capable of rescission or termination by the Placee after the oral confirmation referred to under "**Participation in, and principal terms of, the Placing**" above.

### **Rights of termination**

Collins Stewart or BarCap may, at any time before Admission, terminate the Underwriting Agreement by giving notice to the Company if, inter alia:

1. any statement contained in the Prospectus has become or been discovered to be untrue, incorrect or misleading in any respect which is material in the context of the Placing and the Rights Issue;
2. there has been a material breach of any of the warranties given by the Company in the Underwriting Agreement or any other obligations on the part of the Company under the Underwriting Agreement;
3. an event has occurred or arisen which if it had occurred prior to the date of the Underwriting Agreement, would have made any of the warranties given by the Company in the Underwriting Agreement untrue, inaccurate or misleading in any respect which is material in the context of the Placing and the Rights Issue;
4. any new matter referred to in section 87G(1) of FSMA has arisen between the time of publication of the Prospectus and Admission;
5. in the opinion of Collins Stewart or BarCap (acting in good faith) there has been any material adverse change (whether or not foreseeable at the date of the Underwriting Agreement), or any development reasonably likely to lead to a prospective material adverse change, in the condition (financial, operational, legal or otherwise) or the earnings, results of operations, management, business affairs or prospects of the Group, taken as a whole, whether or not arising in the ordinary course of business;

6. there has occurred any outbreak of hostilities or escalation of hostilities or other analogous major calamity or crisis or any change or development involving a prospective change in national or international political, financial, market (primary or secondary) or economic conditions, or currency exchange rates, in any case the effect of which, in the opinion of Collins Stewart or BarCap (acting in good faith), makes it impractical or inadvisable to proceed with the Placing, the Rights Issue, Placing Admission or Admission in the manner contemplated in, inter alia, the Underwriting Agreement or may adversely impact dealings in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Shares following Placing Admission or Admission or may materially and adversely affect the price at which the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Shares are traded on the London Stock Exchange;
7. trading in any securities of the Company has been suspended or limited by the London Stock Exchange on any exchange or over the counter market or if trading generally on the London Stock Exchange, the New York Stock Exchange or any other major financial market has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of such exchanges or by order of any governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the UK, the US or any member state of the EU; or
8. a banking moratorium has been declared by the UK, the US or a member state of the EU.

By participating in the Placing, each Placee agrees with Collins Stewart and BarCap that the exercise by Collins Stewart and BarCap of any right of termination or other discretion under the Underwriting Agreement shall be within the absolute discretion of Collins Stewart and BarCap and that Collins Stewart and BarCap need not make any reference to the Placee in this regard and that, to the fullest extent permitted by law, Collins Stewart and BarCap shall not have any liability whatsoever to the Placee in connection with any such exercise.

### **Prospectus**

The Prospectus will be published in connection with the Placing and the Rights Issue and will be approved by the UK Listing Authority. Placees have been sent a placing proof of the draft Prospectus (the "**U Proof**"). A Placee may only rely on the information contained in the U Proof in deciding whether or not to participate in the Placing.

Each Placee, by accepting a participation in the Placing, agrees that this announcement is not, and is not intended to be, a prospectus or constitute an offer to sell, or a solicitation of an offer to subscribe for, the securities being issued in connection with the Placing.

Each Placee, by accepting a participation in the Placing, agrees that the content of this announcement and the U Proof is exclusively the responsibility of the Company and the persons stated therein as accepting responsibility for the announcement and U Proof and confirms to Collins Stewart and the Company that other than the U Proof and this announcement it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of Collins Stewart (other than the amount of its Placing Commitment in the oral confirmation given to Placees and the Confirmed Commitment Letter), any of its Affiliates, the Company, any of its affiliates, any persons acting on their behalf or any other person and neither Collins Stewart nor any of its Affiliates, nor the Company nor any of its affiliates nor any persons acting on their behalf, nor any other person will be liable for the decision of any Placee to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons). By participating in the Placing, each Placee acknowledges to and agrees with Collins Stewart for itself and as agent for the Company

that, except in relation to the information contained in this announcement and the U Proof, it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### **Registration and settlement**

Settlement of transactions in the Placing Shares (ISIN GB00B40YYX09) following Placing Admission will take place within the CREST system, using the DVP mechanism, subject to certain exceptions. Collins Stewart reserves the right to require settlement for and delivery of the Placing Shares to Placees by such other means that it deems necessary, if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placing will be sent a Confirmed Commitment Letter stating the number of Placing Shares allocated to it, the Placing Price, the aggregate amount owed by such Placee to Collins Stewart and settlement instructions. Placees should settle against CREST ID: 288. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which it has in place with Collins Stewart.

It is expected that settlement of the Placing will be on 29 July 2010 on a T+2 basis in accordance with the instructions set out in the Confirmed Commitment Letter.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out in this appendix at the rate of 2 percentage points above the base rate of Barclays Bank Plc.

Each Placee is deemed to agree that if it does not comply with these obligations, Collins Stewart may sell any or all of the Placing Shares allocated to such Placee on such Placee's behalf and retain from the proceeds, for its own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall between the aggregate amount owed by such Placee and the net proceeds of sale of the Placing Shares allocated to it and it may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of its Placing Shares on its behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, the relevant Placee should ensure that its Confirmed Commitment Letter is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in the name of a Placee or that of its nominee or in the name of any person for whom the Placee is contracting as agent or that of a nominee for such person, such Placing Shares will, subject as provided below, be so registered free from any liability to PTM levy, stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax is payable in respect of the issue of the Placing Shares, neither Collins Stewart nor the Company shall be responsible for the payment thereof. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### **Representations, Warranties, Acknowledgements and Undertakings by Placees**

By participating in the Placing, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read and understood this announcement (including this appendix) and the U Proof in their entirety and acknowledges that its participation in the Placing will be governed by the terms of this appendix and the U Proof;

