

# REMUNERATION POLICY

An updated Remuneration Policy (the Policy) was presented and approved by shareholders at the 2017 AGM and will operate until the 2020 AGM. Since no changes to the Policy are proposed for the year ahead, this part of the report will not be subject to a shareholder vote at our 2019 AGM. We have included those changes to the Policy approved at the 2017 AGM and the policy tables for Executive Directors and Non-executive Directors below for reference. The full Policy can be found on our website at [uandiplc.com/investors](http://uandiplc.com/investors).

## Changes to the application of the Remuneration Policy effective following the 2017 AGM

The key changes between the Policy and the policy which was approved by shareholders at our 2014 AGM are as follows:

- Extending the holding period that applies to our LTIP awards such that the combined performance and holding period is five years in total for the entire award for awards from 1 March 2017.
- From 2016/17 we changed our approach to the annual bonus, moving to a structure with financial and strategic/personal targets set at the beginning of each year. To reflect this change in operation, we introduced a minimum weighting for financial measures of 50% for the annual bonus.
- We introduced an additional shareholding guideline requiring Executive Directors to retain 50% of net vested shares from the LTIP until they build up shareholdings of 200% of salary for the Chief Executive Officer and 150% of salary for the Chief Development Officer and Chief Financial Officer.

## Main components of the Remuneration Policy

### Policy table for Executive Directors

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
<p><b>Salary</b> Core element of remuneration set at a level to attract and retain individuals of the calibre required to shape and execute the Company's strategy.</p>	<p>Contractual fixed cash amount.</p> <p>Typically, salary levels are reviewed on an annual basis. The Committee takes into account a number of factors when setting base salary, including:</p> <ul style="list-style-type: none"> <li>– Size and scope of the role;</li> <li>– Skills and experience of the individual;</li> <li>– Performance of the Company and individual;</li> <li>– Appropriate market data; and</li> <li>– Pay and conditions elsewhere in the Company.</li> </ul>	<p>Salary increases may be applied taking into account the factors outlined in this table.</p> <p>During review, consideration will also be given to increases applied to the wider employee population. In certain circumstances, such as an increase in the size and scope of the role or increased experience where an individual has been hired on a lower salary initially, higher increases may be given.</p> <p>There is no maximum salary opportunity.</p>	None.

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### CONTINUED

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
<p><b>Benefits</b> To provide Executive Directors with market competitive benefits consistent with the role.</p>	<p>Executive Directors currently receive the following benefits:</p> <ul style="list-style-type: none"> <li>– Cash in lieu of motor vehicle;</li> <li>– Private medical insurance;</li> <li>– Income protection insurance; and</li> <li>– Life assurance.</li> </ul> <p>Other benefits that are consistent with the role may be provided if the Committee considers it appropriate. Payments may be made to Executive Directors in lieu of any unutilised holiday allowance. The Committee may permit additional holiday in lieu of remuneration.</p> <p>Relocation and expatriate benefits may also be provided, if an existing or new Executive Director is required to relocate.</p> <p>The Executive Directors may participate in any all employee share plans adopted by the Company on the same basis as other employees.</p>	<p>The cost of benefits may vary from year to year depending on an individual's circumstances and the varying cost of benefits premiums.</p> <p>There is no maximum benefits value.</p>	None.
<p><b>Annual bonus</b> Incentivises and rewards Executive Directors for the successful delivery of financial and strategic objectives on an annual basis.</p>	<p>Payments are based on performance in the relevant financial year.</p> <p>Payments up to 50% of the maximum opportunity ('Target' performance) are made in cash.</p> <p>Any bonus above 50% of the maximum opportunity will be paid in shares which the Director is expected to hold for at least two years.</p> <p>Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as a material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment.</p> <p>Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.</p>	<p>150% of salary per annum.</p> <p>Executive Directors, excluding the Chief Executive, will have a lower maximum opportunity than the percentage stated above.</p> <p>For the financial year ending 31 March 2020, Executive Directors, including the CEO, will have a maximum of 75% of salary.</p>	<p>The annual bonus is based on a range of financial, strategic and individual measures set by the Committee at the beginning of each year. The weightings will also be determined annually to ensure alignment with the Company's strategic priorities. At least 50% of the bonus will be based on financial measures.</p> <p>The Committee reviews the basis of performance measurement under the annual bonus from time to time and may review and amend the measures as it considers appropriate.</p> <p>50% of the maximum bonus opportunity will be payable for 'Target' performance.</p>

