

Half Yearly financial results for the six months to 30 September 2008

Results Summary

	30 Sept 2008	31 March 2008	Change
Valuation deficit *	(£1,723.1m)	N/A	Down 12.7%
Basic NAV	1660p	2067p	Down 19.7%
Adjusted diluted NAV **	1552p	1956p	Down 20.7%
Adjusted Gearing ***	84.4%	67.7%	N/A
	Six months ended 30 September 2008	Six months ended 30 September 2007	Change
Pre-tax (loss) / profit ****	(£1,737.2m)	£365.2m	N/A
Revenue profit	£195.8m	£172.8m	Up 13.3%
Basic EPS	(375.10p)	76.43p	N/A
Adjusted diluted EPS	41.83p	36.46p	Up 14.7%
Dividend	33.00p	32.00p	Up 3.1%

*Excludes Trillium investment properties **Our key valuation measure ***Including notional share of joint venture debt ****Includes revaluation deficit, profits/loss on disposals and goodwill impairment

Performance

- Good underlying performance with growth in revenue profit of 13.3%
- 1.1 million sq ft of development space completed and 92% let
- £181.5m of property investment sales at 1.7% above March 2008 valuation (before disposal costs)
- Group net debt down by £175.1m but impact of falling property values saw debt ratios increase
 - Loan-to-Value stands at 43.5% for the Group or 45.4% overall including joint ventures
- Resilience of income with vacancy rates across the like-for-like investment portfolio, excluding development pipeline properties, up slightly to 4.0% (3.4% at March 2008)
- Limited exposure in short-term to breaks in income
- Ungeared total return 2.4% below IPD benchmark largely as a result of greater adverse yield shift

London Portfolio

- Income (excluding joint ventures) up £12.7m to £171.8m as successful developments come on stream
- Sales of £151.8m at an average of 0.5% below March 2008 valuation (before disposal costs)
- 10 Eastbourne Terrace, W2, completed and 100% let

Retail Portfolio

- Income from the portfolio increased 4% despite property sales with 2.9% growth on the like-for-like portfolio and a contribution from developments completed last year
- Voids across the like for like portfolio, excluding development pipeline properties, marginally up at 4.2% (4.1% at March 2008)
- Cabot Circus, Bristol, successfully opened on 25 September, over 90% let and one million shoppers attracted in first ten days

Trillium

- Successful closure of largest contract to date in the Building Schools for the Future programme with Kent County Council
- Sale of 13 projects into Trillium Investment Partners fund delivering £17.3m net profit
- Charge of £147.6m after decision to impair goodwill associated with Trillium

Demerger

- Benefits of specialisation recognised by Board but adverse market conditions cause work on demerger to be stopped
- Evaluation of sale process for Trillium continues

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

“Our results reflect the fact that we are going through an unprecedented period of financial instability which has severely impacted investor confidence, the availability of credit and the pricing of property investments. Although we are by no means immune to the prevailing market conditions, the fundamentals of our business continue to be sound as a result of the resilience of our income streams.

“Our operational performance has been strong with our completed developments being almost fully let. Our short-term priorities are around leasing and on-going balance sheet management. For the medium-term, we are planning a development pipeline to capture a recovery in occupational markets.

“Our objective is to navigate a prudent line through the current volatilities and we continue to manage the business with a cautious outlook. Land Securities has been successful by being strong in managing day to day operations, while maintaining a long-term perspective on value generation. This combination will continue to guide our actions.”

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