



**Develica Deutschland Limited
is a London Stock Exchange
AIM listed property company,
focusing on German commercial
real estate opportunities, adding
value through active management.**

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Chairman's Statement

Introduction and market commentary

I am pleased to present the Interim Report and Accounts for the six months ended 30 September 2009.

The unparalleled events in the global credit markets of last year continue to impact on our business and will continue to do so for some time until confidence and liquidity return to the markets. However, as previously reported, the Board believes that Germany is likely to be more resilient to a prolonged and sharp downturn than other European real estate markets. We feel that signs are now beginning to emerge of a nascent recovery in the German real estate market and the Board is hopeful that firm evidence of this manifests itself in the coming months.

Impact on valuation and portfolio

Some indication of this can be seen in the valuation undertaken by CB Richard Ellis ("CBRE") at 30 September 2009 which valued the portfolio at €807.18m compared to €854.84m at 31 March 2009 reflecting a decline of 5.6% since March 2009. However, we have already witnessed a reduction in the rate of decline across the market and there is some evidence to suggest values are beginning to stabilise and in certain instances are actually rising. Just over half of the fall in the value of our portfolio is attributable to only three properties which are currently experiencing tenant related difficulties. We are pro-actively managing the situation at these properties and are hopeful of resolving them quickly with a consequent beneficial effect in values and income.

The remainder of the fall is attributable to a yield shift averaging 20 to 25 bps across the whole portfolio (with the exception of the most prime assets accounting for 24% of the portfolio) while estimated rental values ("ERV") generally have held steady over the period.

It is premature to expect values to rise across the portfolio but the dramatic slow down in the rate of decline in real estate markets experienced over the last 18 months across Europe and in Germany particularly, appears to be coming to an end. In my last Annual Report and Accounts statement I commented that the lack of market activity means that property values continue to be based on market sentiment regarding yields rather than on a detailed transaction pricing comparison. I feel that this still remains the case but the small signs we are seeing now together with our faith in the ability of the German economy to recover more quickly than most means that we believe that property values may return to more realistic levels relatively quickly.

The lack of liquidity in the debt markets also continues to hamper real estate investment transactions and while values continue to fall, investors are generally unwilling to commit.

Looking at the valuation performance of the portfolio in more detail, CBRE has observed that the trend in the valuation of the Company's portfolio over the last six months and more historically tracks closely to the overall trend in values of mixed commercial property investment portfolios that CBRE value in Germany.

As I have previously mentioned, three properties account for just over half of the recent fall in value in our portfolio value and the table on page 3 highlights changes to the value of the portfolio including and excluding these properties. Tenants of two properties went into receivership and the third gave notice that it will not renew its lease on expiry at the end of next year. At this stage the latter has a valuation rather than an income effect. Initiatives are in play for the three individual assets and I am pleased to report that one of these properties is already re-let in excess of CBRE's estimate of rental value, albeit at a significantly lower rental than previously achieved. Detailed negotiations are already at an advanced stage for the pre-letting of the property which will vacate next year, based upon a potential redevelopment. Finally, the third property, which is the largest in income terms, was repossessed by the Company after the half year following the failure of the tenants business. A re-letting campaign is now underway.

Despite the above, our income profile remains strong. Gross annualised income has fallen over the last six months from the €70.9m previously reported to €68.2m but new lettings have increased this up to €68.4m. Vacancy has risen to 4.8% of ERV (2.8% previously reported) but I anticipate this falling back over the next six months as a result of the new lettings that are currently in the pipeline. Excluding the properties mentioned above, through tight control, 98.9% of all rents due to the Company have been collected and strategies are in place for collection of arrears.

Weighted average lease length remains strong at 5.12 years.

During the period, following a selection process completed by the Investment Manager, the Company has agreed to transfer the day to day property management and rent collection duties from DTZ to AQUAM Deutschland GmbH, a specialist German property management based in Hannover with a high calibre team that will be focused exclusively on the Company's portfolio. This change, which has also been approved by the Company's banks, reflects the dramatically changed economic environment where tenant retention and carefully cultivated on-the-ground relationships with the Company's tenants is vital to driving value. However the Investment Manager retains the overall responsibility for, and cost of, property management and continues to drive performance through the property and asset management initiatives undertaken by its own staff in Germany and London.

