Press Release

19 January 2011

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

THIRD QUARTER INTERIM MANAGEMENT STATEMENT

Land Securities has continued to execute its plan based on the attractive returns offered by developments, building revenue profit through lettings and recycling assets to reshape the portfolio and open up further opportunities. The Company has maintained high levels of activity across its London and Retail portfolios with the continued success on lettings underpinning confidence in its strategy.

Key themes:

Development

- Good momentum on development lettings:
  - One New Change, EC4 opened on 28 October and the retail element is now fully let. The office element is now 71% let or in solicitors' hands, bringing the asset as a whole to 80% let or in solicitors' hands.
  - Trinity Leeds – with a total development cost of £350m this is the largest new development commitment by a REIT in the UK since the downturn. Leasing progress continues to be good with the scheme now 45% let, 12% in solicitors' hands and a further 8% at an advanced stage of negotiations (combined total 65%). This represents a very high level of retailer commitment to the scheme despite being over two years from completion.
  - Park House, Oxford Street, W1 (where the Group has an ongoing profit share) - the retail units are now 85% in solicitors' hands.

- Key milestones on future development pipeline:
  - 20 Fenchurch Street, EC3 – during the quarter, the Group completed a joint venture agreement with Canary Wharf Group PLC and ground works for this 690,000 sq ft project are now underway.
  - 123 Victoria Street, SW1 – obtained planning consent and works now underway for delivery of 230,000 sq ft in 2012.
  - 110 Cannon Street, EC4 – obtained planning consent with scheme likely to start in May for delivery of 75,000 sq ft in 2012.
  - 60 Ludgate Hill and 30 Old Bailey, EC4 – planning application for two buildings totalling 380,000 sq ft on programme for submission later this month.
  - Victoria Transport Interchange, SW1 – compulsory purchase order (CPO) confirmed by Westminster City Council to enable final site assembly.
  - Atlas Site, Buchanan Street, Glasgow – high levels of interest from retailers expected to deliver sufficient pre-lettings to allow the scheme to start during 2011.

Asset management

- Active demand for space in investment portfolio:
  - Achieved £11.0m of lettings in total with a further £6.6m in solicitors' hands.
  - Office letting concluded with Bain & Co at 40 Strand, WC2 to double their floor space from 51,000 sq ft to 94,000 sq ft, and a restructured lease with Telecity to increase their floor space from 120,000 sq ft to 260,000 sq ft at Harbour Exchange, E14.
  - Lettings concluded for new or refurbished stores for John Lewis for their 'at home' format in Exeter and Chester.
  - Started work on a new 70,000 sq ft store for Primark in Livingston and also let 60,000 sq ft to Primark in Sunderland.
  - Voids in the like-for-like portfolio down to 5.7% (5.9% at 30 September 2010). The void level includes units let on a temporary basis at 1.2%. A further 0.6% is under offer.
  - Units in administration down in the like-for-like portfolio at 0.3% (0.4% at 30 September 2010).

- Positioned to take advantage of the right buying opportunities:
  - Completion of the purchase of the Overgate Centre in Dundee for £141.0m, showing an initial yield of 6.9% on a rack-rented modern shopping centre.
  - Contracts exchanged for the sale of Christ's Lane, Cambridge (conditional on freeholder consent) for £33.2m to show a 5.25% net initial yield to the purchaser.
  - Total property acquisitions in the quarter of £159.4m at an average yield of 6.8%. Cumulative property acquisitions in the nine months to 31 December 2010 of £331.0m at an average yield of 6.3%.
  - Total property sales in the quarter, including the 50% interest in the 20 Fenchurch Street, EC3, site, totalled £59.8m at 1.2% below March 2010 valuation, at an average yield of 1.9%. Cumulative property sales in the nine months to 31 December 2010 totalled £517.1m at 4.2% above March 2010 valuation, at an average yield of 2.8%.

Balance Sheet

- Further improvement in flexibility and cost of debt:
  - Successful tender for 2015 bonds with £269m repurchased.
  - Weighted average cost of debt at 4.9% (5.3% at 30 September 2010).
  - Average debt maturity now 11.6 years (11.9 years at 30 September 2010).
  - Group LTV including joint ventures at 31 December 2010, based on 30 September 2010 asset values, of 41.7% (42.1% at 30 September 2010).

