

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of Development Securities PLC (the "Company") will be held on the 14th Floor, Portland House, Bressenden Place, London SW1E 5DS on 7th May 2010 at 12 noon. The business of the Meeting will be as follows:

Ordinary business

1. To receive the Report of Directors and financial statements for the year ended 31st December 2009
2. To approve the Remuneration Report as set out on pages 92 to 100 of the Annual Report 2009
3. To re-elect Mr D S Jenkins as a Director of the Company
4. To re-elect Mr M H Marx as a Director of the Company
5. To re-elect Mr M S Weiner as a Director of the Company
6. To elect Mrs S C Bates as a Director of the Company
7. To declare a final dividend
8. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company
9. To authorise the Directors to determine the remuneration of the auditors

Special Business

As Special Business, to consider and if thought fit pass the following resolutions, of which resolutions 11 and 14 will be proposed as an ordinary resolution and resolutions 10, 12 and 13 will be proposed as special resolutions:

10. THAT the Company be and it is hereby generally and unconditionally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693(4) of the Companies Act 2006) of Ordinary shares of 50 pence each in the capital of the Company on such terms and in such manner as the Directors may determine PROVIDED THAT:
 - (i) the maximum number of Ordinary shares hereby authorised to be so acquired is 12,256,000;
 - (ii) the minimum price which may be paid for such shares is the nominal value per share (exclusive of expenses);
 - (iii) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average of the middle market quotations for the Ordinary shares of the Company derived from the Daily Official List of the London Stock Exchange on the five business days immediately preceding the day on which the shares are contracted to be purchased (exclusive of expenses);
 - (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or 1st July 2011 if earlier; and
 - (v) the Company may under the authority hereby conferred and prior to the expiry of that authority make a contract to purchase its own shares which will or may be executed wholly or partly after the expiry of that authority and may make a purchase of its own shares in pursuance of any such contract.

11. That the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the “2006 **Act**”) to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to a nominal amount of £13,709,412; and
- (ii) comprising equity securities (as defined in Section 560 (1) of the 2006 Act) up to a further nominal amount of £13,709,412 in connection with an offer by way of a rights issue;

such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the next Annual General Meeting or 1st July 2011, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to be granted after the authority ends.

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

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

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

12. That subject to the passing of Resolution 11 above, the Directors be empowered to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of Resolution 11 above or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the 2006 Act in each case:
 - (I) in connection with a pre-emptive offer; and
 - (II) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £2,056,411;
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 11 above in connection with a rights issue, as if Section 561(1) of the 2006 Act did not apply to any such allotment;

such power to expire at the end of the next Annual General Meeting or 1st July 2011, whichever is the earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this Resolution:

- (a) **“rights issue”** has the same meaning as in Resolution 11 above;
 - (b) **“pre-emptive offer”** means an offer of equity securities open for acceptance for a period fixed by the Directors to holders (other than the Company) on the register on a record date fixed by the Directors of Ordinary shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
 - (c) references to an allotment of equity securities shall include a sale of treasury shares; and
 - (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.
13. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.
14. That the new Development Securities PLC Strategic Profit Plan (**“SPP”**) and underlying bonus arrangements, copies of the rules of which are produced to the meeting (initialled by the Chairman for the purposes of identification) and the principal features of which are summarised in the Appendix hereto, be approved and that the Directors be authorised to do all acts and things that they may consider necessary or expedient to carry the SPP into effect.

Registered Office:
Portland House
Bressenden Place
London SW1E 5DS

By order of the Board
S A Lanes
Secretary
22nd March 2010

Appendix

The Company intends to introduce a new cash bonus plan, the Development Securities PLC Strategic Profit Plan ("SPP"), which is funded by an additional amount from the maximum amounts available for distribution under each of three underlying plans:

- Development Securities PLC Development Profit Plan ("**DPP**");
- Development Securities PLC Joint Venture Profit Plan ("**JVP**"); and
- Development Securities PLC Investment Growth Plan ("**IGP**").

The principal terms of all four key bonus plans are summarised below (the "**Bonus Plans**"). The Bonus Plans are cash bonus plans under which amounts may be payable to eligible employees from a pool calculated with reference to the achievement of the long term objectives of the three key activities of the Company.

Eligibility

All executive directors and employees of the Company or of any subsidiary of the Company selected by the Remuneration Committee or other authorised committee (the "**Committee**") are eligible to participate in the Bonus Plans.

It is the intention of the Committee to make awards under the SPP to those executive directors and employees who are not normally included within the award made under the DPP, JVP or IGP, with a guideline 75 per cent of the bonus pool being allocated to executive directors and 25 per cent to other employees.

Awards under the DPP, JVP and IGP are normally made to those executive directors and employees who are directly involved in the relevant development project, joint venture or the Company's investment portfolio.

Payment of bonuses

For the SPP, bonuses may be awarded at the Committee's discretion at the end of each financial year, to the extent amounts are available for distribution under the SPP bonus pool (see below) for that financial year.

For the DPP, JVP and IGP, bonuses are a function of the participant's 'allocated percentage'. This is set by the Committee for each participant and the total of all allocated percentages for all participants in each of the plans cannot add up to more than 100 per cent. Once the bonus pool under the SPP, JVP and IGP has been determined, the Committee will pay cash bonuses to participants representing their allocated percentage of the bonus pool.

In the case of the JVP and IGP, the allocated percentage can be set after the amount of the bonus pool has been determined or at any time after the start of the financial year to which it relates.

