TEXT FOR CONFERENCE CALL ON Q1 INTERIM MANAGEMENT STATEMENT

16 JULY 2007

Francis Salway – Group Chief Executive
Good morning. I am Francis Salway, and I have with me Martin Greenslade, our Group Finance Director.

This morning, we published our first Quarterly Interim Management Statement.
It demonstrates considerable activity across the Group. The highlights are:

- Firstly, we have agreed terms to let another 645,000 sq ft from our London development programme. To put this in context, we leased 650,000 sq ft of London office development space during the whole of our 2006/7 financial year - and that was widely recognised as being a strong year.

- Secondly, we have successfully sold just under £500m of investment properties at 3.8% above the March 2007 valuation. This is calculated pre disposal costs.

- Thirdly, we have been successful on both sales and acquisitions of PPP contracts within Land Securities Trillium. I will expand on this in a minute.

Turning more specifically to each of the areas of the business, I will start with our London Portfolio. We have a substantial and well-timed development programme with 2.4m sq ft under construction. Of this, just under 1.5 m sq ft is due for completion this financial year. I mentioned earlier that we currently have 645,000 sq ft of offices in solicitors' hands. This relates to the proposed letting of Bankside 2 and 3 to RBS; the letting to K&L Gates at One New Change; the letting to Speechly Bircham at New Street Square together with other small lettings at New Street Square and Cardinal Place.

At 20 Fenchurch Street, we received notification on Tuesday of last week that the Minister has confirmed the grant of planning consent for our proposed tower building. We are delighted that the design qualities of the building have been recognised, vindicating our selection of an internationally renowned architect, Rafael Viňoly. Demolition works are already under way and will complete in March next year. And we will now be reviewing risk management for the delivery of the project - in the context of our overall development programme.

In terms of capital transactions in London, we were delighted to have completed the purchase of a further 50.5% interest in Times Square in Queen Victoria Street in the City, in which we already had a 44.5% interest.

As reported in the press, we have also agreed terms to acquire Thomas More Square, immediately to the east of the City. This complex provides over 550,000sq ft on a 4.2 acre site and is let at low rents averaging £28 psf. What particularly attracts us to the investment is that approximately half the floor space, some 280,000 sq ft, will come back to us in 2008, in two tranches. Our projections are that vacancy rates in the City will be at the low point in 2008, and we are delighted to be able to access vacant space 12 months out in a way that we could not if we were to start a new development now.

We sold two London office investments during the quarter - a multi-let building in EC3, New London House and a very small office building in Gough Square in Holborn. The latter we swapped for an investment in Southwark which adjoins an existing holding of ours. We also sold a development site in Stamford Street and Blackfriars Road in Southwark, benefiting from having established the likelihood of getting a substantial planning consent - and doubling our money since acquisition.

Turning to our Retail Portfolio, we are now 91% let or in solicitors' hands on our two major development schemes due for completion in the 2007 calendar year in Exeter and Cambridge. I attribute our success here to the quality of these schemes and the depth of experience of our specialist retail leasing team.

In terms of capital transactions in the retail sector, during the quarter we exchanged contracts and agreed terms for the sale of over £550m of retail properties. The figure for sales actually concluded in the quarter was just over £300m. The completed disposals included our 50% interest in the East Kilbride shopping centre together with retail warehouse assets in Derby, east Manchester, High Wycombe and Stockton on Tees.

For Land Securities Trillium, the key highlights on our existing property outsourcing contracts were:

- Firstly, the run rate of disposals of surplus space under the DWP contract was greater than last year and exceeded the vacation notices we received from our client during the quarter.

- Secondly, on the DVLA contract, we closed three scope extensions to contract to provide an additional 75,000 sq ft of accommodation involving a capital investment of some £26m over the next 18 months. These scope extensions are priced to deliver us the same ungeared IRR as applied at the outset of the DVLA contract, namely 9%.

In the PPP sector, we have commenced preliminary marketing for our fund, which we expect to be launched during the 2007 calendar year.

We have also exchanged contracts, and agreed terms for the sale of two non-core utility businesses we acquired with SMIF. The aggregate sale prices are approximately £45m and show an attractive uplift on our original acquisition cost.

