



**THIS CIRCULAR IS IMPORTANT
AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Circular does not take into account the investment objectives, financial situation or needs of any particular person. If you are in any doubt as to the action you should take, you are recommended to seek your own financial or tax advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant, tax adviser or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please send this Circular as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this Circular should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

The distribution of this Circular and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Any person not in the United Kingdom into whose possession this Circular and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.



The Berkeley Group Holdings plc

(incorporated and registered in England and Wales under number 5172586)

**Proposed Return of Cash to Shareholders of approximately £1 billion by way of a B Share Scheme
and C Share Scheme and related Share Consolidations**

and amendments to Remuneration Policy

Circular to Shareholders

and

Notice of General Meeting to be held at 10:00 a.m. on Wednesday 18 March 2020

This Circular should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out in Part I of this Circular and which contains the unanimous recommendation of the Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. The Resolutions will be voted on by taking a poll.

You should note that the B Share Scheme, C Share Scheme and Share Consolidations are conditional upon, among other things, the approval by the Shareholders of the applicable Resolutions.



This Circular contains notice of a General Meeting of the Company to be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Wednesday 18 March 2020 at 10:00 a.m.

Whether or not you intend to attend the General Meeting in person, please register your proxy vote no later than 10:00 a.m. on Monday 16 March 2020 via the website of the Company's registrar at www.signalshares.com and enter 'The Berkeley Group Holdings plc'. If you have not already registered for Signal Shares you will need your Investor Code which can be found on your share certificate or last dividend confirmation. In order to be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received no later than 10:00 a.m. on Monday 16 March 2020.

Application will be made to the FCA and the London Stock Exchange, respectively, for the New Ordinary Shares and 2021 New Ordinary Shares resulting from the B Share Consolidation and C Share Consolidation to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and for the listing of the Existing Ordinary Shares and 2021 Existing Ordinary Shares on the premium listing segment of the Official List and on the London Stock Exchange's main market for listed securities to be cancelled. It is expected that the Existing Ordinary Share register will close and Existing Ordinary Shares will be disabled in CREST at 6.00 p.m. on Wednesday 18 March 2020 and the listing of the Existing Ordinary Shares on the premium listing segment of the Official List and on the London Stock Exchange's main market for listed securities will be cancelled before 8.00 a.m. on Thursday 19 March 2020. Admission of the New Ordinary Shares is expected to become effective and dealings in them will commence on the London Stock Exchange at 8.00 a.m. on Thursday 19 March 2020.

No application will be made to the FCA or to the London Stock Exchange for any of the B Shares or C Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares or C Shares be listed or admitted to trading on any other recognised investment exchange. The B Shares and C Shares will not be transferable, save in the very limited circumstances set out in Article 3A.8 of Part III and Article 3B.8 of Part IV of this Circular.

The B Shares, C Shares, New Ordinary Shares and 2021 New Ordinary Shares issued under the B Share Scheme, C Share Scheme and Share Consolidations, respectively, have not been and will not be registered under the US Securities Act or the state securities laws of the United States and they may not be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or pursuant to a transaction that is exempt from, or not subject to, the registration requirements of the US Securities Act and the state securities laws.

None of the B Shares, C Shares, New Ordinary Shares or 2021 New Ordinary Shares to be issued under the B Share Scheme, C Share Scheme and Share Consolidations, respectively, or this document, have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have such authorities passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

UBS, which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland and authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom, is acting exclusively for the Company and for no one else in connection with the matters referred to in this Circular and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this Circular. No member of UBS Group, nor any of their respective officers, employees and agents will regard any other person as its client, nor does it owe or accept any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any other person as its client in connection with this Circular, or any statement or matter contained herein.

This Circular does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. Neither this Circular, nor any other document issued in connection with the proposed return of cash to Shareholders, may be issued or distributed to any person except under circumstances which do not constitute an offer to the public under applicable securities laws. This document does not constitute a prospectus. The attention of Overseas Shareholders is drawn to paragraph 9 of Part II of this Circular.



No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Circular or that the information in it is correct as at any subsequent time to its date.

The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

PRESENTATION OF FINANCIAL INFORMATION

Percentages may have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

DEFINITIONS

Capitalised terms have the meanings ascribed to them in the "Definitions" section of this Circular.



TABLE OF CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS	5
PART I LETTER FROM THE CHAIRMAN	6
PART II DETAILS OF THE B SHARE SCHEME, C SHARE SCHEME AND SHARE CONSOLIDATIONS	10
1. B Share Scheme and C Share Scheme	10
2. Conditions to the implementation of the B Share Scheme and the C Share Scheme	10
3. Allotment and issue of B Shares and C Shares	10
4. Terms of the B Share Purchase Offer and C Share Purchase Offer	11
5. Agreements in relation to the B Share Purchase Offer and C Share Purchase Offer	15
6. Share Consolidations	17
7. Fractional entitlements to New Ordinary Shares and 2021 New Ordinary Shares	18
8. Effect of B Share Scheme and Share Consolidation	19
9. Overseas Shareholders	19
10. 2011 LTIP and remuneration arrangements	20
11. Dealings and despatch of documents	20
12. General Meeting	21
13. Summary of the resolutions to be proposed at the General Meeting	21
PART III RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES	24
PART IV RIGHTS AND RESTRICTIONS ATTACHED TO THE C SHARES	27
PART V RIGHTS AND RESTRICTIONS ATTACHED TO THE DEFERRED SHARES	30
PART VI UNITED KINGDOM TAXATION	32
1. Issue of B Shares and C Shares and related Share Consolidations	32
2. B Share Purchase Offer and C Share Purchase Offer	33
3. B Share Default Dividend and C Share Default Dividend	33
5. Dividends payable on the New Ordinary Shares and the 2021 New Ordinary Shares	34
5. Transactions in securities	34
6. Stamp duty and SDRT	35
PART VII REMUNERATION POLICY AMENDMENTS	36
PART VIII ADDITIONAL INFORMATION	47
1. Summary of the rights and restrictions attaching to the 2020 New Ordinary Shares and 2021 New Ordinary Shares	47
2. Form	47
3. CREST	47
4. Consent	47
5. Documents available for inspection	47
DEFINITIONS	48
NOTICE OF GENERAL MEETING	54



EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Timetable for the B Share Scheme:

Latest time and date for receipt of CREST Proxy Instructions or other proxy appointment	10.00 a.m. on Monday 16 March 2020
General Meeting	10.00 a.m. on Wednesday 18 March 2020
Latest time and date for dealings in Existing Ordinary Shares	4.30 p.m. on Wednesday 18 March 2020
Record Time for entitlement to B Shares and Share Consolidation	6.00 p.m. on Wednesday 18 March 2020
Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	6.00 p.m. on Wednesday 18 March 2020
Cancellation of listing of Existing Ordinary Shares	before 8.00 a.m. on Thursday 19 March 2020
Admission Date	8.00 a.m. on Thursday 19 March 2020
New Ordinary Shares admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities	8.00 a.m. on Thursday 19 March 2020
Issue of B Shares of an amount equal to the number of Existing Ordinary Shares held at the Record Time	8.00 a.m. on Thursday 19 March 2020
CREST accounts credited with New Ordinary Shares	8.00 a.m. on Thursday 19 March 2020
UBS makes the B Share Purchase Offer by means of a Regulatory Information Service announcement	8.00 a.m. on Friday 20 March 2020
Purchase of B Shares by UBS to be completed and UBS becomes the beneficial owner of B Shares	Friday 20 March 2020
B Share Single Dividend paid to UBS and B Shares automatically reclassified as Deferred Shares	Friday 20 March 2020
Company repurchases and cancels Deferred Shares	Friday 20 March 2020
Despatch of share certificates in respect of New Ordinary Shares	Tuesday 31 March 2020
Despatch of payments and CREST accounts credited in respect of proceeds from sale of fractional entitlements arising as a result of the Share Consolidation	Tuesday 31 March 2020
Despatch of payments and CREST accounts credited in respect of proceeds from the sale of the B Shares following the B Share Purchase Offer	Tuesday 31 March 2020

The timetable for the C Share Scheme is expected to follow an equivalent structure in 2021 and will be notified to Shareholders by an announcement on a Regulatory Information Service.

