

Press Release

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18 May 2011

LAND SECURITIES GROUP PLC (“Land Securities”/“Group”)

Financial results for the year ended 31 March 2011

“The clear plan we put in place to manage the business as the sector emerged from the downturn is delivering results in the form of higher earnings and significant valuation surpluses on development projects.”

Results summary

	31 March 2011	31 March 2010	Change
Valuation surplus ⁽¹⁾	£908.8m	£863.8m	9.7%
Basic NAV per share	885p	750p	Up 18.0%
Adjusted diluted NAV per share ⁽²⁾	826p	691p	Up 19.5%
Group LTV ratio ⁽¹⁾	39.0%	43.5%	
Profit before tax	£1,227.3m	£1,069.3m	Up 14.8%
Revenue profit ⁽¹⁾	£274.7m	£251.8m	Up 9.1%
Basic EPS	162.33p	144.04p	Up 12.7%
Adjusted diluted EPS	36.31p	34.08p	Up 6.5%
Dividend	28.2p	28.0p	Up 0.7%

1. Including share of joint ventures
2. Our key valuation measure

Strong performance

- Total business return (dividends and adjusted NAV growth) of 23.6%
- Ungeared total property return 16.8%, outperforming IPD Quarterly Universe at 11.3%
- Completed disposals of £687m at an average of 12.7% above March 2010 valuations
- Rental values up 4.7% across total like-for-like portfolio since March 2010
- Voids in like-for-like portfolio reduced to 4.3% (5.3% at 31 March 2010)
- Group LTV ratio including share of joint ventures at 39.0% (43.5% at 31 March 2010)
- Recommended increase in final dividend to 7.2p (from 7.0p)

Developments driving returns with scope for continuing positive contribution

- Valuation surplus on properties in the development programme of 19.4%
- £26m of development lettings in the year and £2m in solicitors' hands
- Park House, W1, development site sold for total consideration of £296m
- One New Change, EC4 opened with retail element fully let and offices now 73% let
- 54 out of 59 residential apartments at Wellington House, SW1 pre-sold
- Trinity Leeds development started and already 58% pre-let or in solicitors' hands
- 185 - 221 Buchanan Street, Glasgow started on site and 69% pre-let
- On site at 123,580 sq m of development schemes in London:
 - 123 Victoria Street, SW1
 - 110 Cannon Street, EC4
 - 62 Buckingham Gate, SW1
 - 20 Fenchurch Street, EC3
 - Wellington House, SW1 (trading property)
- 34,850 sq m of further London development planned to start in 2011/12 at:
 - 30 Old Bailey and 60 Ludgate Hill, EC4
- 331,650 sq m of opportunity in future developments with planning consents obtained or planning applications submitted:
 - 209,850 sq m in London
 - 121,800 sq m in Retail

Asset management initiatives creating growth

- £31m of investment lettings in the year, £10m of conditional lettings and £11m in solicitors' hands
- 40,100 sq m of space pre-let to Primark in five transactions at Livingston, Thanet, Leeds, Sunderland and, conditionally, at Oxford Street, W1
- John Lewis committed to 'at home' shops in Chester and Exeter
- Two new stores completed and opened for Sainsbury's
- Significant new leases completed on offices in London with News International, Bain & Co and, conditional on planning, Telecity

Earnings growth focus

- Voids in like-for-like portfolio reduced to 4.3% (5.3% at 31 March 2010), of which 0.9% is subject to temporary lettings
- Retail like-for-like voids down to 4.9% (6.1% at 31 March 2010)
- London office like-for-like voids down to 3.7% (4.9% at 31 March 2010)
- Units in administration reduced to 0.4% (1.8% at 31 March 2010)
- Positive yield differential between purchases and sales with an average yield on purchases of 5.2% and on sales of 3.0%

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

"This was a year of continued recovery in our market and strong progress by Land Securities. Our focus on development, our disciplined approach to acquisitions and disposals and our asset management activities have all delivered significant momentum across the business.

"In London, we are developing schemes to meet the anticipated under-supply of new office floor space, which may be even more acute than originally forecast. In Retail, our focus covers both a small number of development projects grounded on pre-lettings and the recycling of assets to ensure the portfolio is well matched to the emerging patterns of demand from retailers. We also benefit from a favourable portfolio mix with 43% of assets in central London offices and 61% in Greater London as a whole.

"We remain of the view that our markets are in recovery mode and we see particularly strong growth prospects in London over the next few years. We may continue to see ripples in prices, but we go into the new financial year confident in our plans and well positioned to address growth opportunities. By restarting development first, we signalled our intention to be proactive in driving returns as the market turned. Our strong balance sheet, access to capital, excellent occupier relationships and property skills equip us to create value in this market. Our focus is on turning these strengths into strong and tangible returns for shareholders."

-Ends-

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Notes to editors

A live video webcast of the presentation will be available on <http://www.landsecurities.com/prelims2011> at 9.00am BST. Please also note that there will be an interactive Q&A facility on the webcast. A downloadable copy of the webcast will then be available at the same address from 3pm.

We will also be offering an audio conference call line. We recommend that you dial in to the call 10-15 minutes before the start of the presentation due to the large volume of callers expected, dial-in details are as follows:

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Dial-in number: +44 (0) 1452 555 566

Call title: Land Securities' Preliminary results

Call ID number: 61649117

An interview with Francis Salway, Chief Executive, and Martin Greenslade, Group Finance Director, is available at <http://www.landsecurities.com/prelims2011>