Commenting on the results, Land Securities' Chief Executive Francis Salway said:

"Our focus on executing the plans we laid out for the year is bearing fruit. Having initiated a large development programme, we are delighted to have achieved lettings on a number of projects which will drive both valuation surpluses and income growth.

"We enter our final quarter confident in our ability to continue to exploit the opportunities we have created across our portfolio as well as reacting to wider market activity, such as the earnings accretive acquisition of the Overgate Centre in Dundee at an attractive yield of 6.9%.

"We expect a wider range of buying opportunities in 2011, although current flows of capital into the sector mean that bidding may remain competitive. The first quarter of 2011 is likely to see mixed news flow around the consumer and the economy, but we expect occupational demand from large corporates to remain steady. It is our expectation that we will soon be in a position to start a further retail development at the Atlas Site in Glasgow, such is the interest in the new space that will be created."

LONDON PORTFOLIO

During the period our retail and office development at One New Change, EC4 reached practical completion with the shopping centre opening on 28 October. The retail units are fully let, with the majority of units trading ahead of expectations. The office space, completed to shell and core finish, is now 51% let with a further 20% in solicitors' hands bringing the development as a whole to 80% let or in solicitors' hands and we have good interest in the remainder of the space. Average office rents on lettings completed to date are £59.40 psf.

At Wellington House, SW1, a further six apartments have exchanged or gone under offer since 30 September bringing the total to 46 apartments sold or under offer delivering expected revenue of £57.6m. These sales virtually cover the cost of the development. The remaining apartments have a combined asking price of around £30m and we will hold back on the timing of the sale of these apartments to maximise profits.

At Park House, Oxford Street, W1, where we have an ongoing profit share, the retail units are now 85% in solicitors' hands.

We have also achieved further lettings at our recently completed developments. Dashwood House, EC2, is now 90% let with a further 6% in solicitors' hands. 30 Eastbourne Terrace, W2, is now fully let having secured lettings on 18,500 sq ft in the period.

In October, we formed a joint venture with Canary Wharf Group PLC to take forward the development of 20 Fenchurch Street, EC3. Work on site is underway, with completion of the structure to ground floor level planned for February 2012.

Planning permission has been received for our office refurbishment schemes at 123 Victoria Street, SW1, and 110 Cannon Street, EC4. Work has started at 123 Victoria Street, SW1 (total development cost of around £160m including land and capitalised interest) and we expect to start our scheme at 110 Cannon Street, EC4, in May. These assets will deliver 305,000 sq ft of repositioned office space early into the cycle, with completion in 2012. Work continues on the planning application for 60 Ludgate Hill and 30 Old Bailey, EC4 for two buildings totalling 380,000 sq ft. We expect the application to be submitted later this month with the site available for redevelopment from July 2011.

We remain committed to delivering space into a supply constrained market and our actions in taking money off the table in our development pipeline, as at Park House, W1, mean we can bring forward these additional projects which aim to deliver first class solutions in different locations for a diverse range of occupiers.

Investment property lettings in the quarter totalled £7.7m across 23 lettings with a further £1.1m in solicitors' hands. These lettings included 40 Strand, WC2, where we took a 51,000 sq ft lease surrender from an occupier and let 94,000 sq ft in a new lease to Bain & Co, doubling their presence in the building. At Harbour Exchange, E14, Telecity entered into a new overriding lease for 260,000 sq ft, conditional on planning.

The void level on our like-for-like properties in our London Portfolio was 7.0%, at 31 December 2010, up slightly from 6.9% at 30 September 2010. Excluding pre-development properties, the voids on the remaining like-for-like properties were 3.8%. Units in administration were nil (nil at 30 September 2010).

RETAIL PORTFOLIO

During the period we purchased the Overgate shopping centre, Dundee, from the Lend Lease Overgate Partnership for £141.0m representing a yield of 6.9%. The centre is the dominant retail offer in Scotland's fourth largest city, and is considered to be let at or around current rental values in the range of £50 psf to £100 psf zone A.