Notes

- (1) If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.
- (2) References to time in this document are to London time.
- (3) All events in the above timetable following the holding of the General Meeting are conditional on the passing of Resolutions 1, 2 and 4 at such meeting and all events in the above timetable following the Admission Date are conditional upon Admission.



PART I

Letter from the Chairman

DIRECTORS

Sir John Armitt, CBE
Glyn Barker
Diana Brightmore-Armour
Rachel Downey
Sean Ellis
Adrian Li
Andrew Myers
Dame Alison Nimmo, DBE
Robert Perrins
Anthony Pidgley, CBE
Richard Stearn
Justin Tibaldi
Paul Vallone
Peter Vernon
Veronica Wadley, CBE
Karl Whiteman

REGISTERED OFFICE

Berkeley House
19 Portsmouth Road
Cobham
Surrey
KT11 1JG

24 February 2020

Dear Shareholder,

Proposed Return of Cash to Shareholders of approximately £1 billion by way of a B Share Scheme and C Share Scheme, related Share Consolidations and amendments to 2019 Remuneration Policy

1. Introduction

On 22 January 2020, the Company announced that it is proposing to increase its returns to Shareholders by approximately £455 million over the next two years. Under its existing programme, returns of £125 million were due to be made by 31 March 2020 (£155 million already having been made) and £280 million in each of the following financial years through to 30 September 2025.

Under the proposals set out in this Circular, it is intended that approximately £500 million (£4.00 per share) will be returned to Shareholders by means of a B Share Scheme in March 2020 and that approximately £500 million (£4.40 per share) will be returned to Shareholders in March 2021 by means of the C Share Scheme. The final decision to proceed with the C Share Scheme is expected to be made by the Directors in the first quarter of 2021 taking into account relevant factors at that time including prevailing market conditions and the Group's financial and trading position and working capital requirements.

Following March 2021, the intention is to revert to making annual returns of £280 million in six-monthly instalments of £140 million through either share buybacks or dividends. The first of these regular £140 million payments will be made for the six month period ending 31 March 2022; with subsequent payments of £140 million (£280 million per annum) then to be made each six months up to and including 30 September 2025.



The Company will continue to review its capital allocation policy to determine if it is appropriate to return additional capital to Shareholders.

£'million	Current Schedule	Proposed Schedule	Cumulative Increase
Paid for six months to 30 September 2019	140	140	-
Paid for six months to 31 March 2020	15	15	-
To be paid for six months to 31 March 2020	125	500	375
To be paid for six months to 30 September 2020	140	-	235
To be paid for six months to 31 March 2021	140	500	595
To be paid for six months to 30 September 2021	140	-	455
To be paid for six months to 31 March 2022	140	140	455
Thereafter six monthly to 30 September 2025	140	140	455

The purpose of this document is to provide Shareholders with further information relating to the B Share Scheme, the C Share Scheme, the related Share Consolidations and certain proposed amendments to the 2019 Remuneration Policy and to give notice of the General Meeting at which certain Resolutions will be considered and, if thought fit, passed to allow the B Share Scheme, C Share Scheme and Share Consolidations to proceed and to approve the amendments to the 2019 Remuneration Policy.

2. Strategy

The Company's purpose is to create homes, strengthen communities and improve lives, using its sustained commercial success to make valuable and enduring contributions to society, the economy and natural world. To achieve this, the Company's long-term strategy is to invest in opportunities with the right risk-adjusted returns, while ensuring its financial strength reflects the prevailing macro environment, and to make returns to the Shareholders who support the Company to achieve its purpose, through either dividends or share buybacks.

Since the end of the financial crisis in 2011, the Company has acquired a number of long-term regeneration sites, a number of which are now in, or coming into, production and is in the process of bringing forward 25 large and complex residential-led developments, of which 20 have been acquired since the start of this period.

These sites typically deliver between 1,000 and 5,000 homes and their development can take up to 30 years to complete. Their complexity often means that it can be five or six years before the first homes are delivered. They require significant upfront capital investment, coupled with the unique expertise that the Company has accumulated over the last twenty years and which is embedded throughout its 21 autonomous operating companies. The Company is transforming neglected industrial and brownfield land into thriving new communities which deliver quality homes of all tenures, biodiverse open spaces and a mix of shops, offices and amenities for local people.

The successful transformation of these sites is founded on trusted partnerships with local authorities and communities and their development is directly aligned to the Government's strategy for increasing the supply of good quality homes across all tenures. The Company is now the only developer undertaking major brownfield regeneration at scale in London and the South East as the increasing risk and complexity of these activities has seen those with lesser expertise and resources leave this area of the market. The delivery of these sites is vital to meeting the housing needs of the country's towns and cities, while relieving pressure on greenfield land.

As noted in its interim results announcement of December 2019, the Company has begun construction on 20 new sites, including a number of the new large regeneration sites referred to above, over the last 18 months. The execution of this strategy will see the Company increase its annual housing delivery (including in its joint ventures) by as much as 50 per cent. over the next six years. The majority of its sales from these regeneration sites are at a lower average selling price than properties completed in recent years.



With the land in place for the next phase of its business plan and continued robust trading, last year the Company announced the extension of its £280 million (£2.22 per share) annual shareholder returns programme to 2025, with a targeted pre-tax return on equity of at least 15 per cent. over this period. This return is commensurate with the investment required to bring forward this next generation of sites, their longevity and relative risk profile, alongside the Company's lasting commitment to investing in the wider community benefits that good development brings.

The long-term nature of the business, with an unrelenting focus on the customer and communities, coupled with the complexity associated with delivering tall buildings, means that the Company has always focused on long-term value creation, as opposed to annual profit targets. Over the six years to 30 April 2025, the Company is targeting the delivery of £3.3 billion of pre-tax profit, with the profit in any one year ranging between £500 million and £700 million, depending upon the timing of delivery.

3. Shareholder Returns

Under the existing long-term programme the Company had planned to return, through a combination of share buybacks and ordinary dividends, £280 million to Shareholders each year up to and including 30 September 2025. The returns are currently made in six monthly amounts of £140 million by 30 September and 31 March in each year. In the current financial year, the Company completed the scheduled return to 30 September 2019 and has already returned £15 million of the £140 million originally planned to be returned by 31 March 2020.

Since 2016, like all responsible businesses, the Company has been mindful of the volatile operating environment and has been cautious in its investment, increasing its net cash position from £107.5 million to more than £1.0 billion.

In light of the progress made in bringing forward its new sites, and its assessment of the prevailing operating environment, the Board of the Company has reviewed its net cash position and future requirements and now proposes to return £4.00 per share (approximately £500 million) by the end of March 2020 via a B Share Scheme, accompanied by the B Share Consolidation. This would take the total shareholder returns for the current financial year to £655 million.

The Company plans to return a further £4.40 per share (approximately £500 million, taking into account the proposed B Share Consolidation noted above) via a C Share Scheme in March 2021 similarly accompanied by the C Share Consolidation. The next shareholder return, after these enhanced returns, is planned to be £140 million to be paid by 31 March 2022. This increases the amount of capital being returned to Shareholders by £455 million through to September 2025.

The Share Consolidations are being calculated by reference to the Company's share price, with the intention that the share price after each Return of Cash is approximately equal to the share price beforehand.

Following the enhanced capital returns, the Company intends to revert to a return of £280 million per year through to September 2025. However, the Company will continue to review its capital allocation policy to determine if it is appropriate to return additional capital to Shareholders.

The Board views share buybacks as an important part of its ongoing strategy for capital allocation, reflecting the benefit to Shareholders of long-term value creation within the business.