Impact on valuation and portfolio (continued)
Valuation analysis by sector as at 30 September 2009

Classification	March 2009	September 2009	Decrease %	Decrease disregarding the three properties %
Offices	390,500,000	376,820,000	(3.50)	(2.45)
Logistics	219,610,000	199,375,000	(9.21)	(4.44)
Retail	185,150,000	173,585,000	(6.25)	(1.84)
Other	59,581,000	57,400,000	(3.66)	(3.66)
Total	854,841,000	807,180,000	(5.58)	(2.92)

In the last Annual Report and Accounts statement I said that I expected property conditions to remain challenging with rental values softening as vacancy rates increase in line with an increasing number of businesses failing. I expected that to put downward pressure on the Company's rent roll. However I believe the Investment Manager's efforts to re-let the vacant space will start to restore that income. I also believe that the portfolio's fundamentals remain strong and I am pleased with the way the Investment Manager is driving rents and managing outgoing, as well as developing ever closer relationships with the Company's tenants enabling us to anticipate changes and respond effectively.

Results

International Financial Reporting Standards ("IFRS")

The impact of revaluation write downs resulted in a pre-tax operating loss of €41.6m (2008 H1: €59.2m) and a post-tax loss of €42.0m (2008 H1: €59.7m). Over the same period loss per share was 16.8 cents compared to 23.9 cents during the first half of last year. As a result, as at 30 September 2009, after taking into account the negative effect of the swaps, the Group's net asset value ("NAV") per share was negative 29.5 cents (2008 H1: positive 43.8 cents) compared to a negative 12.7 cents per share as at 31 March 2009.

European Public Real Estate Association ("EPRA")

EPRA defines NAV differently from IFRS as can be seen in the financial statements. Movements in derivatives and deferred tax provisions are excluded from EPRA NAV calculations.

The Board believes that the EPRA basis more accurately reflects the true underlying value of the property portfolio.

As at 30 September 2009, EPRA NAV was negative €8.8m compared with positive €34.0m as at 31 March 2009. EPRA NAV per share was negative 3.5 cents as at 30 September 2009 compared to positive 13.6 cents as at 31 March 2009.

Interest rate arrangements

The economic climate over the past year has led to a sharp decrease in interest rates globally. In line with this, the value of swaps held by the Company has suffered a significant mark down. However, for the six months ended 30 September 2009, the swaps improved slightly and the liability was decreased by €0.6m to €64.8m.

Under IFRS, the swaps are marked to market but it should be noted that any gain or loss is a non-cash accounting movement.

Banking facilities and Group cash position

The Group's property valuation at 30 September 2009 indicates that the loan to value ("LTV") ratio would, in certain cases, exceed their respective LTV covenants. However at this date, these covenants have not been tested by the debt providers as set out in the facilities agreement.

As at 30 September 2009, the gross LTV (gross debt against property assets) was 103.8% (31 March 2009: 98.4%).

As reported in the Annual Report, the Group has been notified of two LTV breaches during the six month period relating to €116.1m of the Group's loan facilities. In each case, the lender has requested a valuation under the terms of the loan facility agreements. The Group continues to have positive discussions with the lenders to seek to remedy these breaches. No further notifications of LTV breach have been served on the Company by its other lenders although we continue in discussion with these lenders regarding the remaining loan facilities.

We are hopeful that shortly we will be able to announce further restructuring of some of our loan facilities. These discussions with our bankers are intended to restructure and stabilise our debt. Total debt as at 31 March 2009 stood at €836.7m (net of unamortised loan arrangement fees) and through amortisation, total debt at 30 September 2009 is €833.3m.

Chairman's Statement continued

Banking facilities and Group cash position (continued)

Loan interest and amortisation continues to be well serviced through strong rental income with one exception. Due to tenant difficulties, there is one loan facility of €51.5m in which the Interest Cover Ratio ("ICR") covenant is not being met.

The Group is currently in ongoing discussions with the relevant bank to remedy the breach. ICR covenants continue to be met on the remaining facilities.

Since 31 March 2009, following the successful completion of the renegotiation of five of the six Citibank International PLC facilities, €424.8m of loans and associated derivative financial instruments have been reclassified as non-current liabilities as the re-negotiated covenants are being met.

Cash and cash equivalents at 30 September 2009 amounted to €28.8m compared with €30.4m at 31 March 2009. The Group has restrictions on cash at 30 September 2009 of €1.0m, an increase of €0.8m since 31 March 2009. This has been reclassified as other assets in the financial statements.

Interim dividend

The Board considers conservation of resources as paramount and therefore do not propose to pay an interim dividend at this time.

