AGM SHAREHOLDER QUESTIONS

Date
10 September 2020

Under normal circumstances Section 319A of the Companies Act 2006 permits a shareholder attending the Annual General Meeting (AGM) the right to ask questions in relation to the business of the AGM. However, as a result of the restrictions on social distancing imposed by the Government due to the Covid-19 pandemic, U+I's 2020 AGM was a closed meeting and shareholders were not permitted to attend. Shareholders were therefore invited to submit questions up until 48 hours before the formal AGM.

Below is a list of the questions posed and the Company's responses.

1. **U+I's definition of total return is rental income + capital growth. Does the board not agree that finance and other costs should be taken into account when measuring total return? If not, why not?**
   U+I uses the property industry standard measures for investment property total return to ensure that the numbers it produces are directly comparable to industry benchmarks and to listed and non-listed peers.

   Total shareholder return represents the growth in our basic Net Asset Value (NAV), including dividends (definition on page 205 of the annual report). It is calculated as the net assets per share at the period closing date, minus net assets per share on the previous year's closing date, plus dividends paid as a percentage of the opening share price. The net asset value includes all costs in the year. We consider this to be the most appropriate measure of returns to shareholders.

2. **Is the board aware that the cumulative total return for the investment portfolio including finance costs for the six years since the merger of Development Securities and Cathedral Group has been a negative c.£15 million? Does the board think this is satisfactory and, if not, what changes have been made either to management or to compensation to take this into account?**
   The investment portfolio total return accounts for valuation movements throughout the year, as well as any acquisitions or disposals. Retail valuations across all companies were significantly down in FY2020, with U+I outperforming many peers.

   The board scrutinises U+I's performance on an ongoing basis and remains committed to achieving its targets. The investment portfolio has been undergoing a significant transformation in the last couple of years, creating a more diversified portfolio, focused on our three core markets of London City Region, Manchester and Dublin and centred on regeneration, where we are experts. This includes increasingly moving elements of some of our own mixed-use assets into our investment portfolio where we can capture long-term value, whilst reducing our retail exposure. In FY2018, U+I's investment portfolio delivered a 10.1% total return, in line with its target. As U+I continues to sell its legacy, underperforming assets that do not fit its investment portfolio criteria, and markets start to normalise, it remains committed to its 10% per annum total return target.

3. **The Remuneration report runs to twenty-two pages in the annual report. Page 161 reads *"Executive Directors are subject to a shareholding requirement of one half basic salary within two years of appointment, rising to an amount equivalent to two times basic salary for the Chief Executive Officer and one and a half times basic salary for the Chief Development Officer and Chief Financial Officer. 50% of net vested shares will be retained until these guidelines are achieved."* Both the CEO & the CFO have holdings below the required amount. On the basis that bonus shares have not and will not vest for the foreseeable future, why does the board not believe that the CEO and the CFO should purchase stock in the market up to their required shareholdings (thus also showing confidence in the prospects of the company), or alternately reduce their salaries to the level where the criteria are met? If not, what is the purpose of the policy?**
   U+I reported in its 2019 Annual Report that the CEO held 228% of his salary in shares; he had therefore met his shareholding requirement at this point. The market driven fall in share price since this time has meant that at the time of signing the 2020 report the CEO was under the requirement set out in the shareholding guidelines. The Remuneration Committee believes that it would be unreasonable to expect any Director to immediately buy shares in the market to make up the difference on their shareholding guidelines which is

entirely due to this market driven fall in share price. However, U+I would expect both the CEO and CFO to retain 50% of any net vested LTIP share award whilst below the shareholding guideline, in accordance with the guidelines.

4. **Bearing in mind the destruction in value this year and the fact that two past projects – namely Edgware Road and Bromley – have taken retroactive write-downs to the tune of £20 million, how does the Remuneration Committee justify making LTIP awards to senior management of up to 225% of salary when the Committee has discretion to adjust LTIP outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors?**
   In light of the challenging backdrop and financial performance, U+I's Executive Directors, Non-executive Directors and senior management took a three-month salary/fee reduction and waived contractual bonus entitlements for FY2020. The LTIP award is a Long-Term Incentive Plan, any vesting of awards will be based on meeting the 5-12% NAVps growth over the three and four year performance period. The LTIP award granted in 2017 resulted in nil vesting during the year. The Committee has taken into account the reduction in the Company's share price and reduced the LTIP award to Executive Directors accordingly. The Committee retains discretion to adjust LTIP outcomes if it considers them to be inconsistent with overall company performance, taking into account any relevant factors.

