

Press Release

Page 1 of 7
For immediate release

22 January 2008

Land Securities Group PLC (“Land Securities” / “Group”)

LAND SECURITIES – THIRD QUARTER INTERIM MANAGEMENT STATEMENT
“Good progress across all business activities”

Land Securities’ high levels of activity during the quarter demonstrate continued strong performance across all of its three divisions as it benefits from its long term approach to the management of each business. Looking ahead, Land Securities is well placed to run the Group through the current challenging environment and is ready to exploit opportunities that arise in its business sectors.

Highlights of the quarter are:

- £507.8m of investment property disposals at an average yield of 4.9%. The sales were at 5.6% above the September 2007 valuation, and 4.7% above the March 2007 valuation (pre-disposal costs), to show a net profit on sale of £17.7m.
- The successful first closing of Trillium PPP Investment Partners with firm commitments for 67% of the equity and the raising of £568m of debt finance within the joint venture.

Other activity includes:

- 22,100 sq m of development space completed during the quarter, 82.5% let. On track to deliver 241,700 sq m of development space during the 2007/08 financial year, already 93% let.
- Investment portfolio – disposals of £507.8m, acquisitions of £178.3m and development and other capital expenditure of £103.9m, giving net disinvestment of £225.6m in Q3.
- Like for like property voids decreased to 4.1% at 31 December from 4.2% at 30 September due to retail warehouse lettings.
- Trillium nominated as preferred bidder for the Kent Building Schools for the Future contract.
- Third quarterly dividend of 16.0 pence (80% in the form of a Property Income Distribution), as previously announced – payable on 25 April 2008.

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

"We have again achieved high levels of activity across the Group, notwithstanding challenging conditions in the property investment and credit markets. Our successful performance is based on the effective management of our portfolio delivered in line with our long term view of the market. This means that, whilst our investment portfolio will not be immune from the general negative trends, we are well placed to run the business in the current environment and to exploit opportunities that may arise.

"We anticipated a weakening in the pricing of property investments, and in the 2007 calendar year sold over £2.0bn worth of properties. In the quarter, we maintained our programme of property sales through the sale of good properties at good prices in line with our plans for the year.

"The strength of our Trillium business is evidenced by the successful debt and equity raising for the Trillium PPP fund along with our recent appointment as Preferred Bidder for the Kent Building Schools for the Future programme. We believe that Trillium is well placed to win further new business.

"We announced in November our long term vision for sustainable value creation for shareholders through demerger into three separate companies. We have commenced the extensive and detailed preparatory work required but it remains at an early stage."

LONDON PORTFOLIO

Our substantial development programme in London will deliver 148,600 sq m of office space during the current financial year. This space is already 94% let. Over the following two years we will deliver just 25,400 sq m of new developments in London. We believe this is an appropriate level of activity given our outlook for the City of London market over the next two years. During Q3 we made further progress on the leasing of our development projects. Over the period, sales totalled £317.6m with an average yield of 5.1% and a surplus of 4.1% versus September 2007 valuations and 4.0% versus March 2007 valuations.

Investment activity

- Sale of 50% of our holdings at the corner of Oxford Street and Tottenham Court Road for £102.9m into a joint venture with Frogmore Real Estate Partners L.P. The joint venture will be responsible for the asset management, including a review of the redevelopment potential, of the holdings.
- Exchange of contracts for the sale of a 50% interest in Thomas More Square estate, London E1 to Ontario Teachers' Pension Plan Board (Cadillac Fairview) for £131.5m.
- Exchange of contracts for the sale of our Lime Street estate, London EC3 to Grainmarket for £70.1m.

Development activity

- Three further lettings totalling 2,500 sq m at the New Street Square development on New Fetter Lane, EC4. Rents range from £60 psf to £76 psf.
- Terms have been agreed for two lettings at 10 Eastbourne Terrace totalling approximately 70% of the total space. Completion of the refurbishment is expected in June 2008.
- Continuation of work with partners and stakeholders to secure an acceptable solution for our major Victoria Transport Interchange project. We are still at the preliminary stages of this project and it does not yet form part of our formal development programme.
- Capital expenditure of £42.4m on London developments during the quarter.

Urban Community Development

- Planning consent received for our 270 hectare site at Eastern Quarry which will include 6,250 homes and 232,000 sq m of commercial and community floorspace. With this planning consent and the opening of the CTRL station at Ebbsfleet, this major and ambitious project is now moving to the delivery phase.

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 in this sector. During the quarter, the quality of our developments was recognised by the BCSC, which awarded our Princesshay development in Exeter its Supreme Gold Award. Over the period sales totalled £190.2m, with an average yield of 4.5% and a surplus of 8.3% versus September 2007 valuations and 5.8% versus March 2007 valuations. Void levels were below market average at 4.0%.

Investment activity

- Acquisitions totalled £159.3m, and included the purchase of a 75% stake in the Trinity Centre development site in Leeds.
- Creation of the Harvest Partnership joint venture between J Sainsbury and Land Securities, which combines our expertise in development with Sainsbury's desire to create additional floorspace. We initially contributed a Sainsbury's supermarket in Hull that we owned and Sainsbury's contributed two stores in Thanet and Wandsworth. At the same time, we exchanged contracts to sell to Sainsbury's two supermarkets in Winchester and Wolverhampton.

We have already taken steps to grow the JV through acquisitions from third parties with the purchase of the Maltings shopping centre in Salisbury from Town Centre Securities for £27.5m. The 8,900 sq m property includes a Sainsbury's supermarket, 27 accompanying retail units and adjoining car park.