The details and terms of the B Share Scheme, C Share Scheme and the Share Consolidations are summarised in Part II of this Circular.

4. Amendments to the 2019 Remuneration Policy

In line with its commitment made following the Company's Annual General Meeting in September and at the interim results for the six months to 31 October 2019, the Board has consulted with Shareholders on the 2019 Remuneration Policy, ensuring that it remains closely aligned to the Company's strategy, including capital allocation.

The Company now seeks shareholder approval to the amendments to the 2019 Remuneration Policy; details of these amendments are set out in the letter from the chairman of the remuneration committee set out in Part VII of this Circular.



5. General Meeting and Resolutions

In order to comply with applicable company law legislation, the Return of Cash requires the approval of Shareholders to certain Resolutions to be passed at a General Meeting. Accordingly, this Circular includes a notice of the General Meeting to be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Wednesday 18 March 2020 at 10:00 a.m. Details on proxy appointments and the action to be taken are set out in that notice.

Resolution 1 will approve the amendment to the Company's Articles of Association to include the rights attached to each of the B Shares, the C Shares and the Deferred Shares. Resolutions 2 and 3 will authorise the Directors to implement the B Share Scheme and the C Share Scheme respectively, and the related Share Consolidations. Resolution 4 will authorise the Company to buy back the B Shares and the C Shares once they have been purchased by UBS and reclassified into Deferred Shares. Resolution 5 will approve the authority of the Company to purchase its own shares in relation to the New Ordinary Shares issued pursuant to the B Share Consolidation. Finally, Resolution 6 will approve the amendments to the 2019 Remuneration Policy.

Further details of the Resolutions can be found at Part II, paragraph 13 of this Circular.

6. Recommendation

This Circular also explains why the Board considers the Resolutions proposed to be in the best interests of the Company and the Shareholders as a whole. **Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as each Director intends to do in respect of his or her own beneficial holdings.**

Yours faithfully,

A W Pidgley, CBE
Chairman



PART II

Details of the B Share Scheme, C Share Scheme and Share Consolidations

1. B Share Scheme and C Share Scheme

The Company proposes to effect the Return of Cash to Shareholders by way of a B Share Scheme in 2020 and a C Share Scheme in 2021.

The B Share Scheme which is due to be implemented in March 2020 will involve the allotment and issue of B Shares to Shareholders and the subsequent purchase of the B Shares by UBS pursuant to the B Share Purchase Offer (described in paragraph 4 of this Part II). This will be accompanied by the B Share Consolidation (described in paragraph 6 of this Part II).

It is anticipated that the C Share Scheme will proceed in March 2021 and will follow the same process as the B Share Scheme, being the allotment and issue of C Shares to Shareholders and the subsequent purchase of the C Shares by UBS pursuant to the C Share Purchase Offer (described in paragraph 4 of this Part II). This will be accompanied by the C Share Consolidation (described in paragraph 6 of this Part II). The final decision to proceed with the C Share Scheme is expected to be made by the Directors in the first quarter of 2021 taking into account relevant factors at that time including prevailing market conditions and the Group's financial and trading position and working capital requirements.

The exact aggregate amount to be returned under the B Share Scheme and the C Share Scheme will depend on the number of Existing Ordinary Shares in issue at the Record Time and the number of 2021 Existing Ordinary Shares in issue at the 2021 Record Time, respectively.

However, based on the number of Existing Ordinary Shares in issue as at close of business on the Latest Practicable Date and the proposal to return 400 pence per Existing Ordinary Share, the aggregate amount to be returned under the B Share Scheme is expected to be approximately £500 million. Similarly, it is anticipated that approximately £500 million will be returned under the C Share Scheme with the amount returned per 2021 Existing Ordinary Share to be calculated at the 2021 Record Time.

2. Conditions to the implementation of the B Share Scheme and the C Share Scheme

The B Share Scheme is conditional on among other things:

- (A) approval by Shareholders of Resolutions 1, 2, and 4 to be proposed at the General Meeting;
- (B) none of the Transaction Documents having been terminated prior to the implementation of the B Share Scheme;
- (C) the B Share Single Dividend having been approved by the Directors prior to the implementation of the B Share Scheme; and
- (D) Admission.

If the conditions are not satisfied by 8.00 a.m. on the Admission Date, neither the B Share Scheme nor the B Share Consolidation, will take effect.

The C Share Scheme is conditional on among other things:

- (A) approval by Shareholders of Resolutions 1, 3 and 4 to be proposed at the General Meeting;
- (B) implementation of the B Share Scheme as described in this Part II;
- (C) none of the Transaction Documents having been terminated prior to the implementation of the C Share Scheme;
- (D) the C Share Single Dividend having been approved by the Directors prior to the implementation of the C Share Scheme; and
- (E) 2021 Admission.

If the conditions are not satisfied by 8.00 a.m. on the proposed date for 2021 Admission, neither the C Share Scheme nor the C Share Consolidation will take effect.

3. Allotment and issue of B Shares and C Shares

Each Shareholder will receive one B Share for each Existing Ordinary Share held at the Record Time and, if the C Share Scheme proceeds, one C Share for each 2021 Existing Ordinary Share held at the 2021 Record



Time. The rights and restrictions attached to the B Shares are set out in Part III of this Circular and the rights and restrictions attached to the C Shares are set out in Part IV of this Circular.

It is proposed that the Company will capitalise the necessary amount standing to the credit of the Company's share premium account in order to pay up in full the B Shares at the Admission Date and the C Shares at the 2021 Admission Date, in each case with a nominal value of 0.1 pence each.

The number of B Shares and C Shares to be issued will be equal to the number of Ordinary Shares in issue at the Record Time and 2021 Record Time respectively (excluding in both cases any Ordinary Shares held in treasury by the Company).

As at close of business on the Latest Practicable Date there were 136,826,968 Existing Ordinary Shares in issue, of which 10,941,900 are held in treasury.

No B Shares or C Shares will be issued in respect of the Company's holding of treasury shares.

The B Shares and the C Shares will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities, nor will they be listed or admitted to trading on any other recognised investment exchange.

The B Shares and C Shares will not be transferable, save in the limited circumstances set out in Article 3A.8 of Part III of this Circular and Article 3B.8 of Part IV of this Circular, respectively.

No share certificates will be issued to Shareholders in respect of the B Shares or the C Shares.

4. Terms of the B Share Purchase Offer and the C Share Purchase Offer

On and subject to the terms set out in this Circular and the Transaction Documents, it is expected that following Admission, UBS (acting as principal, and not as agent, nominee or trustee for the Company) will make the B Share Purchase Offer to purchase all of the B Shares for an amount of 400 pence per B Share, free of all expenses and commissions.

Subject to the C Share Scheme proceeding, it is also expected that following 2021 Admission, UBS (acting as principal, and not as agent, nominee or trustee for the Company) will make the C Share Purchase Offer to purchase all of the C Shares for an amount per C Share equal to the C Share Purchase Price, free of all expenses and commissions. The C Share Purchase Price is expected to be 440 pence per C Share.

Once Shareholders have approved the B Share Scheme and the C Share Scheme as described in this Circular by the passing of Resolutions 1, 2, 3 and 4, then, pursuant to the Company's new articles of association to be adopted with effect from Admission (the "**New Articles**"), each of the Directors and the Company Secretary will be authorised on behalf of each Shareholder to do all acts and things which they consider necessary or desirable to accept the B Share Purchase Offer and the C Share Purchase Offer once they are made. No individual Shareholder will be able to accept or reject the B Share Purchase Offer with respect to the B Shares that such Shareholder has received pursuant to the B Share Scheme nor accept or reject the C Share Purchase Offer with respect to the C Shares that such Shareholder has received pursuant to the C Share Scheme.

