

THIS LETTER UPDATES THE LETTER DATED 15 NOVEMBER 2021 FROM LS DEVELOPMENT HOLDINGS LIMITED AND U AND I GROUP PLC

The following correction has been made to the 15 November 2021 Letter: to include the U and I Group PLC directors' view on the proposal contained in this letter. All other information remains the same.

THIS LETTER AND ACCOMPANYING LTIP EXERCISE FORM ARE IMPORTANT AND EXPLAIN THE IMPACT OF THE ACQUISITION ON YOUR LTIP OPTIONS AND WHAT YOU NEED TO DO. PLEASE READ THIS LETTER CAREFULLY AS IT REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the contents of this document or what action you should take, you are recommended to seek your own financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

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(incorporated in England and Wales
with registered number 13692104)
100 Victoria Street
London SW1E 5JL

U and I Group PLC
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7a Howick Place
London SW1P 1DZ

To: Individuals holding nil cost options under the U and I Group PLC Long Term Incentive Plan 2014 (the "LTIP")

Please note that if you also hold an option under the U and I Group PLC Save-As-You-Earn Option Plan 2005, you will receive a separate proposal letter in relation to that option.

15 November 2021

Dear Participant

Recommended cash acquisition of U and I Group PLC ("U+I") by LS Development Holdings Limited ("Landsec Development"), a wholly owned subsidiary of Land Securities Group PLC ("Landsec")

1 Background

On 1 November 2021, the boards of U+I and Landsec Development announced that they had reached agreement on the terms of a recommended cash acquisition pursuant to which Landsec Development will acquire the entire issued and to be issued ordinary share capital of U+I (the "**Acquisition**"). Except where otherwise defined in this letter and the enclosed LTIP Exercise Form, capitalised terms and expressions used in this letter and the LTIP Exercise Form have the meanings given to them in the Scheme Document (as defined below).

Under the terms of the Acquisition, U+I Shareholders will be entitled to receive:

for each U+I Share

149 pence in cash.

The Acquisition is to be effected through a court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") which requires the approval of U+I Shareholders and the sanction of the High Court (the "**Court**").

A copy of the document containing full details of the Scheme (the "**Scheme Document**") is available at <https://www.uandiplc.com/>. You should read this letter and the LTIP Exercise Form in conjunction with the Scheme Document.

It is expected that:

- the Court hearing to consider sanctioning the Scheme will take place on or about 13 December 2021 (the "**Scheme Sanction Date**"); and
- the Scheme will become effective on the next business day after the Scheme Sanction Date, at which point U+I will be owned by Landsec Development.

2 **Your Options**

You have been sent this letter because you currently hold unvested nil cost options over U+I Shares ("**Options**") under the LTIP. The Options have a nil exercise price (i.e. you do not have to pay anything to exercise your Options).

3 **Effect of the Scheme on your Options**

If the Scheme is sanctioned by the Court, your Options will vest (i.e. become immediately exercisable) on the Scheme Sanction Date to the extent described below, and, subject to the LTIP rules providing for earlier lapse, will ordinarily remain exercisable during the period of two months commencing on the Scheme Sanction Date.

The extent to which your Options granted in 2019, 2020 or 2021 will vest will be determined based on two factors:

- firstly, they will vest based on the extent to which the U+I Remuneration Committee determines (in accordance with the LTIP rules) that the applicable performance conditions have been met; and
- secondly, the number of U+I Shares in respect of which the 2019, 2020 and 2021 Options would otherwise vest (as determined in accordance with the previous paragraph) will normally be reduced pro rata to reflect the proportion of the period over which the performance conditions applicable to the Awards are assessed that has elapsed (the performance period). The U+I Remuneration Committee has determined that pro-rating will be applied in respect of all Options by reference to the period commencing at the start of the relevant performance period and ending on 31 March 2022 pro rata to the length of the performance period.

It is not expected that any dividend equivalent payment will be due on any of the Options.

To the extent that your Options do not vest, they will lapse on the Scheme Sanction Date.

4 **Exercise proposal**

If the Acquisition goes ahead and you wish to realise value from your Options, you need to take action to exercise them.

You can choose to exercise your Options to the maximum extent possible conditional on the Court sanctioning the Scheme by signing and returning the enclosed LTIP Exercise Form.

