# Press Release

19 January 2010

**Land Securities Group PLC (“Land Securities” / “the Group” / “the Company”)**

**THIRD QUARTER INTERIM MANAGEMENT STATEMENT**

In the third quarter Land Securities continued to focus on securing lettings and refining its development programme for a 2010 start on site for its West End development schemes.

- **Business positioned to exploit medium term opportunities**
  - Decision taken to start three London development projects in 2010 with a total development cost, including land and finance, of around £655m.
    Within these cost figures, the incremental capital expenditure to completion is around £345m.
  - £10m purchase out of administration of a retail development site with 200 ft of frontage onto Buchanan Street in Glasgow.

- **Further strengthening of the balance sheet**
  - Average debt maturity now 12.0 years (11.1 years at 30 September 2009).
  - Weighted average cost of debt of 5.3% (5.1% at 30 September 2009).
  - Group LTV at 31 December, based on 30 September 2009 asset values, was 49.1% (50.8% at 30 September 2009).

- **High level of lettings secured across the portfolio**
  - Achieved £9.8m of lettings in the period, giving £39.7m in the year to date.
  - A further £22.6m currently in solicitors’ hands.
  - One New Change retail now 68% let or in solicitors’ hands.

- **Operational performance**
  - Investment property sales completed in the quarter £249.3m at 1.2% below September 2009 valuation, at an average yield of 7.7%.
  - Voids in the like-for-like portfolio at 5.4% (5.0% at 30 September 2009). Within this, temporary lettings across the portfolio are occupying 22% of voids.
  - Units in administration down in the like-for-like portfolio at 1.7% (2.1% at 30 September 2009).

Commenting on the quarter, Land Securities Chief Executive Francis Salway said:
“The business continues to perform well against our operational targets and we are pleased that our portfolio is proving its appeal to occupiers with ongoing lettings, while our financial strength allows us to be first off the block with our London development programme.”

**LONDON PORTFOLIO**

There was one investment property disposal in the period, One Wood Street, EC2. Terms had been agreed for the sale in the second quarter and the sale completed in the third quarter for £105.5m, bringing to an end our recent programme of disposals. Disposals in the near term are likely to be limited and undertaken for capital rotation and portfolio management reasons.

Lettings have continued at One New Change, EC4 with the office space approximately one-third pre-let and the retail space now 68% let or in solicitors' hands. Recent retail lettings include All Saints, Reiss, Hobbs and a new Jamie Oliver restaurant concept. In terms of the remaining office space at One New Change, we have a confidence in the appeal of the building as it nears completion. Having refrained from aggressively marketing the space when City office leasing terms were at their weakest, we are now running an active leasing campaign.

At Dashwood House, EC2, a further 5.5 floors were let during the period, with an additional 3 floors in solicitors' hands. The building is now 77% let or in solicitors' hands.

Other lettings in the period included a further 32,000 sq ft at Thomas More Square, E1, and 40,000 sq ft at Arundel Great Court, WC2.

The void level on our like-for-like properties in our London Portfolio increased to 5.6% at 31 December (5.2% at 30 September 2009). The main drivers of this increase were a break clause on part of a City office building and a lease expiry at City Forum, EC1, where leases are beginning to expire in the run up to the property becoming a potential site for redevelopment.

Looking to the future, we expect good rental growth to emerge in the West End office market, and we will be the first to start large-scale development in this sector. We are in the process of placing construction contracts on three major developments:

- Park House, Mayfair, W1
  This scheme covers an entire city block of just over an acre on a prime Mayfair site with frontage onto Park Street, North Row and Oxford Street. The scheme will provide 165,000 sq ft of offices, 90,000 sq ft of retail and 60,000 sq ft of residential in 39 units. The total development cost, including land, finance and residential costs, is £415m of which the remaining capital expenditure to complete the scheme is £185m. Construction will begin in May 2010 for delivery in late 2012.

- Wellington House, Buckingham Gate, SW1
  The new Wellington House scheme will be a residential development of 60,000 sq ft providing 59 units. The total development cost, including land, finance and residential costs, is £55m of which the remaining capital expenditure to complete the scheme is £30m. Demolition will begin in April 2010 for delivery in mid 2012.

• Selborne House, Victoria Street, SW1
  This scheme will provide 250,000 sq ft of office accommodation, together with street-level shops and restaurants. The total development cost, including land and finance, is £185m of which the remaining capital expenditure to complete the scheme is £130m. The programme for start on site is being finalised, but the scheme is expected to be completed in 2013.