2. irrevocably agrees to take up in full the rights to New Shares relating to its Placing Commitment pursuant to the proposed Rights Issue on the basis of the terms and conditions set out in the Prospectus;
3. (i) acknowledges that its acceptance of its Placing Commitment, its participation in the Placing and its agreement to take up in full its rights under the Rights Issue are not by way of acceptance of the public offer to be made in the Prospectus and Provisional Allotment Letters but are by way of a collateral contract and as such section 87Q of the FSMA does not entitle it to withdraw from any such commitments or agreements if the Company publishes a supplementary prospectus in connection with the Placing or the Rights Issue; and (ii) irrevocably undertakes to Collins Stewart and the Company that if at any time it becomes entitled pursuant to section 87Q of the FSMA to withdraw its Placing Commitment or any acceptance to take up of rights under the Rights Issue or otherwise not to acquire the Placing Shares in the Placing or the New Shares upon the terms and conditions of this appendix, it will forthwith re-confirm to Collins Stewart its Placing Commitment on the terms in this appendix and its acceptance or take up of rights under the Rights Issue by completing and returning to Collins Stewart a further Form of Confirmation in respect of the full Placing Commitment referred to in the Form(s) of Confirmation returned by it before such withdrawal rights arose and, in connection with its acceptance or take up of rights under the Rights Issue to take such actions as are required to ensure that such rights are taken up in full.
4. agrees to indemnify on an after-tax basis and hold harmless each of the Company, Collins Stewart, their respective Affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this appendix and further agrees that the provisions of this appendix shall survive after completion of the Placing and the Rights Issue;
5. acknowledges that the Placing Shares will be admitted to the Official List of the UK Listing Authority, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FSA (collectively, the "**Exchange Information**") and that the Placee is able to obtain or access the Exchange Information without undue difficulty;
6. acknowledges that neither Collins Stewart, nor any of its Affiliates nor any person acting on their behalf has provided, and will not provide it, with any material or information regarding the Placing Shares or the Company; nor has it requested Collins Stewart, any of its Affiliates or any person acting on their behalf to provide it with any such material or information;
7. acknowledges that the content of this announcement, the U Proof and the Prospectus is exclusively the responsibility of the Company and the persons stated therein as accepting responsibility for this announcement, the U Proof and the Prospectus (respectively) and that neither Collins Stewart, nor any of its Affiliates nor any person acting on their behalf will be responsible for or shall have any liability for any information, representation or statement relating to the Company contained in this announcement, the U Proof or the Prospectus or any information previously published by or on behalf of the Company and neither Collins Stewart, nor any of its Affiliates nor any person acting on their behalf will be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this announcement, the U Proof or the Prospectus or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing to subscribe for the Placing Shares is contained in this announcement or the U Proof and any Exchange Information, such information being all that it deems necessary to make an investment

decision in respect of the Placing Shares, and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of Collins Stewart, the Company, their affiliates or any person acting on their behalf and that none of such persons will be responsible or liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further represents, warrants and agrees that it has relied on its own investigation with respect to the Placing Shares and the Company in connection with its decision to subscribe for the Placing Shares and acknowledges that it is not relying on any investigation that Collins Stewart, any of its Affiliates or any person acting on their behalf may have conducted with respect to the Placing Shares or the Company and none of such persons has made any representations to it, express or implied, with respect thereto;

8. acknowledges that it has not relied on any information relating to the Company contained in any research reports prepared by Collins Stewart, its Affiliates or any person acting on their behalf and understands that (i) none of Collins Stewart, any of its Affiliates nor any person acting on their behalf has or shall have any liability for public information or any representation; (ii) none of Collins Stewart, any of its Affiliates nor any person acting on their behalf has or shall have any liability for any additional information that has otherwise been made available to such Placee, whether at the date of publication, the date of this document or otherwise; and that (iii) none of Collins Stewart, any of its Affiliates nor any person acting on their behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information, whether at the date of publication, the date of this document or otherwise;
9. represents and warrants that (i) it is entitled to acquire the Placing Shares and the New Shares to which its Placing Commitment entitles it under the laws and regulations of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws and regulations and obtained all such governmental and other guarantees and other consents and authorities which may be required thereunder and complied with all necessary formalities; (iii) it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to participation in the Placing and the Rights Issue in respect of the Placing Shares and the New Shares and which its Placing Commitment entitles it and to perform its obligations in relation thereto (including without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this appendix) and will honour such obligations; (iv) it has paid any issue, transfer or other taxes due in connection with its participation in any territory and (v) it has not taken any action which will or may result in the Company, Collins Stewart, BarCap, any of their affiliates or any person acting on their behalf being in breach of the legal and/or regulatory requirements of any territory in connection with the Placing or the Rights Issue;
10. represents and warrants that the issue to the Placee, or the person specified by the Placee for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance system;
11. represents and warrants that it understands that the Placing Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States (as defined below) and that the Company has not been and will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended;

12. represents and warrants that neither it nor its Affiliates nor any person acting on its or their behalf have engaged or will engage in any "general solicitation" or "general advertising" (within the meaning of Regulation D under the Securities Act)" or "directed selling efforts" (within the meaning of Regulation S) with respect to the Placing Shares;
13. represents and warrants that it is, or at the time the Placing Shares are acquired, it will be, (a) the beneficial owner of such Placing Shares and is neither a person located in the United States (within the meaning of Regulation S) nor is it acquiring the Placing Shares on behalf of a person in the United States and (b) acquiring the Placing Shares in an offshore transaction (as defined in Regulation S) and it will not offer or sell, directly or indirectly, any of the Placing Shares in the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
14. represents and warrants that it will not distribute, forward, transfer or otherwise transmit the U Proof, Prospectus, or this announcement (including electronic copies thereof), to any person within the United States;
15. represents and warrants that, if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than qualified investors, or in circumstances in which the prior consent of Collins Stewart has been given to the offer or resale;
16. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom prior to Placing Admission except to "qualified investors" as defined in section 86(7) of FSMA;
17. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Placing Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive;
18. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;
19. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
20. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Criminal Justice Act 1993, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Anti-terrorism Crime and Security Act 2001 and the Money Laundering Regulations (2007) (together the "**Regulations**") and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

21. represents and warrants that it is (a) a person falling within Article 19(5) of the FPO or (b) a person falling within Article 49(2)(a) to (d) of the FPO and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
22. represents and warrants that it is a qualified investor as defined in section 86(7) of FSMA, being a person falling within Article 2.1(e)(i), (ii) or (iii) of the Prospectus Directive;
23. undertakes that it (and any person acting on its behalf) will pay for the Placing Shares to be acquired by it in accordance with this appendix on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other persons or sold as Collins Stewart may, in its absolute discretion, determine and it will remain liable for any shortfall between the net proceeds of such sale and the amount owed by such Placee in respect of its Placing Commitment and/or related Placing Shares (as appropriate) and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this appendix) which may arise upon the sale of such Placee's Placing Shares on its behalf;
24. acknowledges that none of Collins Stewart, BarCap, any of their affiliates nor any person acting on their behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Placing or the Rights Issue, and acknowledges that neither Collins Stewart, BarCap, any of their Affiliates nor any person acting on their behalf has any duties or responsibilities to it for providing advice in relation to the Placing or the Rights Issue or in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of any of Collins Stewart's and/or BarCap's rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
25. undertakes that (i) the person whom it specifies for registration as holder of the Placing Shares will be (a) the Placee or (b) the Placee's nominee, as the case may be, (ii) neither Collins Stewart nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement and (iii) the Placee and any person acting on its behalf agrees to indemnify the Company and Collins Stewart in respect of the same and acquire the Placing Shares on the basis that the same will be allotted to the CREST stock account of Collins Stewart which will hold them as settlement agent as nominee for the Placees until settlement in accordance with its standing settlement instructions with payment for the Placing Shares being made simultaneously upon receipt of the Placing Shares in the Placee's stock account on a delivery versus payment basis;
26. acknowledges that any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Collins Stewart in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
27. acknowledges that it irrevocably appoints any director of Collins Stewart as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on

its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing;

