

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 SAYE EXERCISE FORM ARE IMPORTANT AND EXPLAIN THE IMPACT OF THE ACQUISITION ON YOUR SAYE PLAN OPTION 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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with registered number 01528784)
7a Howick Place
London SW1P 1DZ

To: Individuals holding options under the U and I Group PLC Save-As-You-Earn Option Plan 2005 (the "SAYE Plan")

Please note that if you also hold awards under the U and I Group PLC Long Term Incentive Plan 2014, you will receive a separate proposal letter in relation to those awards.

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 SAYE Exercise Form, capitalised terms and expressions used in this letter and the SAYE 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 SAYE 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 Option**

Under the SAYE Plan, you are currently saving a fixed monthly amount directly from your pay under a savings contract and have been granted an option over U+I Shares (the "**Option**"). Normally, you would continue saving until the end of your three or five-year savings period and then decide if you want to use those savings to exercise the Option and acquire U+I Shares at the "Option Exercise Price", or to let your Option lapse and withdraw your savings.

Your Option was granted under the SAYE Plan on 23 July 2021. The Option Exercise Price per U+I Share is 75.1 pence.

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

The Acquisition will change the usual treatment of your Option. If the Court sanctions the Scheme, your Option will vest (i.e. become immediately exercisable) on the Scheme Sanction Date to the extent of your savings at the date of exercise. Subject to the SAYE Plan rules providing for earlier lapse, your Option will ordinarily remain capable of exercise during the period of six months commencing on the Scheme Sanction Date. Different rules may apply if you leave employment with U+I before the Court sanctioning the Scheme.

4 **Exercise proposal**

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

You can choose to exercise your Option conditional on the Court sanctioning the Scheme and buy U+I Shares using the accumulated savings you have made up to the date of exercise by signing and returning the enclosed SAYE Exercise Form.

If you do this, you will receive:

- 149p in cash for each U+I Share that you acquire on the exercise of your Option; and
- a "one-off cash compensation payment" which will be equal to the profit that you would have made if you had continued saving for six months after the Scheme Sanction Date and then exercised your Option. The one-off cash compensation payment will be subject to income tax and employee's National Insurance contributions, but will be grossed up to reflect the fact that you would have paid no employee's National Insurance contributions on the exercise of your Option. You cannot exercise your Option in full. This is because under the legislation governing

the SAYE Plan, you can only exercise your Option using the monthly savings you have made up to the date of exercise. You will not be able to get the maximum number of U+I Shares which you would have been entitled to had you exercised your Option at the end of the savings period.

When you exercise your Option, you will incur an income tax charge on exercise in relation to the "gain" you make. The "gain" is the difference between the value of a U+I Share at the time you exercise your Option and the Option Exercise Price that is paid. You will also incur an income tax and employee's National Insurance contributions charge on the additional one-off cash compensation payment amount that is paid to you (please see the schedule to this letter for further information).

To facilitate you selling your U+I Shares as part of the Acquisition, 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 Option using the SAYE Exercise Form, the consideration for your U+I Shares and the one-off cash compensation payment, less the relevant deductions for income tax and, in the case of the one-off cash compensation payment 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 Option conditional on the Court sanctioning the Scheme and buy U+I Shares using the accumulated savings you have made at the date of exercise, please complete, sign and return the enclosed SAYE 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 SAYE Exercise Form

If you do not use the SAYE Exercise Form and the Acquisition goes ahead, then your Option will lapse at the latest six months after the Scheme Sanction Date. Your savings contributions will continue to be taken from your salary in the normal way. You will be able to exercise your Option to buy U+I Shares for up to six months following the Scheme Sanction Date using your accumulated savings as at the date of exercise, unless your Option lapses earlier under the SAYE Plan rules. Landsec Development will still automatically acquire the U+I Shares you buy when you exercise your Option, but you will not receive the one-off cash compensation payment, so you will not receive any more by delaying your exercise and you will have to wait longer for the sale proceeds of your U+I Shares. Also, if you do not use the SAYE Exercise Form and exercise your Option, you will have to account personally to HM Revenue & Customs through self-assessment for the income tax that arises on the exercise of your Option.

If you do not exercise your Option it will lapse at the end of the six-month period starting on the Scheme Sanction Date.

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

Your Option will only vest early if the Court sanctions the Scheme. If the Court does not sanction the Scheme, your SAYE Exercise Form will have no effect, you will continue to make monthly savings payments under the SAYE Plan and your Option will continue to vest normally in accordance with the SAYE Plan rules.

