

TEXT FOR AGM PRESENTATION – 16 JULY 2009

Slide 1

Alison Carnwath, Chairman

Good morning, ladies and gentlemen. On behalf of the board and the employees of Land Securities Group, I welcome you to today's Annual General Meeting.

Before we start the meeting, may I please ask those that have not already done so to switch off your mobile phones.

This meeting is one of the highlights of the year and I am very pleased to see so many of you, including a number of our major institutional investors, here today.

I'd like now to set out the format of the meeting. After my introductory remarks, Francis Salway, our Chief Executive, will give you a short presentation on the year to 31 March 2009 along with the summary of our Interim Management Statement which we released yesterday as part of our reporting requirements to investors.

Then we will move to the main business of the meeting at which there will be an opportunity for you to ask questions.

This therefore, feels like the right time to introduce the Board to you.

First, sitting on my immediate right is our Chief Executive, Francis Salway, who many of you know. Next to Francis is David Rough, our Senior independent director and Chairman of the Remuneration Committee.

Seated next to David is Richard Akers, Managing Director of our Retail Portfolio and next to Richard is Bo Lerenius, a non –executive director.

Turning to my left hand side. Immediately next to me is Martin Greenslade, our Finance Director. Next to Martin is Kevin O'Byrne a non-executive director and Chairman of the Audit Committee.

Next to Kevin you will see, Sir Stuart Rose and next to him Sir Christopher Bland, both non-executive directors. And next to Christopher at the far end of the table is Peter Dudgeon our Company Secretary.

I would like to take this opportunity to place on record my thanks and appreciation to my predecessor Paul Myners who stepped down to be a Government Minister on the 3rd October last year. Also in February this year Rick Haythornthwaite left the Board to take up a role as Chairman of Network Rail. I am sure you will join me in wishing them both well in their new and challenging roles.

We saw two executive directors leave the Board this year. Ian Ellis as Chief Executive of the Trillium business left after its sale having served on the Board for over six years. And Mike Hussey left the Company at the end of June after seven years, with five of those as the Director of the London Portfolio and as a member of the Board. Again in both instances I would like to place on record my thanks and appreciation for all their hard work.

You may have seen that yesterday we announced that we will be appointing a new non-executive director, Chris Bartram from the 1st August. Chris has had a successful and wide ranging career in the property industry and his knowledge, understanding and experience gained over many years will be an excellent addition to our Board. I look forward to introducing you to him at next year's AGM.

Before handing over to Francis I would like to take a few minutes of your time to give my perspective of the year and some of the issues.

We have over the course of the year found ourselves operating in truly exceptional circumstances. The fall in capital values for UK commercial property in 2008 was the largest on record in over 80 years. And of course it has not just been the size of the fall but also the speed which has shaken the market.

It really has been 12 months of high drama in the global economy, the financial markets and the UK business environment. As Shareholders, we have seen the tangible effects of these straitened conditions – a rapid decline in the share price and a reduced dividend.

As many of you know we have been at the forefront of recognising the changing nature of the market and in taking appropriate action. The timing of our London development programme, nearly £4 billion of disposals since April 2007, the action in deferring start dates on big projects like Trinity Quarter in Leeds and the raising or refinancing of around £2.5 billion of bank facilities have all been undertaken with a view to helping the business navigate a clear

and decisive line through the current cycle. To put this level of activity into context our sales since April 2007 are equivalent to 40% of our market capitalisation at that time.

As a Board we are very aware of the Company's efforts to ensure it maintains the strength and flexibility to be ready and able to capitalise on the opportunities that will arise in the market as the cycle turns. When that will be is currently the subject of much conjecture and our view is something I know Francis will touch on in his presentation shortly.

We are clear that the next 12 months will continue to make great demands on us all. The reality for businesses is that the economic outlook remains murky and we have to ensure we are comfortable with the ongoing volatility that continuing economic turbulence may bring.

That is why as a Board we have been continuing to assess our strategy, looking at how we respond in the recovery phase of the cycle and shape the business for the middle of the next decade to allow the company to deliver exceptional value for investors over time.

In today's competitive world you have to be proactive. We as a Board are absolutely determined to ensure that Land Securities emerges stronger and better from this period.

Our focus is on doing what is best for the company, our shareholders and our people. It has been a year of formidable challenge and I have been impressed with the way our people have responded. Their dedication and hard work has not been reflected in the results but we believe many of the actions taken through the year have positioned us strongly for when the market turns.