28. represents and warrants that it is not a resident of any Excluded Territory and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be cleared in respect of the same under the securities legislation of any Excluded Territories and, subject to certain exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within any Excluded Territories;
29. represents and warrants that any person who confirms to Collins Stewart on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises Collins Stewart to notify the Placee's name to the Company's registrar, has authority to do so on behalf of the Placee;
30. acknowledges that the agreement to settle each Placee's Placing Commitment (and/or the commitment of a person for whom it is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the issue to it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being acquired in connection with the arrangements to issue depository receipts or to transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Collins Stewart will be responsible for its payment. If this is the case, the relevant Placee should take its own advice and notify Collins Stewart accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares;
31. acknowledges that the Placing Shares will be issued and/or transferred subject to the terms and conditions set out in this announcement and otherwise as stated in the U Proof;
32. acknowledges that when a Placee or any person acting on behalf of the Placee is dealing with Collins Stewart any money held in an account with Collins Stewart on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FSA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Collins Stewart money in accordance with the client money rules and will be used by Collins Stewart in the course of its business; and the Placee will rank only as a general creditor of Collins Stewart (as the case may be);
33. acknowledges and agrees that the Company, Collins Stewart, their respective Affiliates and any person acting on their behalf will rely upon the representations, warranties, undertakings, agreements and acknowledgements set out in this appendix and, if relevant, in the investor letter, and agrees to notify the Company and Collins Stewart promptly in writing if any of its representations, warranties, undertakings, agreements or acknowledgements cease to be accurate and complete;
34. agrees to indemnify, on an after-tax basis, and hold the Company, Collins Stewart and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this

appendix and further agrees that the provisions of this appendix shall survive after completion of the Placing;

35. acknowledges that until 40 days after the commencement of the Rights Issue or procurement by Collins Stewart of acquirers of the Placing Shares not taken up, an offer or sale of Placing Shares within the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act;
36. acknowledges that Collins Stewart and any of its Affiliates may become a Placee or may nominate any connected or associated person to do so; and
37. acknowledges that the basis of allocation will be determined by Collins Stewart at its absolute discretion. The right is reserved to reject in whole or in part and/or scale back any participation in the Placing.

The acknowledgements, agreements, undertakings, representations and warranties referred to above are given to each of the Company and Collins Stewart (for their own benefit and, where relevant, the benefit of their Affiliates and any person acting on their behalf) and are irrevocable.

No UK stamp duty or stamp duty reserve tax should be payable to the extent that the Placing Shares and/or New Shares are issued or transferred (as the case may be) into CREST to, or to the nominee of, a Placee who holds those shares beneficially (and not as agent or nominee for any other person) within the CREST system and registered in the name of such Placee or such Placee's nominee.

Any arrangements to issue or transfer the Placing Shares or New Shares into a depositary receipts system or a clearance service or to hold the Placing Shares or New Shares as agent or nominee of a person to whom a depositary receipt may be issued or who will hold the Placing Shares or New Shares in a clearance service, or any arrangements subsequently to transfer the Placing Shares and/or New Shares, may give rise to stamp duty and/or stamp duty reserve tax, for which neither the Company nor Collins Stewart will be responsible and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares and/or New Shares has given rise to such stamp duty or stamp duty reserve tax undertakes to pay such stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Collins Stewart in the event that any of the Company and/or Collins Stewart has incurred any such liability to stamp duty or stamp duty reserve tax.

In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or New Shares or the agreement by them to acquire any Placing Shares or New Shares.

All times and dates in this appendix may be subject to amendment. Collins Stewart will notify the Placees and any person acting on behalf of the Placees of any such changes.

This appendix has been issued by the Company and is the sole responsibility of the Company.

The rights and remedies of Collins Stewart and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

Each Placee may be asked to disclose in writing or orally to Collins Stewart:

- (a) if he is an individual, his nationality; or

(b) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

**APPENDIX II**  
**TERMS AND CONDITIONS OF THE SUB-UNDERWRITING**

**IMPORTANT INFORMATION ON THE SUB-UNDERWRITING FOR INVITED SUB-UNDERWRITERS ONLY**

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE SUB-UNDERWRITING. THIS DOCUMENT AND THE TERMS AND CONDITIONS SET OUT AND REFERRED TO HEREIN ARE DIRECTED ONLY AT PERSONS SELECTED BY COLLINS STEWART EUROPE LIMITED ("**COLLINS STEWART**") AND BARCLAYS CAPITAL, THE INVESTMENT BANKING DIVISION OF BARCLAYS BANK PLC ("**BARCAP**") WHO ARE (A) PERSONS IN THE EUROPEAN UNION WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2.1(E) OF DIRECTIVE 2003/71/EC (THE "**PROSPECTUS DIRECTIVE**"), WHICH INCLUDES LEGAL ENTITIES WHICH ARE REGULATED BY THE FINANCIAL SERVICES AUTHORITY OF THE UNITED KINGDOM (THE "**FSA**") OR ENTITIES WHICH ARE NOT SO REGULATED WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES OR (B) "INVESTMENT PROFESSIONALS" FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**FPO**") OR "HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC" FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FPO OR TO PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

Unless otherwise defined in this appendix, definitions used in this appendix shall have the meaning given to them in the "Definitions" section of this announcement.

The new Ordinary Shares that are the subject of the Sub-underwriting (the "**New Shares**") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. No public offering of the New Shares is being made in the United States. The Sub-underwriting is being made outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**")) meeting the requirements of Regulation S. Persons receiving this document (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it in or into the United States or use the United States mails, directly or indirectly, in connection with the Sub-underwriting.

This announcement does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for New Shares in any jurisdiction including, without limitation, the United States, Canada, Australia, South Africa or Japan or any other jurisdiction in which such offer or solicitation is or may be unlawful (a "**Prohibited Jurisdiction**"). This announcement and the information contained herein are not for publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction.

The distribution of this announcement, the Sub-underwriting and/or issue of the New Shares in certain jurisdictions may be restricted by law and/or regulation. No action has been taken by the Company, Collins Stewart, BarCap or any of their respective Affiliates (as defined below) that would permit an offer of the New Shares or possession or distribution of this announcement or any other offering or publicity material relating to such New Shares in any jurisdiction where action for that

purpose is required. Persons receiving this announcement are required to inform themselves about and to observe any such restrictions.