In terms of purchases of PPP contracts, we made seven PPP acquisitions in the quarter for a total of £65m. Since the quarter end, we have also exchanged contracts for the purchase of the AMEC PPP business for £164m. This business has nine contracts in the healthcare, transport and education sectors. Over half of the assets are subject to pre-emption rights in favour of joint owners and, in light of these pre-emption rights, completion is targeted for the end of October.

On primary bidding in the PPP sector, we have been short listed for Building Schools for the Future projects in Birmingham, Kent and Tameside in Manchester, where the initial phases involve in excess of £200m of total capital. Birmingham is the largest BSF project brought to market to date.

On 5 July our Urban Community Development team met with considerable success as Dartford Borough Council resolved to grant outline planning permission for the Eastern Quarry site in Kent. The issue of highway contributions, which previously held up the consent, has now been resolved. Formal grant of the consent notice and completion of the Section 106 Agreement are expected in early August. This is one of the larger planning consents granted in the UK and represents a significant milestone for the project - and comes in the year that the Eurotunnel station at Ebbsfleet opens for international traffic.
We are delighted to have made so much progress across so many fronts of the business.

Looking forward, we will create value through:

- Firstly, our substantial exposure to the London office market.

- Secondly, the scale of our development programme, where we have demonstrated a track record of success on project delivery and leasing.

- Thirdly, the fact that over 70% of our development pipeline is in London.

- Fourthly, the quality of our retail assets and the fact that over 30% of our town and city centre retail assets are in Greater London, where retail sales growth has recently been running at over twice the UK average.

- And lastly, our substantial investment in Trillium, which we are confident will deliver higher returns than general commercial property in the UK over the next few years.

Now just before we move to questions, I am conscious that the issue of share buybacks is a topical one and so I thought it might be helpful to comment on our position on this. At tomorrow's AGM, shareholders will have the opportunity to vote on a resolution which will enable us to buyback shares. And we are of course open to the principle of share buybacks having bought shares back previously and most recently last summer. Any share buyback by us would be tactical rather than strategic. We would not be doing it to restructure our balance sheet and so we would not set a precise target amount.

Just as we normally budget each year for a certain amount of low yielding, high return property acquisitions, so we are prepared to accept a certain amount of earnings dilution from buying back shares at levels which we consider represent attractive value. And whilst we don't intend to be drawn on the pricing and volumes of any possible buyback it will be determined by a combination of firstly pricing between our shares and the direct property market; secondly the impact on our financial statements; and thirdly capital flows particularly from our development, capex and sales programme.

We will now be pleased to take questions.

Harm Meijer:
Good morning. I just wanted to know about the pipeline. In terms of the office lettings, how much would you actually say those are above budget? And second to this, for the shopping centres can you also give an update on the letting progress there, what you actually see within the market? And probably also on Corby?

Francis Salway:
In terms of the London office lettings we have seen within the last four months or so further increases in rental value and we are achieving rents probably some 5 to 10% ahead of those which we have been setting some months ago. The benefit is accentuated further when we take into account shortening of rent free periods as well. In terms of retail lettings, the conditions for leasing on retail development schemes is very consistent with the conditions we have experienced over the last 9 months or so. And on Corby we commented at our May Preliminary Results presentation that we had 8 units left to let. We are now slightly below that. We are in discussions on all of those units which are not yet spoken for.

Harm Meijer:
Yes, thank you very much Francis. With regard to the Monthly IPD numbers we have seen up till June, would you say that the same kind of trend, in terms of capital growth and yields, is also happening within your own portfolio or would you say it is slightly different?

Francis Salway:
We would see the June IPD monthly index figures as being broadly consistent with the outlook we gave for the market in May. It is also consistent with our experience on sales. While we were up by 3.8% across all our sales, we were down marginally on the retail sales by an average of 1.4%. Within retail one or two assets were sold above valuation but the average was down 1.4%.

Harm Meijer:
Okay, thank you. And then the last one: there is currently I would say a difference between prime and secondary property, how would you actually see that at this moment and how do you see the difference going forward? That's my last question and thank you very much in answering that.