And on this note, I would like to hand over to Francis to talk you through our performance in the year.

Francis Salway, Group Chief Executive

Slide 2 – UK property over the long term

Good morning. As Alison has said, last year we saw the sharpest fall in values for UK commercial property since records began in the early 1920s. Many of you in the audience will know all about the extreme dislocation which world economies suffered at various stages in the 20th century, and so you will appreciate just how significant this market decline has been.

Slide 3 – Financial summary

So, it is no surprise that our profit figures, which include valuation movements, showed a substantial loss for the year of £4.77bn. This reflects the reduction in the valuation of our investment portfolio of just over one third.

The position on our recurring income profits, which we term 'revenue profit', was much healthier - up 10.6% to some £315m in the year. This was driven largely by lower interest costs as interest rates fell.

I will move on to talk about dividend in a moment.

Slide 4 – Business highlights

For property companies, 2008/9 was a year for managing balance sheet ratios. We succeeded in reducing the net debt on our balance sheet by £1.46bn or 27% - this was achieved through a combination of asset sales totalling £1.1bn and our Rights Issue which raised just over £750m.

From an operational perspective, we were also pleased that the developments we completed in our last financial year were on average 72% let by the year end. This is a high level of achievement against the backdrop of a recession and weak occupier demand.

Slide 5 – Asset values

We have avoided talking about 'green shoots', but we have delivered you 'grey shoots'. The buildings you see here are serious, mainly grey buildings let to financially strong tenants on long leases. We had approximately £1.0bn of buildings like this which were stable in value between 31 January and 31 March even though the market as a whole fell by over 6%. As we have moved beyond our financial year end of 31 March, we have seen emerging buying interest spreading beyond these types of assets to a broader range of properties let on average leases as compared to exceptionally strong leases. This is encouraging.

Slide 6 – Rights Issue

In March of this year we closed our Rights Issue to raise £785m gross of equity capital.

The backdrop to our Rights Issue was that we had moderate gearing at the high point in the market – a 37% LTV ratio in March 2007 and since then we have achieved some £4bn of asset disposals to strengthen our balance sheet. Nevertheless, the scale of falls in property values at over 40% was such that we were still at risk of having a balance sheet which was too thinly capitalised. This would have created a risk for our equity shareholders in the face of further falls in property values and an inability for the company to take advantage of opportunities as markets turned.

So, our Rights Issue was about both managing downside risk and creating some capacity to take advantage of opportunity as markets turn.

Slide 7 – Dividend repositioned

At the time of raising fresh capital through the Rights Issue, we felt it important that those subscribing to the Rights Issue should have a clear picture on the outlook for our dividend.

We recognised that there would be a number of negative pressures on our income – ranging from the dilution from the sale of Trillium to falling rental values and rising vacancy rates through tenant insolvencies. So, we cut our dividend to a level which is robust and, at an appropriate future date, offers the potential for future growth.

Slide 8 – TSR performance

In terms of your investment in Land Securities, we show here the total shareholder return performance based on share price movements and dividend receipts. The graph compares Land Securities to the FTSE 100 index and also to the FTSE Real Estate index. The Real Estate index has been hit harder in the last year than the overall FTSE 100 index as a result of its linkages to the financial sector. Our own share price performance was good until the end of the 2008 calendar year, but was weak in the first quarter of 2009. So you will see that our five year performance has moved back to being in line with the real estate sector as a whole.

Slide 9 – Q1 Interim Management Statement

Yesterday we published our interim management statement for the first quarter of our current financial year between April and June.

The three key messages in the statement were:

- Firstly, trends in property values have been exactly in line with our expectations when we sized our Rights Issue in February of this year - with property values continuing to decline, but at a slower rate and with increasing evidence of buyers being attracted by the high yields now available on property.
- Secondly, again linking back to statements we made at the time of our Rights Issue, we said we would continue to sell properties to manage our balance sheet ratios appropriately – and we have. We have successfully sold just over £350m of properties in the quarter.
- Thirdly, with the market moving in line with our expectations, we are confident in our position and our ability to take advantage of the opportunities that will arise as the market turns.

Slide 10 – Outlook

In terms of outlook, as you can see from this graph, the yield gap between property and gilts now stands at a historically high level – even if you adjust the property yield for potential falls in rental value. This yield gap has begun to attract new buyers into the property market since the turn of the year, and the scope of their interest has now extended from prime properties to mid-quality properties.