Terms of the B Share Purchase Offer

The following terms will apply to the B Share Purchase Offer:

- (A) no contract between a Shareholder and any member of the UBS Group will arise in relation to the sale and purchase of any B Shares, or under which any member of the UBS Group may (subject to conditions or otherwise) become entitled or obliged to purchase any B Shares under the B Share Purchase Offer, unless and until UBS (acting as principal, and not as agent, nominee or trustee for the Company) makes the B Share Purchase Offer, which is expected to be by way of an announcement through a Regulatory Information Service on 20 March 2020, on which date any Director or the Company Secretary will accept the B Share Purchase Offer on behalf of each of the Shareholders. Under the New Articles, each of the Directors and the Company Secretary is authorised on behalf of each Shareholder to execute all documents and do all acts and things in the name of each holder of B Shares or otherwise on behalf of each such holder of B Shares which such Director or the Company Secretary shall in their absolute discretion consider necessary or desirable to accept the B Share Purchase Offer. The obligation of UBS to make the B Share Purchase Offer is conditional upon the satisfaction, or waiver by UBS, of a number of conditions which are summarised in paragraph 5 of this Part II. In addition, under the terms of the Purchase Offer Deed, UBS shall only be obliged to make



the B Share Purchase Offer if the Company serves written notice on UBS by 8.00 a.m. on 23 March 2020 (or such other time and/or dates as UBS and the Company may agree in writing);

- (B) acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder will irrevocably authorise the Company, or any officer or employee of the Company for the time being, or UBS, or any director of UBS for the time being, on that Shareholder's behalf and in his, her or its name, to exercise all rights, powers and privileges attached to the B Shares or otherwise capable of being exercised by that Shareholder in respect of the B Shares to give effect to the B Share Scheme and to do all acts and things and to execute all such deeds, transfers and other documents as such person shall consider necessary to give effect to the same;
- (C) acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder and all contracts and matters (whether contractual or non-contractual) resulting therefrom will be governed by and construed in accordance with English law. Acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder constitutes that Shareholder's submission, in relation to all matters arising out of or in connection with such acceptance and the exercise of the powers granted pursuant to the authorisation under the New Articles or agent appointed thereunder, to the exclusive jurisdiction of the English courts;
- (D) upon acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder and in accordance with the New Articles, each Shareholder represents, warrants, undertakes and agrees to and with the Company and UBS that such Shareholder has:
 - (i) full power and authority to tender, sell, assign and transfer his, her or its holding of B Shares and that UBS will acquire such B Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto; and
 - (ii) observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in any territory in connection with the acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of that Shareholder (or any transaction resulting therefrom) and such Shareholder has not taken or omitted to take any action which may result in the Company, UBS or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the B Share Scheme or the acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of that Shareholder (or any transaction resulting therefrom).

In addition, by the acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder, the Shareholder: (i) agrees that he, she or it will do all other things and execute any additional documents which may be necessary or, in the opinion of UBS, desirable to effect the purchase of such B Shares by UBS; and (ii) acknowledges that no member of the UBS Group shall have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it in connection with the acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of that Shareholder;

- (E) no authority conferred or agreed to by the acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder shall be affected by, and all such authority shall survive, the death or incapacity of that Shareholder. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;
- (F) by the acceptance of the B Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder, the Shareholder agrees and undertakes to the Company and UBS that any transfer, sale, assignment or other disposal of any B Share subject to the B Share Purchase Offer by or on behalf of such Shareholder shall be: (a) effected in accordance with the New Articles; and (b) on terms that each such B Share is transferred, sold, assigned or otherwise disposed of on and subject to the terms of the B Share Purchase Offer (including, for the avoidance of doubt, such Shareholder's authorisation granted on the terms set out in paragraph (B) above); and
- (G) UBS may assign to any member of the UBS Group or to the Company any covenants, representations and warranties in respect of the B Shares purchased or agreed to be purchased by it.



B Share Single Dividend

If the B Share Purchase Offer is made and the B Shares are acquired by UBS, the B Share Single Dividend is expected to be paid to UBS on 20 March 2020 for an amount equal to the aggregate amount of 400 pence per B Share paid by UBS pursuant to the B Share Purchase Offer plus the amount of stamp duty or SDRT arising on such purchase. Each B Share purchased by UBS (acting as principal and not as agent, nominee or trustee for the Company) under the B Share Purchase Offer will, once the B Share Single Dividend has been paid on it, automatically be reclassified as a Deferred Share. It is intended that the Deferred Shares held by UBS following the B Share Purchase Offer will be acquired by the Company from UBS for an aggregate consideration of one penny and immediately cancelled.

In the unlikely event that the B Share Single Dividend is not paid by the Company to UBS by 6.00 p.m. on the first Business Day after B Share Purchase Completion, under the Option Agreement, (i) the Company has granted to UBS a put option which, on exercise, would oblige the Company to purchase from UBS all the B Shares purchased by UBS pursuant to the B Share Purchase Offer and (ii) UBS has granted the Company a call option which, on exercise, would oblige UBS to sell to the Company all the B Shares purchased by UBS pursuant to the B Share Purchase Offer. The price payable on exercise of either option would be an amount equivalent to that which would have been payable under the B Share Single Dividend.

B Share Default Dividend

The B Share Purchase Offer is subject to certain conditions and, although it is expected that UBS will purchase the B Shares under the B Share Purchase Offer, there can be no guarantee that it will do so. In the unlikely event that the B Shares are not purchased by UBS by 8.00 a.m. on 23 March 2020, it is expected that the B Share Default Dividend will be paid on each such B Share. For the avoidance of doubt, each Shareholder will have no right to choose to decline the B Share Purchase Offer, and to receive the B Share Default Dividend or the B Share Single Dividend, instead of the purchase price due to them under the B Share Purchase Offer.

Once the B Share Default Dividend is paid on the Default Payment Date, the B Shares will be automatically reclassified as Deferred Shares. The Deferred Shares will carry extremely limited rights as more fully described in Part V of this Circular. It is expected that the B Share Default Dividend will be taxed, in the hands of United Kingdom tax resident Shareholders, in the same way as any other dividend income from the Company, rather than providing capital treatment.

The Company may purchase all Deferred Shares held by Shareholders following the payment of the B Share Default Dividend at any time for an aggregate consideration of one penny. To achieve this, it is currently expected that the Company, on behalf of all Shareholders who hold Deferred Shares at the relevant time, would execute a transfer of all such Deferred Shares to UBS for an aggregate consideration of one penny and such Deferred Shares would be acquired by the Company from UBS under the Option Agreement for an aggregate consideration of one penny. The Deferred Shares would then be cancelled. In view of the negligible amount of the aggregate consideration, no stamp duty or SDRT will be chargeable on the transfer of these Deferred Shares either from Shareholders to UBS or from UBS to the Company, and Shareholders will not be entitled to have any part of this consideration paid to them.

