

Press Release

23 January 2013

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

THIRD QUARTER INTERIM MANAGEMENT STATEMENT

Land Securities continues to make good progress with further development lettings and a strong operational performance across the investment portfolio.

Key Highlights:

Sustained momentum on development lettings

- £10.8m of development lettings signed since 1 October 2012
 - London Portfolio - £5.8m of development lettings with a further £8.6m in solicitors' hands
 - One New Change, EC4 – offices now fully let
 - 20 Fenchurch Street, EC3 – 52% pre-let or in solicitors' hands
 - 123 Victoria Street, SW1 – 77% let or in solicitors' hands
 - 62 Buckingham Gate, SW1, 10% in solicitors' hands
 - Retail Portfolio - £5.0m of development lettings with a further £1.4m in solicitors' hands
 - Trinity Leeds now 90% pre-let or in solicitors' hands
 - 185-221 Buchanan Street, Glasgow 99% pre-let

Operational excellence

- £9.2m of investment lettings in total with a further £7.8m of lettings in solicitors' hands
- Voids in the like-for-like portfolio up at 2.9% at 31 December 2012 (2.6% at 30 September 2012) due to the vacating of 1 New Street Square, EC4, a pre-development property
 - The void level includes units let on a temporary basis at 0.8% with a further 0.6% in solicitors' hands
 - Excluding 1 New Street Square, EC4, voids were down at 2.5%
- Retail Portfolio voids up marginally at 3.2% (3.1% at 30 September 2012). Within this figure, units let on a temporary basis represented 1.5% with a further 0.4% in solicitors' hands.
- London Portfolio voids up at 2.4% (2.0% at 30 September 2012). Excluding 1 New Street Square, EC4, the London Portfolio void level was down at 1.5%
- Units in administration in the like-for-like portfolio down at 0.8% at 31 December 2012 (1.0% at 30 September 2012)
 - Retail Portfolio units in administration were marginally down at 1.5% (1.8% at 30 September 2012) with 22% of this still trading. (Including Jessops, H&M and Blockbuster, units in administration are 2.2% with 45% of this still trading)
 - London Portfolio units in administration flat at 0.1%
- Overall occupancy rate for the Retail Portfolio is 97.1%
- Total investment in the quarter of £248.1m, including capital expenditure on developments of £76.8m
- Acquisitions since 1 October 2012 totalled £140.8m at an average yield of 4.7%

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- One investment property disposal in the period for £17.5m

Strong balance sheet

- Group LTV including joint ventures at 31 December 2012, based on 30 September 2012 asset values, was 36.4% (36.2% at 30 September 2012)

Commenting on the performance over the quarter, Land Securities' Chief Executive Robert Noel said:

"This was a good quarter with continued momentum in development lettings and a strong operational performance across our investment portfolio. Encouragingly, interest levels in both our London and Retail portfolios remain high.

"In London, we now have over 50% of 20 Fenchurch Street, EC3, either pre-let or in solicitors' hands with the latest addition, Royal Sun Alliance, securing four floors. Trinity Leeds is now 90% pre-let or in solicitors' hands ahead of its opening in March – a good result in a difficult market.

"There remains a high level of activity across our investment portfolio and we have continued to manage space effectively with voids largely unchanged. Both our portfolios are well positioned for what remain challenging wider economic conditions.

"With our disciplined approach, we remain focused on our clear plan to invest in and develop the right space in the right place at the right time, utilising the strength of our balance sheet. We have good levels of interest in all our schemes and we are confident that our strategy will continue to deliver growth for shareholders."

Further activity

London Portfolio

In the City, at One New Change, EC4, 29,000 sq ft was let to Dealogic bringing the office element of the scheme to 100% let with the retail element remaining over 99% let. At 20 Fenchurch Street, EC3, 29,400 sq ft has been let to Ascot Underwriting Limited and 76,000 sq ft to Royal Sun Alliance. The scheme is now 34% pre-let with a further 18% in solicitors' hands.

In the West End, at 123 Victoria Street, SW1, Intuit have taken 17,300 sq ft on the third floor taking the percentage let to 58% with a further 19% in solicitors' hands. 62 Buckingham Gate, SW1, is now 10% in solicitors' hands and remains on time and within budget for completion in May this year.

Our transformation of Victoria continues at pace. During the quarter, work began on the Zig Zag Building and Kings Gate development on Victoria Street, SW1. Demolition also commenced at Victoria Circle, SW1, our proposed 910,000 sq ft mix of retail, residential and office space.

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We continue to secure income in the investment portfolio. Since 1 October, we have completed £4.4m of investment lettings across the London Portfolio at 9.1% above ERV. At 38/48 Southwark Bridge Road, SE1, we accepted a surrender premium from the head tenant and inherited the sub-tenant, Sunguard, who have renewed on similar lease terms, increasing the WAULT by five years.

We completed the acquisition of 19-23 Shaftesbury Avenue, W1, in October for £25.8m completing our freehold ownership of the island site behind Piccadilly Lights. During the quarter we increased income from this acquisition, letting 10,100 sq ft of vacant office space on a short term lease to International Currency Exchange, and signing an agreement for lease on 5,300 sq ft with a restaurant operator. We are drawing up plans to increase the retail potential of the enhanced site.

At Haymarket House, SW1, we completed a letting of part of the first floor in line with ERV to Zenimax Europe Limited. Alongside this letting we regeared the leases of Haymarket House's largest occupier, Incisive Media, to 2018. The property is now fully let.