PURPOSE OF COMPONENT AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
<p><b>Long-Term Incentive Plan (LTIP)</b> Incentivises and rewards Executive Directors for delivery of the Company's strategic plan of building shareholder value.</p>	<p>Awards of nil-cost options or conditional shares.</p> <p>The awards vest subject to the achievement of performance targets set by the Committee. 50% of the award is based on performance measured over three years, with the remaining 50% based on performance measured over four years.</p> <p>Following vesting, the awards will normally be subject to an additional holding period of up to two years such that the combined performance and holding period will not be less than five years in total.</p> <p>Dividend equivalents may be paid on vested awards.</p> <p>Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment.</p> <p>Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.</p>	300% of salary per annum.	<p>The primary performance measure will be net asset value per share growth (including dividends). No less than 50% of an award will be based on this measure. The Committee retains the flexibility to introduce additional measures.</p> <p>For threshold levels of performance, no more than 25% of the award vests with 100% of the award vesting for maximum performance.</p>
<p><b>Retirement benefits</b> To provide Executive Directors with retirement benefits consistent with the role.</p>	<p>Defined contribution pension arrangements are provided.</p> <p>Pension benefits are provided through a Group Personal Pension Plan, non-pensionable cash supplement or contribution to a Personal Pension arrangement.</p>	17.5% of salary per annum.	None.
<p><b>Shareholding guidelines</b> To align Executive Directors with the shareholder experience.</p>	<p>The Company operates shareholding guidelines for Executive Directors.</p> <p>They are required to build a shareholding of 50% of salary within two years of appointment and 100% of salary within four years of appointment. Thereafter, they will be required to retain 50% of net vested shares from the LTIP until they build shareholdings of 200% of salary for the Chief Executive Officer and 150% of salary for the Chief Development Officer and Chief Financial Officer.</p>	Not applicable.	Not applicable.

### Legacy arrangements and transition

Prior to the Policy being approved in 2014, the Committee undertook a review of incentive arrangements and the LTIP replaced a number of plans. While no new awards will be made under these plans, detail has been included on the Development Profit Plan as there are awards outstanding. Any subsisting awards for legacy plans will continue in accordance with the relevant plan rules.

## **REMUNERATION POLICY**

### **CONTINUED**

<b>PURPOSE OF COMPONENT AND LINK TO STRATEGY</b>	<b>OPERATION</b>	<b>MAXIMUM</b>	<b>PERFORMANCE MEASURES</b>
<b>Development Profit Plan (DPP)</b> Incentivises and rewards Executive Directors for the performance of their portfolio of projects.	<p>No awards have been made to Executive Directors for projects which commence following 1 March 2015.</p> <p>Awards may pay out once a project makes a realised profit. No payments will be made in respect of profits realised after 1 March 2018.</p> <p>50% of the payment is made in cash or shares at the time profit is realised.</p> <p>The remaining 50% is deferred until the end of the financial year and paid in cash or shares at this point.</p>	<p>The maximum aggregate pool available for distribution to Executive Directors and the wider team is 10% of the realised profit above a hurdle for each development project.</p>	<p>Payments are only made under this plan once profit has been realised on a development above a threshold return (a notional cost of equity).</p> <p>Losses attributable to other projects in which a Director has been made an award are also taken into account when calculating payments to ensure that participants are incentivised to mitigate losses while maximising project profits. This calculation is at the Committee's discretion and will not apply in respect of certain legacy awards and projects. Where unrealised losses are deducted in the calculation but a profit is subsequently recognised a balancing payment may be made.</p>

#### **Policy table for Non-executive Directors**

<b>COMPONENT</b>	<b>THE COMPANY'S APPROACH</b>
<b>Chairman fees</b>	<p>Comprises an all-inclusive fee for all Board and Committee responsibilities.</p> <p>Determined by the Remuneration Committee and approved by the Board.</p>
<b>Non-executive Director fees</b>	<p>Comprises a basic fee in respect of their Board duties.</p> <p>Further fees may be paid in respect of additional Board or Committee duties.</p> <p>Recommended by the Chairman and Chief Executive and approved by the Board.</p>

Approved by the Board and signed on its behalf by:



**Nick Thomlinson,**  
 Chairman of the Remuneration Committee  
 21 May 2019