Terms of the C Share Purchase Offer

The following terms will apply to the C Share Purchase Offer:

- (H) no contract between a Shareholder and any member of the UBS Group will arise in relation to the sale and purchase of any C Shares, or under which any member of the UBS Group may (subject to conditions or otherwise) become entitled or obliged to purchase any C Shares under the C Share Purchase Offer, unless and until UBS (acting as principal, and not as agent, nominee or trustee for the Company) makes the C Share Purchase Offer, which is expected to be by way of an announcement through a Regulatory Information Service in March 2021, on which date any Director or the Company Secretary will accept the C Share Purchase Offer on behalf of each of the Shareholders. Under the New Articles, each of the Directors and the Company Secretary is authorised on behalf of each Shareholder to execute all documents and do all acts and things in the name of each holder of C Shares or otherwise on behalf of each such holder of C Shares which such Director or the Company Secretary shall in their absolute discretion consider necessary or desirable to accept the C Share Purchase Offer. The obligation of UBS to make the C Share Purchase Offer is conditional upon the satisfaction, or waiver by UBS, of a number of conditions which are summarised in paragraph 5 of this Part II. In addition, under the terms of the Purchase Offer Deed, UBS shall only be obliged to make



the C Share Purchase Offer if the Company serves written notice on UBS by such time and date as UBS and the Company may agree in writing pursuant to the terms of the Purchase Offer Deed;

- (I) acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder will irrevocably authorise the Company, or any officer or employee of the Company for the time being, or UBS, or any director of UBS for the time being, on that Shareholder's behalf and in his, her or its name, to exercise all rights, powers and privileges attached to the C Shares or otherwise capable of being exercised by that Shareholder in respect of the C Shares to give effect to the C Share Scheme and to do all acts and things and to execute all such deeds, transfers and other documents as such person shall consider necessary to give effect to the same;
 - (J) acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder and all contracts and matters (whether contractual or non-contractual) resulting therefrom will be governed by and construed in accordance with English law. Acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder constitutes that Shareholder's submission, in relation to all matters arising out of or in connection with such acceptance and the exercise of the powers granted pursuant to the authorisation under the New Articles or agent appointed thereunder, to the exclusive jurisdiction of the English courts;
 - (K) upon acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder, and in accordance with the Company's articles of association, each Shareholder represents, warrants, undertakes and agrees to and with the Company and UBS that such Shareholder has:
 - (i) full power and authority to tender, sell, assign and transfer his, her or its holding of C Shares and that UBS will acquire such C Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto; and
 - (ii) observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in any territory in connection with the acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of that Shareholder (or any transaction resulting therefrom) and such Shareholder has not taken or omitted to take any action which may result in the Company, UBS or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the C Share Scheme or the acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of that Shareholder (or any transaction resulting therefrom).
- In addition, by the acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder, the Shareholder: (i) agrees that he, she or it will do all other things and execute any additional documents which may be necessary or, in the opinion of UBS, desirable to effect the purchase of such C Shares by UBS; and (ii) acknowledges that no member of the UBS Group shall have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it in connection with the acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of that Shareholder;
- (L) no authority conferred or agreed to by the acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder shall be affected by, and all such authority shall survive, the death or incapacity of that Shareholder. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;
 - (M) by the acceptance of the C Share Purchase Offer by any Director or the Company Secretary on behalf of a Shareholder, the Shareholder agrees and undertakes to the Company and UBS that any transfer, sale, assignment or other disposal of any C Share subject to the C Share Purchase Offer by or on behalf of such Shareholder shall be: (a) effected in accordance with the New Articles; and (b) on terms that each such C Share is transferred, sold, assigned or otherwise disposed of on and subject to the terms of the C Share Purchase Offer (including, for the avoidance of doubt, such Shareholder's authorisation granted on the terms set out in paragraph (B) above); and
 - (N) UBS may assign to any member of the UBS Group or to the Company any covenants, representations and warranties in respect of the C Shares purchased or agreed to be purchased by it.



C Share Single Dividend

If the C Share Purchase Offer is made and the C Shares are acquired by UBS, the C Share Single Dividend is expected to be paid to UBS following completion of the C Share Purchase Offer in March 2021 for an amount equal to the aggregate amount to be paid by UBS pursuant to the C Share Purchase Offer plus the amount of stamp duty or SDRT arising on such purchases. Each C Share purchased by UBS (acting as principal and not as agent, nominee or trustee for the Company) under the C Share Purchase Offer will, once the C Share Single Dividend has been paid on it, automatically be reclassified as a Deferred Share. It is intended that the Deferred Shares held by UBS following the C Share Purchase Offer will be acquired by the Company from UBS for an aggregate consideration of one penny and immediately cancelled.

In the unlikely event that the C Share Single Dividend is not paid by the Company to UBS by 6.00 p.m. on the first Business Day after C Share Purchase Completion, under the Option Agreement, (i) the Company has granted to UBS a put option which, on exercise, would oblige the Company to purchase from UBS all the C Shares purchased by UBS pursuant to the C Share Purchase Offer and (ii) UBS has granted the Company a call option which, on exercise, would oblige UBS to sell to the Company all the C Shares purchased by UBS pursuant to the C Share Purchase Offer. The price payable on exercise of either option would be an amount equivalent to that which would have been payable under the C Share Single Dividend.

C Share Default Dividend

The C Share Purchase Offer is subject to certain conditions and, although it is expected that UBS will purchase the C Shares under the C Share Purchase Offer, there can be no guarantee that it will do so. In the unlikely event that the C Shares are not purchased by the date and time agreed pursuant to the Purchase Offer Deed, it is expected that the C Share Default Dividend will be paid on each such C Share. For the avoidance of doubt, each Shareholder will have no right to choose to decline the C Share Purchase Offer, and to receive the C Share Default Dividend or the C Share Single Dividend, instead of the purchase price due to them under the C Share Purchase Offer.

Once the C Share Default Dividend is paid on the 2021 Default Payment Date, the C Shares will be automatically reclassified as Deferred Shares. The Deferred Shares will carry extremely limited rights as more fully described in Part V of this Circular. It is expected that the C Share Default Dividend will be taxed, in the hands of United Kingdom tax resident Shareholders, in the same way as any other dividend income from the Company, rather than providing capital treatment.

The Company may purchase all Deferred Shares held by Shareholders following the payment of the C Share Default Dividend at any time for an aggregate consideration of one penny. To achieve this, it is currently expected that the Company, on behalf of all Shareholders who hold Deferred Shares at the relevant time, would execute a transfer of all such Deferred Shares to UBS for an aggregate consideration of one penny and such Deferred Shares would be acquired by the Company from UBS under the Option Agreement for an aggregate consideration of one penny. The Deferred Shares would then be cancelled. In view of the negligible amount of the aggregate consideration, no stamp duty or SDRT will be chargeable on the transfer of these Deferred Shares either from Shareholders to UBS or from UBS to the Company, and Shareholders will not be entitled to have any part of this consideration paid to them.

5. Agreements in relation to the B Share Purchase Offer and the C Share Purchase Offer

The following agreements have been entered into in relation to the B Share Purchase Offer and the C Share Purchase Offer:

Purchase Offer Deed

On 24 February 2020, the Company entered into the Purchase Offer Deed with UBS. Under the Purchase Offer Deed, UBS has agreed that subject to the satisfaction (or waiver by UBS) of various conditions and upon the service of a notice by the Company requiring it to make the B Share Purchase Offer or the C Share Purchase Offer, it will, as principal (and not as agent, nominee or trustee for the Company), make an off-market offer to purchase all of the B Shares or the C Shares (as the case may be) in issue from Shareholders. Amongst other things, the Company agrees that it shall pay the B Share Single Dividend and C Share Single Dividend (as applicable) as soon as practicable after B Share Purchase Completion and C Share Purchase Completion respectively, when beneficial ownership of the B Shares and C shares (respectively) has transferred to UBS.

