LAND SECURITIES' Q3 INTERIM MANAGEMENT STATEMENT CONFERENCE CALL
21 January 2016

Speaker: Robert Noel, Chief Executive

Thank you. Morning, everyone, and thanks very much for dialling in. Now, before we hand over for questions, I'd just like to make some comments on three areas, really, developments, operations, and the balance sheet.

So first developments, we have again maintained good momentum on development lettings. In London, we let 186,000 square feet of development space during the quarter. We have a further 67,000 square feet in solicitors' hands. Now that compares to the 298,000 square feet we let in the first half, and the 670,000 square feet for the whole of last year. So the momentum is good.

The deals we signed in the quarter, and those currently in solicitors' hands are ahead of the valuers' estimates in the September valuation.

Following on from 21 Moorfields, you'll have seen that we have gained two planning consents in London over the quarter at 1 Sherwood Street, behind Piccadilly Lights, and at Nova East, as we continue to build our pipeline for the future.

In Retail we also had good momentum at Westgate, Oxford, where excellent progress has been made two years ahead of opening. We're now 45% pre-let or in solicitors' hands, and these deals are also ahead of plan.

We have made progress in the lead-up to schemes in Selly Oak and also an extension to White Rose. We're on track to start these in the next financial year, so we'll update you on those in May.

The second area I'd like to cover is our operational performance which has been very sound. As you know, we have significantly reshaped our portfolios over the last few years and this is paying off. We're witnessing good demand across the portfolio generally. Voids were down everywhere over the quarter with units in administration broadly flat.

Footfall in our shopping centres was at record levels during the quarter, up 1.7% compared to the same quarter last year. This compares with the national benchmark which was down 2.3%. For the 52 weeks to 3 January, footfall was up 4.2% compared to the national benchmark, down 1.3%.

On a same centre basis, retailer sales were up 1.2% over the quarter. The BRC non-food benchmark was up 1.5%, but don't forget this is not a direct comparison as the BRC benchmark includes online sales.

On a same-store like-for-like basis, retailer sales were down 0.8%.

The third area I'd like to cover is our balance sheet and this remains in a very strong position. Adjusted net debt reduced by almost £500m over the quarter and, based on September valuations, our LTV at 31 December was 24.3%.

We have a portfolio of fantastic assets now and the business is in great shape.

So with that, let me hand over to you for any questions you may have.

Question 1
Oliver Reiff, Deutsche Bank
I have two quick questions. The first one is just on the investment market, and if you could give a flavour for how you're seeing it at the start of the year?

And the second is on sales, and just how you see the rest of the year in terms of selling more office, or being a net seller at all?

Answer - Robert Noel, Chief Executive
Sure. It's a bit early to tell, Oliver, for that. We're only, whatever it is, two weeks into the new year, so it's a little bit early to tell. At the moment we've still got it -- from what everyone's saying, there's plenty of interest for assets on -- and I can't really comment further than that. It's just too early.

On whether we're likely to be a net seller for the remainder of this financial year, probably. Slightly, I would guess, but we've got a big capex run rate, as you know, so it's not going to be anything more than slight.

Question 2
Oliver Creasey, Green Street Advisors
On same-store retailer sales, I see that they're below the benchmarks that you guys used to compare against. I appreciate that that's got online sales and it's not a great comparison, but we are used to seeing you outperforming those benchmarks.

So I'm just querying if anything changed particularly in this quarter? Or if you have any further guidelines or information to provide on that, please?

Answer - Robert Noel, Chief Executive
Yes, I think this is an interesting question and, of course, footfall is up. So this is people spending less money in bricks-and-mortar stores. But actually, if you think about the story we've been developing over the last three years, it doesn't necessarily come as a surprise.

The way consumers are behaving is changing. Footfall is up in our destination centres, which is why we own them, and it's why we sold all the secondary centres where footfall is down. And remember what we've been saying about retailers upsizing. Retailers are upsizing in these centres in order to create showrooms. And when people go into these stores, they buy in the store, but they also buy online.

So, retailers don't really care whether sales are online, they don't really focus just on bricks-and-mortar sales, they're worried about sales, full stop. And in these centres where you can drive online sales as well as over and above where you're selling elsewhere, they will remain popular. That's why we own them.

Same-store sales hovering around flat is, I'm afraid, part of the retail story at the moment.

Question 3
David Brockton, Liberum

I've got a question on cost of debt. As you continue to realise value through disposals, what options do you have to reduce your cost of debt and when could you do it, given the limitations for the Security Group?

Answer - Robert Noel, Chief Executive

The Security Group has absolutely no limitation on the cost of debt whatsoever. The cost of debt is dictated by the fact that the vast majority of our debt now is bonds. So these have been in existence for many years. We can't control their fixed cost, so the only thing we would do about reducing the cost of debt is consider buying-in our bonds. But until that becomes a NPV positive trade, there's no point in doing it.

Question 4

Alison Watson, Investec

Just following on the last question, I notice that your weighted average cost of debt has risen by 40 basis points over the period. What was the driver behind that, please?

Answer - Robert Noel, Chief Executive

That is driven purely by retiring debt on a revolving facility, due to our sales, and that's our cheapest form of debt.

Final remark - Robert Noel, Chief Executive

Thank you very much indeed for joining the call. We look forward to seeing you in May.

– ENDS –

Forward Looking Statements

Any forward-looking statements made by or on behalf of Land Securities speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Land Securities does not undertake to update forward-looking statements to reflect any changes in Land Securities' expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.