Outlook and strategy

The Board continues to review the Company's overall strategy to ensure that it reacts to the current economic environment and the Investment Manager continues to seek ways to add value within the portfolio.

We continue to seek to reduce overheads both at corporate and operating level. During the period under review Alan Gravett, who had served on the Board since inception, has stepped down and I thank him for his contribution.

We have undertaken a review of a number of outsourced services and, in some instances, have renegotiated these while others have been moved to more cost effective providers.

I hardly need to say that the last 18 months have been particularly difficult for everybody in the real estate sector and it is to the credit of my Board colleagues and the Investment Manager that we are now in a position where we can see a glimmer of light at the end of the tunnel. That is not to say that the difficult times are over and I appreciate that these results, together with the continued non-payment of a dividend, will be a disappointment. However I believe that with the skill, determination and commitment shown by my colleagues and the Investment Manager we are ready and able to meet the challenges ahead.



Derek Butler

Chairman

10 December 2009

Unaudited Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2009

	Notes	Six months ended 30 September	
		2009 €	2008 €
Rental income		34,462,363	35,985,121
Service charge income		4,457,460	6,219,031
Less: Property expenses		(6,054,026)	(8,172,262)
Net rental income		32,865,797	34,031,890
Administration and other expenses	3	(4,131,347)	(5,076,223)
Fair value adjustment on investment property	5	(47,713,930)	(83,214,580)
Profit on disposal of investment property		—	31,550
Net operating loss before finance costs		(18,979,480)	(54,227,363)
Finance expenses		(23,270,562)	(22,842,827)
Finance income		31,617	2,045,362
Fair value adjustment on interest rate swaps		614,774	15,828,151
Net loss before tax		(41,603,651)	(59,196,677)
Taxation		(419,382)	(547,979)
Loss for the half year attributable to equity holders of the Company and total comprehensive income for the period, net of tax		(42,023,033)	(59,744,656)
Total comprehensive income for the half year		(42,023,033)	(59,744,656)
Basic and diluted loss per share in cents		(16.81)	(23.90)

The notes on pages 9 to 12 form part of these financial statements.

Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 September 2009

	Issued capital €	Distributable reserve €	Retained earnings €	Total €
Balance at 1 April 2008	2,500,000	236,646,430	(69,908,357)	169,238,073
Loss for the half year attributable to equity holders of the Company and total comprehensive income for the period, net of tax	—	—	(59,744,656)	(59,744,656)
Other comprehensive income	—	—	—	—
Total comprehensive income for the period ended 30 September 2008	—	—	(59,744,656)	109,493,417
Balance at 30 September 2008	2,500,000	236,646,430	[129,653,013]	109,493,417
	Issued capital €	Distributable reserve €	Retained earnings €	Total €
Balance at 1 April 2009	2,500,000	236,009,041	(270,157,348)	(31,648,307)
Loss for the half year attributable to equity holders of the Company and total comprehensive income for the period, net of tax	—	—	(42,023,033)	(42,023,033)
Other comprehensive income	—	—	—	—
Total comprehensive income for the period ended 30 September 2009	—	—	(42,023,033)	(73,671,340)
Balance at 30 September 2009	2,500,000	236,009,041	[312,180,381]	[73,671,340]

The notes on pages 9 to 12 form part of these financial statements.

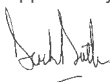
Unaudited Consolidated Balance Sheet

as at 30 September 2009

	Notes	30 September 2009 €	31 March 2009 €
ASSETS			
Non-current assets			
Investment properties	5	807,180,000	854,841,000
Deferred tax assets	4	548,160	548,160
		807,728,160	855,389,160
Current assets			
Trade and other receivables		7,095,442	5,093,096
Cash and cash equivalents	6	28,812,480	30,368,368
		35,907,922	35,461,464
Total assets		843,636,082	890,850,624
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Issued capital		2,500,000	2,500,000
Distributable reserves		236,009,041	236,009,041
Retained earnings		(312,180,381)	(270,157,348)
Total equity		(73,671,340)	(31,648,307)
LIABILITIES			
Non-current liabilities			
Borrowings	9	424,808,587	—
Derivative financial instruments		30,987,588	—
Deferred tax liabilities	4	653,866	770,900
		456,450,041	770,900
Current liabilities			
Borrowings	9	408,481,389	836,705,303
Derivative financial instruments		33,814,415	65,416,776
Current tax liabilities		1,542,851	2,275,545
Trade and other payables		17,018,726	17,330,407
		460,857,381	921,728,031
Total liabilities		917,307,422	922,498,931
Total equity and liabilities		843,636,082	890,850,624
Net asset value per ordinary share in cents	7	(29.47)	(12.66)

The notes on pages 9 to 12 form part of these financial statements.