The B Share Purchase Offer and the C Share Purchase Offer will be made in the manner and on the terms set out in this Circular and the Purchase Offer Deed. The obligation of UBS to make the B Share Purchase



Offer and the C Share Purchase Offer is conditional upon the satisfaction, or waiver by UBS, of a number of conditions, including: (i) the passing of Resolutions 1, 2, 3 and 4 without material amendment other than as agreed between UBS and the Company and such approvals continuing in force; (ii) the Board (or an authorised committee thereof) having resolved to pay the B Share Single Dividend or the C Share Single Dividend (as applicable) subject only to the acceptance of the B Share Purchase Offer or C Share Purchase Offer (as applicable) by a Director or the Company Secretary on behalf of all Shareholders; (iii) the Option Agreement and the Escrow Agreement having been duly executed by the Company and the Escrow Agent (as applicable) and delivered to UBS; (iv) the Company having sufficient funds, which would otherwise be available for dividend or distribution, lawfully to: (a) pay the B Share Single Dividend or the C Share Single Dividend (as applicable), or (b) purchase the B Shares or the C Shares, as applicable, in accordance with the terms of the Option Agreement, or having paid such funds into escrow pursuant to the terms of the Escrow Agreement, and there being nothing that would make such purchase or payment unlawful; (v) there being no other facts or circumstances which prevent: (a) the Company from complying in all respects with and lawfully performing its obligations under the Purchase Offer Deed and the Option Agreement; and (b) the Company and the Escrow Agent from complying in all respects with and lawfully performing their obligations under the Escrow Agreement; (vi) the agreement of the Registrars (in their role as receiving bank) as set out in its engagement agreement with the Company to pay, upon receipt of funds from UBS or the Escrow Agent, to the relevant Shareholders the B Share Purchase Price in accordance with the terms of the B Share Purchase Offer and the C Share Purchase Price in accordance with the terms of the C Share Purchase Offer (as applicable); (vii) the compliance to UBS's reasonable satisfaction by the Company and the Escrow Agent with their respective obligations under the Escrow Agreement, including the Escrow Agent having provided UBS with an escrow notice pursuant to the terms of the Escrow Agreement; and (viii) the allotment and issue of the B Shares in accordance with this Circular in relation to the B Share Purchase Offer and the allotment and issue of the C Shares in accordance with this Circular in relation to the C Share Purchase Offer (as applicable).

UBS has termination rights in respect of the Purchase Offer Deed which may be exercised (a) during the period before B Share Purchase Completion, and (b) during the period commencing when the C Share Purchase Offer is made and ending immediately prior to the time Shareholders receive consideration for the sale of C Shares pursuant to the C Share Purchase Offer. UBS's rights to terminate may be exercised in specified circumstances including: (i) if any statement in a document issued by the Company in respect of the Return of Cash (including the Circular, the B Purchase Offer and C Purchase Offer announcement) is untrue, incorrect or misleading in any respect or in the event of a material breach by the Company of the representations, warranties and/or undertakings given to UBS under the Purchase Offer Deed; (ii) breach by the Company of its obligations under the Purchase Offer Deed, the Option Agreement, the Escrow Agreement or this Circular, or breach by the Escrow Agent of its obligations under the Escrow Agreement; (iii) breach by a Shareholder of its obligations or the warranties deemed given by it under Part II of the Circular; (iv) termination of the Option Agreement or Escrow Agreement; (v) material adverse change in the Company's condition, solvency, liquidity, earnings business affairs or prospects; (vi) material disruption in financial markets, any outbreak of hostilities or other calamity or crises, or the imposition of exchange controls by certain jurisdictions (including the UK); (vii) material disruption in commercial banking or securities settlement services in the UK or suspension of trading in any securities of the Company by an investment exchange (including the London Stock Exchange); and (viii) a change in UK tax practice affecting the B Share Purchase Offer, B Shares, C Share Purchase Offer, or C Shares (as applicable).

In addition, UBS can terminate the Purchase Offer Deed for convenience at any time after UBS makes payment of the consideration for the B Shares to the relevant Shareholder but before 8.00 a.m. on 1 February 2021.

Option Agreement

On 24 February 2020, the Company entered into the Option Agreement with UBS. Under the Option Agreement the parties grant each other reciprocal put and call options in respect of the B Shares and the C Shares.

Under the Option Agreement in relation to the B Share Scheme, if the B Share Single Dividend has not been paid by the Company to UBS by 6.00 p.m. on the first Business Day after B Share Purchase Completion (and the B Shares have not therefore been automatically reclassified as Deferred Shares), and conditional on B Share Purchase Completion having occurred and the passage of Resolution 4 (together the "**B Share Put Conditions**"), the Company has granted a put option to UBS (the "**B Share Put Option**") which, on exercise, would oblige the Company to purchase from UBS the B Shares purchased by UBS pursuant to the B Share Purchase Offer, at an aggregate price of: (i) 400 pence per B Share multiplied by the number of B Shares



purchased plus (ii) an amount equal to any stamp duty or SDRT payable by UBS as a result of its purchase of the B Shares pursuant to the B Share Purchase Offer (the “**B Share Option Price**”).

Also under the Option Agreement, UBS has granted the Company a call option which, on exercise, would oblige UBS to sell to the Company the B Shares purchased by UBS pursuant to the B Share Purchase Offer at the B Share Option Price (the “**B Share Call Option**”). The B Share Call Option is conditional on satisfaction of the B Share Put Conditions and also on UBS not having exercised the B Share Put Option by 6.00 p.m. on the second Business Day after B Share Purchase Completion.

It is expected that neither the B Share Put Option nor the B Share Call Option will be exercised and that instead the B Share Single Dividend will be paid to UBS (in an amount equal to the B Share Option Price), following which each B Share purchased by UBS under the B Share Purchase Offer will be automatically reclassified as a Deferred Share and then be purchased by the Company from UBS for aggregate consideration of one penny and cancelled.

Under the Option Agreement in relation to the C Share Scheme, if the C Share Single Dividend has not been paid by the Company to UBS by 6.00 p.m. on the first Business Day after the C Share Purchase Completion (and the C Shares have not therefore been automatically reclassified as Deferred Shares), and conditional on C Share Purchase Completion having occurred, and the passage of Resolution 4 (together the “**C Share Put Conditions**”), the Company has granted a put option to UBS (the “**C Share Put Option**”) which, on exercise, would oblige the Company to purchase from UBS the C Shares purchased by UBS pursuant to the C Share Purchase Offer, at an aggregate price of (i) the C Share Purchase Price multiplied by the number of C Shares purchased plus (ii) an amount equal to any stamp duty or SDRT payable by UBS as a result of its purchase of the C Shares pursuant to the C Share Purchase Offer (the “**C Share Option Price**”).

Also under the Option Agreement, UBS has granted the Company a call option which, on exercise, would oblige UBS to sell to the Company the C Shares purchased by UBS pursuant to the C Share Purchase Offer at the C Share Option Price (the “**C Share Call Option**”). The C Share Call Option is conditional on satisfaction of the C Share Put Conditions and also on UBS not having exercised the C Share Put Option by 6.00 p.m. on the second Business Day after C Share Purchase Completion.

It is expected that neither the C Share Call Option nor the C Share Put Option will be exercised and that instead the C Share Single Dividend will, if the C Share Scheme proceeds, be paid to UBS (in an amount equal to the C Share Option Price), following which each C Share purchased by UBS under the C Share Purchase Offer will be automatically reclassified as a Deferred Share and then be purchased by the Company from UBS for aggregate consideration of one penny and cancelled.

In the event that the Company pays the B Share Default Dividend or the C Share Default Dividend to Shareholders on the B Shares or C Shares respectively, UBS undertakes in the Option Agreement to offer to purchase for an aggregate consideration of one penny, all the Deferred Shares into which the B Shares or C Shares (respectively) have been automatically reclassified as a result of the B Share Default Dividend or C Share Default Dividend being paid to Shareholders. UBS has also undertaken to promptly offer to sell any Deferred Shares which it holds (whether as a result of the B Share Purchase Offer followed by payment of the B Share Single Dividend, C Share Purchase Offer followed by payment of the C Share Single Dividend or as a result of payment by the Company of the B Share Default Dividend or C Share Default Dividend to Shareholders followed by the sale of the resulting Deferred Shares to UBS) to the Company for an aggregate consideration of one penny.

The Option Agreement terminates automatically: (i) in respect of the B Share Purchase Offer only if the B Share Purchase Offer is not made by 8.00 a.m. on 23 March 2020; (ii) if the C Share Purchase Offer is not made by 8.00 a.m. on 31 March 2021; or (iii) if the Purchase Offer Deed is terminated by UBS.

Escrow Agreement

On 24 February 2020, the Company entered into the Escrow Agreement with UBS and the Escrow Agent relating to the transfer into escrow of the amounts payable by the Company to UBS in respect of the B Share Single Dividend, the C Share Single Dividend or the B Share Option Price and the C Share Option Price, as applicable.

