

# Recommended acquisition of U+I

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1 November 2021



**Landsec**

## Transaction summary

- Land Securities Group PLC has announced an offer to acquire U and I Group PLC
  - Cash offer of 149p per share to be funded from existing Landsec facilities
  - 73% premium to closing price of 86p on Friday 29 October 2021<sup>(1)</sup>
  - 70% premium to the U+I 3-month VWAP as on Friday 29 October 2021<sup>(1)</sup>
  - U+I's Board intend to unanimously recommend that U+I's shareholders accept Landsec's offer
  - Landsec have received letters of intent to vote in favour of the resolutions relating to the Acquisition from four U+I shareholders. These letters of intent represent 32% of issued share capital in aggregate
  
- Meaningfully accelerates Landsec's Urban opportunities strategy
  - Materially enhances Landsec's place making skills and complements existing development capabilities
  - Provides access to a significant pipeline of mixed-use development projects, two of which are well progressed through planning: Mayfield, Manchester (SRF<sup>2</sup> and detailed consent for Phase one) and Morden Wharf (resolution to grant permission)
  
- Provides access to a further high-quality office-led development with planning consent in London (Landmark Court, Southwark)
  
- Transaction expected to close in December 2021 or early 2022

(1) Being the last business day before commencement of the offer period

(2) Strategic Regeneration Framework

# U+I: An expert in urban mixed-use regeneration

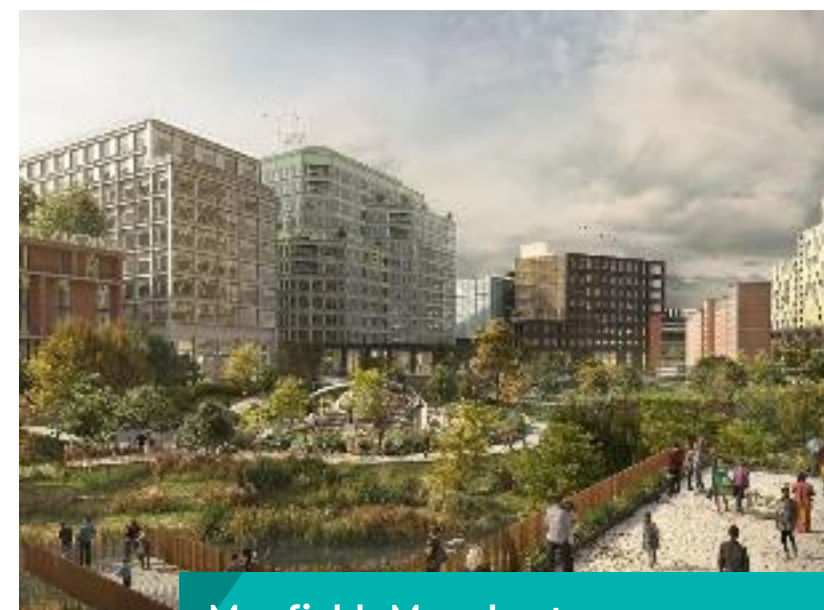
## Materially enhances Landsec's placemaking skills and complements existing development capabilities

### Company overview

- U+I is a London headquartered property developer and investor focused on regenerating overlooked and underestimated urban places
- Business is divided into three segments:
  - **Core Regeneration/development:** Long-term, large-scale, mixed-use regeneration projects in partnership with public and private bodies
  - **Non-Core Trading:** Development or trading assets which U+I intends to sell within 4 years
  - **Investment portfolio:** Commercial, retail, shopping centre and leisure assets that U+I has acquired or developed
- As of 31 Mar 2021, the Company owned £269m of long-term regeneration projects, a mixed portfolio of Investment assets and non-core development assets owned through a variety of structures and with multiple partners.

### Capability overview

- Reputation and pedigree as an urban mixed-use development specialist
- Formed following Development Securities acquisition of Cathedral Group in 2014
- Strong front end development capabilities, largely focused on visioning, design and planning