Approved by the Board of Develica Deutschland Limited on 10 December 2009 and signed on its behalf by:



Derek Butler
Chairman



John Hallam
Director

Unaudited Consolidated Cash Flow Statement

for the six months ended 30 September 2009

	Notes	Six months ended 30 September	
		2009 €	2008 €
Cash generated from operations	8	23,206,981	23,197,175
Income taxes paid		1,152,076	309,480
Net cash inflow from operating activities		24,359,057	23,506,655
Cash flows from investing activities			
Purchase of investment property		—	(376,731)
Proceeds from sale of investment property		—	170,000
Net cash outflow from investing activities		—	(206,731)
Cash flows from financing activities			
Repayment of borrowings		(3,415,328)	(4,602,424)
Interest received		31,617	2,045,362
Interest paid		(22,531,234)	(22,842,827)
Net cash outflow from financing activities		(25,914,945)	(25,399,889)
Net decrease in cash and cash equivalents		(1,555,888)	(2,099,965)
Cash and cash equivalents at the beginning of the period		30,368,368	42,501,005
Cash and cash equivalents at end of half year		28,812,480	40,401,040

The notes on pages 9 to 12 form part of these financial statements.

Notes to the Consolidated Financial Statements

for the period 1 April 2009 to 30 September 2009

1 Corporate information

Develica Deutschland Limited ("the Company") and its subsidiaries (together "the Group") carry on the business of property investment through a portfolio of freehold investment properties located in Germany. These unaudited consolidated financial statements have been approved for issue by the Board of Directors on 10 December 2009.

2 Basis of preparation

The condensed financial statements of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, on the historical cost basis, except for investment property and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in euros. The functional currency of the Group is euros.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings which are entities with limited liability incorporated and domiciled in Guernsey, Channel Islands.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between entities are eliminated on consolidation.

(b) Changes in accounting policy

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009, except for the adoption of new Standards and Interpretations as of 1 April 2009, noted below:

IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group's reportable segment as reported under IAS 14 has remained unchanged following the adoption of this standard.

IAS 1 Revised Presentation of Financial Statements

The revised Standard separates owner and non owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

(c) Fundamental accounting concept

The current economic climate has resulted in a global trend of declining property values, which results in the Group being exposed to increased risks against covenant breaches set out in the Group's debt facilities.

The 30 September 2009 portfolio valuation indicates that the Loan-to-Value ("LTV") ratio of the loans classified as current liabilities in the consolidated balance sheet would, if tested by the debt providers as set out in the facilities agreement, exceed their respective LTV covenants.

Loan interest and amortisation continues to be well serviced through strong rental income. Due to tenant related difficulties, there is one loan facility of €51.5m in which the Interest Cover Ratio ("ICR") covenant is not being met. The Group is currently in ongoing discussions with the relevant debt provider to remedy the breach. ICR covenants continue to be met on the remaining facilities.

Excluding the amended Citibank International PLC ("Citi") facilities, the Group's borrowing arrangements include covenants that require maintenance of LTV ratios ranging between 85% and 95% with a weighted average of 90.9%.

As reported in the Annual Report, the Group has been notified of two LTV breaches during the six month period relating to €116.1m of the Group's loan facilities. In each case, the lender has requested a valuation entitled under the rights of the respective loan facility agreements. The Group continues to have positive discussions with the lender to seek to remedy these breaches. No further notifications of breach have been served on the Company by its other lenders although we continue in discussion with these lenders regarding the remaining loan facilities.

The strong cash flow generated from a diverse range of quality tenants enables the Group to service these financing obligations. The Group has entered into hedging instruments across the entire portfolio which fix the ongoing interest obligations and also reduce the ongoing debt exposure.

Notes to the Consolidated Financial Statements continued

for the period 1 April 2009 to 30 September 2009

2 Basis of preparation (continued)

(c) Fundamental accounting concept (continued)

In all cases where an actual or potential breach of any loan has/could arise, the Company has engaged in discussions with the Company's debt providers to work together in reaching a satisfactory conclusion for all parties. The Company has already reached a successful agreement on amending five facilities through Citi and the Directors are hopeful that, through maintaining close links and dialogue with the remaining debt providers, it will be able to implement similar arrangements across the entire portfolio. In the event that a breach occurs resulting in an event of default, and the Group being unable to reach a resolution with the relevant debt provider, then the only recourse available to the debt provider are the assets secured against the given loan at the subsidiary level and not the Group's assets.