Also, during November 2009, full planning consent was granted at appeal for our 1 million sq ft mixed-use development of Arundel Great Court, WC2. Recent lettings have secured income on the site until the end of 2012, with the earliest delivery of the scheme not anticipated before 2015.

**RETAIL PORTFOLIO**

In December, we completed the purchase of the property known as “The Atlas Site” on Glasgow’s Buchanan Street for just under £10m. The site is directly opposite our Buchanan Galleries shopping centre, jointly owned with Henderson Global Investors, and has development potential with 200 feet of frontage onto Buchanan Street. The consented scheme is likely to have a total development cost, including land and finance, of approximately £75m.

Investment property sales of £143.8m, agreed in the summer, completed during the quarter. The largest transaction was the sale of a 50% share of our leasehold interests in Exeter city centre to The Crown Estate for close to £100m. We will retain the asset and property management function for the estate and will lead on any future development activity presented by the properties adjacent to the bus station site.

Units in administration reduced to 3.0% of rent roll, from 3.7% at 30 September 2009, as a consequence of increased letting of space and units moving from administration to void status. Consequently the void level on our like-for-like properties in our Retail Portfolio rose, albeit by a smaller amount, to 5.2% at 31 December 2009 (4.8% at 30 September 2009). Within this, temporary lettings across the Retail Portfolio are occupying 38% of voids.

Within our development programme we completed 18 lettings with an aggregate rent of £1.3m p.a. (Land Securities’ share) and have a further £2.6m p.a. in solicitors’ hands. In the nine months to 31 December 2009 we have completed 231 lettings within the Retail Portfolio including 67 development lettings. We have also seen a reduction in the time taken to agree new lettings using our new Clearlet lease, which was created in conjunction with retailers to simplify and speed up the leasing process.

In October we opened St David’s, Cardiff, our mixed-use retail centre developed in partnership with Capital Shopping Centres, drawing some 1.3 million customer visits in the first week and high footfall being maintained since then. We have secured a further 15 lettings in the quarter and there are 20 in solicitors’ hands. The scheme is now 69% let or in solicitors’ hands by income and has already resulted in Cardiff moving up four places in the Experian retail rankings to number six in the UK.

We also continue to make good progress with retailer discussions in relation to our proposed Trinity Quarter development in Leeds. During the quarter we concluded a number of lettings with further lettings in solicitors' hands, and we are making progress toward our pre-let threshold before committing to the start of the development.

**FINANCE**

As at 31 December 2009, net borrowings (including joint ventures) amounted to £4,149.0m (30 September 2009: £4,352.9m). Group LTV at 31 December 2009, based on 30 September 2009 asset values, was 49.1% (50.8% at 30 September 2009).

The Group extended £650.0m of bank bilateral facilities to the financial year ending 2015. The Group also repaid £360.0m of outstanding short-term debt as well as a £165.8m bank facility relating to Trinity Quarter, Leeds. The Leeds repayment reflects changes in the structure of the scheme's ownership and project timing and the closing-out of the facility's swaps resulted in a £30.4m cash payment. As a result of these actions, the average duration of the Group's debt is 12.0 years (11.1 years at 30 September 2009) with a weighted average cost of debt of 5.3% (5.1% at 30 September 2009).

The third interim dividend payment for the current financial year will be 7.0 pence per share. It will be paid on 1 April 2010 to shareholders on the register at 26 February 2010. The cash dividend will be paid entirely as a Property Income Distribution (PID).

Following the approval by shareholders of the introduction of a Scrip Dividend Scheme at a General Meeting on 14 December 2009, the Company offers its shareholders the option to receive a scrip dividend alternative, which will not be treated as a PID. The calculation price for the scrip dividend alternative in respect of the third interim dividend will be announced on 3 March 2010, and the latest date for election will be 11 March 2010.

Shareholders who wish to participate in the Scrip Dividend Scheme should complete a Mandate Form and return it to Equiniti, the Company's registrars. The Mandate Form is available at the Shareholder and Investor Information section of our website www.landsecurities.com. If a Mandate Form is completed, the election will remain in force until cancelled.

The scrip dividend alternative in respect of the second interim dividend paid on 15 January 2010 was taken up by the holders of 33% of the Company's issued share capital.

**– Ends –**

A conference call for analysts is being held today at 08:30 GMT
Conference call details:
Dial-in number: +44 (0) 1452 568 405
Call title: Land Securities Quarter 3 IMS
Conference ID: 49762942

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: 0845 245 5205
International dial in number: +44 (0) 1452 55 00 00
Access number: 49762942#

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**Forward Looking Statements**

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