

Press Release

Page 1 of 5
For immediate release

15 July 2009

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

FIRST QUARTER 2009 INTERIM MANAGEMENT STATEMENT

During the quarter Land Securities has made good progress in preparing its business and balance sheet to take advantage of the opportunities which will emerge as the property market moves through the cycle.

Period at a glance:

- Investment property sales in the quarter £357.4m at 2.7% below March 2009 valuation, at an average yield of 7.7%.
- £162.0m of sales since 30 June at 2.5% below March 2009 valuation, at an average yield of 7.4%.
- £73.8m expenditure during the quarter on developments and portfolio capex.
- Net debt (including joint ventures) down 5.3% to £4,482.6m from £4,732.6m.
- £6.6m p.a. of lettings completed in the quarter including £2.3m p.a. of development lettings.
- Units in administration within the like-for-like portfolio down from 3.7% at 31 March to 3.3% at 30 June 2009.
- Voids in the like-for-like portfolio 5.1% at 30 June (4.6% at 31 March).
- Planning consent given for 149,000 sq m at Victoria Transport Interchange, SW1 and 102,000 sq m City Forum, EC1.

Although market indices show that property values are still declining, growing investor interest is now evident for both prime and mid-quality properties underlining Land Securities' view that the peak to trough fall in values is likely to be in line with the 45 – 50% assumption used by the company in sizing its Rights Issue.

The company has continued to make property sales in order to meet its stated objective of funding the balance of committed development expenditure from sales proceeds with over £350m of properties sold during the quarter.

In occupier markets, vacancy rates are rising but the company has seen businesses becoming more willing to commit to leasing new accommodation. However it maintains its view that occupier markets

Page 2 of 5

will recover late in the cycle in terms of delivering rental value growth and expects the overall period of recovery in the sector to be extended.

Having strengthened its balance sheet in terms of both gearing ratios and liquidity to meet maturing bank facilities, the company is beginning to assess acquisition opportunities and is in the process of firming up plans for a start during 2010 on two major London West End developments at Park House, W1, and Selborne House, SW1.

Commenting on the quarter, Chief Executive Francis Salway said:

"Our actions and the market trends have been consistent with our statements since the turn of the year. This has contributed to achievements during the quarter in line with our plans and leaves us well positioned for the next stage of the cycle.

"With a strengthened balance sheet we are now assessing opportunities for new investment. We maintain our view that patience is a virtue and that opportunities will arise over years not just months, particularly in terms of disposals by banks. We are confident that our financial flexibility and scale will give us competitive advantage to capitalise on these opportunities as the cycle turns."

LONDON PORTFOLIO

£193.9m of investment property sales were completed in the quarter, 1.0% below March 2009 valuation (before disposal costs), at an average yield of 7.1%. The largest disposal was Portman House, Oxford Street, W1, for £155m.

Since 30 June a further £148.5m of investment properties have been sold or contracts exchanged.

There were no acquisitions during the quarter.

Lettings have continued at One New Change, EC4 with the office space still 38% pre-let and the retail space now 20% let with Marks & Spencer, Top Shop and H&M committed to the scheme and discussions ongoing with a range of other retailers.

The marketing of Dashwood House, EC2 continues and interest has picked up in recent weeks. Since 30 June a further floor has gone under offer and the building is now 16% let or in solicitors' hands.

We received a resolution to grant planning consent for our 149,000 sq m Victoria Transport Interchange (VTI2) scheme in June subject to completing a Section 106 agreement with the City of Westminster. This takes us another step towards realising the next phase of our plans for the revitalisation of this part of London.

On 30 June, Islington Council resolved to grant planning consent for our proposed 102,000 sq m City Forum scheme, a residential-led development providing 720 residential units on our 1.9 hectare site on

Page 3 of 5

City Road, London. Other uses within this mixed-use project include offices, retail and restaurants together with a hotel and student accommodation.

RETAIL PORTFOLIO

£163.5m of investment property sales were exchanged and completed in the quarter, 4.6% below March 2009 valuation (before disposal costs), at an average yield of 8.3%. The largest disposal was the sale of the 32,500 sq m shopping centre Fremlin Walk, Maidstone for approximately £70m.

Since 30 June a further £13.5m of investment properties have been sold or contracts exchanged.

There were no acquisitions during the quarter.

The void level on our like-for-like properties in our Retail Portfolio was 5.5% at 30 June (5.2% at 31 March 2009). The slight overall increase was primarily due to voids on retail parks which remain at a low level but rose from 1.0% at 31 March to 1.9% at 30 June.

Units in administration represented a further 5.9% of rent roll, down from 6.2% at March, primarily due to the letting of space. In the short-term there is the potential for a further 1.0% to be bought out of administration.

Within our development programme we completed lettings with an aggregate rent of £0.7m p.a. (Land Securities' share) and have a further £6.6m p.a. in solicitors' hands.

The retail development in Cardiff, St David's 2, being undertaken in partnership with Capital Shopping Centres, opens in October 2009. Lettings continued to be secured during the quarter and the scheme is 53% let/in solicitors' hands by income (64% by floor area).

FINANCE

As at 30 June 2009, net borrowings (including joint ventures) amounted to £4,482.6m (31 March 2009: £4,732.6m). The average duration of the Group's debt is 9.6 years with a weighted average cost of debt of 4.2%. At 30 June, net borrowings included £1,887.2m of cash and short-term investments.

The vast majority of our external debt is lent to the Security Group which provides fixed and floating charges over the majority of our investment properties. Based on our most recent valuation at 31 March 2009, the LTV ratio of the Secured Group at 30 June 2009 was 76.0%. If all available cash and cash equivalents held outside the Security Group at 30 June had been used to reduce the borrowings of the Security Group, its LTV ratio at 30 June would have been 54.7% (55.3% at 31 March). Group LTV at 30 June, based on 31 March asset values, was 49.8% (52.0% at 31 March).

Since 1 April, we have transferred £36.9m of assets into the Security Group and are progressing discussions to raise new debt facilities on assets held outside the Security Group.

The first dividend payment for the current financial year will be a Property Income Distribution (PID) of 7.0 pence per share. It will be paid on 23 October 2009 to shareholders on the register at 18 September 2009.

BOARD APPOINTMENT

Land Securities has today announced that Chris Bartram will join the Board as a non-executive director on 1 August. Chris Bartram has had a successful and broad ranging career in the property industry and is currently Chairman of Orchard Street Investment Management LLP, a leading UK commercial property investment management firm.

- Ends -

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

Conference call details:

Dial-in number: +44 (0) 1452 557 535

Call title: Land Securities Q1 IMS conference call

Conference ID: 18892916

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 550 000

Access number: 18892916 #

For further information, please contact:

Francis Salway / Donal McCabe

Land Securities

T +44 (0)20 7413 9000

John Sunnucks / David Allchurch

Tulchan Communications

T +44 (0)20 7353 4200

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

Page 5 of 5

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.