In the case of the DPP, percentage awards are made for each specific development project and applied to the adjusted profit actually realised upon completion, whereupon the bonus is then paid.

Determination of the bonus pools

The Committee will determine the bonus pools as follows:

(i) Strategic Profit Plan

For each financial year, the total bonus pool is based on the metrics (i.e. profits or returns in excess of an index) by reference to which the pools available for distribution under the DPP, JVP and IGP in that financial year are determined. The amount of the total bonus pool available for distribution under the SPP represents an additional maximum of four per cent of the metrics by which both the DPP and JVP bonus pools and a maximum of two per cent of each of the initial and deferred bonus pools under the IGP are available for distribution each year under those three existing plans, as described below (ignoring the cap under the IGP).

(ii) Development Profit Plan

The amount of the bonus pool represents up to 10 per cent of the net profit realised from significant development projects (those which the Committee determines are likely to produce profits in excess of £2.0 million) once these become unconditional. The net profit will be determined by reference to the profit realised from the particular project, with a deduction of (a) a notional allowance representing 12.5 per cent per annum on any equity committed by the Company to the project; and (b) an allowance representing the notional cost to the Company of any unhedged guarantees of any sort offered by the Company to tenants, funding partners or any other party in relation to the project.

(iii) Joint Venture Profit Plan

For each financial year, the amount of the bonus pool represents up to 10 per cent of the profits remitted during the financial year of the Company on all successful projects completed by the joint venture unless otherwise determined. All projects which have either crystallised or are forecast to make a loss are deducted and any actual profits or losses realised in subsequent years are rationalised against forecast losses already taken into account. In addition, an adjustment will be made by deducting (a) a notional allowance representing 12.5 per cent per annum on any equity committed by the Company to the projects; and (b) an allowance representing the notional cost to the Company of any unhedged guarantees of any sort offered by the Company to tenants, funding partners or any other party in relation to the projects.

(iv) Investment Growth Plan

The bonus pool under this plan will be zero unless the total investment portfolio return exceeds 120 per cent of the All-Fund Universe Index as published by Investment Property Databank if the index is greater than zero, or at least 0.1 per cent if the index is less than or equal to zero and, in addition, represents at least one percentage point above the total return under the index. The total investment portfolio return represents the sum of income return, net of irrecoverable property expenses, together with capital growth.

The amount of the initial bonus pool represents five per cent of the value determined by the excess of the total investment portfolio return over the benchmark index, with an additional five per cent forming part of a deferred bonus pool which is determined two years later provided that during the intervening period the total investment portfolio return exceeds a specified proportion of the index. Each of the initial and deferred bonus pools are subject to a cap of £1.0 million.

Performance taken into account in determining the bonus pool for distribution under the Bonus Plans, will be disregarded when assessing performance for the purposes of annual bonuses.

For future operations the Committee has discretion to set different performance conditions from those described above. To the extent executive directors participate, these will be described in the Remuneration Report in the Annual Report.

Leaving employment

A participant will not normally be entitled to any bonus if he leaves the group or has given or received notice before payment. The Committee has discretion to make a payment if the participant is leaving due to ill health, injury or disability, retirement, redundancy, death, where there is a sale of the employing business or company or for other reasons allowed by the Committee.

Takeover

The Committee has discretion to pay a bonus to a participant if, before any bonus is paid, a person obtains control of the Company. The amount of the bonus would be a best estimate based on the available performance metrics at the time of the change of control.

Amendments

The Committee may amend the Bonus Plans as it considers appropriate. However, shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility, overall limits, the basis for determining a participant's entitlement to bonuses under the plan and the amendment power itself.

The Committee may, without shareholder approval, make minor amendments to facilitate the administration of the Bonus Plans, to comply with or take account of any proposed or existing legislation, to take account of any changes in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or any participant. They may also make changes to any current or future performance conditions for determining the bonus pool for distribution under the existing DPP, JVP and IGP (and therefore the SPP) without shareholder approval.

Other provisions

The Bonus Plans may be terminated by the Committee at any time. Awards may not be granted after the tenth anniversary of the approval of the Bonus Plans by shareholders.

Participation in the Bonus Plans is not pensionable.

Notes:

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

A Form of Proxy for this Meeting is enclosed and if used, should be either (i) lodged with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with the instructions below, in each case so as to be received not later than 12 noon on 5th May 2010.

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

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID:RA10)) by the latest time(s) for receipt of proxy appointments specified in paragraph 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

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

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

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

Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at 6 p.m. on the 5th May 2010 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register after such time will be disregarded.

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

Shareholders should note that, it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1st January 2009; or (ii) any circumstance connected with an auditor of the Company for the financial year beginning 1st January 2009 ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

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

Copies of the Articles of Association, Executive Directors' contracts of service, Non-executive Directors' letters of appointment and the rules of the Development Securities PLC Strategic Profit Plan, the Development Securities PLC Development Profit Plan, the Development Securities PLC Joint Venture Profit Plan, and the Development Securities PLC Investment Growth Plan will be available for inspection at the registered office of the Company during normal business hours from the date of this notice to the date of the Annual General Meeting, and at the Meeting itself on 7th May 2010 from 11.45am until the end of the Meeting.

A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website www.developmentsecurities.com

Only holders of Ordinary shares are entitled to attend and vote at this Annual General Meeting. As at 19th March 2010 (being the last working day prior to the publication of this notice) the Company's issued share capital consists of 82,256,474 Ordinary shares of 50 pence each carrying one vote each. The total voting rights in the Company as of 19th March 2010 are 82,256,474.