Francis Salway:
Thank you. We would make the distinction between assets with rental growth potential and those with limited rental growth potential. And we have actually had some evidence of this with London retail, as I said there is strong retail sales growth. And some London retail assets have sold extremely well because there is a strong outlook for rental growth. So I wouldn't necessarily make the distinction purely by reference to quality of assets, I think it is about growth prospects.

Harm Meijer:
Okay, thank you very much

Remi Antonini:
Yes good morning. I just wanted some clarification regarding UK retail and market conditions. You talk about stable headline rents, is that the same for rent free periods, are they stable as well, and what about the average lease duration?

Francis Salway:
We made a comment in spring this year that leasing incentive packages on retail development schemes had remained broadly constant. They had increased during 2006, but our experience in 2007 is that they have remained broadly constant.

Remi Antonini:
So it is the same over the last quarter?

Francis Salway:
Yes. And in terms of lease lengths, possibly a slight reduction; typically mall units are now either 10 or 15 years in duration. It is hard to pick up any precise change in average length.

Remi Antonini:
Okay. And you talk about tactical share buyback rather than strategic, so you are currently happy with your level of gearing, right?

Martin Greenslade:
Yes, we are. We are happy with the level of gearing and we would expect that by setting up the fund for the PPP assets we can get some cash back through that process. Plus we have our sales programme that as we say in the release today is around £1.25 billion of sales since the 1st January.

Remi Antonini:
So why is it you think you don't have room for a strategic buyback?

Francis Salway:
Well, Remi, if we look at our levels of gearing we look at where we see the market at the moment in terms of capital value, growth prospects and so on. We don't think this would be the point in the cycle to be gearing up significantly from where we are.

Remi Antonini:
Thank you.

John Fraser-Andrews:
Good morning gentlemen. The first question is around the central London portfolio. Firstly could you elaborate on the rent that you have achieved at Bankside with RBS. And in relation to that, Francis, you referred to your, I believe it was the capital performance of your London portfolio in London, could you elaborate on the rental growth performance of London in the three months? And perhaps just trot around your main clusters as to where you are seeing the stronger rental growth?

Francis Salway:
I am afraid we are not able to comment on the RBS rent as that is a transaction which is in solicitors' hands but not yet concluded. In terms of trends in rents across the various parts of the market, if I pick first Victoria, which actually had a slightly flatter rental growth profile last year, we have seen both on some older assets and on the remaining space that we have in Cardinal Place, a further step up in terms of rental values. We also have a holding around New Street Square, and there we have said that on the upper floors of the building we expect to let rents which are materially ahead of those achieved to date. Now it has been reported that we are quoting over £70 on the top floor. That clearly sets a rental high for the mid-term market by quite a margin. It will not necessarily translate into all the other space at New Street Square because that would be one smallish floor at the top of the building, but it is indicative. And I think it has been widely reported in the press that the city has seen a marked pickup in rents and it has been reported that our transaction with K&L Gates is at a figure over £60 a square foot. We did say in May that the City could surprise on the upside and I think it is, with considerable commitment to development being made, both for schemes completing in this year but also for next year.

John Fraser-Andrews:
The IPD monthly market is showing rental value growth in the City of just under 3% and in Mid-Town and West-End over 4%. Would you say you are comfortably through those figures on the rental deals that you have struck so far across your cluster portfolios?

Francis Salway:
I think as we are not reporting full financial results with a valuation it would be wrong to give specific guidance. But I hope I have given a flavour as to a very positive trend generally in terms of both take-up and then the impact that it has on rental values.

John Fraser-Andrews:
The last question is regarding the Ebbsfleet permission that you have achieved and also the infrastructure and negotiations. Have those been in-line with the land value that you disclosed at prelims?

Francis Salway:
Yes, they have. And some of the complexity of the discussions was around the basis that you commit to future contributions several years out. And so that was what took quite a bit of time in the discussions. Because of course the Highway Authorities need to know that the commitment to put money into road infrastructure is there irrespective of the pace of rollout of the scheme.

John Fraser-Andrews:
And the scale of the permission on the residential side was that as you were expecting?