- Exchange of contracts by the Metro Shopping Fund, the 50:50 retail joint venture between Land Securities and Delancey, for the sale of the Victoria Place shopping centre, London SW1 for £92.5m to Ewart Properties Ltd.

Development activity

- Outline planning consent given by Glasgow City Council for a 65,000 sq m extension of Buchanan Galleries shopping centre in Glasgow, which will enable Buchanan Galleries, our joint venture with Henderson, to become one of the UK's largest shopping centres, totalling 120,000 sq m.
- Opening of our city centre retail developments at Corby and Cambridge which are 69% and 100% let or terms agreed* respectively.
- Progress on lettings at Cabot Circus in Bristol city centre, which we are developing in partnership with Hammerson, currently 75% let or terms agreed*. The development is due for completion in Autumn 2008.

- Capital expenditure of £61.8m on Retail Portfolio developments during the quarter.

* measured by rental income

LAND SECURITIES TRILLIUM

We were very active across all areas of Trillium's business in the third quarter. We have seen strong performance on our existing outsourcing contracts, made good progress in our new business initiatives and successfully launched our £1.1bn Public Private Partnership Joint Venture fund, Trillium PPP Investment Partners.

Outsourcing contracts

- Disposal of a further 12,200 sq m of surplus space on the Department for Work and Pensions (DWP) contract, bringing our total leasehold disposals for the first nine months of the year to 47,500 sq m.
- Vacation notices issued by DWP during Q3 on 34,100 sq m (66% leasehold and 34% freehold), compared to 32,000 sq m (52% leasehold and 48% leasehold) issued in Q2.
- Letting of a further 4,700 sq m on the surplus Royal Mail properties and agreeing terms to let a further 5,500 sq m during the quarter. We have now let 9,300 sq m of surplus space from this contract this financial year which is in line with our expectations.
- Completion of the 30,900 sq m, £80m, three year refurbishment of Norwich Union's headquarters in Norwich within budget and three weeks early.

Trillium PPP Investment Partners

- Establishment of Trillium PPP Investment Partners. We raised £568m of debt for the joint venture in November, followed by first close on equity raising on 14th December at which point we had firm commitments totalling £370m.

The committed investors at the first close were HBOS, Victorian Funds Management Corporation of Australia, Bank of Ireland managed funds and Land Securities Trillium. We have strong interest from other investors and anticipate final close this financial year. Notwithstanding current market volatility, investors have found the long term, high quality income streams managed through the Trillium business particularly attractive.

New Business

- Trillium, in joint venture with Northgate, selected as preferred bidder on the first Local Education Partnership (LEP One) for the Kent Building Schools for the Future (BSF) programme. Overall Kent BSF investment will be circa £1.8bn across three LEPs. LEP One requires a capital investment of some £550m in buildings, £190m of which is on a PPP basis. By 2014, 34 educational establishments will be either replaced or improved. Trillium will invest 72% of the equity and provide 80% of the sub-debt (some £14m) under LEP One and will secure additional revenue streams in the form of lifecycle, SPV management and Facilities Management services.
- Focus on the significant BSF market where we are currently bidding on three further BSF projects, including Birmingham BSF, which is the largest currently in procurement.
- Regained momentum on the £300m Workplace 2010 project in Northern Ireland following resolution of a legal challenge by an unsuccessful bidder. Preparation of Best and Final Offer in competition with one other party now underway.
- Completed acquisition of 25 interests in PPP projects for £247m bringing our total to £312m for the nine months to 31 December 2007. This included acquisition of a significant number of projects in deals negotiated on an exclusive basis, including purchases from Bilfinger Berger and Carillion. We also successfully integrated the AMEC team and investments into Trillium. With these acquisitions Trillium has cemented its position as the leading secondary investor in the PPP/PFI market.

FINANCE

As at 31 December 2007, the nominal value of our net debt (including joint ventures but excluding non-recourse debt in the PPP contracts) amounted to £6,179.5m (£6,605.0m at 30 September 2007) at an average cost of 5.6%. 74.0% of our debt was fixed. The market value of our debt and related interest rate swaps at 31 December 2007 was £6,102.3m.

During the quarter we bought back 450,000 shares at an average of 1427 pence per share.

Land Securities commenced payment of quarterly dividends this year. The third quarterly dividend will be 16.0 pence per share, of which 80% will be in the form of a Property Income Distribution payment. This will be paid on 25 April 2008 to shareholders on the register at 14 March 2008. On an annualised basis, this represents a 20.8% increase above the full year dividend for 2006/07. The Group offers shareholders the option to participate in a Dividend Reinvestment Plan (DRIP). For further details please refer to the Shareholder centre, within the Investor section of our corporate website www.landsecurities.com.

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Page 7 of 7

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

Conference call details:

UK dial in number: 0800 694 1503

International dial in number: +44 (0) 1452 586 513

Call title: Land Securities Quarter 3 Interim Management Statement

Conference ID: 30312029

A replay facility will be available to listen to immediately following the call for a period of 7 days

Encore Replay details:

UK dial in number: 0800 953 1533

International dial in number: +44 (0) 1452 55 00 00

Access number: 30312029#

For further information, please contact:

Francis Salway

Donal McCabe / Alison Flynn

Land Securities

T +44 (0)20 7413 9000

John Sunnucks / David Allchurch

Tulchan Communications

T +44 (0)20 7353 4200

Forward Looking Statements

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