Collins Stewart Europe Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Development Securities PLC and for no one else in connection with the Sub-underwriting and will not be responsible to anyone other than Development Securities PLC for providing the protections afforded to clients of Collins Stewart Europe Limited or for affording advice in relation to the Sub-underwriting, or any other matters referred to herein.

BarCap which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Development Securities PLC and for no one else in connection with the Sub-underwriting and will not be responsible to anyone other than Development Securities PLC for providing the protections afforded to clients of BarCap or for affording advice in relation to the Sub-underwriting, or any other matters referred to herein.

By participating in the Sub-underwriting, each person who is invited to and who chooses to participate in the Sub-underwriting (a "**Sub-underwriter**") by making or accepting an oral offer to take up New Shares is deemed to have read and understood this announcement, including this appendix, in its entirety and to be making or accepting such offer on the terms and conditions and providing the representations, warranties, undertakings, agreements and acknowledgements contained in this appendix.

In particular, each such Sub-underwriter represents, warrants and acknowledges that it is:

- (a) a Relevant Person and undertakes that it will acquire, hold manage or dispose of any New Shares that it acquires as a consequence of its participation in the Sub-underwriting for the purposes of its business; and
- (b) outside of the United States and is subscribing for the New Shares in an "offshore transaction" in reliance upon Regulation S.

### **Participation in, and principal terms of, the Sub-underwriting**

Each of Collins Stewart, BarCap and their respective Affiliates (as defined below) are entitled to participate as a Sub-underwriter.

The price payable per New Share shall be the Issue Price.

Prospective Sub-underwriters will be identified and contacted by Collins Stewart or BarCap. Participation in the Sub-underwriting will only be available to persons invited to participate by Collins Stewart or BarCap.

Collins Stewart or BarCap will agree with, and confirm orally to, each Sub-underwriter the size of such Sub-underwriter's commitment to sub-underwrite and subscribe for up to a fixed number of New Shares (the "**Sub-underwriting Commitment**"). A trade confirmation of each Sub-underwriter's Sub-underwriting Commitment ("**Confirmed Commitment Letter**") will be dispatched as soon as possible after such oral agreement and confirmation. Collins Stewart or BarCap's oral confirmation to a Sub-underwriter of the size of such Sub-underwriter's Sub-underwriting Commitment and each Sub-underwriter's oral commitment to accept the same will constitute a legally binding agreement pursuant to which each such Sub-underwriter will be required to sub-underwrite up to a fixed number of New Shares allocated to it on the terms and subject to the conditions set out in this appendix and in accordance with the Company's Articles of Association.

A Sub-underwriter accepts that in consideration of their participation in the Sub-underwriting, they will be entitled to a commission of 1.75 per cent. of the aggregate value at the Issue Price of their Sub-underwriting Commitment, which commission will be paid to Sub-underwriters in part on the second Dealing Day immediately following the Acceptance Date and in part of the seventh Dealing Day following the Acceptance Date. The amount of commission payable to a Sub-underwriter on the

second Dealing Day immediately following the Acceptance Date will be equal to the total amount of commission payable to such Sub-underwriter multiplied by the fraction where the denominator is the total number of New Shares and the numerator is the number of New Shares taken up or deemed taken up in the Rights Issue as announced by Regulatory Information Service. Any balance of a Sub-underwriter's total commission will be paid on the seventh Dealing Day following the Acceptance Date.

If the conditions set out in the Underwriting Agreement are not satisfied in accordance with their terms or waived or if Collins Stewart or BarCap exercise their right to terminate the Underwriting Agreement, all sub-underwriting participations will cease and the Sub-underwriter will not receive any Sub-underwriting commission.

A Form of Confirmation will be included with each Confirmed Commitment Letter and this should be completed and returned by fax before 3.00 p.m. on 22 July 2010 in accordance with the details set out therein.

On the basis that Provisional Allotment Letters are posted to Qualifying non-CREST Shareholders on 27 July 2010 and Nil Paid Rights in respect of New Shares are credited to accounts maintained by Qualifying CREST Shareholders within CREST with effect from 28 July 2010, any New Shares allotted pursuant to the Rights Issue, to the extent not taken up or treated as taken up under the terms of the Rights Issue by 11.00 a.m. on 11 August 2010 will be deemed to have been declined and the provisional allotments in respect of such shares will lapse. Collins Stewart or BarCap, each as agents for the Company, will seek to procure persons to acquire such New Shares by not later than 3.00 p.m. on 13 August 2010, if placees can be found to acquire such shares for a consideration at least equal to the Issue Price and the expenses of such placing.

Sub-underwriters will be called upon to acquire some or all (as the case may be) of such New Shares only if placees for any of such New Shares cannot be (or, in the opinion of Collins Stewart or BarCap would not be able to be) procured on such basis. To the extent that a Sub-underwriter takes up its rights under the Rights Issue or acquires (a) Nil Paid Rights in the market and pays them up such that they are taken up in accordance with the terms and conditions of the Rights Issue set out in the Prospectus and/or (b) New Shares in the Rump placing, the number of New Shares in the Stick comprised in its Sub-underwriting Commitment will be reduced by one New Share for every one New Share or Nil Paid Right so taken up or acquired (and, in respect of any Nil Paid Rights, paid up) and the proportion of the Stick sub-underwritten by the other Sub-underwriters thereby increased (but in each case not so as to exceed any Sub-underwriter's sub-underwriting commitment). Any allocation to Sub-underwriters will be notified as soon as possible thereafter but, on the basis set out above, not later than the close of business on 13 August 2010 for settlement in cleared funds by 8.00 a.m. on 17 August 2010 or by the Sub-underwriter ensuring that its CREST account enables delivery of such New Shares to be made to it on 17 August 2010 against payment of the settlement price in full.

All obligations of Collins Stewart and BarCap under the Sub-underwriting will be subject to fulfilment of the conditions referred to below under "**Conditions of the Rights Issue and the Sub-underwriting**".

Collins Stewart and BarCap shall be entitled to effect the Sub-underwriting by such method as it shall in their sole discretion determine. To the fullest extent permissible by law, neither Collins Stewart or BarCap or any holding company thereof, nor any subsidiary, branch or affiliate of Collins Stewart or BarCap (each an "**Affiliate**") nor any person acting on behalf of any of the foregoing shall have any liability to Sub-underwriters (or to any other person whether acting on behalf of a Sub-underwriter or otherwise). In particular, neither of Collins Stewart or BarCap nor any of their Affiliates nor any person acting on their behalf shall have any liability to Sub-underwriters in respect of its conduct of the Rights Issue or the Sub-underwriting.