In occupier markets, which is all about vacancy rates and the volume of new lettings, the environment is still challenging and vacancy rates are still rising. The rate of decline in rental values has accelerated during the course of this year and the trend will remain negative for a while longer until the economy recovers.

But it is quite possible for capital values to begin to rise even when rental values are still falling – it's all about the balance between buyers and sellers of investment property.

The shape of any recovery in property values will be influenced by the substantial amount of money which banks and other lenders now effectively have invested in commercial property. We do not see banks selling large amounts of property in the short term, but rather we see an extended process of effective ownership of property being transferred from lenders to equity investors over a number of years. This will present us with real opportunities going forward.

Slide 11 – Sources of competitive advantage

At Land Securities, we are clear where we have competitive advantage and that we should invest our capital to exploit these strengths. We have great relationships with occupiers in both the Retail and London office markets and, at an appropriate stage in the cycle, we have a depth of development expertise to generate higher returns from development activity.

On the asset side, we have a high quality portfolio with a blend of properties let on long leases and others let on shorter leases which will create opportunities as the cycle turns. On the debt side our approach of pooling assets to support debt gives us an advantage in terms of our ability to finance developments and the acquisition of certain properties which others might not be able to finance on a stand alone basis.

I just mentioned development activity – you may feel that it is too early to start development right now. We agree, but we have been doing some forward planning. Over the last year we have secured a number of valuable planning consents in the West End of London where we expect rental recovery to be strongest and where large planning consents are like gold dust. We plan to start two of these projects next year to deliver in early 2013 when not only will

there be stronger demand from occupiers, but also rising rents which would make the schemes highly profitable.

Slide 12 – Summary

In summary, we strengthened our balance sheet over the last year by reducing our net debt by as much as 27%. Our asset sales and the Rights Issue proceeds now leave us with substantial cash holdings. This gives us valuable flexibility and liquidity.

Day to day, we are focused on the minutia of maximising income from our portfolio through leasing up vacant space and renewing leases that come up for expiry.

Although the events of the last year have tended to push people to be retrospective, we absolutely are forward looking and we have a clear view on the types of opportunity which will create value for our shareholders.

Alison Carnwath, Chairman

Thank you Francis and before we move onto the formal part of today's meeting and your questions, I would like to cover some areas and issues which I anticipate you may want to raise.

As I said in my introduction, we have been through a tumultuous year. Property values have fallen sharply and we have seen weak occupier demand. Markets do not, on the whole, like uncertainty, and this is reflected in our share price. Francis has touched on some of the drivers in the year but I want to reiterate our commitment to deliver exceptional value for shareholders over time.

I would echo what Francis has said on our review of the dividend. In setting the new dividend level I believe we took a very realistic and prudent view of the operating environment. The thorough approach in analysing all the likely impacts of the current operating environment gives us the confidence to state that we believe the dividend is sustainable and one from which we can deliver growth.

I would also like to touch on remuneration. Relative performance measures meant that the Executive Directors would have been entitled to some bonus, but you will have seen that this year it was agreed by the Board that in view of the market environment and the impact on the performance of the Company, it would not be appropriate to pay bonuses or to award any pay rises for the executive team in respect of the current year.

We have also sought to align executive incentives more closely to shareholder interests in respect of our Long Term Incentive Plan. This has taken the form of replacing the Earnings Per Share condition, which currently determines 50% of the vesting potential, with a relative Total Shareholder Return (TSR) performance measure. This will take the shape of a three year TSR compared against a comparator group of property companies in the FTSE 350 Real Estate Index. I do realise that changes to remuneration incentives can be a sensitive subject, but I hope you will agree that in moving incentives to align more closely with your interests, this is a sensible move.

Finally, I would like to draw your attention to some of the actions we have taken this year in response to your feedback. We have printed the annual report in a black typeface as suggested. We have also sought to make the Historical TSR performance chart in our remuneration report much clearer which I hope makes things easier from a reader's perspective. Finally we have once again provided food for the end of the meeting which I hope meets with your approval.