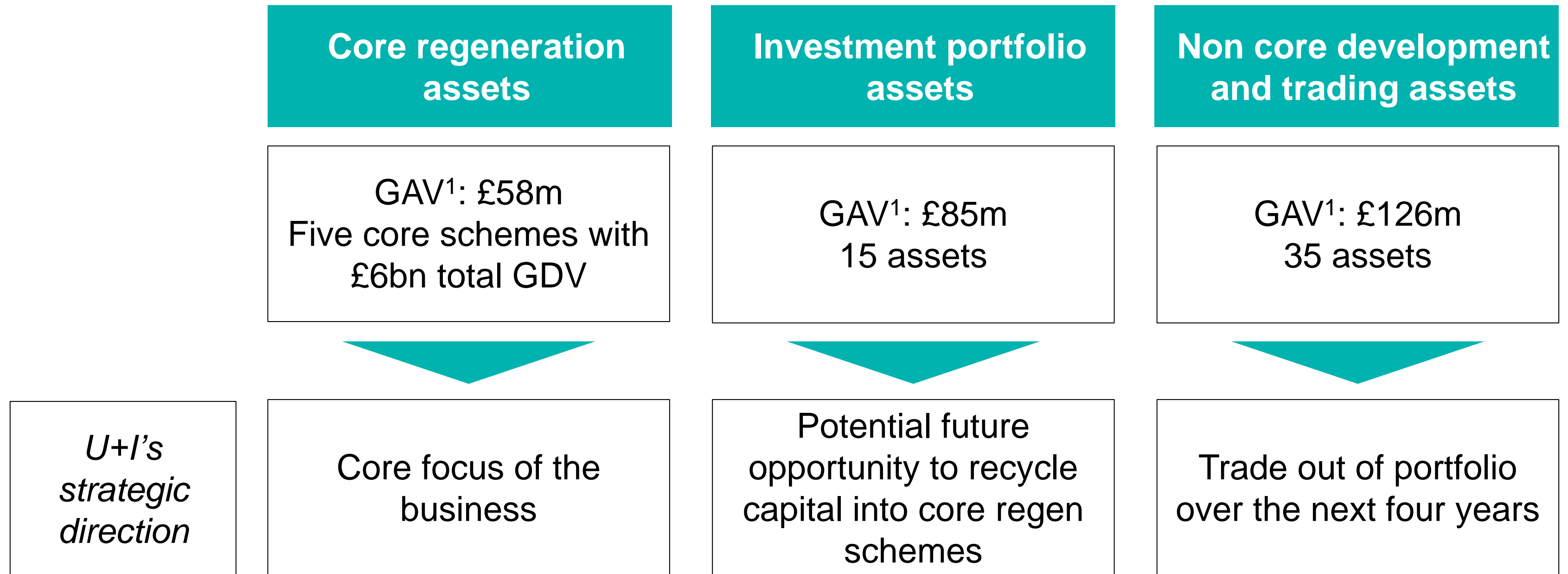
Mayfield, Manchester



Landmark Court, Southwark

# Strategically focused on core regeneration assets

Five core regeneration schemes with £6bn in total GDV



(1) As at March 2021

# Meaningfully accelerates urban opportunities pipeline

## Three major mixed-use schemes well-progressed through planning<sup>(1)</sup>

**Mayfield** is one of the pre-eminent regeneration opportunities in the UK:

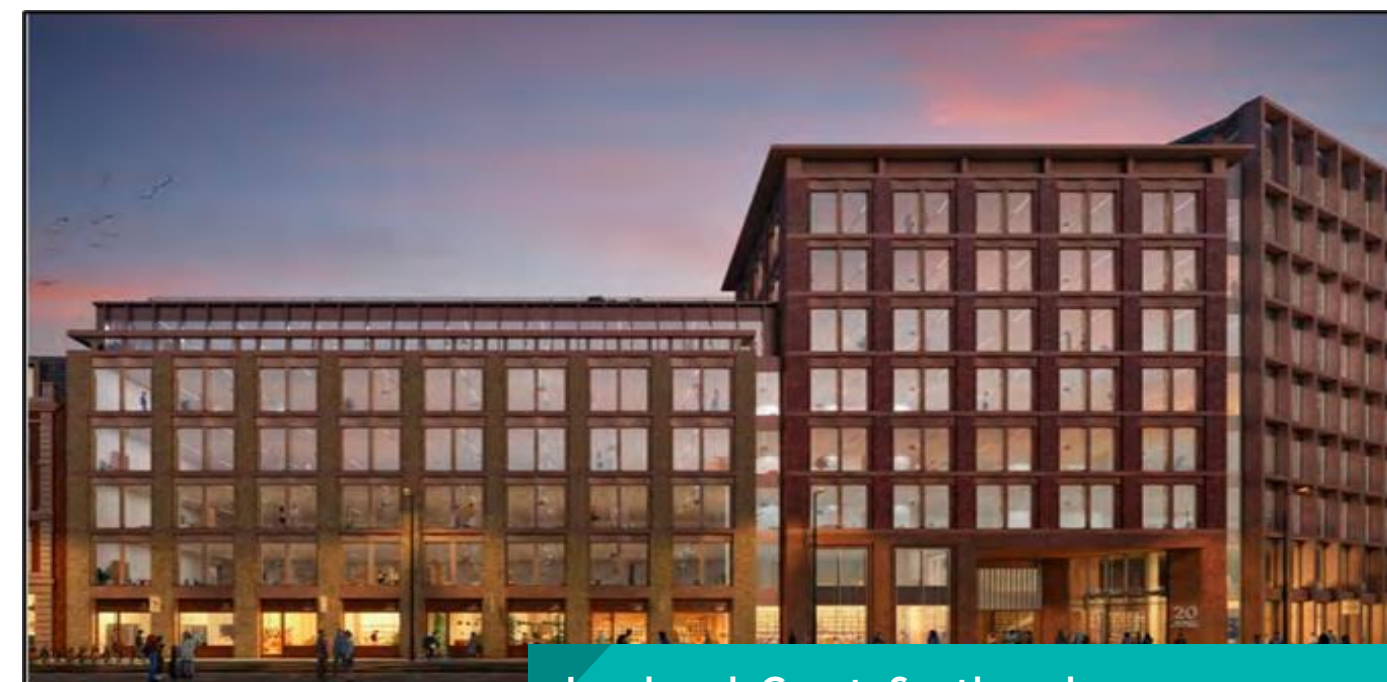
- 2m sq ft of office, retail and leisure space
- 1,500 new homes set around a 6.5 acre public park
- The site extends to 24 acres in Manchester City Centre, adjacent to Manchester Piccadilly station
- The GDV of the site will be circa £1.5bn (100%), approximately 60% of which will be the office element
- Works have already commenced on site



