

# Press Release

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**For immediate release**

16 July 2008

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

## **LAND SECURITIES – FIRST QUARTER INTERIM MANAGEMENT STATEMENT**

Key statistics for the quarter were:

Investment property sales	£67.2m at 0.2% below March 2008 valuations
Development lettings	£5.0m p.a. of lettings completed
Trillium surplus space disposals	58,300 sq m of disposals of surplus space
Portfolio voids	3.5% on like-for-like portfolio (3.4% at 31 March 2008)

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

“During the quarter, we continued to make progress on lettings and asset sales, but at a slower rate which reflects the wider market conditions. We believe that occupier reaction to economic conditions will be the key factor in determining property performance over the next 12 months.

“We remain well positioned with moderate gearing, proven leasing skills and limited development completions in London over the next two years. This gives us the confidence to progress planning applications for projects to be delivered in the next decade and also the flexibility to take advantage of opportunities which may arise. Meanwhile, we have made good progress with our internal preparations for demerger, and implementation will be taken forward when market conditions are favourable.”

## **LONDON PORTFOLIO**

### **Investment activity**

- We have completed £44.0m of property investment sales, the largest of which was the disposal of Turnstile House, WC2. The sales were at 5.0% below the March 2008 valuation (before disposal costs).
- Acquisitions totalled £21.2m during the quarter and related to site assembly for future development projects.
- The void level on the like-for-like properties in our London portfolio was 2.7% at 30 June (2.7% at 31 March 2008).

### **Development activity**

- During the quarter, we completed our refurbishment of 6,150 sq m of offices at 10 Eastbourne Terrace in Paddington, W2. The building is now 100% let.
- On the small element of offices at our New Street Square development which has not already been let, we have now agreed terms to let 2,170 sq m to a single occupier. The remaining vacant office space totals just 4,310 sq m out of a total of 62,340 sq m.
- We received a resolution to grant planning consent for the redevelopment of 30 Old Bailey, EC4 to provide 39,300 sq m of office accommodation and 3,800 sq m of retail space. The current leases on the property run until June 2010.
- We have been progressing the design for a number of development projects to be delivered from 2012, and we expect to submit planning applications on Victoria Transport Interchange in SW1, Arundel Great Court in WC2 and Selborne House in SW1 in the autumn of this year.

### **Urban Community Development**

- We entered into a partnership agreement with the Ministry of Defence to promote the development of the former Chattenden Barracks, near Chatham. The 320 hectare site is identified in the local plan for development and can provide over 5,000 homes. We will take the lead role to secure planning permission, invest in infrastructure and manage subsequent land sales on behalf of Defence Estates, who still own the site. The majority of the site will remain in operational use until 2012, after which initial sales of development land will commence. Our expenditure incurred in obtaining planning permission and delivering infrastructure will be reimbursed from sale receipts prior to an allocation of the net receipts between the parties.

## RETAIL PORTFOLIO

### Investment activity

- We concluded a property swap with Hammerson, under which we acquired a number of shops on Sidwell Street, Exeter adjacent to the bus station site for £17.4m and we sold to Hammerson our 50% interest in our joint venture with them on Parc Tawe Retail Park in Swansea for £19.4m.
- Our total disposals during the quarter totalled £23.2m and were at 10.2% above the March 2008 valuation (before disposal costs).
- There were no material acquisitions during the quarter other than the property swap with Hammerson referred to above.
- The void level on the like-for-like properties in our Retail portfolio was 4.1% at 30 June (4.0% at 31 March 2008).

### Development activity

- We have completed a further 34 retail development lettings at an aggregate rent of £3.7m p.a. (Land Securities' share).

Approximately half of the lettings were at the Cabot Circus scheme in Bristol, which is being undertaken in partnership with Hammerson, and is now 82% let or 87% let/in solicitors' hands (by income).

- During the quarter we commenced demolition on the Trinity Quarter scheme in Leeds, where we have a 75% stake in a partnership with Caddick Developments. We also raised additional facilities of £352m of external development finance for the project. We have agreed terms to let 18% (by income) of the new build element of the project. Including the existing Plaza Centre which is to be refurbished, the project is now 31% let or in solicitors' hands in overall terms.
- We obtained planning consent for the refurbishment and remodelling of our existing St John's Centre in Liverpool, where the current floor area of 33,450 sq m will be increased to 44,600 sq m. This project does not yet form part of our formal development pipeline, but can be delivered from 2013.

## **LAND SECURITIES TRILLIUM**

### **Existing Contracts**

- We disposed of 44,900 sq m of surplus leasehold space on the Department for Work and Pensions (DWP) contract through lettings or lease surrenders, the most significant of which was the letting of 19,200 sq m to EDS at Heyhouses Lane, Lytham for £1.5m per annum.
- Vacation notices issued by DWP during the first quarter totalled 18,358 sq m (70% leasehold and 30% freehold). This compares to an average quarterly figure during the year to 31 March 2008 of 33,000 sq m.
- 13,400 sq m of surplus Royal Mail and Barclays properties were disposed of through lettings or lease surrenders.

### **New Business**

- Our final bid was submitted for the Northern Ireland Workplace 2010 project on 2 June 2008. We expect to hear in the autumn whether we have been successful.
- We are working towards financial close on our Preferred Bidder projects namely the Defence Training Review, Norfolk Waste, Kent Building Schools for the Future (BSF), Inverclyde Schools and Thornton Hall Prison.
- We continue to pursue projects where we and our joint venture partners are shortlisted, namely Birmingham BSF, Worcester Library, Tayside Mental Health and four streetlighting projects.
- It has also recently been announced that we are on the shortlist, in a joint venture with United Utilities, as one of four bidders for the next stage of the Merseyside Waste PFI project.

## **FINANCE**

- As at 30 June 2008, net borrowings (including joint ventures but excluding non-recourse debt in PPP contracts) amounted to £6,008m at an average cost of 5.3% with an average maturity of 10.7 years. 80% of our debt was fixed. The market value of our debt and related interest rate swaps at 30 June 2008 was £5,562m.
- Since 31 March 2008 we have raised £424m of new debt facilities, including our share of debt raised in joint ventures. We also extended the maturity of some £825m of bank borrowings to July 2010 with the option to extend these facilities to July 2011.
- As previously announced, our first quarterly dividend payment for the current financial year will be 16.5 pence per share, of which 90% will be in the form of a Property Income Distribution. It will be paid on 24 October 2008 to shareholders on the register at 19 September 2008.

## **DEMERGER**

- We have made good progress with the internal preparations for demerger, and implementation will be taken forward when market conditions are favourable.
- In February we announced that, following expressions of interest, we would run in parallel with the demerger preparations an evaluation of the benefits to shareholders of an acquisition of the Trillium business by a third party. We are currently assessing proposals received for the Trillium business.

- ENDS -

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

Conference call details:

UK dial in number 0800 694 0257

International dial in number: +44 (0) 1452 555 566

Call title: Land Securities Interim Management Statement

Conference ID: 53322514

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: 53322514#

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Land Securities will hold its Annual General Meeting on Thursday 17 July 2008. The results of voting on the resolutions will be posted on the afternoon of 17 July at the Investor section of our corporate website [www.landsecurities.com](http://www.landsecurities.com).

#### **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.

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