

Press Release

22 January 2014

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

THIRD QUARTER INTERIM MANAGEMENT STATEMENT

Land Securities reports continued high levels of activity across its business, and announces two new central London development starts.

Key Highlights:

Good progress on developments

- £7.3m of development lettings signed since 1 October 2013 with a further £7.9m in solicitors' hands
- 123 Victoria Street, SW1, 93% let
- 62 Buckingham Gate, SW1, 57% let with a further 10% in solicitors' hands
- 20 Fenchurch Street, EC3, 64% pre-let with a further 23% in solicitors' hands
- Successful launch of Trinity Kitchen and Primark at Trinity Leeds
- Completion of pre-let retail development at Crawley
- Construction commenced at Taplow, 79% pre-let with a further 12% in solicitors' hands
- £243m of new developments commenced at 1 New Street Square, EC4 and 20 Eastbourne Terrace, W2
- Positive planning decisions at Ealing Filmworks and White Rose, Leeds

Improved occupancy

- £5.4m of investment lettings signed since 1 October 2013, with a further £5.0m of lettings in solicitors' hands
- Voids in the like-for-like portfolio down from 2.0% at 30 September 2013 to 1.8% at 31 December 2013
 - Retail Portfolio like-for-like voids down from 3.0% at 30 September 2013 to 2.5% at 31 December 2013. Of this figure, units let on a temporary basis represented 1.4%
 - London Portfolio like-for-like voids up from 0.9% at 30 September 2013 to 1.1% at 31 December 2013
- Units in administration up from 0.6% at 30 September 2013 to 0.7% at 31 December 2013 (Retail Portfolio 1.3%, London Portfolio 0.0%)
- Overall occupancy rate for the Retail Portfolio up to 98.3% from 97.8% at 30 September 2013

Strong balance sheet

- Group LTV on a proportionate basis at 31 December 2013, based on 30 September 2013 asset values, was 34.6% (37.0% at 30 September 2013)
- Net proceeds from investment property disposals since 1 October 2013 totalled £428m
- Capital expenditure on developments of £53m

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

"In retail, there is continued demand for good locations as evidenced by the increased occupancy levels in our properties and, in particular, there is strong demand in food and beverage. In central London, we have seen occupier demand increase further. This, combined with a constrained supply of high quality, technically resilient space, means our significant committed programme of speculative developments is well placed."

Further activity:

Retail Portfolio

Trinity Leeds saw the successful launch of Trinity Kitchen, our street food concept which is already seeing an average of more than 25,000 visitors per week. The Primark store opened on 3 December and in the weeks leading up to Christmas had more than 80,000 visitors per week. The shopping centre is now 96% let.

At Buchanan Gardens, Glasgow, the residential scheme completed in December and we have sold 40 of the 49 apartments. Our development at Crawley also completed in December and we were granted planning permission for the extension of White Rose, Leeds and our development of Ealing Filmworks, a cinema-led leisure, retail and residential scheme. Construction started at our development in Taplow which is now 91% pre-let or in solicitors' hands.

Voids and units in administration in our like-for-like portfolio were down at 3.7% at 31 December 2013 compared to 4.1% at 30 September 2013. Within these figures voids were down at 2.5% compared to 3.0% at 30 September 2013 and units in administration were up at 1.3% at 31 December 2013 compared to 1.1% at 30 September 2013.

On a total sales growth basis, sales were up 3.9% this quarter on the same quarter last year. On a same store like-for-like basis, sales have increased by 0.8% versus the BRC national non-food sales figures for the same period which was up 1.7%. Over the same period footfall in our shopping centres was down 3.8%, slightly behind the national footfall benchmark which was down 3.2% for the same period.

We continue with our programme of recycling capital with disposals totalling £116m in the period. The principal disposal was the Bon Accord and St Nicholas Centre in Aberdeen, sold for £94m (our share).

London Portfolio

Our programme of speculative developments continues to see strong interest from potential occupiers. This, combined with a lack of new space coming to the market, has given us the confidence to augment our committed programme with two new development starts.

In the City, 20 Fenchurch Street, EC3, is now 64% pre-let with a further 23% in solicitors' hands. A planning application for the solution to the solar glare issue will be submitted next month. Just 88,258 sq ft of space remains available and handover of the pre-let office floors is on schedule for April. At New Ludgate, EC4, we have decided to complete the office space to Category A fit-out rather than shell and core to provide occupiers with the ability to occupy earlier. This will add four weeks to the base construction period and consequently practical completion will now be May 2015. At 1 New Street Square, EC4, we have committed to the £177m office development, with Skanska as the main contractor for the 270,900 sq ft scheme, which is due to complete in June 2016.

In the West End, our transformation of Victoria continues apace with good progress at The Zig Zag Building, Kings Gate, and Nova, Victoria. At Kings Gate, 77 of the 100 apartments have now been pre-sold. At Nova, Victoria, we have also taken the decision to complete all office space to a Category A fit-out and, consequently, practical completion of the offices is now expected in July 2016. 54 of the residential apartments at The Nova Building have been pre-sold. 62 Buckingham Gate, SW1 is 57% let with a further 10% in solicitors' hands, and 123 Victoria Street, SW1 has moved to 93% let. At Portland House, SW1, we are in negotiations to extend leases to June 2016 while we continue to progress our detailed design for the residential conversion.

During the quarter we also committed to the redevelopment of 20 Eastbourne Terrace, W2. This 92,800 sq ft office scheme will complete in December 2015 with an anticipated total development cost of £66m.

There was one disposal from the London Portfolio in the quarter. We took advantage of market liquidity to sell our interests at Bankside 1, 2 & 3, SE1, a large leasehold asset predominantly let to RBS, for £315m.

Group

As at 31 December 2013, adjusted net debt (on a proportionate basis and adjusted for the nominal value of our bonds but excluding the mark-to-market on our swaps) amounted to £4,025.7m (30 September 2013: £4,421.3m). Group LTV on a proportionate basis at 31 December 2013, based on 30 September 2013 asset values, was down at 34.6% (37.0% at 30 September 2013).

The weighted average cost of debt is 4.9% (4.8% at 30 September 2013), with an average duration of 9.4 years (9.1 years at 30 September 2013).

Dividend

The third interim dividend for the current financial year will be 7.6 pence per share. It will be paid on 11 April 2014 to shareholders on the register at 14 March 2014. The cash dividend will be paid entirely as a Property Income Distribution (PID).

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The Group will offer its shareholders the option to receive the third interim dividend as a scrip dividend alternative which will not be treated as a PID. The latest date for election to participate in the scrip dividend alternative will be 17 March 2014. The calculation period will be between 18 and 24 March 2014 with the calculation price announced on 25 March 2014.

As we explained in our half-yearly results, the Group will suspend its scrip dividend after the payment of this third interim dividend and will introduce a Dividend Reinvestment Plan (DRIP). The Terms and Conditions of the DRIP and information on how to apply will be sent to shareholders in April.

– Ends –

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

Conference call details:

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

Call title: Land Securities Q3 IMS conference call

Conference ID: 25592292

A replay facility will be available to listen to four hours after the completion of the call for a period of 7 days.

Encore Replay details:

UK dial-in number: 08717 000 145

International dial in number: +44 (0) 1452 550 000

Access number: 25592292#

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Forward Looking Statements

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