Disposals totalled £17.5m, consisting mainly of a retail warehouse park sold in Milford Haven. In addition, contracts have been exchanged conditionally for the sale of Christ's Lane, Cambridge (conditional on freeholder consent) for £33.2m, to show a 5.25% net initial yield to the purchaser.

Further progress on leasing at Trinity Leeds, has taken the development to 45% let, 12% in solicitors' hands with a further 8% in negotiations. Recent lettings include c.12,000 sq ft at roof top level to international restaurant operator, D&D. The scheme continues to attract substantial interest and with two years to completion and moving towards being 65% let, it remains on target to be one of the most profitable developments we undertake this cycle.

In Glasgow, we continue to see significant interest from retailers in our Atlas development, a site we acquired in December 2009, and we are expecting to start work this year on the development which will provide 9 retail units together with residential flats.

Work started in October on the new 70,000 sq ft Primark store in Livingston which is due for completion in spring 2012, and we have also signed up Primark for a new store at The Bridges, Sunderland.

During the period we completed two developments for Sainsbury's; a 90,000 sq ft supermarket in Livingston and a 40,000 sq ft extension to an existing store at Lincoln, the latter through our Harvest joint venture with Sainsbury's. Both stores started trading in December. At the end of December we achieved planning consent for an extension to the Sainsbury's store in Wandsworth (also part of the Harvest joint venture); we have secured planning permission for a 30,000 sq ft extension to the Sainsbury's store, 20,000 sq ft of additional retail space, a 120 room hotel and a car park.

In December, our St David's shopping centre in Cardiff won the Supreme Gold Award 2010, the highest honour for overall winner, from the British Council of Shopping Centres. The Cardiff centre, a joint venture with Capital Shopping Centres, is now 81% let or in solicitors' hands, and enjoyed a footfall of 37 million in the 2010 calendar year, which was materially ahead of the targeted 31 million.

During the period, investment property lettings totalled £3.3m across 34 lettings with a further £5.5m in solicitors' hands. The lettings included new or refurbished stores for John Lewis for the 'at home' format in Exeter and Chester. In addition, we have prelet 70,000 sq ft to a leading fashion retailer in an extension to our Westwood Cross centre in Thanet, Kent.

The void level on our Retail Portfolio like-for-like properties was 4.6% at 31 December 2010, down from 4.9% at 30 September 2010. Temporary lettings accounted for 1.8% within this void figure. A further 0.7% is in solicitors' hands. Units in administration reduced to 0.6% from 0.8% at 30 September 2010.

FINANCE

As at 31 December 2010, net debt (including joint ventures and adjusted for the nominal value of our bonds) amounted to £4,197.6m (30 September 2010: £4,149.6m). Group LTV including joint ventures at 31 December 2010, based on 30 September 2010 asset values, was 41.7% (42.1% at 30 September 2010).

In December, the Group completed a successful tender for the 2015 Class A2 bonds with the repurchase of £268.8m bonds out of the £391.5m in issue, at a premium of £22.1m. The repurchase was funded through drawing bank facilities, reducing the proportion of our debt which is at a fixed rate or hedged to 89.0% (97.5% at 30 September 2010). The weighted average cost of debt is now 4.9% (5.3% at 30 September 2010), and the average duration of the Group's debt is 11.6 years (11.9 years at 30 September 2010).

The third interim dividend payment for the current financial year will be 7.0 pence per share. It will be paid on 25 April 2011 to shareholders on the register at 18 March 2011. The cash dividend will be paid entirely as a Property Income Distribution (PID).

The Group offers its shareholders the option to receive a scrip dividend alternative which, as in the case of the first and second interim dividends, 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 23 March 2011, and the latest date for election will be 4 April 2011.

– Ends –

A conference call for analysts is being held today at 08:30 GMT
Conference call details:
Dial-in number: +44 (0) 1452 555 566
Call title: Land Securities Q3 IMS
Conference ID: 36099808

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: 36099808#

For further information, please contact:

Francis Salway / Donal McCabe
Land Securities
T +44 (0)20 7413 9000

John Sunnucks / David Allchurch
Tulchan Communications
T +44 (0)20 7353 4200

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.