LandSecurities

Press Release

10th November 2011

Land Securities maintains its leadership in Leeds

Land Securities, the UK's leading property company, is powering ahead with the landmark £350 million Trinity Leeds development that is transforming the city centre.

This, combined with further investment in its flagship White Rose Shopping Centre, is helping to ensure that Leeds is in excellent shape to face existing and future challenges from regional competitors and ready to overtake Manchester to become the north's top-ranked retail destination.

The 1m square foot Trinity Leeds development is the largest retail and leisure scheme under construction in the UK and will be the only major development to open in the next two years.

Land Securities' portfolio director Gerald Jennings, who heads the company's Leeds office, said: "It's all about delivering the right product at the right time and in the right location and we are well-placed in every respect.

"Trinity Leeds is on schedule for a spring 2013 opening; the scheme is almost 61% let or in solicitors' hands and negotiations are on-going with a whole host of leading national and international retailers and restaurateurs who want to bring their brand to Leeds' prime pitch."

Jennings, added: "White Rose is our top-performing retail asset in the north and we have made further investment in the centre over the past six months, including the opening of a 20,000 sq ft H&M store, the relocation of WH Smith and expansion of New Look, which has quadrupled in size to 16,000 sq ft.

"We are currently awaiting planning permission for 7,000 sq ft of space that could see two new restaurants at White Rose and have strong interest from a number of operators."

Land Securities is one of the leading private sector partners in the Leeds City Council-led Investment Partnership for South Leeds which, earlier this year, published its strategy designed to attract more investment into the area.

Jennings pointed out: "As long-term investors in Leeds we are committed to supporting further regeneration and development activity that will bring much-needed new jobs for local people."

For the second time in three years the ARISE initiative that Land Securities funds in partnership with fellow property companies Evans Property Group and Munroe K, won the Corporate Responsibility category at the Variety Club Yorkshire Property awards.

The Alliance to Reward Initiatives and Social Enterprise, which was launched in 2005, has provided more that 170 awards to support the work of grass-roots voluntary groups and organisations across south Leeds.

LAND SECURITIES GROUP PLC ("Land Securities"/"Group")

Half-yearly results for the six months to 30 September 2011

"Our continuing progress in this more challenging environment is the result of a clear strategic direction and an unrelenting focus on operations at every level."

Results summary

	30 September 2011	**31 March 2011**	**Change**
Valuation surplus [(1)]	£211.5m	N/A	2.1%
Basic NAV per share	920p	885p	Up 4.0%
Adjusted diluted NAV per share [(2)]	863p	826p	Up 4.5%
Group LTV ratio [(1)]	37.7%	39.0%	
	Six months ended 30 September 2011	**Six months ended 30 September 2010**	**Change**
Profit before tax	£378.9m	£455.3m	Down 16.8%
Revenue profit [(1)]	£159.3m	£135.9m	Up 17.2%
Basic EPS	50.0p	59.5p	Down 16.0%
Adjusted diluted EPS [(3)]	20.5p	17.6p	Up 16.5%
Dividend	14.4p	14.0p	Up 2.9%

1 Including share of joint ventures
2 Our key valuation measure
3 Now excludes profits on disposal of trading properties and long-term development contracts. The comparative has been adjusted accordingly.

Financial highlights

- Valuation surplus of 2.1% or £211.5m since March 2011
- Property sales of £195.6m at an average of 10.2% above March 2011 valuations
- Adjusted diluted NAV per share up 4.5% since March 2011
- Outperformed IPD Quarterly Universe by 1.0%
- Revenue profit of £159.3m, including some £13m of non-recurring items, up 17.2% on the six months ended 30 September 2010
- Rental values up 1.6% across the like-for-like portfolio since March 2011
- Group LTV ratio including share of joint ventures down to 37.7% (39.0% at 31 March 2011)