If you do this, all of your Options will be exercised on your behalf to the fullest extent possible on the Scheme Sanction Date and the U+I Shares that you acquire on exercise will automatically be sold to Landsec Development as part of the Acquisition and you will receive the amount of 149p per U+I Share less the relevant deductions for income tax and employee's National Insurance contributions. U+I will deduct any income tax and employee's National Insurance contributions that U+I is obliged to account to HM Revenue & Customs from your sales proceeds. To facilitate this, it is anticipated that the U+I Shares that you acquire under your Option will be held by the U+I Employee Share Trust who will hold the U+I Shares for you until they are acquired by Landsec Development.

If you exercise your Options using the LTIP Exercise Form, the consideration for your U+I Shares, less the relevant deductions for income tax and employee's National Insurance contributions, will be paid to you through payroll as soon as reasonably practicable following the date the Scheme becomes effective.

If you want to choose to exercise your Options(s) to the maximum extent possible conditional on the Court sanctioning the Scheme, please complete, sign and return the enclosed LTIP Exercise Form to [REDACTED] at 7a Howick Place, London SW1P 1DZ as soon as possible and so it is received by no later than 5pm on 9 December 2021.

5 What happens if I do not use the LTIP Exercise Form?

If the Acquisition goes ahead, you will still be able to exercise your Options after the Scheme becomes effective to the extent possible during the period of two months commencing on the Scheme Sanction Date, unless your Options lapse earlier in accordance with the LTIP rules. However, if you do this, Landsec Development will still automatically acquire the U+I Shares you acquire on the exercise of your Options and you will receive 149p per U+I Share less any applicable deductions for income tax and employee's National Insurance contributions that U+I is required to withhold.

If you do nothing and the Acquisition goes ahead, your Options will lapse at the latest two months after the Scheme Sanction Date.

6 What happens if the Court does not sanction the Scheme?

You should note that the LTIP Exercise Form will only take effect if the Court sanctions the Scheme. If the Court does not sanction the Scheme, the LTIP Exercise Form will be of no effect and your Options will not vest early and will remain outstanding in accordance with the LTIP rules.

7 Leaving U+I before the Scheme Sanction Date

If you leave employment with U+I before the Scheme Sanction Date, the leaver provisions of the LTIP rules will apply in the normal way.

This means that if you leave employment with U+I and are considered a "good leaver", your unvested Options will remain outstanding and this letter would continue to apply to those Options, except that the calculation of the time pro-rating reduction to your Options may differ, as the U+I Remuneration Committee may determine it will take account of the date on which you left. If, at the discretion of the U+I Remuneration Committee, any other arrangements are applied in connection with you leaving U+I employment, you would be contacted separately.

If you leave employment with U+I prior to the Scheme Sanction Date and are not considered a "good leaver", all of your unvested Options will lapse on the date your employment with U+I ends.

To the extent vested, your Options will remain exercisable for a period of up to 12 months from the date you leave or if earlier up to two months after the Scheme Sanction Date.

A “good leaver” is defined in the LTIP rules and includes anyone who leaves due to ill health, injury, disability, redundancy, retirement (by agreement with U+I) or the sale of their employing company or business out of the U+I group or who dies.

8 Tax

The schedule to this letter summarises the UK tax consequences that apply to the exercise of your Options.

9 Recommendation

The U+I Directors recommend that you exercise your Option(s) to acquire U+I Shares on the Scheme Sanction Date as set out in this letter. You should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising any Options you hold.

The U+I Directors, who have been so advised by Rothschild & Co as to the financial terms of the proposal, consider the terms of the proposal set out in Section 4 of this letter to be fair and reasonable in the context of the Acquisition. In providing its advice to the U+I Directors, Rothschild & Co has taken into account the commercial assessments of the U+I Directors. Rothschild & Co is providing independent financial advice to the U+I Directors for the purposes of Rule 15(b) of the City Code on Takeovers and Mergers.

10 Important notes

Please note that no officer or employee of U+I nor Landsec Development nor Landsec will be able to give you legal, financial or tax advice nor advise you personally on the course of action that you should take in relation to your Options. If you are in any doubt as to the contents of this letter, the course of action you should take or your tax position, you should seek your own independent professional advice immediately.

