

Press Release

18 July 2012

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

FIRST QUARTER INTERIM MANAGEMENT STATEMENT

Land Securities continues to deliver lettings across its development pipeline, execute plans for all its assets and maintain its strong financial footing ready to take advantage of any future opportunities.

Key Highlights:

Good momentum on lettings across all schemes

- £9.3m of development lettings signed since 1 April 2012
 - London Portfolio - £5.8m of development lettings with a further £2.4m in solicitors' hands
 - One New Change, EC4 – 94% let
 - 20 Fenchurch Street, EC3 – offices 19% pre-let or in solicitors' hands
 - 123 Victoria Street, SW1 – retail fully let, offices 42% pre-let
 - Retail Portfolio - £3.5m of development lettings with a further £2.3m in solicitors' hands
 - Trinity Leeds now 72% pre-let with a further 8% in solicitors' hands
 - 185-221 Buchanan Street, Glasgow remains 92% pre-let

Asset management strengthening the portfolio

- £7.0m of investment lettings in total with a further £4.3m of lettings in solicitors' hands
- Voids in the like-for-like portfolio up at 3.2% (3.0% at 31 March 2012). The void level includes units let on a temporary basis at 0.8% with a further 0.7% under offer
 - Retail Portfolio voids flat at 3.6% (3.6% at 31 March 2012). Units let on a temporary basis at 1.4% with a further 0.7% under offer
 - London Portfolio voids at 2.9% (2.5% at 31 March 2012)
- Units in administration in the like-for-like portfolio at 1.1% at 30 June 2012 (1.2% at 31 March 2012)
 - Retail units in administration are at 2.0% (2.2% at 31 March 2012) with 53% of this still trading
 - London units in administration flat at 0.2%

Financial strength

- There were no disposals in the period
- Total investment in the quarter of £148.2m, including capital expenditure on developments of £59.5m
- Acquisitions since 1 April totalled £67.6m at an average yield of 4.1%
- Group LTV including joint ventures at 30 June 2012, based on 31 March 2012 asset values, was 38.1% (38.0% at 31 March 2012), which will reduce to 34.3% on receipt of £394.6m of proceeds from disposals already recognised

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

"Our focus continues to be to secure income from our developments. We are pleased with progress and continue to see interest from occupiers, despite ongoing uncertain economic news flow. While transactions are taking longer, occupier interest and intent remains firm as businesses seek out efficient space for their future needs.

"We remain confident that the development pipeline offers exceptional opportunity to deliver growth while our active asset management and strong financial base underpin our activities."

Further activity

London Portfolio

In the City, at One New Change, EC4 a further 34,800 sq ft was let to Panmure Gordon and bwin, bringing the scheme to 94% let. At 20 Fenchurch Street, EC3, 51,000 sq ft has been let to Markel International and a further 11% is in solicitors' hands. The scheme is now 19% let or in solicitors' hands with completion due in April 2014.

In the West End, at 123 Victoria Street, SW1, Jimmy Choo has chosen to increase its occupancy by 11,000 sq ft to 47,900 sq ft, and has recently taken possession ahead of practical completion. A further 31,000 sq ft has been let to CDC Group plc taking the percentage pre-let to 42%. The scheme is due to complete in August 2012. Our residential development at Wellington House, SW1, will complete in September 2012, whereupon we will recognise the sale of the units as trading profits.

In addition to this key leasing activity, we continue to strengthen and lengthen income. Since 1 April, we have completed £3.8m of investment lettings across the London Portfolio. In addition, we have restructured a number of leases including the lease at Cardinal Place with Ruffer, who have doubled their occupancy to 45,000 sq ft and extended their lease from 2016 to 2021.

We have also secured two predominantly vacant strategic sites for £35.9m. We purchased St James's Park Centre in Victoria, SW1, an important extension to our masterplan for Victoria and exchanged contracts for the acquisition of 19-23 Shaftesbury Avenue, W1, completing the island site behind Piccadilly Lights.

Retail Portfolio

Trinity Leeds has moved from 65% pre-let at March 2012 to 72% pre-let with a further 8% in solicitors' hands with the final MSU (major space user) unit taken by Urban Outfitters during the period. This scheme, set to transform Leeds' city centre, will open in March 2013.

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185-221 Buchanan Street, Glasgow, also due to complete next March, remains 92% pre-let. With the successful pre-letting of the majority of the retail space, our attention is now turning to the residential part of the scheme which consists of 49 apartments.

In asset management, we continue to execute plans for every asset, with a focus on securing income. We secured £3.2m of retail investment lettings at 2.9% below the March 2012 rental values (1.0% below if turnover leases are excluded). Across the portfolio we have continued to see interest in space: Cath Kidston and Yo! Sushi will be opening stores at Princesshay, while Jack Wills took an extra unit at Gunwharf Quays, Portsmouth, and UGG have agreed to debut in the centre. Office, JD Sports, Vodafone and Vision Express have all taken units at White Rose, Leeds.

We have maintained good progress in our out-of-town programme with a 48,000 sq ft letting to Asda at Chadwell Heath where development is due to commence shortly. At Ravenside Retail Park, Bexhill, we received a Minded to Grant Resolution for a new Marks & Spencer store. We have also entered into an agreement with St James's Investments to develop a site in Nuneaton, primarily for a foodstore, subject to planning.

During the quarter we acquired a £50m leisure asset, The Cornerhouse, Nottingham, at a net initial yield of 6.6% after expiry of a rent free period. We acquired Europa House, Portsmouth for £3.25m delivering an empty office block and 400 car park spaces close to Gunwharf Quays. Planning permission has already been granted for a 170 bedroom hotel. We have also purchased a site adjacent to our Kingsmead leisure asset, Bath and are forward funding the construction of a 108 bedroom hotel to complement our asset.

The quarterly change in retail sales in our shopping centre portfolio (April to June 2012 compared to April to June 2011) was +1.4%, on a like-for-like 'same retailer' basis. This compares to the BRC national non-food sales figure for the same period, at -0.2%. The quarterly change in footfall in our shopping centres (also April to June 2012 compared to April to June 2011) was -2.8%. This compared to a -3.0% movement in national footfall data over the same period.

Group

As at 30 June 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 £4,040.2m (31 March 2012: £3,981.4m). Group LTV including joint ventures at 30 June 2012, based on 31 March 2012 asset values, was 38.1% (38.0% at 31 March 2012) which will reduce to 34.3% on receipt of all proceeds from disposals already recognised.

The weighted average cost of debt is 4.9% (5.0% at 31 March 2012), with an average duration of 10.6 years (10.9 years at 31 March 2012).

Dividend

The first interim dividend payment for the current financial year will be 7.4 pence per share. It will be paid on 12 October 2012 to shareholders on the register at 14 September 2012. 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 first interim dividend will be 17 September 2012 and the calculation price will be announced on 25 September 2012 with the calculation period being 18 to 24 September 2012.

– Ends –

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

Conference call details:

Dial-in number: +44 (0) 1452 555 566

Call title: Land Securities Q1 IMS

Conference ID: 89645211

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: 89645211#

For further information, please contact:

Robert Noel / Donal McCabe

Land Securities

T +44 (0)20 7413 9000

John Sunnucks / David Allchurch

Tulchan Communications

T +44 (0)20 7353 4200

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