Each Sub-underwriter agrees that on and from the date of this announcement up to and including the time of announcement by the Company by Regulatory Information Service of the results of the

Rump Placing, it will not and will procure that its Affiliates will not enter into any other transaction involving the Ordinary Shares (or derivatives relating thereto) in each case intended, directly or indirectly, to have the economic effect of hedging or otherwise mitigating its Sub-underwriting Commitment, provided always that the foregoing restrictions shall not apply to the ordinary course activities of such Sub-underwriter and its Affiliates unrelated to its Sub-underwriting Commitment and in particular (save as prohibited by law) shall not apply to:

1. transactions that involve any securities or derivatives that reference any existing, established and publicly available sector or market index, provided that the weighting of the Ordinary Shares of any such sector or market index does not exceed 20%;
2. transactions entered into for the purposes of hedging in relation to the Company's securities that are undertaken with a view to achieving a substantially market-neutral position (but allowing for daily trading fluctuations);
3. proprietary positions in the Company's securities or derivatives related to the Company's securities entered into by such Sub-underwriter or its Affiliates prior to the date of this announcement;
4. any other transactions relating to ordinary course market making or customer facilitation transactions; or
5. transactions to which the Company consents (such consent not to be unreasonably withheld or delayed).

### **Details of the Underwriting Agreement and the New Shares**

The Company has entered into an underwriting agreement (the "**Underwriting Agreement**") with Collins Stewart and BarCap, under which Collins Stewart and BarCap, each as agents for the Company, has, subject to the terms set out therein, agreed to use its reasonable endeavours to procure persons to acquire on the terms and subject to the conditions set out therein the New Shares that are not taken pursuant to the Rights Issue (the "**Rump**").

To the extent that Collins Stewart and/or BarCap do not procure persons to take up the Rump, Collins Stewart and/or BarCap and/or the Sub-underwriters (as the case may be) shall acquire the Stick at the Issue Price.

The Stick, if any, shall be allocated by Collins Stewart and BarCap amongst the Sub-underwriters pro-rata to their respective Sub-underwriting Commitments, subject to the terms set out in this appendix regarding, inter alia, Sub-underwriters taking up their rights in the Rights Issue.

The New Shares will, when issued and fully paid, rank in full for all dividends declared after the Record Date other than the 2010 Interim Dividend and otherwise *pari passu* in all respects with the Existing Shares.

### **Application for listing and admission to trading**

Application will be made to the FSA (as the competent authority for listing) for admission of the Nil Paid Rights, Fully Paid Rights and New Shares to the Official List maintained by the FSA in accordance with section 74(1) of the Financial Services and Markets Act 2000 ("**FSMA**") for the purposes of Part VI of FSMA and to London Stock Exchange plc (the "**London Stock Exchange**") for admission to trading of the Nil Paid Rights, Fully Paid Rights and New Shares on the London Stock Exchange's market for listed securities ("**Admission**"). It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 28 July 2010.

### **Conditions of the Rights Issue and the Sub-underwriting**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of Collins Stewart and BarCap under the Underwriting Agreement are conditional, inter alia, on:

1. none of the warranties given by the Company in the Underwriting Agreement being untrue, inaccurate or misleading in any material respect on and as at each of the date of the Underwriting Agreement, the date of publication of the Prospectus, the date that any Supplementary Prospectus is published by the Company and Admission, in each case, with reference to the facts and circumstances then existing (including such facts or circumstances included in any Supplementary Prospectus published prior to the relevant date);
2. each condition to enable the Nil Paid Rights and the Fully Paid Rights to be admitted as a participating security (as defined in the CREST Regulations) in CREST (other than Admission) being satisfied on or before the date of this announcement;
3. the FSA agreeing, by no later than the date of this announcement, to admit the New Shares (nil paid and fully paid) to the Official List and the London Stock Exchange agreeing, by no later than the date of this announcement, to admit the New Shares to trading on its main market for listed securities (in each case subject only to allotment of the New Shares) and Admission occurring on or before 8.00 a.m. on 28 July 2010;
4. Collins Stewart or BarCap not having terminated the Underwriting Agreement in accordance with its terms; and
5. no matter referred to in section 87G(1) of FSMA arising between the time of publication of the Prospectus and Admission.

If (a) the conditions to the Underwriting Agreement are not fulfilled (or, to the extent permitted under the Underwriting Agreement, waived by Collins Stewart and BarCap) by the respective times or dates specified (or such later time and/or date as the Company and Collins Stewart and BarCap may, where permitted, agree), or (b) the Underwriting Agreement is terminated in the circumstances specified below, the Rights Issue will lapse and each Sub-underwriter's rights and obligations hereunder shall cease and determine at such time and no claim may be made by a Sub-underwriter in respect thereof.

Collins Stewart and BarCap may, in their discretion and upon such terms as they think fit, waive compliance or extend the time and/or date for fulfilment by the Company with the whole or any part of any of the Company's obligations in relation to certain conditions in the Underwriting Agreement. Collins Stewart and BarCap reserve the right to waive compliance or to extend the time and/or date of fulfilment of the relevant conditions in the Underwriting Agreement. Any such extension or waiver will not affect any Sub-underwriter's commitments as set out in this appendix.

Collins Stewart and BarCap shall not have any liability to any Sub-underwriter (or to any other person whether acting on behalf of a Sub-underwriter or otherwise) in respect of any decision it may make as to whether or not to exercise any discretion or power under the Underwriting Agreement or to waive or to extend the time and/or date for the satisfaction of any condition in the Underwriting Agreement or in respect of the Sub-underwriting generally.

By participating in the Sub-underwriting, each Sub-underwriter agrees that its rights and obligations hereunder terminate only in the circumstances described in this paragraph "**Conditions of the Rights Issue and the Sub-underwriting**" above and under "**Rights of termination**" below, and will not be capable of rescission or termination by the Sub-underwriter after the oral confirmation referred to under "**Participation in, and principal terms of, the Sub-underwriting**".