If you received this letter by email, you may request a hard copy of this letter, free of charge, by emailing [REDACTED] and including your name, and the address to which the hard copy should be sent. You may also request that all future letters, documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If there is a conflict between the information in this letter (including its schedule) or the LTIP Exercise Form and the LTIP rules or any relevant legislation, the LTIP rules and the legislation will prevail.

11 Action required

If you wish to accept the proposal set out in Section 4 of this letter in respect of your Options, you must complete and return the enclosed LTIP Exercise Form in accordance with the instructions set out in it **as soon as possible** and return it to [REDACTED] at 7a Howick Place, London SW1P 1DZ **so it is received no later than 5pm on 9 December 2021.**

Yours faithfully



Elizabeth Miles
Director
LS Development Holdings Limited



Peter Williams
Non-Executive Chairman
U and I Group PLC

Notes

1. The U+I Directors, whose names are set out in paragraph 2 of Part 7 of the Scheme Document (being Peter Williams, Richard Upton, Jamie Christmas, Lynette Krige, Barry Bennett, Rosaleen Kerslake and Sadie Morgan), accept responsibility for all the information contained in this letter and the accompanying LTIP Exercise Form (including any expressions of opinion and all information in respect of the Wider U+I Group which has been incorporated by reference into this letter and the accompanying LTIP Exercise Form) except for that information for which the Landsec Responsible Persons accept responsibility in accordance with Note 2 below. To the best of the knowledge and belief of the U+I Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the accompanying LTIP Exercise Form for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. The Landsec Responsible Persons, who are listed in paragraph 2(c) of Part 7 of the Scheme Document, accept responsibility for the information contained (including any expressions of opinion) in this letter and the accompanying LTIP Exercise Form relating to Landsec, Landsec Development, themselves, their close relatives, related trusts and other connected persons and persons acting in concert with Landsec Development (as such term is used in the City Code on Takeovers and Mergers) (including all information in respect of those parties which has been incorporated by reference into this letter and the accompanying LTIP Exercise Form). To the best of the knowledge and belief of the Landsec Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the accompanying LTIP Exercise Form for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
3. Rothschild & Co which is authorised and regulated by the FCA in the United Kingdom is acting exclusively as financial adviser to U+I and no-one else in connection with the Acquisition and will not be responsible to anyone other than U+I for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this letter, the LTIP Exercise Form, any statement contained herein, the Acquisition or otherwise.
4. Rothschild & Co has given and has not withdrawn its written consent to the issue of this letter and the accompanying LTIP Exercise Form, with the inclusion of the references to its name and the advice it has given to U+I in the form and context in which they appear.
5. The dates set out in this letter are based on current expectations and may be subject to change. If the expected dates change, U+I will give notice of the change by issuing an announcement to all participants in the LTIP.
6. Nothing in this letter or the Scheme Document serves to vary the LTIP rules or to extend the life of any Options which have lapsed or may lapse under the LTIP rules. The information relating to taxation given in this document is given by way of guidance only.
7. The accidental omission to despatch this letter, or the accompanying LTIP Exercise Form to, or any failure to receive the same by, any person to whom the proposals are made, or should be made, shall not invalidate the proposals in this letter in any way.
8. A copy of this letter will be available to view (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) on Landsec's website at <https://landsec.com/disclaimer> and U+I's website at <https://www.uandiplc.com/>.

SCHEDULE

UK Taxation

This Schedule is applicable to UK tax-resident individuals who are domiciled in the UK and work for U+I in the UK at all relevant times. It is intended as a guide only and is not a full description of all the circumstances in which a tax liability may occur.

- Income tax and National Insurance contributions will arise on the exercise of your Options on the market value of the U+I Shares you acquire at that time.
- U+I is required to withhold and account to HM Revenue & Customs for the amount of these liabilities.
- Therefore, if you exercise your Options on or following the Scheme Sanction Date (including if you use the enclosed LTIP Exercise Form), U+I will calculate its best estimate of the amount of your income tax and National Insurance contributions liability in connection with that exercise.
- However, there may be instances where the value withheld is more than the actual liabilities due, and in this situation any amounts over-withheld from you will be reimbursed to you through payroll. Similarly, if the amount withheld has been underestimated, you will need to meet any shortfall and the arrangements for this will be communicated to you individually should this arise, which may include these liabilities being deducted through payroll.

If you are in any doubt about your tax position, you are advised to seek advice from a suitably authorised tax adviser.