So now I would like to move to the formal business of our 2009 Annual General Meeting

However, before we commence proceedings, I would like to explain the way in which we will be conducting voting on the resolutions. All voting will be taken on a poll vote. On a poll, each shareholder has one vote for every share he or she holds. A few moments after I have declared the vote on a resolution closed, a provisional summary of the poll vote will be displayed on the screen behind me showing the total number and percentages of shares voted ("for", "against" and "vote withheld") on the poll for that resolution. Following a request from a shareholder at last year's AGM, I can confirm that Land Securities currently has approximately 760 million shares in issue. This means that the percentage of shares which have been voted at this year's AGM by proxy voting amounts to approximately 52%. Votes in favour of the 15 resolutions range from 52% to 48% of the total shares in issue, while votes against range from 3.5% to 0.07%. To enable the Registrars to make a final audit check at the end of the meeting, these numbers are necessarily provisional. However, these numbers will be strongly indicative of the result of the shareholders' voting. The final summary of the votes cast on each resolution will be calculated at the end of the meeting and will be posted on the Company's website after the meeting and notified to the UK Listing Authority.

If you are a shareholder entitled to vote on the resolutions, you should have received, on entry to the meeting, a VoteNow handset similar to this one. When inviting you to vote on each resolution, I will ask you to press button 1 to vote for the resolution, button 2 to vote against and button 3 for vote withheld. I will keep each vote open for a brief period to allow

you time to vote. You will see a message on the screen of your handset to state that your vote has been received. If you press the wrong button you can change your vote – but only while the poll is still open. Your final vote will be recorded the moment the poll is closed.

As there is a quorum of shareholders of the Company present, I declare this meeting open.

Notice convening meeting

The Statutory Notice convening the Meeting was incorporated in the letter to shareholders accompanying the Report and Financial Statements and has been duly served. With your permission, I will take the Notice as read. Does everybody agree? Thank you.

Report and Financial Statements

The first Resolution concerns the Annual Report and Financial Statements. With your permission, I should like to take the Auditors' Report as read. The full Auditors' Report appears on page 83 of the Annual Report.

If there are any questions relating to the Financial Statements or any other resolutions, please will you put them now before I put this Resolution to the Meeting. I would prefer that we take all questions in one go at the start of the formal business of the meeting. However, this will of course not preclude you from asking a further question or questions at a later stage in the proceedings if you so wish.

If you have a question, I should be grateful if you could raise your hand. Please could you wait until a member of Land Securities staff has supplied you with a microphone.

Before asking your question, please could you state your name. (At the conclusion of questions – Are there any other questions?

If not, I will now put Resolution No.1 to the Meeting.

I now propose:-

That the Annual Report and Financial Statements for the year ended 31st March 2009, together with the Auditors' Report thereon should be received.

I will now put Resolution No. 1 to the Meeting. Please use your VoteNow handset and press button 1 to vote for the resolution, button 2 to vote against and button 3 for vote withheld.
I now declare the vote on Resolution 1 closed.

Thank you, I now, subject to final confirmation by the company's Registrars, declare this Resolution to have been carried.

Dividend

The next item relates to the payment of dividends and I now propose:-

That the Interim Dividends paid during the year be confirmed, and that a Final Dividend at the rate of 7 pence per share for the year ended 31st March 2009 should be paid on 24th July 2009 to the holders of Ordinary shares registered at the close of business on 19th June 2009. I now put Resolution No. 2 to the Meeting I now declare the vote on this Resolution closed.

I now provisionally declare that Resolution No. 2 has been carried.

Directors' Remuneration Report

The next resolution is to approve the Directors' Remuneration Report for the year ended 31 March 2009, which appeared on pages 68 to 79 of this year's Annual Report.

I now put Resolution No.3 to the Meeting

I now declare the vote on this Resolution closed.

I now provisionally declare that Resolution No. 3 has been carried.

Re-appointment and re-election of Directors

We now come to the re-election of Directors. The Directors to retire by rotation are Martin Greenslade, Francis Salway, Stuart Rose and Bo Lerenius. You may have seen from the Notice of Meeting that Mike Hussey was also proposed for re-election at this meeting. As you have heard previously, Mike left Land Securities by mutual consent on 30 June 2009 and I propose that it is therefore no longer appropriate for the relevant Resolution, No. 6, to be put to this meeting.

I now propose as Resolution No.4. that Martin Greenslade be re-elected a Director of the Company

I now put Resolution No.4 to the Meeting

I now declare the vote on this Resolution closed.

I now provisionally declare Resolution No. 4 to have been carried.

