

Press Release

Page 1 of 7

Final for immediate release

16 July 2007

Land Securities Group PLC ("Land Securities" / "Group")

LAND SECURITIES - INTERIM MANAGEMENT STATEMENT

Land Securities announces a strong start to its financial year with high levels of achievement against its targets for development lettings, asset sales and the acquisition of additional PPP contracts. Highlights are:

- 65,650 sq m of accommodation from our development programme let in Q1 or currently in solicitors' hands, reflecting buoyant conditions in the London office market
- £485.7m of investment property disposals at an average yield of 4.1%. The sales were at 3.8% above valuation to show a net profit on sale of £12.1m
- £65m invested in seven new PPP acquisitions. Since quarter end, contracts also exchanged for £163.5m to acquire AMEC's Project Investments business
- Aggregate disposals, purchases and development expenditure results in net disinvestment of £161.3m in Q1
- Investment property voids broadly unchanged at 5.1% at 30 June as compared to 4.9% at 31 March. One third of these voids relate to pre-development properties
- Grant of planning permission for our 55,370 sq m office tower at 20 Fenchurch Street, EC3
- Resolution to grant outline planning permission for 6,250 residential units and 231,000 sq m of commercial and community accommodation at Eastern Quarry in Kent
- 104,295 sq m of planning applications for new developments submitted in Q1
- First quarterly dividend of 16.0 pence (80% in the form of a Property Income Distribution) - payable on 26 October 2007

Commenting on the first quarter, Francis Salway, Group Chief Executive of Land Securities said:

"The first quarter has seen extremely high levels of activity across the Group. We have continued to enjoy success in letting up our development programme, executing on the business plan for our recently acquired PPP business and making selective sales from our Retail Portfolio.

"Reflecting the buoyant conditions in the London office market, we already have 60,500 sq m of lettings from our London Portfolio development programme in solicitors' hands. This is close to the figure of 60,700 sq m of London Portfolio development lettings we achieved in the whole of the 2006/07 financial year and underlines the excellent timing of our development programme.

"We embarked on an active programme of investment property sales after becoming a REIT on 1 January 2007, taking advantage of the absence of capital gains tax liabilities under the new REIT regime. In the quarter we sold just under £500m of investment properties and in addition agreed terms for further asset disposals of more than £250m. Since 1 January, we have sold or agreed terms to sell assets totalling more than £1,250m.

"We are also delighted with the progress of our PPP businesses, Secondary Market Infrastructure Fund and Investors in the Community, which were acquired in February and have now both been fully integrated into Land Securities Trillium. During the quarter we invested a further £65m through the acquisition of additional PPP contracts in the secondary market and, since the quarter end, we have exchanged contracts on a further £163.5m.

"The terms agreed for our next tranche of lettings on our London Portfolio development schemes demonstrate continuing growth in rental values. Our high level of activity on transactions will ensure that we are allocating capital to those areas of the market with the best growth potential."

LONDON PORTFOLIO

Our substantial development programme in London is well timed in terms of delivery with 223,000 sq m under construction, of which 135,000 sq m is due for completion in our 2007/08 financial year. We have made significant progress on leasing negotiations on these projects in Q1.

Investment Portfolio

- We completed £185.8m of acquisitions, the largest of which was the purchase of a 50.5% interest in Times Square, EC4 (in which we already held a 44.5% interest) for £144.4m at a net initial yield of 4.6%.
- We concluded sales of New London House, EC3; 12 Gough Square, EC4; and a development site in Stamford Street, SE1 for an aggregate of £164.6m.

Development Activity

- We completed buildings 2 and 3 totalling 24,500 sq m at New Street Square, EC4 for handover to Deloitte, who had pre-leased the buildings in 2005. This will generate an additional £9.9m per annum of rental income (after spreading of rent free periods over the lease terms).
- We are currently in the position of having agreed terms for further lettings on our London development programme of 60,050 sq m. These are at Bankside 2&3, SE1; Cardinal Place,

SW1; buildings 5 and 6 at New Street Square, EC4; and One New Change, EC4 in the City.

This builds substantially on our successes in letting 60,700 sq m of London office developments during the 2006/07 financial year.

- We submitted a planning application for 35,520 sq m of offices and 3,775 sq m of retail space at 30 Old Bailey, EC4, where vacant possession of the site is due in 2010 following lease expiries.
- We are delighted that on Tuesday 10 July the Minister granted planning consent for our proposed 55,370 sq m office tower at 20 Fenchurch Street, EC3 following the Public Inquiry. Demolition works have already started and we will now review appropriate risk management options for the delivery of the scheme in the context of our overall development programme.
- Capital expenditure on London developments during the quarter was £86.9m.

RETAIL PORTFOLIO

The quality of the assets in our Retail Portfolio, our extensive development programme and our management skills ensure that we are well positioned to continue to generate value in this sector.

Investment Portfolio

- During the quarter, we exchanged contracts for the sale of £314.9m of retail properties. The disposals in the quarter included our 50% interest in the East Kilbride shopping centre together with retail warehouse assets at Wyvern Retail Park, Derby; Cheetham Hill in Manchester; High Wycombe; and Stockton.

We have also agreed terms for the disposal of our recently completed shopping centre development at Whitefriars, Canterbury.

