

Recommended acquisition of U+I

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⁽¹⁾
 - 70% premium to the U+I 3-month VWAP as on Friday 29 October 2021⁽¹⁾
 - 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 (SRF² 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

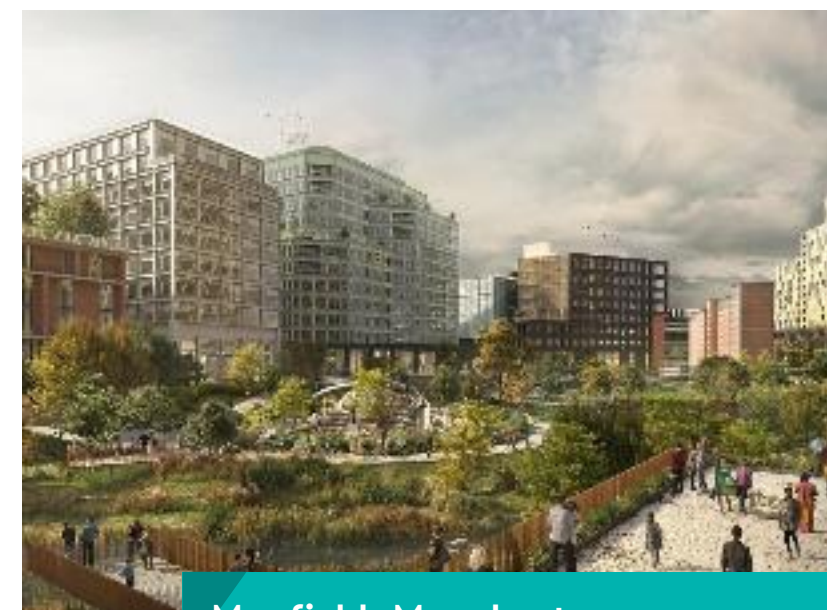
Materially enhances Landsec's placemaking skills and complements existing development capabilities