In all cases where an actual or potential breach of any loan has/could arise, the Company has engaged in discussions with the Company's debt providers to work together in reaching a satisfactory conclusion for all parties. The Company has already reached a successful agreement on amending five facilities through Citi and the Directors are hopeful that, through maintaining close links and dialogue with the remaining debt providers, it will be able to implement similar arrangements across the entire portfolio. In the event that a breach occurs resulting in an event of default, and the Group is unable to reach a resolution with the relevant debt provider, then the only recourse available to the debt provider are the assets secured against the given loan at the subsidiary level and not the Group's assets.

As the debt facilities and related interest swaps are ring-fenced and the Company has sufficient cash and other resources, the Directors do not consider that the risk of breaching LTV covenants will impact the ability of the Group to continue to trade as a going concern. Accordingly the financial statements have been prepared on a going concern basis.

3 Administrative and other expenses

	Six months ended 30 September	
	2009	2008
	€	€
Legal and professional fees	484,069	1,146,588
Management fees	1,724,136	2,408,856
Audit fees	171,519	157,660
Non-audit fees	176,472	299,009
Administration fees	166,426	258,004
Accountancy fees	541,554	375,000
VAT declaration fees	155,933	218,713
Directors' fees and expenses	105,461	119,042
Other expenses	325,940	93,351
Consultancy fees	188,633	—
Valuation fees	91,204	—
	4,131,347	5,076,223

4 Deferred tax and income tax

The Group has additional tax losses and deductions that are available indefinitely to offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset trading profits elsewhere in the Group and they have arisen in subsidiaries that have been loss making for some time. This has resulted in a deferred tax income for the period of €117,036.

German income tax for the period, arising from foreign source income on the Group's investment properties, amounted to €536,418 (2008 H1: €905,894).

Net taxation for the period is €419,382 (2008 H1: €547,979).

5 Investment property

	30 September	31 March
	2009	2009
	€	€
Fair value at beginning of the period	854,841,000	1,007,692,300
Acquisitions and capital expenses	52,930	462,011
Net loss from fair value adjustments on investment property	(47,713,930)	(152,852,014)
Disposal of investment property	—	(320,000)
Loss on disposal of investment property	—	(141,297)
Fair value at end of the half year	807,180,000	854,841,000

5 Investment property (continued)

It is Group policy to carry investment property in accordance with IAS 40 'Investment Property'. Investment property was valued at 30 September 2009 by CB Richard Ellis Limited ("CBRE"), external valuers to the Group. CBRE has consented to the use of their names in these financial statements. These valuations have been incorporated into the financial statements and have been carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards, Sixth Edition.

The valuations have been prepared on the basis of market value which is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

CBRE has valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

As a result of the current volatility in the global financial system and the lack of liquidity in the capital markets, transaction volumes have reduced. Consequently, whilst market values have been primarily derived using comparable recent market transactions on arm's length terms, valuers have also increasingly used their knowledge and professional judgement.

Various assumptions have been made as to tenure, letting, town planning and the condition and repair of buildings and sites, including ground and groundwater contamination.

The fair value adjustments of the investment properties result in the temporary difference between the carrying value of the properties and their tax basis. Since it is the intention of management, in case of disposal of some properties, to sell the companies holding these properties rather than the properties themselves, deferred taxes on the above differences have not been recorded in respect of those properties.

6 Cash and cash equivalents

	30 September 2009 €	31 March 2009 €
Parent Company	6,549,293	9,976,591
Wholly owned subsidiaries	22,263,187	20,391,777
Total cash at bank	28,812,480	30,368,368

7 Net asset value per share

	30 September 2009 €	31 March 2009 €
Net assets		
Net assets for the purpose of assets per share (assets attributable to the equity holders of the parent)	(73,671,640)	(31,648,307)
Deferred tax asset	(548,160)	(548,160)
Deferred tax liability	653,866	770,900
Derivative financial instruments	64,802,003	65,416,776
Adjusted net assets attributable to equity holders of the parent	(8,763,931)	33,991,209
Numbers of shares		
Number of ordinary shares for the purpose of net assets per share	(250,000,000)	250,000,000
Net asset value per share	(29.47)	(12.66)
Adjusted net asset value per share	(3.51)	13.60