In Harrow, outline planning permission for a major mixed-use development was granted for the 57 acre Kodak site, of which we currently own 30 acres. Both here and at Eastern Quarry in Kent, we will shortly commence the delivery strategy which will include marketing the first phases of the development to residential and commercial developers.

Retail Portfolio

At Trinity Leeds, further letting progress has moved the development to nearly 90% let, with 85% pre-let and 5% in solicitors' hands. Major lettings in the period include Victoria's Secret, Armani Exchange and Oasis. This scheme, set to transform Leeds' city centre, will open on 21 March 2013.

185-221 Buchanan Street, Glasgow, is now 99% pre-let. The development will open on 22 March 2013.

Outside the committed development programme we continue to work up our plans for other potential retail developments. We will be submitting revised plans to Glasgow City Council imminently for an extension to Buchanan Galleries. At the Westgate Centre in Oxford we are preparing plans for the scheme and while doing this we have kept the scheme well-occupied. In the period we secured five short term leases at the centre, below ERV but with development breaks.

We continue to execute plans for every asset. We secured £4.8m of retail investment lettings which, excluding two short-term leases together with the pre-development lettings at the Westgate Centre, Oxford, were 3.0% below ERV. We continue to see interest in space across our portfolio: Swarovski and Hilfiger have taken space at Gunwharf Quays, Portsmouth and Gap are opening an outlet store at Team Valley, Gateshead. Despite Comet going into administration in the period, units in administration were reduced from 1.8% at 30 September 2012 to 1.5% at 31 December 2012 without a material increase in voids. Following Jessops, HMV and Blockbuster going into administration, units in administration have risen to 2.2%.

Retail sales in our shopping centre portfolio (October to December 2012 compared to October to December 2011) were up 0.3% on a like-for-like 'same retailer' basis. This is above the BRC national non-food sales figure for the same period, at 0.1%. The quarterly change in footfall in our shopping centres (also October to December 2012 compared to October to December 2011) was ahead of the national footfall data (-4.0%) at -1.4%.

In November, we acquired The Printworks, central Manchester's dominant leisure scheme for £93.8m. We also acquired the freehold of the O2 Centre, Finchley Road, enabling us to gain full control of the asset. Here we have recently completed our plan to improve the retail tenant mix by reconfiguring existing units to bring in Paperchase, Oliver Bonas, Bo Concept and Tiger. We have achieved planning permission to raise the profile of the scheme onto Finchley Road and provide new restaurant and balcony spaces and we have achieved pre-lettings to Rossopomodorro and wagamama. The freehold acquisition will enable us to look at more significant development options.

In line with our plan to increase the proportion of leisure in our business, in December we entered into conditional contracts to acquire a further 42% interest in the X-Leisure Unit Trust together with the 100% interest in X-Leisure Ltd, the management company of the fund. All of the approvals were subsequently obtained and this transaction completed on 16 January. Our 54% stake equates to c.£320m of gross assets.

The out-of-town programme continues to move forward. During the period we satisfied the planning conditions relating to land at Banbridge, NI, and we completed the sale of 12 acres to Tesco for £17.5m. We are progressing plans with Birmingham City Council and Sainsbury's for the development of a former industrial site at Selly Oak which would provide a new store for Sainsbury's together with catering and student accommodation. At the proposed Bishop Centre, Taplow, the scheme is now 66% pre-let (51% at 30 September 2012) following lettings to TK Maxx and Frankie & Benny's with a further 2% in solicitors' hands. At the Greyhound Retail Park, Chester, we completed a 10 year lease extension with DFS.

To complement our implementation of free wi-fi in our shopping centres and as part of our strategy to ensure we create an environment appropriate for multi-channel retailers, we have secured a tie-up with Google Product Search to offer the web-based service across our shopping centre portfolio.

Group

As at 31 December 2012, adjusted net debt (including joint ventures and adjusted for the nominal value of our bonds but excluding the mark-to-market on our swaps) amounted to £3,990.7m (30 September 2012: £3,890.9m). Group LTV including joint ventures at 31 December 2012, based on 30 September 2012 asset values, was up marginally at 36.4% (36.2% at 30 September 2012). Cash received in respect of the disposal proceeds from Wellington House, SW1 and the final payment for Park House, W1, totalled £161.4m in the quarter.

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The weighted average cost of debt is 4.9% (5.1% at 30 September 2012), with an average duration of 10.5 years (10.9 years at 30 September 2012).

In November 2012, Oriana, a joint venture between Land Securities and Frogmore, signed a four year £195m debt facility to re-finance existing indebtedness and provide additional development finance on its properties at the eastern end of Oxford Street.

Dividend

The third interim dividend payment for the current financial year will be 7.4 pence per share. It will be paid on 17 April 2013 to shareholders on the register at 15 March 2013. 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 will not be treated as a PID. The latest date for election to participate in the scrip dividend alternative in respect of the third interim dividend will be 18 March 2013 and the calculation price will be announced on 26 March 2013 with the calculation period being 19 to 25 March 2013.

– Ends –

A conference call for analysts will be held today at 08:30 GMT. Participants should pre-register ahead of the call.

Conference call details:

Call registration link: <http://emea.directeventreg.com/registration/77002335>

Call title: Land Securities Q3 IMS

Call ID number: 77002335

If you have not pre-registered for the call, we recommend that you dial-in 10-15 minutes before the start of the call due to the large number of callers expected:

Dial-in number: +44 (0) 1452 567 391

Call title: Land Securities Q3 IMS

Call ID number: 77002335

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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: 77002335#

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