Lettings and income generation

- Voids in the total like-for-like portfolio reduced to 3.4% (4.1% at 31 March 2011), of which 0.8% is subject to temporary lettings
    - Retail Portfolio like-for-like voids reduced from 4.7% to 3.6%
    - London Portfolio like-for-like voids reduced from 3.4% to 3.3%
- Units in administration remain unchanged at 0.4%
    - Retail Portfolio units in administration up from 0.6% to 0.7%
    - London Portfolio units in administration down from 0.2% to 0.1%
- £22.6m investment lettings across the portfolio. Lettings at 5.8% above ERV (excluding turnover lettings)
    - Investment lettings in the Retail Portfolio at 2.9% above ERV (excluding turnover lettings)
    - Investment lettings in the London Portfolio at 7.7% above ERV
- Weighted average unexpired lease term across the like-for-like portfolio, completed developments and acquisitions of 8.9 years

Well positioned development programme

- Developments continuing to contribute positively to returns – with a valuation surplus of 6.6% in the six month period
- Of the £1.6bn of developments started since January 2010, already over 50% de-risked through site sales, pre-lettings and residential sales
- £3.9m of development lettings and a further £3.3m in solicitors' hands in the period
- 110 Cannon Street, EC4, development site sold for total consideration of £48.5m crystallising early virtually all of our anticipated development surplus
- Garratt Lane, Wandsworth supermarket and development site sold by Harvest joint venture for £25.7m (our share) ahead of work starting on site
- 58 out of 59 residential apartments at Wellington House, SW1 now pre-sold

- Trinity Leeds development letting progress to plan with 54.0% pre-let and a further 6.7% in solicitors' hands
- 185-221 Buchanan Street, Glasgow letting progress ahead of plan with 73.5% pre-let and a further 17.2% in solicitors' hands
- On site with 78,390 sq m (our economic share) of development schemes in London
- Planning consent obtained for 35,020 sq m at 30 Old Bailey and 60 Ludgate Hill, EC4, and resolution to grant consent obtained for 54,900 sq m at 1 New Street Square, EC4 and Kingsgate House, SW1
- Progress on a 113,000 sq m pipeline (our economic share) of retail schemes creating smaller occupier-led development opportunities, with four planning applications already submitted for food stores

Well placed with low balance sheet gearing

- Group LTV ratio including share of joint ventures down to 37.7% (39.0% at 31 March 2011)
- Average debt maturities at 11.0 years
- Positive discussions on refinancing of revolving credit facility
- Capacity to invest in acquisition opportunities

Commenting on the results, Land Securities Chief Executive Francis Salway said:

"Our continuing progress in the period reflects our focus on operations at every level. We have reduced vacancy rates, secured lettings above estimated rental value and achieved sales above the March 2011 valuation. Revenue profit has increased and our balance sheet is stronger, with lower gearing and capacity to invest in acquisition opportunities as and when they arise.

"We are operating in a challenging environment and we expect pressures in managing occupancy rates to continue. However, we have been encouraged by our first half performance and by both the number of enquiries on our development schemes in London in the last quarter and also our progress on pre-letting our retail developments. Our strong balance sheet and excellent customer relationships give us confidence in our ability to respond and adapt to evolving market conditions.

"We have a pipeline of opportunities within the portfolio to grow shareholder returns allied with a strong balance sheet to withstand economic fluctuations. We are alive to the potential effects of economic uncertainty and changeable sentiment in the capital markets. We have consistently stated that we did not expect to see a straight-line recovery in our market and we see no reason to adjust this outlook. We also believe that market uncertainty may well generate buying opportunities, as the balance between buyers and sellers shifts for some property types."

-Ends-

For further information, please contact:

Francis Salway / Donal McCabe
Land Securities Group PLC
T +44 (0)20 7413 9000

John Sunnucks / David Allchurch
Tulchan Communications
T +44 (0)20 7353 4200

Leeds: Tim Flanagan
Polo PR Partnership Ltd.
Tel. 01423 870134