7 Frequently asked questions

Please read the frequently asked questions which are set out in the schedule to this letter. In particular, the schedule contains more information on the exercise proposal, tax and what happens if you cease to be employed with U+I.

8 Recommendation

The U+I Directors recommend that you exercise your Option 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.

9 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 Option. If you are in any doubt as to 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 SAYE Exercise Form and the SAYE Plan rules or any relevant legislation, the SAYE Plan Rules and the legislation will prevail.

10 Action required

If you wish to accept the proposal set out in Section 4 of this letter in respect of your Option, you must complete and return the enclosed SAYE 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.**

Should you have any questions please contact the dedicated YBS Share Plans helpline on 0345 1 200 300. Lines are open 9.00am – 5.00 pm on Monday to Friday and 9 am - 1 pm on Saturdays (excluding public holidays in England & Wales). All communications with YBS Share Plans may be monitored/recorded to improve the quality of their service and for your protection and security. Calls to 03 numbers are charged at the same standard network rate as 01 or 02 landline numbers, even when calling from a mobile.

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 SAYE 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 SAYE 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 SAYE 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 SAYE 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 SAYE 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 SAYE 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 SAYE 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 SAYE 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 SAYE Plan.
6. Nothing in this letter or the Scheme Document serves to vary the SAYE Plan rules or to extend the life of any Options which have lapsed or may lapse under the SAYE Plan 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 SAYE 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

Frequently Asked Questions

1 If I choose to exercise do I have to pay anything?

If you choose to exercise your Option, then the Option Exercise Price of 75.1p that is payable per U+I Share will be paid using the monthly savings that you have made up until the date of exercise under your current savings contract.

2 What happens if I exercise my Option?

If you exercise your Option, your savings will be used to buy U+I Shares. These U+I Shares will then be acquired by Landsec Development and you will receive 149p for each U+I Share.

3 Will I be able to exercise my Option in full?

No. This is because (under the legislation that governs the SAYE Plan) you can only exercise your Option using the monthly savings you have made up to the date of exercise. However, you will receive an additional one-off cash amount equal to the profit that you would have made if you had continued saving for six months after the Scheme Sanction Date and then exercised your Option with those additional six months of savings.

4 Is there any tax?

If you exercise your Option then income tax will arise on the "gain" you make. The "gain" is the difference between the value of a U+I Share at the time you exercise your Option (which we anticipate will be approximately 149p) and the Option Exercise Price per U+I Share of 75.1p that is paid.

The one-off cash compensation payment is subject to income tax and employee's National Insurance contributions which will be deducted from the payment.

If you use the SAYE Exercise form, these payments will be made through payroll and the appropriate tax and employee's National Insurance contributions will be deducted.

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

The above assumes you were resident and domiciled for tax purposes, and worked for U+I, in the UK at all relevant times.

5 What happens if I leave employment with U+I?

If you elect to exercise your Option using the SAYE Exercise Form, that exercise will take effect on the Scheme Sanction Date. Therefore, if you leave employment with U+I after the Scheme Sanction Date then the exercise of your Option will be unaffected.

If you leave employment with U+I before the Scheme Sanction Date, the leaver provisions of the SAYE Plan will apply in the normal way. This means:

- If you are a "good leaver", your Option will become exercisable on the date your employment with U+I ends and you will have six months from that date to exercise your Option.

A "good leaver" is defined in the SAYE Plan rules, and is anyone who leaves due to injury, disability, redundancy, retirement or the sale of their employing company or business out of the U+I group or who dies (although special rules regarding how long your personal representatives have to exercise your Option apply on death).

Your SAYE Exercise Form will continue to be effective if you are a good leaver.

- If you leave U+I and are not a "good leaver" then your Option would lapse on the date your employment ends. In that case your Option would not be exercised. If you have returned an SAYE Exercise Form it would cease to be valid.

If you were not to use the SAYE Exercise Form and left employment after the Scheme Sanction Date but before you exercised your Option:

- If you were considered a "good leaver" your Option would normally be exercisable up to six months after the Scheme Sanction Date. The exercise of your Option would benefit from the SAYE Plan's normal tax advantages (so no income tax would arise on the exercise of your Option); but
- If you left and were not considered a "good leaver", then your Option would lapse on the date your employment ends and you would not be able to exercise your Option.
- You would also not be entitled to the one-off cash compensation payment referred to in Section 4 of this letter.