#### **Rights of termination**

Collins Stewart or BarCap may, at any time before Admission, terminate the Underwriting Agreement by giving notice to the Company if, inter alia:

1. any statement contained in the Prospectus has become or been discovered to be untrue, incorrect or misleading in any respect which is material in the context of the Rights Issue;
2. there has been a material breach of any of the warranties given by the Company in the Underwriting Agreement or any other obligations on the part of the Company under the Underwriting Agreement;
3. an event has occurred or arisen which if it had occurred prior to the date of the Underwriting Agreement, would have made any of the warranties given by the Company in the Underwriting Agreement untrue, inaccurate or misleading in any respect which is material in the context of the Rights Issue;
4. any new matter referred to in section 87G(1) of FSMA has arisen between the time of publication of the Prospectus and Admission;
5. in the opinion of Collins Stewart or BarCap (acting in good faith) there has been any material adverse change (whether or not foreseeable at the date of the Underwriting Agreement), or any development reasonably likely to lead to a prospective material adverse change, in the condition (financial, operational, legal or otherwise) or the earnings, results of operations, management, business affairs or prospects of the Group, taken as a whole, whether or not arising in the ordinary course of business;
6. there has occurred any outbreak of hostilities or escalation of hostilities or other analogous major calamity or crisis or any change or development involving a prospective change in national or international political, financial, market (primary or secondary) or economic conditions, or currency exchange rates, in any case the effect of which, in the opinion of Collins Stewart or BarCap (acting in good faith), makes it impractical or inadvisable to proceed with the Rights Issue or Admission in the manner contemplated in, inter alia, the Underwriting Agreement or may adversely impact dealings in the Nil Paid Rights, the Fully Paid Rights or the New Shares following Admission or may materially and adversely affect the price at which the Nil Paid Rights, the Fully Paid Rights or the New Shares are traded on the London Stock Exchange;
7. trading in any securities of the Company has been suspended or limited by the London Stock Exchange on any exchange or over the counter market or if trading generally on the London Stock Exchange, the New York Stock Exchange or any other major financial market has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of such exchanges or by order of any governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the UK, the US or any member state of the EU; or
8. a banking moratorium has been declared by the UK, the US or a member state of the EU.

By participating in the Sub-underwriting, each Sub-underwriter agrees with Collins Stewart and BarCap that the exercise by Collins Stewart and/or BarCap of any right of termination or other discretion under the Underwriting Agreement shall be within the absolute discretion of Collins Stewart and BarCap and that Collins Stewart and BarCap need not make any reference to the Sub-underwriter in this regard and that, to the fullest extent permitted by law, Collins Stewart and/or BarCap shall not have any liability whatsoever to the Sub-underwriter in connection with any such exercise.

## **Prospectus**

The Prospectus will be published in connection with, inter alia, the Rights Issue and Admission and will be approved by the UK Listing Authority. Sub-underwriters have been sent a placing proof of the draft Prospectus (the “**U Proof**”). A Sub-underwriter may only rely on the information contained in the U Proof in deciding whether or not to participate in the Sub-underwriting.

Each Sub-underwriter, by accepting a participation in the Sub-underwriting, agrees that this announcement is not, and is not intended to be, a prospectus or constitute an offer to sell, or a solicitation of an offer to subscribe for, the securities being issued in connection with the Rights Issue.

Each Sub-underwriter, by accepting a participation in the Sub-underwriting, agrees that the content of this announcement and the U Proof is exclusively the responsibility of the Company and the persons stated therein as accepting responsibility for the announcement and U Proof and confirms to Collins Stewart, BarCap and the Company that other than the U Proof and this announcement it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of Collins Stewart or BarCap (other than the amount of its Sub-underwriting Commitment in the oral confirmation given to underwriters and the Confirmed Commitment Letter), any of its Affiliates, the Company, any of its affiliates, any persons acting on their behalf or any other person and neither Collins Stewart, BarCap nor any of their Affiliates, nor the Company nor any of its affiliates nor any persons acting on their behalf, nor any other person will be liable for the decision of any Sub-underwriter to participate in the Sub-underwriting based on any other information, representation, warranty or statement which the Sub-underwriter may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons). By participating in the Sub-underwriting, each Sub-underwriter acknowledges to and agrees with Collins Stewart and BarCap for themselves and as agents for the Company that, except in relation to the information contained in this announcement and the U Proof, it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Sub-underwriting. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

## **Registration and settlement**

Settlement of transactions in the Nil Paid Rights, Full Paid Rights and New Shares following Admission will take place within the CREST system, using the DVP mechanism, subject to certain exceptions. Collins Stewart and BarCap reserve the right to require settlement for and delivery of the New Shares to Sub-underwriters by such other means that it deems necessary if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this announcement or would not be consistent with the regulatory requirements in the Sub-underwriter’s jurisdiction.

Following the results of the Rights Issue and completion of the placing of any Rump, (i) if Collins Stewart and/or BarCap have procured persons to acquire the whole of the Rump, each Sub-underwriter shall be notified of such fact through publication of an announcement on a Regulatory Information Service or (ii) if there is a Stick remaining, each Sub-underwriter shall be sent a confirmed allocation letter that will state the number of New Shares, if any, which it is required to acquire, the aggregate amount owed by it and settlement instructions. Sub-underwriters should settle against CREST ID: 288.

Each Sub-underwriter agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which it has in place with Collins Stewart or BarCap.

It is expected that settlement of the Stick will be on 17 August 2010 on a T+2 basis in accordance with the instructions set out in the confirmed allocation letter.

Interest is chargeable daily on payments not received from Sub-underwriters on the due date in accordance with the arrangements set out in this appendix at the rate of 2 percentage points above the base rate of Barclays Bank Plc.

Each Sub-underwriter is deemed to agree that if it does not comply with these obligations, Collins Stewart and/or BarCap may sell the New Shares allocated to such Sub-underwriter on such Sub-underwriter's behalf and retain from the proceeds, for its own account and profit, an amount equal to the Issue Price multiplied by the number of New Shares comprised in its Sub-underwriting Commitment plus any interest due. The Sub-underwriter will, however, remain liable for any shortfall between the aggregate amount owed by such Sub-underwriters and the net proceeds of sale of the New Shares allocated to it and it may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of its New Shares on its behalf.

If New Shares are to be delivered to a custodian or settlement agent of a Sub-underwriter, the relevant Sub-underwriter should ensure that its Confirmed Commitment Letter is copied and delivered immediately to the relevant person within that organisation.

Insofar as New Shares are registered in the name of a Sub-underwriter or that of its nominee or in the name of any person for whom the Sub-underwriter is contracting as agent or that of a nominee for such person, such New Shares will, subject as provided below, be so registered free from any liability to PTM levy, stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax is payable in respect of the issue of the New Shares, neither Collins Stewart, BarCap nor the Company shall be responsible for the payment thereof.