Development Activity

- During the quarter, we concluded another 23 lettings from our development programme at an aggregate rent of £2.2m per annum (Land Securities' share). We have a further 43 lettings at a rent of £5.0m per annum in solicitors' hands.
- We are on schedule to open our city centre retail developments at Exeter, Corby and Cambridge in the second half of 2007 and the current letting position on these schemes is as follows:

	% let/terms agreed*
Exeter	91
Corby	51
Cambridge	91

* Measured by rental income

- A planning application has been submitted for Buchanan Galleries, Glasgow (in which we have a 50% interest). The proposed development will extend the existing shopping centre by approximately 65,000 sq m, increase the overall size of the scheme to 120,770 sq m and making it one of the largest shopping centres in the UK.
- Capital expenditure during the quarter on developments in our Retail Portfolio was £47.2m.

LAND SECURITIES TRILLIUM - PROPERTY PARTNERSHIPS

We have had success in managing our longstanding property outsourcing contracts, bedding in the substantial volume of new business we acquired in the final quarter of the last financial year and also acquiring new PPP contracts.

Outsourcing contracts

- On the Department for Work and Pensions (DWP) contract, we disposed of a further 23,450 sq m of surplus leasehold space and 16,000 sq m of surplus freehold accommodation.

The net proceeds from the freehold disposals were £11.6m, which showed a net profit on book value of £3.8m after gain share.

DWP issued vacation notices during Q1 on 27,500 sq m (75% leasehold and 25% freehold).

- On the surplus Royal Mail properties, we have completed our programme of 11 refurbishment projects and have already let 2,350 sq m and agreed terms to let a further 2,300 sq m.
- On the DVLA contract, we have been awarded three scope extensions to provide an additional 7,000 sq m of accommodation with capital investment of approximately £26m over the next 18 months.

Public Private Partnerships

- We completed seven PPP acquisitions for £65.0m during the quarter.
- Since the quarter end we have exchanged contracts for the acquisition of AMEC's Project Investments business for £163.5m. The business has nine PPP contracts in the healthcare, transport and education sectors. Over half of the assets are subject to pre-emption rights for joint owners. The transaction is expected to complete by the end of October.
- Since the quarter end we have exchanged contracts for the disposal of a non-core utility business acquired with SMIF, and also agreed terms for the sale of another utility business. The aggregate receipts will be approximately £45m and will show a material uplift on our acquisition cost.
- Following our appointment of UBS as advisers to the creation of a PPP fund for third party investors, we have commenced initial marketing of the fund, which is planned to be launched during the 2007 calendar year.

New Business

- We are one of two shortlisted parties for the Northern Ireland Civil Service property outsourcing contract. We expect to submit our Best and Final Offer by October 2007 and the client to announce a preferred bidder in January 2008. One of the unsuccessful bidders is now seeking a Judicial Review of the bid process which could delay the programme by three months.
- On the Defence Training Review outsourcing contract, our Metrix consortium with QinetiQ is preferred bidder on Package 1 and provisional preferred bidder on Package 2. We are continuing to work with the Ministry of Defence on Package 2 seeking to resolve a material affordability issue so that Metrix can become preferred bidder on the combined package. We anticipate a decision within the next few weeks to proceed with either Package 1 in isolation, or on a combined solution, so that financial close can be achieved by the beginning of 2009.
- We are shortlisted for the Building Schools for the Future (BSF) projects in Birmingham, Kent and Tameside where the initial phases involve in excess of £200m of PPP capital expenditure.

URBAN COMMUNITY DEVELOPMENT

On 5 July, Dartford Borough Council resolved to grant Outline Planning Permission for Eastern Quarry at Ebbsfleet Valley in Kent. The project, on a site of 270 hectares, consists of some 6,250 new homes and up to 231,000 sq m of commercial and community floor space. Subject to the formal completion of the section 106 agreement, which is expected in early August, this will be one of the largest planning permissions granted and marks a significant milestone in the development of the project.

FINANCE

As at 30 June 2007, the nominal value of our net debt (including joint ventures but excluding non-recourse debt in the PPP contracts) amounted to £6,114m at an average cost of 5.36%. 89% of our debt was fixed. Following the recent rise in interest rates, the market value of our debt and related interest rate swaps at 30 June 2007 was £5,856m.

As previously announced, Land Securities will commence payment of quarterly dividends this year. The first quarterly dividend will be 16.0 pence per share, of which 80% will be in the form of a Property Income Distribution payment, and will be paid on 26 October 2007 to shareholders on the register at 21 September 2007. On an annualised basis, this represents a 20.8% increase above the full year dividend for 2006/07.

- ENDS -

A conference call for analysts is being held today at 08:30 BST

Conference call details:

UK dial in number: 0845 245 3471

International dial in number: +44 (0) 1452 542 300

Call title: Land Securities Interim Management Statement

Conference ID: 6947400

For further information, please contact:

Francis Salway / Martin Greenslade / Edward Thacker

Land Securities

T +44 (0)20 7413 9000

Stephanie Highett / Dido Laurimore

Financial Dynamics

T +44 (0)20 7831 3113

Forward Looking Statements

This document may contain certain 'forward-looking' statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of Land Securities speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Land Securities does not undertake to update forward-looking statements to reflect any changes in Land Securities' expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.