Notes to the Consolidated Financial Statements continued

for the period 1 April 2009 to 30 September 2009

8 Reconciliation of loss before tax to cash generated from operations

	Six months ended 30 September	
	2009	2008
	€	€
Net loss before tax	(41,603,651)	(59,196,677)
Non-cash movements		
Unrealised loss arising on adjustment to fair value of investment properties	47,661,000	83,214,580
Unrealised gain arising on adjustment to fair value of derivative financial instruments	(614,774)	(15,828,151)
Loan set up costs – amortisation	(739,432)	—
Movement in deferred tax provision	117,034	(309,480)
Profit on sale of investment property	—	(31,550)
	4,820,177	7,848,722
Operating cash flows before changes to working capital and other cash movements		
Net financing costs	22,499,617	20,797,465
Movement in trade and other receivables	(3,569,686)	3,513,781
Movement in trade and other payables	(543,127)	(8,962,793)
	18,386,804	15,348,453
Cash generated from operations	23,206,981	23,197,175

9 Borrowings

	30 September	31 March
	2009	2009
	€	€
Current		
Bank loans	408,481,389	836,705,303
Non-current		
Bank loans	424,808,587	—
Total borrowings	833,289,976	836,705,303

Under the terms of the Group's borrowing arrangements, lenders are generally entitled to request updated valuation information.

As required by IAS 1, €408,481,389 of borrowings are classified as current liabilities though it is not anticipated that settlement of these liabilities is likely to occur within twelve months of the balance sheet date.

Capital repayments of €3,415,327 have been repaid in the six months ended 30 September 2009.

10 Commitments and contingencies

Mitco Realty Limited has instituted proceedings against DDL in the Royal Court of Guernsey seeking to recover the sum of €600,412 for breach of the terms of the Share Sale Agreement and Brokerage Agreement. DDL has defended the claim and made a counterclaim of €729,114. DDL recently defeated an application brought by Mitco seeking summary judgement and obtained an order for indemnity costs against Mitco in respect of that application.

11 Related party transactions

The Group was charged investment management fees of €1,724,136 (2008 H1: €2,408,856) by the Investment Manager of which €nil was outstanding at the period end (2008: €nil). Grant Tromans, who is a Director of the Company, is also a Director of the Investment Manager.

12 Ultimate controlling party

In the opinion of the Board there is no ultimate controlling party.

13 Events subsequent to the balance sheet date

Property management

During the period, following a selection process completed by the Investment Manager, the Company has agreed to transfer the day to day property management and rent collection duties from DTZ to AQuAM Deutschland GmbH, a specialist German property management based in Hannover with a high calibre team that will be focused exclusively on the Company's portfolio. This change, which has also been approved by the Company's banks, reflects the dramatically changed economic environment where tenant retention and carefully cultivated on-the-ground relationships with the Company's tenants is vital to driving value. However the Investment Manager retains the overall responsibility for, and cost of, property management and continues to drive performance through the property and asset management initiatives undertaken by its own staff in Germany and London.

Investor Information

Directors

Derek Butler
John Hallam
Peter Le Cheminant
Grant Tromans
Quentin Spicer
Alan Gravett
(resigned 26 August 2009)

Company Secretary, Administrator and Registered Office

Mourant Guernsey Limited
1st Floor, Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ

Registrar

Capita IRG (CI) Limited
No.1 Le Truchot
St Peter Port
Guernsey GY1 4AE

Investment Manager

Develica Deutschland
Management Limited
1st Floor, Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ

Nominated Advisor

Grant Thornton Corporate Finance
30 Finsbury Square
London EC2P 2YU

Tax Advisor

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
Fuhrberger Strasse 5
30625 Hannover

Brokers

Fairfax I.S. plc
46 Berkeley Square
London W1J 5AT

Independent Auditors

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

Guernsey Legal Advisors

Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

English Legal Advisors

Stephenson Harwood
One St Paul's Churchyard
London EC4M 8SH

German Legal Advisors

K&L Gates LLP
Markgrafenstrasse 42
10117 Berlin

Property Managers

DTZ International Investments
125 Old Broad Street
London EC2N 2BQ

German Property Management

AQuAM Deutschland GmbH
Fernroder Strasse 9
30161 Hannover

DTZ Zadelhoff Tie Leung GmbH
Escherheimer Landstrasse 6
60322 Frankfurt am Main



Develica Deutschland Limited
1st Floor, Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ
www.develicadeutschland.com



Develica Deutschland Limited