### **Representations, Warranties, Acknowledgements and Undertakings by Sub-underwriters**

By participating in the Sub-underwriting, each Sub-underwriter (and any person acting on such Sub-underwriters behalf):

1. represents and warrants that it has read and understood this announcement (including this appendix) and the U Proof in their entirety and acknowledges that its participation in the Sub-underwriting will be governed by the terms of this appendix and the U Proof;
2. (i) acknowledges that its acceptance of such participation in the Sub-underwriting is not by way of acceptance of the public offer to be made in the Prospectus and Provisional Allotment Letters but is by way of a collateral contract and as such section 87Q of the FSMA does not entitle it to withdraw if the Company publishes a supplementary prospectus in connection with the Rights Issue; and (ii) irrevocably undertakes to Collins Stewart, BarCap and the Company that if at any time it becomes entitled pursuant to section 87Q of the FSMA to withdraw its Sub-underwriting Commitment or otherwise not to acquire the New Shares in the Sub-underwriting upon the terms and conditions of this appendix, it will forthwith re-confirm to Collins Stewart or BarCap its Sub-underwriting Commitment on the terms in this appendix by completing and returning to Collins Stewart or BarCap a further Form of Confirmation in respect of the full Sub-underwriting Commitment referred to in the Form(s) of Confirmation returned by it before such withdrawal rights arose.
3. agrees to indemnify on an after-tax basis and hold harmless each of the Company, Collins Stewart, BarCap, their respective affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this appendix and further agrees that the provisions of this appendix shall survive after completion of the Sub-underwriting and the Rights Issue;

4. acknowledges that the Nil Paid Rights, the Full Paid Rights and the New Shares will be admitted to the Official List of the UK Listing Authority, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FSA (collectively, the “**Exchange Information**”) and that the Sub-underwriter is able to obtain or access the Exchange Information without undue difficulty;
5. acknowledges that neither Collins Stewart, BarCap, nor any of their Affiliates nor any person acting on their behalf has provided, and will not provide it with any material or information regarding the New Shares or the Company; nor has it requested Collins Stewart, BarCap, any of their Affiliates or any person acting on their behalf to provide it with any such material or information;
6. acknowledges that the content of this announcement, the U Proof and the Prospectus is exclusively the responsibility of the Company and the persons stated therein as accepting responsibility for this announcement, the U Proof and the Prospectus (respectively) and that neither Collins Stewart, BarCap, nor any of their Affiliates nor any person acting on their behalf will be responsible for or shall have any liability for any information, representation or statement relating to the Company contained in this announcement, the U Proof or the Prospectus or any information previously published by or on behalf of the Company and neither Collins Stewart, BarCap, nor any of their Affiliates nor any person acting on their behalf will be liable for any Sub-underwriter’s decision to participate in the Sub-underwriting based on any information, representation or statement contained in this announcement, the U Proof or the Prospectus or otherwise. Each Sub-underwriter further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Sub-underwriter has relied in committing to subscribe for the New Shares is contained in this announcement or the U Proof and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the New Shares, and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of Collins Stewart, BarCap, the Company, their affiliates or any person acting on their behalf and that none of such persons will be responsible or liable for any Sub-underwriters decision to participate in the Sub-underwriting based on any other information, representation, warranty or statement. Each Sub-underwriter further represents, warrants and agrees that it has relied on its own investigation with respect to the New Shares and the Company in connection with its decision to subscribe for the New Shares and acknowledges that it is not relying on any investigation that Collins Stewart, BarCap, any of their Affiliates or any person acting on their behalf may have conducted with respect to the New Shares or the Company and none of such persons has made any representations to it, express or implied, with respect thereto;
7. acknowledges that it has not relied on any information relating to the Company contained in any research reports prepared by Collins Stewart, BarCap, their Affiliates or any person acting on their behalf and understands that (i) none of Collins Stewart, BarCap, any of their Affiliates nor any person acting on their behalf has or shall have any liability for public information or any representation; (ii) none of Collins Stewart, BarCap, any of their Affiliates nor any person acting on their behalf has or shall have any liability for any additional information that has otherwise been made available to such Sub-underwriter, whether at the date of publication, the date of this document or otherwise; and that (iii) none of Collins Stewart, BarCap, any of their Affiliates nor any person acting on their behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information, whether at the date of publication, the date of this document or otherwise;
8. represents and warrants that (i) it is entitled to acquire the New Shares under the laws and regulations of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws

and regulations and obtained all such governmental and other guarantees and other consents and authorities which may be required thereunder and complied with all necessary formalities; (iii) it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to participation in the Sub-underwriting and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this appendix) and will honour such obligations; (iv) it has paid any issue, transfer or other taxes due in connection with its participation in any territory and (v) it has not taken any action which will or may result in the Company, Collins Stewart, BarCap, any of their affiliates or any person acting on their behalf being in breach of the legal and/or regulatory requirements of any territory in connection with the Sub-underwriting or the Rights Issue;

9. represents and warrants that the issue to the Sub-underwriter, or the person specified by the Sub-underwriter for registration as holder, of New Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the New Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer New Shares into a clearance system;
10. represents and warrants that it understands that the New Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States (as defined below) and that the Company has not been and will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended;
11. represents and warrants that neither it nor its Affiliates nor any person acting on its or their behalf have engaged or will engage in any "general solicitation" or "general advertising" (within the meaning of Regulation D under the Securities Act)" or "directed selling efforts" (within the meaning of Regulation S) with respect to the New Shares;
12. represents and warrants that it is, or at the time the New Shares are acquired, it will be, (a) the beneficial owner of such New Shares and is neither a person located in the United States (within the meaning of Regulation S) nor is it acquiring the New Shares on behalf of a person in the United States and (b) acquiring the New Shares in an offshore transaction (as defined in Regulation S) and it will not offer or sell, directly or indirectly, any of the New Shares in the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
13. agrees that it will not distribute, forward, transfer or otherwise transmit the U Proof, Prospectus, or this announcement (including electronic copies thereof), to any person within the United States;
14. represents and warrants that, if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the New Shares acquired by it as part of the Sub-underwriting will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than qualified investors, or in circumstances in which the prior consent of Collins Stewart or BarCap has been given to the offer or resale;

15. represents and warrants that it has not offered or sold and will not offer or sell any New Shares to persons in the United Kingdom prior to Admission except to “qualified investors” as defined in section 86(7) of FSMA;
16. represents and warrants that it has not offered or sold and will not offer or sell any New Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive;
17. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the New Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;
18. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the New Shares in, from or otherwise involving the United Kingdom;
19. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Criminal Justice Act 1993, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Anti-terrorism Crime and Security Act 2001 and the Money Laundering Regulations (2007) (together the “**Regulations**”) and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
20. represents and warrants that it is (a) a person falling within Article 19(5) of the FPO or (b) a person falling within Article 49(2)(a) to (d) of the FPO and undertakes that it will acquire, hold, manage or dispose of any New Shares that are allocated to it for the purposes of its business;
21. represents and warrants that it is a qualified investor as defined in section 86(7) of FSMA, being a person falling within Article 2.1(e)(i), (ii) or (iii) of the Prospectus Directive;
22. undertakes that it (and any person acting on its behalf) will pay for the New Shares acquired by it in accordance with this appendix on the due time and date set out herein, failing which the relevant New Shares may be placed with other Sub-underwriters or sold as Collins Stewart and BarCap may, in their absolute discretion, determine and it will remain liable for any shortfall between the net proceeds of such sale and the amount owed by such Sub-underwriter in respect of its Sub-underwriting Commitment and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this appendix) which may arise upon the sale of such Sub-underwriter’s New Shares on its behalf;
23. acknowledges that none of Collins Stewart, BarCap, any of their affiliates nor any person acting on their behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Sub-underwriting, and acknowledges that neither Collins Stewart, BarCap, any of their Affiliates nor any person acting on their behalf has any duties or responsibilities to it for providing advice in relation to the Sub-underwriting or in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of any of Collins Stewart’s or BarCap’s rights and obligations thereunder,

including any right to waive or vary any condition or exercise any termination right contained therein;