Francis Salway:
Yes, that's the one bit that hasn't changed for probably as long as 5 years.

John Fraser-Andrews:
Thank you very much.

Quentin Freeman:
On the sales you have reported since the Q1, i.e. the additional £250 million, do we assume it is a similar level of increase as the 3.8% as in Q1?

Francis Salway:
I am afraid we can't comment on that. Again, it is the point I made in connection to RBS, with the transaction in solicitors' hands we would not comment on detailed pricing.

Quentin Freeman:
Are you happy with the levels of sales, the pricing you are getting?

Francis Salway:
Yes we are happy.

Quentin Freeman:
Secondly on 20 Fenchurch Street what are your plans going forward now, because I think Mike Hussey was quoted in the papers as being more positive on the City. Are you saying you are more positive on the City? Does that mean you are going to become more bullish about proceeding with 20 Fenchurch Street?

Francis Salway:
Clearly 20 Fenchurch Street is in our reported development pipeline and we have started demolition. And I think perhaps the analogy is the Bankside and New Street Square schemes,

where we deliberated with success the right way to manage risk on schemes of 600,000 square feet plus. We will go through a similar exercise on 20 Fenchurch Street. I think what is very positive is that we have a number of options as to how we manage risk in delivery of what is quite large project.

Quentin Freeman:
Are you able to phase it?

Francis Salway:
We are not able to phase it in the same way but we still have a number of options as to how you deliver the scheme. Whether we conclude that we have made such good progress on the balance of our developments in terms of lettings that we are happy to deliver it, without a pre-let, or whether we have a pre-letted part or bring in a development partner.

Quentin Freeman:
Thank you. And then finally onto the Building Schools for the Future project, you talk about initial phases involving an excess of £200 million, what would the total commitment be?

Francis Salway:
It's very much delivered in two phases. The total will be around £500 million potentially. Both those numbers of £200 and £500 million are total capital, not our equity.

Quentin Freeman:
Right. Great, thank you very much.

John Fraser-Andrews:
Just a question on the Retail Park portfolio which clearly took a small backwards step at the end of your last financial year. You reported at the time as saying that conditions have improved slightly, could you just comment on the investment sales that you have made, whether it was in those Retail Parks that you saw a small deficit and how you see that portfolio performing over the current year?

Francis Salway:
In terms of our retail sales, on the retail warehouses more was slightly above valuation than were below. The asset which actually influenced the overall outcome on sales relative to valuations was East Kilbride which we owned jointly with British Land. That was sold slightly below valuation but within 3% of valuation, which is fairly standard sort of margin of variation. And in fact interestingly we made up that differential through the pricing of the debt and the benefit we got on that.

John Fraser-Andrews:
Okay and the Retail Parks?

Francis Salway:
Retail Parks were sold on average, at slightly above valuation.

John Fraser-Andrews:
And your outlook on your Retail Park portfolio going forward in terms of how you are seeing the market and any asset management initiatives?

Francis Salway:
Yes, I think our views on the outlook for that market are very much as we stated in May. And it comes back to the point I made earlier, the key will be the differentiation between assets that have growth potential and those that have limited growth potential. One of the points which became evident from our year end valuation was that on some of the larger units there had been a reduction in rental value. But there is of course a tension behind that in that the rent review is by reference to the rental value of the whole unit. Of course if you can negotiate a surrender of the lease you then have an opportunity to create an increase in rent to breaking the unit up into smaller units.

John Fraser-Andrews:
Thank you.

Francis Salway:
Thank you very much. I would just like to recap on the highlights from this our first Interim Management Statement. These are:

- Firstly, the leasing of our London office development projects is going extremely well. It is ahead of internal targets in terms of volume of lettings and also shows continuing growth in rental values.

- The second point is that we have a large ongoing development programme and we have had big success in terms of winning planning consents for two major opportunities for the future.

- Thirdly we have executed well on our sales programme and have achieved prices above valuation.

And finally our purchase of additional PPP contracts demonstrates the vibrancy of the SMIF business which we acquired.

So in conclusion thank you for joining the telephone conference call and for putting questions to us. Thank you. Goodbye.

Martin Greenslade:

Thank you.

- ENDS –

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.