

Independent Assurance Statement to the management of Land Securities Group PLC

We have performed a limited assurance engagement on selected performance data and statements presented in the Land Securities Group PLC ('the Group') 2017 Sustainability Report ('the Report').

Respective responsibilities

The Group's management are responsible for the collection and presentation of the information within the Report. Management are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with management's instructions, is to carry out a 'limited level' assurance engagement on selected data and performance claims in the Report ('the subject matter information'). We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE3000 (Revised)¹ and to meet the requirements of a Type 2 assurance engagement as defined by AA1000AS (2008).² The criteria we have used to evaluate the Report ('the Criteria') include the AA1000AS (2008) assurance principles of Inclusivity, Materiality and Responsiveness; and, for selected data, Landsec's own criteria as set out in the Report and in the Environmental Reporting Methodology document.

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. Interviewed a selection of the Group's management and reviewed Company-level documents to understand the progress made in the area of sustainability during the reporting period and test the coverage of topics within the Report.

2. Conducted site visits at two sites (Nova, SW1 and Westgate, Oxford)

to understand how the sustainability agenda is being managed at the site-level.

3. Reviewed the Group's approach to stakeholder engagement through interviews with employees with responsibility for managing engagement activities and reviewed selected associated documentation.

4. Reviewed the Group's process for determining material issues to be included within the Report.

5. Reviewed the coverage of key issues within the Report against the key issues raised in external media reports and the sustainability reports of the Group's peers, as well as the topics discussed in our management interviews, site visits and by the Sustainability Committee and other internal working groups.

6. Interviewed staff responsible for data reporting and carried out the following activities to review selected sustainability data:

- Reviewed the guidance on data reporting, key processes and quality assurance performed.
- Selected a sample of data points from across the business and sought documentary evidence to support the data.
- Conducted a walk-through of data reported from a sample of sites to test consolidation.
- Reviewed any explanations provided for significant variances.
- Reviewed the Report for the appropriate presentation of the data including limitations and assumptions.

Our review of data processes was limited to the following selected data sets:

- **Community employment:** People into jobs through the Community Employment Programme
- **Greenhouse gas emissions:** Direct GHG emissions (MtCO₂e), Indirect GHG emissions (MtCO₂e), and GHG intensity from building energy (tCO₂e/m²/ year)
- **Waste:** Waste diverted from landfill (tonnes) and percentage of waste recycled

7. Reviewed information or explanation about selected data, statements and assertions regarding the sustainability performance of the Group.

The limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ISAE3000 Revised) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on the Group's controls for managing and reporting sustainability information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at the Group beyond those used for selected sustainability data (as presented in the table above).

We have only sought evidence to support the 2016/2017 performance data. We do not provide conclusions on any other data from prior years.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Inclusivity

Has the Group been engaging with stakeholders across the business to develop its response to sustainability issues?

- We are not aware of any key stakeholder groups that have been excluded from dialogue.
- We are not aware of any matters that would lead us to conclude that the Group has not applied the inclusivity principle in developing its response to sustainability issues.

Materiality

Has the Group provided a balanced representation of key topics concerning its sustainability performance?

- We are not aware of any key topics concerning the sustainability performance of the Group which have been excluded from the Report.
- Nothing has come to our attention that causes us to believe that the Group's management has not applied its processes for determining material issues to be included in the Report.

Responsiveness

Has the Group responded to stakeholder concerns?

- We are not aware of any matters that would lead us to conclude that Landsec has not applied the responsiveness principle in considering the matters to be reported.

Completeness and accuracy of performance information

- We are not aware of any material reporting units that have been omitted from the stated scope of the Company-level sustainability data.
- Nothing has come to our attention that causes us to believe that the data relating to the above topics has not been collated properly from Company-level systems.
- We are not aware of any errors that would materially affect the data as presented in the Report.

How plausible are the statements and claims within the Report?

- We have reviewed information or explanation on selected statements regarding the Group's sustainability activities presented in the Report and we are not aware of any misstatements in the assertions made.

Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to the Group's management. Selected observations are provided below. These observations do not affect our conclusions on the Report set out above.

- Through our interviews with management we noted that Executives at Landsec are engaged in the Company's key sustainability programmes, and are aware of the business's sustainability priorities. The importance of sustainability to Landsec has been conveyed by the CEO, and this top-down leadership has enabled sustainability awareness to be cascaded across the Company and further embedded into operations.
- This is the first year Landsec has reported measurable diversity metrics, which are designed to drive improvement across the business. At this time, outcome metrics have only been developed for gender diversity. We note that Landsec is leading a cross-industry collaboration to increase engagement and performance on diversity in the real estate sector. We would encourage Landsec to consider developing outcome-based targets for other prioritised aspects of diversity, such as ethnic diversity.

- Landsec continues to have well-structured processes for collecting and analysing portfolio energy consumption data through the Optima Energy Management System. At this time, other environmental data, such as refrigerants, waste and water consumption, are captured manually in spreadsheets, which introduces a higher risk of human error than an electronic data system. Landsec may want to consider more automated data systems to capture environmental data beyond energy.

Our independence

We have implemented measures to comply with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1.³ Ernst & Young's independence policies apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to the Group whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2016/17. Our assurance team has been drawn from our global Climate Change and Sustainability Services Practice, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP, London 12 June 2017

1. International Federation of the Accountants' International Standard for Assurance Engagements (ISAE3000) Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.
2. The 2008 edition of AccountAbility's AA1000 assurance standard.
3. Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)