I now propose as Resolution No. 5 that Francis Salway be re-elected a Director of the Company

I now put this Resolution, No. 5 to the Meeting

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 5 has been provisionally carried.

As mentioned previously, we will not be putting Resolution No. 6 to the meeting and therefore I now propose as Resolution No 7 that Sir Stuart Rose be re-elected a Director of the Company

I now put this Resolution, No. 7, to the Meeting

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 7 has been provisionally carried.

I now propose as Resolution No. 8 that Bo Lerenius be re-elected as a Director of the Company

I now put this Resolution, No. 8 to the Meeting

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 8 has been provisionally carried.

Auditors

The next two Resolutions deal with the re-appointment of the Auditors and the determination of the Auditors' fees

I now propose:-

"That PricewaterhouseCoopers LLP be re-appointed as Auditors of the Company for the ensuing year"

I now put this Resolution, No. 9, to the Meeting.....

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 9 has been provisionally carried.

I now put Resolution No.10, which authorises the Directors to determine the remuneration of the Auditors, to the Meeting.

I now put this Resolution, No. 10, to the Meeting.....

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 10 has been provisionally carried.

Special business

I now turn to the Special Business to be dealt with at this Meeting.

There are five Resolutions, Nos. 11, 12, 13 , 14 and 15. Resolutions Nos. 12, 13 and 14 are proposed as Special Resolutions and therefore require the support of not less than 75% of shareholders who choose to vote.

The first item is Resolution No. 11 which is an ordinary resolution under which authority is sought from shareholders for the Company to be allowed to allot unissued shares. The authority covers the unissued share capital of the Company and will expire at the end of the 2010 AGM of the Company.

I now put Resolution No.11 as an Ordinary Resolution, to the Meeting.....

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 11 has been provisionally carried.

The second item of special business is a Resolution to renew until the 2010 AGM, the Directors' authority to allot unissued shares for cash without first offering such shares to existing shareholders pro-rata to their existing shareholdings. In compliance with the pre-emption guidelines of institutional investors, this authority is ordinarily limited to 5% of the Company's current issued share capital.

I now put this Resolution No.12 to the Meeting as a Special Resolution.....

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 12 has been provisionally carried.

Next I turn to Resolution No.13 which is a Special Resolution which seeks authority from shareholders for the Company to purchase its own shares by way of market purchase. An authority to buy back shares expires at today's AGM and the directors wish to renew this authority until the next AGM of the Company to enable them to purchase up to 10% of the Issued Share Capital if they consider this to be advantageous for the Company and shareholders.

I now put Resolution No.13, as a Special Resolution, to the Meeting.....

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 13 has been provisionally carried.

Resolution No. 14 which is a Special Resolution seeks to enable your Company to continue to be able to convene Shareholder General Meetings, other than Annual General Meetings, on 14 days' notice, notwithstanding the proposed implementation of the EU Shareholder Rights Directive.

I would now like to put the Special Resolution No. 14 to the Meeting

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 14 has been provisionally carried.

Finally we come to Resolution No. 15 which is an ordinary resolution and seeks to authorise donations under the Political Parties Election and Referendums Act 2000. Before you vote on this Resolution I would like to explain that we have no current intention of making donations to any political parties. However, because of some very broad drafting in the relevant legislation, we have been advised that we should put forward this Resolution to ensure that any contact with the political machinery does not place us unwittingly within the scope of this legislation.

I would now like to put Resolution No. 15 to the Meeting.....

I now declare the vote on this Resolution closed.

I now declare that Resolution No. 15 has been provisionally carried.

Ladies and Gentlemen this now concludes the business of the Annual General Meeting. Thank you very much for your attendance. Please could I remind you to return your VoteNow handsets to the staff from the Registrars when you leave the auditorium. The Directors and I would now like you to join us for some refreshments which will be served outside the auditorium, so please feel free to come and discuss any relevant matters with us. I also hope that you will find time to visit the splendid exhibition entitled "Coret to Monet: A fresh look at landscape from the Collection" which is currently showing in the Sainsbury Wing Gallery. We have also arranged for you to be provided with a ticket to the forthcoming exhibition entitled "The Sacred Made Real: Spanish Painting and Sculpture 1600-1700", which is showing between 21st October 2009 and 24th January 2010 in the Sainsbury Wing Gallery.

Thank you again for your attendance at this year's AGM.