24. undertakes that (i) the person whom it specifies for registration as holder of the New Shares will be (a) the Sub-underwriter or (b) the Sub-underwriter's nominee, as the case may be, (ii) neither Collins Stewart, BarCap nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement and (iii) the Sub-underwriter and any person acting on its behalf agrees to indemnify the Company, Collins Stewart and BarCap in respect of the same and acquire the New Shares on the basis that the same will be allotted to the CREST stock account of Collins Stewart or BarCap which will hold them as settlement agent as nominee for the Sub-underwriters until settlement in accordance with its standing settlement instructions with payment for the New Shares being made simultaneously upon receipt of the New Shares in the Sub-underwriter's stock account on a delivery versus payment basis;
25. acknowledges that any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the New Shares (together with any interest chargeable thereon) may be taken by the Company or Collins Stewart or BarCap in any jurisdiction in which the relevant Sub-underwriter is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
26. acknowledges that it irrevocably appoints any director of Collins Stewart or BarCap as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the New Shares agreed to be taken up by it under the Sub-underwriting;
27. represents and warrants that it is not a resident of any Excluded Territory and acknowledges that the New Shares have not been and will not be registered nor will a prospectus be cleared in respect of the same under the securities legislation of any Excluded Territories and, subject to certain exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within any Excluded Territory;
28. represents and warrants that any person who confirms to Collins Stewart or BarCap on behalf of a Sub-underwriter an agreement to subscribe for New Shares and/or who authorises Collins Stewart or BarCap to notify the Sub-underwriter's name to the Company's registrar, has authority to do so on behalf of the Sub-underwriter;
29. acknowledges that the agreement to settle each Sub-underwriter's Sub-underwriting Commitment (and/or the commitment of a person for whom it is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the issue to it and/or such person direct from the Company for the New Shares in question. Such agreement assumes that the New Shares are not being acquired in connection with the arrangements to issue depositary receipts or to transfer the New Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in the New Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Collins Stewart nor BarCap will be responsible for its payment. If this is the case, the relevant Sub-underwriter should take its own advice and notify Collins Stewart or BarCap accordingly. In addition, Sub-underwriters should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other

duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any New Shares or the agreement by them to acquire any New Shares;

30. acknowledges that the New Shares will be issued and/or transferred subject to the terms and conditions set out in this announcement and otherwise as stated in the U Proof;
31. acknowledges that when a Sub-underwriter or any person acting on behalf of the Sub-underwriter is dealing with Collins Stewart or BarCap any money held in an account with Collins Stewart or BarCap on behalf of the Sub-underwriter and/or any person acting on behalf of the Sub-underwriter will not be treated as client money within the meaning of the relevant rules and regulations of the FSA. The Sub-underwriter acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Collins Stewart money or BarCap money in accordance with the client money rules and will be used by Collins Stewart or BarCap in the course of its business; and the Sub-underwriter will rank only as a general creditor of Collins Stewart or BarCap (as the case may be);
32. acknowledges and agrees that the Company, Collins Stewart, BarCap, their respective affiliates and any person acting on their behalf will rely upon the representations, warranties, undertakings, agreements and acknowledgements set out in this appendix and, if relevant, in the investor letter, and agrees to notify the Company, Collins Stewart and BarCap promptly in writing if any of its representations, warranties, undertakings, agreements or acknowledgements cease to be accurate and complete;
33. agrees to indemnify, on an after-tax basis, and hold the Company, Collins Stewart, BarCap and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this appendix and further agrees that the provisions of this appendix shall survive after completion of the Rights Issue;
34. acknowledges that until 40 days after commencement of the Rights Issue or procurement by Barcap and Collins Stewart of acquirers of the New Shares not taken up, an offer or sale of New Shares within the United States by any dealer (whether or not participating in the Sub-underwriting) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act;
35. acknowledges that Collins Stewart, BarCap and any of their Affiliates may become a Sub-underwriter or may nominate any connected or associated person to do so; and
36. acknowledges that the basis of allocation will be determined by Collins Stewart and BarCap at their absolute discretion. The right is reserved to reject in whole or in part and/or scale back any participation in the Sub-underwriting.

The acknowledgements, agreements, undertakings, representations and warranties referred to above are given to each of the Company, Collins Stewart and BarCap (for their own benefit and, where relevant, the benefit of their Affiliates and any person acting on their behalf) and are irrevocable.

No UK stamp duty or stamp duty reserve tax should be payable to the extent that the New Shares are issued or transferred (as the case may be) into CREST to, or to the nominee of, a Sub-underwriter who holds those shares beneficially (and not as agent or nominee for any other person)

within the CREST system and registered in the name of such Sub-underwriter or such Sub-underwriter's nominee.

Any arrangements to issue or transfer the New Shares into a depository receipts system or a clearance service or to hold the New Shares as agent or nominee of a person to whom a depository receipt may be issued or who will hold the New Shares in a clearance service, or any arrangements subsequently to transfer the New Shares, may give rise to stamp duty and/or stamp duty reserve tax, for which neither the Company nor Collins Stewart or BarCap will be responsible and the Sub-underwriter to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Sub-underwriting as an agent or nominee) the allocation, allotment, issue or delivery of New Shares has given rise to such stamp duty or stamp duty reserve tax undertakes to pay such stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company, Collins Stewart and BarCap in the event that any of the Company and/or Collins Stewart and/or BarCap has incurred any such liability to stamp duty or stamp duty reserve tax.

In addition, Sub-Underwriters should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any New Shares or the agreement by them to acquire any New Shares.

All times and dates in this appendix may be subject to amendment. Collins Stewart and/or BarCap will notify the Sub-underwriters and any person acting on behalf of the Sub-underwriters of any such changes.

This appendix has been issued by the Company and is the sole responsibility of the Company.

The rights and remedies of Collins Stewart, BarCap and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise or partial exercise of one will not prevent the exercise of others.

Each Sub-underwriter may be asked to disclose in writing or orally to Collins Stewart or BarCap:

- (a) if he is an individual, his nationality; or
- (b) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.