

# Press Release

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08 January 2009

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

## **LAND SECURITIES AGREES SALE OF TRILLIUM**

Land Securities Group PLC today announces that it has reached agreement to sell Land Securities Trillium (“Trillium”) to Telereal, the property investment and services company, for a total headline consideration of £750 million. The sale does not include the Accor hotel portfolio which will remain within Land Securities. The sale is expected to complete on 12 January.

Cash proceeds of £444 million will be received upon completion and used to reduce Group net debt in line with the priorities outlined by Land Securities at its half-yearly results in November which included the selected sale of assets to maintain the strength of its balance sheet.

Francis Salway, Chief Executive of Land Securities, said:

“We are pleased to have concluded this sale in a challenging economic environment. We will now focus on our core property investment and development activities. The cash proceeds will strengthen our balance sheet in the current market and subsequently put us in a stronger position as the cycle turns.

“We continue to run the Group with a cautious outlook and a focus on balance sheet management. In London and Retail we have best in class property investment businesses with a track record of adding value at the appropriate times in the cycle.”

The headline enterprise value of £750 million is based on Trillium’s balance sheet (excluding the Accor hotels) as at 31 March 2008. Land Securities will receive cash proceeds of approximately £444 million upon completion, with a further £25 million of cash being deferred by up to 24 months. Net external debt of £49 million will be assumed by the purchaser of Trillium. Around £232 million of cash has already been generated by Trillium since 31 March 2008 from operations and disposals and the majority paid to Land Securities. As part of the transaction, Land Securities has undertaken to make available on completion a loan of £50 million (on market terms) to the Trillium Investment Partners fund. The transaction generates a loss of approximately £340m on the date of disposal.

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The gross assets of Trillium (excluding Accor) were £1,575 million as at 31 March 2008 and £1,291 million as at 30 September 2008. The capital employed in Trillium (excluding Accor) was £1,163 million as at 31 March 2008 and £896 million as at 30 September 2008. Trillium (excluding Accor) generated underlying operating profits for the year to 31 March 2008 and six months to 30 September 2008 of £102 million and £47 million respectively.

Ian Ellis, Chief Executive of LST, will step down from the Land Securities Board on completion of the transaction.

**- Ends -**

A conference call for analysts is being held today at 08:00 GMT

Conference call details:

Dial in number +44 (0) 20 8609 0582

Call title: Land Securities call

A replay facility will be available to listen to immediately following the call for a period of 21 days.

Replay details:

UK Dial in number: +44 (0) 20 8609 0289

US Dial in number: +1 866 676 5865

Access number: 248771#

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## **Notes to editors**

### **Information on Trillium**

- Trillium, headquartered in London, is a pioneer and market leader in the property partnerships market including key contracts with the Department for Work and Pensions and other high quality corporate and government bodies, and is an active participant in the public-private partnerships market both through direct interests in PFI assets and through its management of, and interest in, the Trillium PPP Investment Partners Fund, which it established in early 2008.
- Trillium Investment Partners fund is a PPP fund which is managed by Trillium and in which Trillium has a 10% interest.

### **Background to and reasons for the Sale**

- In November 2007 Land Securities said that following a review of the structure of its business, it had concluded that over the long-term the Group's component businesses, and shareholders, will benefit from separation, and planned to demerge the Group into three specialist separately quoted entities.
- In February 2008, following expressions of interest in Trillium, Land Securities announced that it would evaluate the benefits of a sale against the merits of a demerger.
- In November 2008, Land Securities said that, while the Board still recognised the benefits of specialisation, adverse market conditions had caused work on demerger to cease but that the evaluation of the Trillium sale process continued.
- The Board has completed a thorough review of Trillium in light of the approaches received and, as a result, it has been decided that it is in shareholders' interests to crystallise value in Trillium.

### **Land Securities Group PLC**

- Land Securities is the UK's leading Real Estate Investment Trust with a national portfolio of commercial property worth around £12 billion. Our investment portfolio also has over 50 retail parks and shopping centres including Bristol's Cabot Circus, Leeds' White Rose Centre and Exeter's award-winning Princesshay development.
- Land Securities' multi billion pound development programme is transforming regional city centres including Cardiff and Leeds, key Central London sites and delivering long-term, large-scale regeneration projects in the South East.
- Half of the Land Securities' portfolio is in London, where it owns landmark buildings such as the Piccadilly Lights and Westminster City Hall, and is developing some of the capital's most innovative mixed-use schemes, such as One New Change in the City and Park House on Oxford Street.