Mayfield, Manchester

### Landmark Court, Southwark

- An office-led development site located within walking distance of London Bridge and Borough Tube stations
- Planning permission for 200,000 sq ft of office, retail and workspace
- Targeting BREEAM Excellent and WELL Platinum, the offices will provide prime space in a location that continues to mature, with the consented and cleared site offering the potential to deliver near-term returns



Landmark Court, Southwark




### Morden Wharf, Greenwich Peninsula

- Resolution to grant outline consent obtained in September 2021 for 1,500 new homes, 200k sq ft of warehouses and 50k sq ft of retail across a 19 acre plot on the western edge of the peninsula

1. Morden Wharf has resolution to grant permission

# Meaningfully accelerates urban opportunities pipeline

Potential to deploy £600-800m into development in the short to medium term

	With Planning		Resolution to Grant Planning	
	Mayfield	Landmark Court	Morden Wharf	
				
<b>Location<sup>1</sup></b>	Manchester	London	London	← Across London and regional UK cities
<b>Current WIP<sup>1</sup></b>	£24.9m	£4.3m	£16.1m	
<b>Estimated GDV @ 100%<sup>1,3</sup></b>	£1.5bn	£240m	£770m	← Significant GDV
<b>Target start on site</b>	On site	Expected 2022	TBC	← Acceleration of development pipeline
<b>Scheme overview<sup>2</sup></b>	50% JV	51% JV	Conditional Development Agreement	
<b>Scheme size<sup>1</sup></b>	2m sqft	200,000 sq ft of office, retail and workspace	1.7m sqft	

(1) As previously published by U+I; (2) U+I currently acts as master developer & development manager on mixed use schemes. U+I's economics are determined by the nature of the development agreements in place and any rights and/or balance sheet capacity which U+I may have to fund the relevant joint venture or scheme; (3) GDV is the estimated Gross Development Value.

## Brings strong management and team with valuable skills

- Strong management team, led by Richard Upton
- Experts in regeneration, creating thriving mixed-use communities
- Placemaking skills and aligned approach to building sustainable communities
- Complementary front-end development expertise, with experience working alongside local government, communities and partners



# Complements Landsec's strategy for growth

## U+I meaningfully accelerates urban opportunities strategy

### Our strategy is focused on three areas

#### Central London offices

We develop, own and manage offices that offer a variety of propositions to meet the evolving needs of occupiers

Offers a blend of returns; from high quality, low risk income through to profits from new development

#### Major retail destinations

We own and actively manage high quality retail destinations that we believe will remain relevant to brands and shoppers in an increasingly omni-channel world

Returns are predominantly income driven with the prospect of rental growth and values strengthening in the medium term

#### Urban opportunities

Apply our proven skillset to deliver urban mixed-use schemes

We have existing opportunities and a number of ways to expand and accelerate progress

Multi-phased projects can offer an attractive blend of income, growth and development-driven returns over multiple years

**At the Group level, we are seeking to deliver mid-to-high single digit returns on equity, split broadly equally between income and growth**



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