5. **Is the Committee aware that with the share price down two thirds from its high, by making this award, the executives are potentially set to benefit from any uplift in NAV from here at the expense of shareholders? How do they justify this?**
   As a business we are focused on driving fundamental shareholder value via NAV, improving consistency of returns and being more efficient in everything that we do. If we can achieve these, we believe our share price will improve. We announced at our full year results in July that we have taken a number of steps to strengthen the company's liquidity to mitigate future risk and preserve value for our shareholders. Whilst recent share price performance is disappointing, we remain committed to our business strategy which is strongly aligned with the Government's Build, Build, Build agenda, and the Board believes will deliver shareholder value in the future. The Company is also committed to returning cash to shareholders once conditions allow. The Committee has taken into account the reduction in the Company's share price and reduced the LTIP award to Executive Directors accordingly.

6. **The Chairman had 25% of shareholders vote against his re-election at last year's AGM due to 'over-boarding'. In light of the fact that he promised to reduce his board memberships during the year, he has not done so and he has taken on the Chairmanship of Superdry PLC after the last U+I year-end. This clearly flies in the face of 'good corporate governance'. He has also overseen the destruction of shareholder value. Does the rest of the board feel that he should retain his position? If so, on what grounds?**
   Peter joined the Superdry board in April 2020. Factors outside his control meant he became Chairman, rather than Non-executive Director, as he had originally envisaged and would have meant he was not over-boarded. Peter had expected to reduce his directorships during FY2020, but the sale of one of the companies he chairs was delayed and meant he was not able to step down from the board in the required timeframe. Peter has given his personal commitment that he will conform with the five-point threshold by FY2021.

   Peter is a huge asset to U+I, bringing with him valuable experience from his time at the helm of Selfridges, giving him a good understanding of navigating macro uncertainty and, in particular, the retail sector. He has spent a significant amount of timing getting to know and understand U+I, which is a complex business, including increased engagement during the Covid-19 pandemic. We would not want to lose someone of Peter's calibre, particularly in these challenging times, given his deep understanding of our business and expertise in overcoming difficult markets.

7. **What went wrong at Edgware Road and Bromley and what are the lessons learned to avoid these problems in the future?**
   We explain the costs we incurred at 399 Edgware Road and Bromley in our Preliminary Results statement and on page 55 of the ARA.

   Recent losses have been exacerbated by sites closing due to the Covid-19 pandemic, increased costs, falling sales values, and an absorption rate that has halved. Delays in construction have also led to further interest cost payments, whilst new construction requirements have come in since Grenfell (after we had completed the 399 Edgware Road build), which have had an impact. Sales activity at both 399 Edgware Road and Bromley has improved since we reported our Preliminary Results, as lockdown restrictions have been reduced and confidence has started to return to the market.

Given that we have a number of projects in development in the coming years we have taken steps to further strengthen our internal Delivery resource in both Manchester and in Dublin as well as appointing construction partners relative to the scope of work involved on each scheme. We are also integrating construction methodologies that are tried and tested into our designs. This involves engaging and collaborating with contractors and specialists to develop the stage 3 and beyond design, whilst also adopting more digital technologies – in particular insisting on a federated BIM model on all our more complex projects, including the use of pre-fabricated modules.

Since Bromley and 399 Edgware Road were entered into, we have procured over £500 million of construction contracts which have been delivered on target and agreed the final cost on Practical Completion. All this has been led by Mark Richardson, our Head of Delivery. It is worth noting too that many of the problems we have encountered are from projects we entered into back in 2013-2015 (prior to Mark joining in 2016) – so this is the three year lag time. They pre-date our new, more experienced team who have demonstrated good successes in more recently acquired projects.

8. **What is the source of the delays at Dublin and could we have approached this differently? Are we now throwing good money after bad?**
   At Dublin, we were on the shortlist for a regeneration opportunity, alongside two other companies. This process was initially expected to last up to a year but has lasted substantially longer than this. Due to the length of the process, we made the prudent decision to impair our bid costs in FY2020. In early September 2020, another party was awarded the project; we will not incur any further costs. Although disappointing, as we believe it would have been a good fit, we were committed to the process, as we are with any type of major regeneration opportunity like this – and in many cases we are successful.

9. **What is the overrun of costs associated with Bryn Blaen Wind Farm, why did this happen, and do we really have the expertise to run such projects?**
   Despite some recent delays, our wind farm projects have delivered significant gains to U+I and will continue to deliver further gains to the Company. The construction of wind farms is well within our capabilities and undertaken in conjunction with an experienced, specialist partner. At Bryn Blaen, the costs were associated with delays in the accreditation process and additional costs required to meet a revised European G99 compliance regime which was introduced mid construction.

10. **When will you give us an update and more information on the [rent collection] table that appears on page 53 of the ARA?**
    We have published the June rent collection data in our 10 September 2020 trading update and will provide another update at our Interim Results.

11. **If an equity raise becomes necessary, can you please do this via a "placing and open offer" to allow ordinary retail shareholders to participate?**
    We take note of your request and this will certainly be an option we discuss at Board level, should we decide to do an equity raise.