6. Share Consolidations

It is expected that, as a result of the decrease in the value of the Company's net assets due to the Return of Cash, there would, without a consolidation of the Company's ordinary share capital, be a corresponding



decrease in the market price of the Ordinary Shares. Accordingly, to maintain comparability, so far as possible, between the market price per Ordinary Share before and after each element of the Return of Cash, it is proposed that the Company effects a consolidation of the Company's ordinary share capital in connection with each of the B Share Scheme and C Share Scheme. This will allow comparability of share prices and per share financial metrics (including dividends, net assets and earnings) with prior financial periods.

The B Share Consolidation involves a reduction of the total number of Ordinary Shares in issue by the consolidation of the Existing Ordinary Shares (which have a nominal value of 5 pence each) into a smaller number of New Ordinary Shares, each at a nominal value of 5.3943 pence per New Ordinary Share.

As a result of the B Share Consolidation, each Shareholder will receive a number of New Ordinary Shares at an expected ratio of 92.69 New Ordinary Shares for every 100 Existing Ordinary Shares held at the Record Time.

The Return of Cash in connection with the B Share Scheme of approximately £500 million represents approximately 7.31 per cent. of the Company's market capitalisation (based on the closing market price of £54.70 per Existing Ordinary Share as at close of business on the Latest Practicable Date) and the Share Consolidation will reduce the number of Ordinary Shares in issue by a similar percentage.

Following the B Share Consolidation, it is expected that the Company's total issued share capital will comprise 126,824,916 New Ordinary Shares of 5.3943 pence each. The New Ordinary Shares will be equivalent in all material respects to the Existing Ordinary Shares (including as to dividend, voting and other rights), with the exception of the difference in nominal value and the New Ordinary Shares being subject to the rights to receive the C Shares. The Company will hold 10,142,047 New Ordinary Shares in treasury and will not be permitted to exercise voting rights in respect of those shares. Therefore the total voting rights in the Company will be 116,682,869.

Likewise, it is proposed that, in connection with the C Share Scheme, there will be a C Share Consolidation of the total number of Ordinary Shares in issue into a smaller number of 2021 New Ordinary Shares. The ratio of the 2021 New Ordinary shares to the 2021 Existing Ordinary Shares will depend on the number of 2021 Existing Ordinary Shares in circulation at the 2021 Record Time.

The 2021 New Ordinary Shares will be equivalent in all material respects to the 2021 Existing Ordinary Shares (including as to dividend, voting and other rights), with the exception of the difference in nominal value and the 2021 Existing Ordinary Shares being subject to the right to receive the C Shares.

Although the number of Ordinary Shares in issue will decrease following each of the Share Consolidations, each Shareholder will still own the same proportion of the issued share capital of the Company as immediately before each of the Share Consolidations, subject to fractional entitlements. The value of a Shareholder's holding in the Company immediately following the relevant Share Consolidation, when added to the cash payment received as a result of the associated element of Return of Cash, will be the same as the value of its holding in the Company immediately before the relevant Share Consolidations (subject to any fluctuations in the market price of the Ordinary Shares).

Application will be made for the New Ordinary Shares and the 2021 New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Admission of the New Ordinary Shares is expected to take place and dealings expected to commence at 8.00 a.m. on the Admission Date. The Company will apply for the New Ordinary Shares under the ISIN GB00BLJNXL82 to be admitted to CREST with effect from the Admission Date so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

7. Fractional entitlements to New Ordinary Shares and 2021 New Ordinary Shares

Unless a holding of the Existing Ordinary Shares or the 2021 Existing Ordinary Shares, as applicable, are exactly divisible by the relevant denominator, a Shareholder will have a fractional entitlement to a New Ordinary Share or a 2021 New Ordinary Share, as applicable, following the relevant Share Consolidation. These fractional entitlements will all be aggregated into the New Ordinary Shares or 2021 New Ordinary Shares, as applicable, and sold in the market on behalf of the relevant Shareholders. Subject to the below, the net proceeds of sale (after deduction of all expenses and commissions incurred) will be distributed pro rata to relevant Shareholders.

Should the cash consideration for any Shareholder's fractional entitlement be less than £3.00 (net of expenses), that Shareholder will have no entitlement or right to the proceeds of sale and so will not receive a



cheque or have its CREST account or bank account credited in respect of that entitlement due to the administrative costs incurred in doing so, and the net proceeds will be retained by the Company.

Cheques for the B Share Scheme in respect of the net proceeds of sale are expected to be despatched to relevant Shareholders or CREST accounts or bank accounts credited with the net proceeds, as appropriate by Tuesday 31 March 2020.

It is anticipated that cheques for the C Share Scheme in respect of the net proceeds of sale will be despatched to relevant Shareholders or CREST accounts credited with the net proceeds, as appropriate, together with certificates for 2021 New Ordinary Shares, where applicable, shortly after the completion of the C Share Purchase Offer.

8. Effect of B Share Scheme and B Share Consolidation

For illustrative purposes, examples of how the B Share Scheme and B Share Consolidation would affect Shareholders are set out below (based on the closing market price of £54.70 per Existing Ordinary Share as at close of business on the Latest Practicable Date).

A. Number of Existing Ordinary Shares held at the Record Time	B. Number of New Ordinary Shares held after B Share Consolidation	C. Proceeds under B Share Scheme	D. Value of fractional entitlement at the closing market price
1	0	£4.00	£50.70
20	18	£80.00	£29.43
50	46	£200.00	£18.87
100	92	£400.00	£37.74
1000	926	£4,000.00	£49.23

Although the number of Ordinary Shares held by each Shareholder will be reduced following the B Share Consolidation, each Shareholder will continue to own the same proportion of the issued share capital of the Company as immediately before the B Share Consolidation, subject to fractional entitlements.

As stated in Paragraph 7 above, the fractional entitlements will be aggregated and sold, following the share consolidation, at the share price prevailing at that time. Shareholders will receive a payment for any fractional entitlement by 31 March 2020, unless the net amount is less than £3.00.

9. Overseas Shareholders

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the issue, holding or disposal of the B Shares and the C Shares will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy itself as to full observance of the laws of each relevant jurisdiction in connection with the B Share Scheme or the C Share Scheme, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the B Share Scheme or the C Share Scheme constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The B Shares, C Shares, New Ordinary Shares and the 2021 New Ordinary Shares issued under the B Share Scheme, C Share Scheme and Share Consolidations, respectively, have not been and will not be registered under the US Securities Act or the state securities laws of the United States and they may not be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under



the US Securities Act and the relevant state securities laws or pursuant to a transaction that is exempt from, or not subject to, the registration requirements of the US Securities Act and the state securities laws.

None of the B Shares, C Shares, New Ordinary Shares or the 2021 New Ordinary Shares issued under the B Share Scheme, C Share Scheme and Share Consolidations, respectively, or this document, have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have such authorities passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

10. 2011 LTIP and remuneration arrangements

Under the 2011 LTIP, the Company has granted options over Ordinary Shares at varying exercise prices and with varying vesting dates. Participants under the 2011 LTIP are not the beneficial owners of Ordinary Shares under the scheme (save where options are exercised before the Record Time or the 2021 Record Time, as the case may be) and so will not participate in the B Share Scheme, C Share Scheme or Share Consolidations, other than in their separate capacity as Shareholders (if applicable). Where a participant under the 2011 LTIP has exercised an option or award before the Record Time or the 2021 Record Time, as the case may be, the participant will receive the B Shares or C Shares (as the case may be) and their Ordinary Shares will be subject to the Share Consolidations in the same way as other Shareholders.

It is intended that the Share Consolidations will ensure that the Return of Cash has a largely neutral outcome for participants under the 2011 LTIP, as options over Ordinary Shares will take effect as options over the same number of New Ordinary Shares or the 2021 New Ordinary Shares, which are expected to have approximately the same market value following the Share Consolidations as in relation to the Existing Ordinary Shares or 2021 Existing Ordinary Shares as relevant, subject to market fluctuations. On this basis, it is anticipated that no adjustment will be made to the number of Ordinary Shares over which participants have options.