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



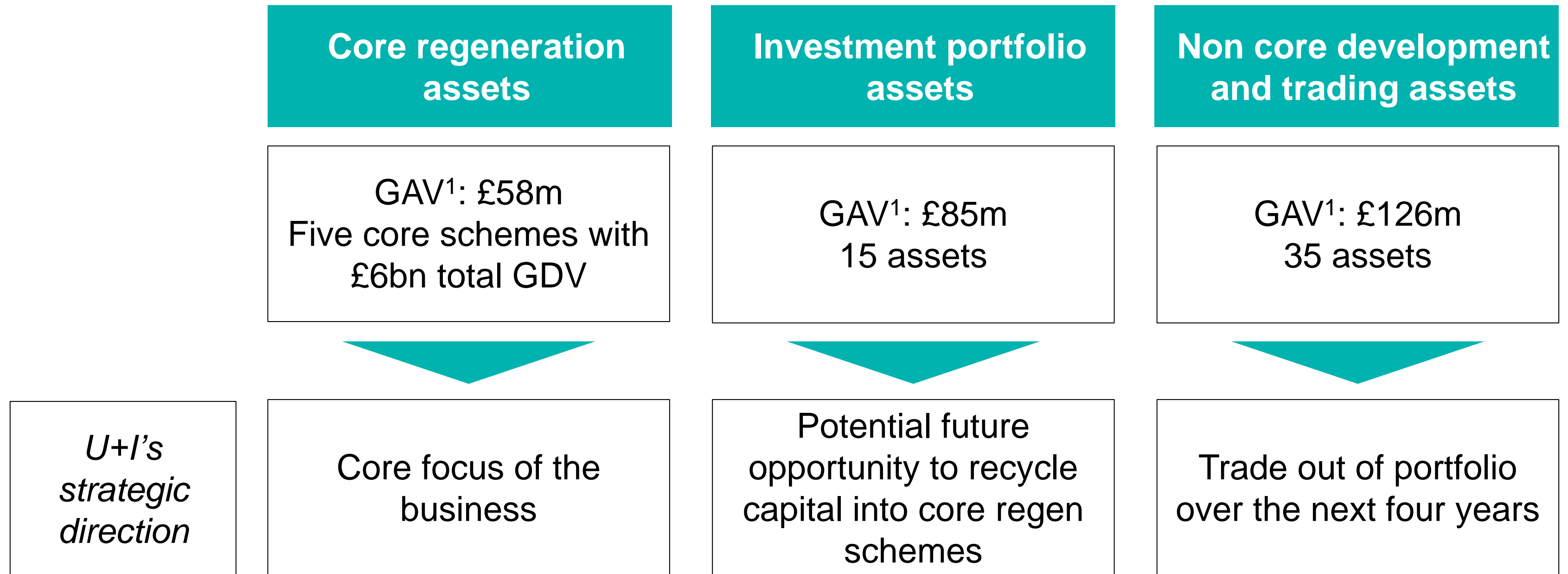
Mayfield, Manchester



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⁽¹⁾

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

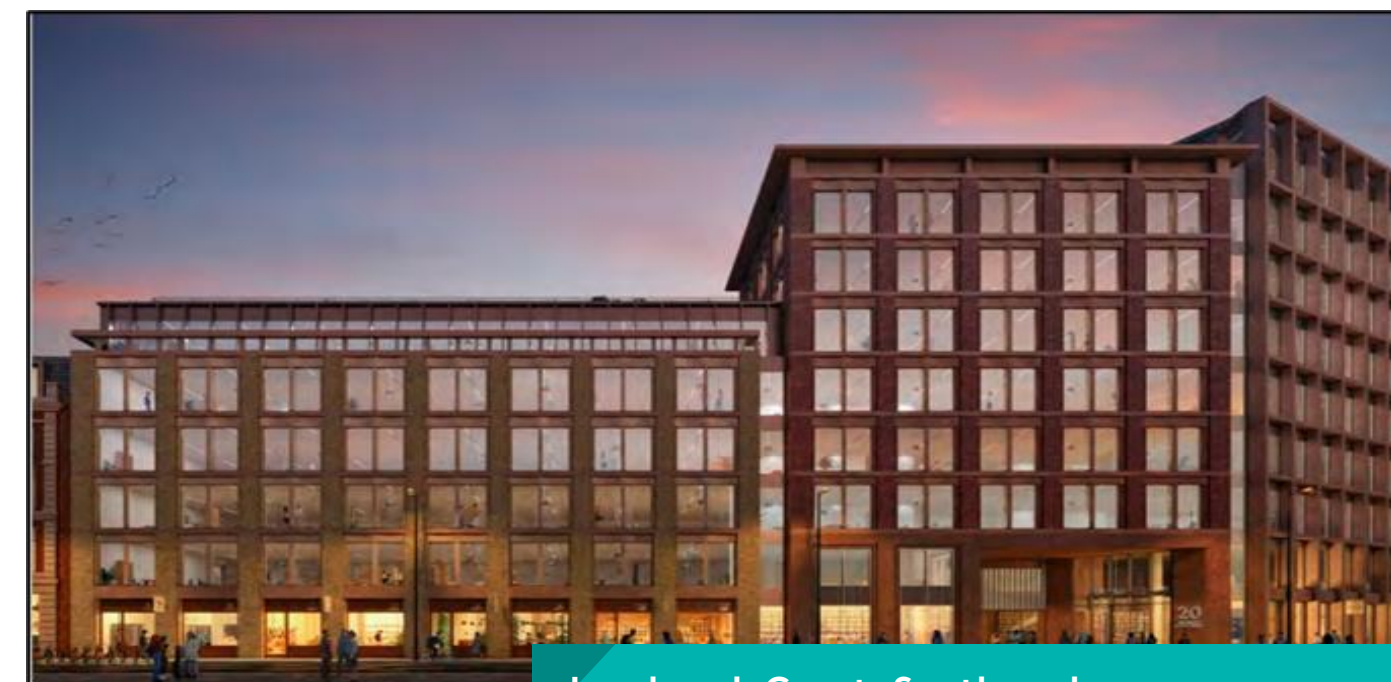
- 2m sq ft of office, retail and leisure space
- 1,500 new homes set around a 6.5 acre public park
- The site extends to 24 acres in Manchester City Centre, adjacent to Manchester Piccadilly station
- The GDV of the site will be circa £1.5bn (100%), approximately 60% of which will be the office element
- 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	
				
Location¹	Manchester	London	London	← Across London and regional UK cities
Current WIP¹	£24.9m	£4.3m	£16.1m	
Estimated GDV @ 100%^{1,3}	£1.5bn	£240m	£770m	← Significant GDV
Target start on site	On site	Expected 2022	TBC	← Acceleration of development pipeline
Scheme overview²	50% JV	51% JV	Conditional Development Agreement	
Scheme size¹	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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