As at close of business on the Latest Practicable Date, the total number of unvested options under the 2011 LTIP was 8,131,720. In aggregate, these outstanding options represent approximately 6.46 per cent. of the issued Existing Ordinary Shares (excluding treasury shares). Following the implementation of the Return of Cash in connection with the B Share Scheme, and assuming no further shares or options are issued between close of business on the Latest Practicable Date and the B Share Consolidation becoming effective, the outstanding options will represent approximately 6.97 per cent. of the issued New Ordinary Shares (excluding treasury shares). This represents the maximum number of unvested options; however, it is the Company's expectation that the number of unvested options which actually vest will be materially less due to the operation of the Total Remuneration Caps for participants which restricts the value and therefore number of options that will vest in relation to those participants. Further, the Company's practice is to issue to participants a number of Shares which is calculated by netting off the exercise price of the options and any tax payable upon exercise, instead of issuing participants with the full number of shares subject to the options exercised, which further reduces the number of Shares actually issued pursuant to the unvested options.

Shares held by the Employee Share Trust

The Company has established an Employee Share Trust for the purpose of satisfying share options under the 2011 LTIP. The Employee Share Trust holds Ordinary Shares. Ordinary Shares held by the Employee Share Trust will have the same rights under the B Share Scheme, C Share Scheme and Share Consolidations as Ordinary Shares held by other Shareholders. It is intended that the proceeds of the B Share Purchase Offer and C Share Purchase Offer will be retained by the Employee Share Trust and not passed on to participants under the 2011 LTIP.

11. Dealings and despatch of documents

The B Share Scheme will be carried out by reference to holdings of Existing Ordinary Shares on the Company's register of members as at the Record Time, and the C Share Scheme will be carried out by reference to holdings of 2021 Existing Ordinary Shares on the Company's register of members as at the 2021 Record Time.

It is expected that dealings and settlement within the CREST system of the Existing Ordinary Shares under ISIN GB00B02L3W35 will continue until 6.00 p.m. on 18 March 2020 when, in the case of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers and no further transfers of Existing Ordinary Shares will be able to be made. The registration of uncertificated holdings in respect of Existing Ordinary Shares will be disabled in CREST at the Record Time.



Shareholders who hold their Existing Ordinary Shares in CREST will have their CREST accounts credited with the New Ordinary Shares under ISIN GB00BLJNXL82 as soon as practicable after 8.00 a.m. on the Admission Date. Shareholders holding New Ordinary Shares through the CREST system will not receive any share certificates.

With effect from Admission, share certificates in respect of Existing Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will only be issued following Admission. It is therefore important that Shareholders holding certificate(s) in respect of Existing Ordinary Shares retain them until the New Ordinary Share certificates are despatched, which is expected to be on 31 March 2020. On receipt of share certificates in respect of New Ordinary Shares, certificates in respect of Existing Ordinary Shares should be destroyed.

Equivalent arrangements relating to CREST and share certificates will apply following the C Share Consolidation.

No share certificates will be issued to Shareholders by the Company in respect of B Shares, C Shares or Deferred Shares.

All share certificates and cheques will be sent by post, at the risk of the Shareholder(s) entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding).

12. General Meeting

The General Meeting will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Wednesday 18 March 2020 at 10:00 a.m. A notice convening the General Meeting is set out at the end of this Circular.

Details on proxy appointments and the action to be taken are set out in the Notice of General Meeting at the end of this Circular.

13. Summary of the resolutions to be proposed at the General Meeting

Six resolutions will be proposed at the General Meeting. Resolutions 1 and 5 will be proposed as special resolutions, the passing of which requires at least 75 per cent. of the votes cast (whether in person or by proxy) to be in favour. Resolutions 2, 3, 4 and 6 will be passed as ordinary resolutions, the passing of which requires a simple majority of votes cast to be in favour.

A summary of the resolutions is set out below:

Resolution 1: To adopt the New Articles ("Resolution 1")

This Resolution is conditional on Admission occurring by 8.00 a.m. on the Admission Date (or such later time and/or date as the Directors may in their absolute discretion determine). The Resolution proposes the adoption of the New Articles in order to implement the B Share Scheme and the C Share Scheme. The New Articles will include the insertion into the Articles of Association of the rights and restrictions attaching to the B Shares, C Shares and the Deferred Shares, as set out in Parts III, IV and V of this Circular and the amendment of the Articles of Association so Ordinary Shares held by the Company in treasury will not entitle the holder to receive B Shares or C Shares.

Resolution 2: Issue of B Shares and B Share Consolidation ("Resolution 2")

This Resolution is conditional on the passing of Resolutions 1 and 4 and (in the case of (A)) also conditional upon Admission occurring by 8.00 a.m. on the Admission Date (or such later time and/or date as the Directors may in their absolute discretion determine). A summary of the paragraphs comprising the Resolution follows below.

- (A) This paragraph proposes to authorise the Directors to:
- (i) capitalise a sum not exceeding £130,000, standing to the credit of the Company's share premium account, to pay up in full the B Shares; and
 - (ii) allot and issue B Shares up to an aggregate nominal amount of £130,000, on the basis of one B Share for every one Existing Ordinary Share (excluding any Existing Ordinary Shares held by the Company in treasury) at the Record Time. This authority granted to the Directors will expire at the end of the next annual general meeting of the Company.



- (B) This paragraph proposes to authorise the subdivision of the Existing Ordinary Shares into Undesignated Shares, which will then be consolidated into New Ordinary Shares. All fractional entitlements which arise will be aggregated and sold with the net proceeds of the sale (after deduction of all expenses and commissions incurred), where equal to or in excess of £3.00, paid in due proportion to the relevant Shareholders. The net proceeds of sale from fractional entitlements of less than £3.00 will be retained by the Company for the benefit of all Shareholders.

Resolution 3: Issue of C Shares and C Share Consolidation ("Resolution 3")

This Resolution is conditional on the passing of Resolutions 1, 2 and 4 and (in the case of (A)) also conditional upon on 2021 Admission occurring by 8.00 a.m. on the proposed date of 2021 Admission or as the Directors may in their absolute discretion determine. A summary of the paragraphs comprising the Resolution follows below.

- (A) This paragraph proposes to authorise the Directors to:
- (i) capitalise a sum not exceeding £130,000, standing to the credit of the Company's share premium account, to pay up in full the C Shares; and
 - (ii) allot and issue C Shares up to an aggregate nominal amount of £130,000, on the basis of one C Share for every one 2021 Existing Ordinary Share (excluding any 2021 Existing Ordinary Shares held by the Company in treasury) at the 2021 Record Time. This authority granted to the Directors will expire at the end of the annual general meeting of the Company held in 2021.
- (B) This paragraph proposes to authorise the subdivision of the 2021 Existing Ordinary Shares into 2021 Undesignated Shares, which will then be consolidated into 2021 New Ordinary Shares. All fractional entitlements which arise will be aggregated and sold with the net proceeds of the sale (after deduction of all expenses and commissions incurred), where equal to or in excess of £3.00, paid in due proportion to the relevant Shareholders. The net proceeds of sale from fractional entitlements of less than £3.00 will be retained by the Company for the benefit of all Shareholders generally.

Resolution 4: Approval of the terms of the Option Agreement ("Resolution 4")

This Resolution is conditional upon the passing of Resolutions 1 and 2 and on Admission occurring by 8.00 a.m. on the Admission Date (or such later time and/or date as the Directors may in their absolute discretion determine).

The Resolution proposes to approve the terms of the Option Agreement dated 24 February 2020 between UBS and the Company in accordance with section 694(1) of the Companies Act 2006 under which (i) the Company would be entitled to require UBS to sell to it all the B Shares following their reclassification as Deferred Shares (howsoever arising) and all the C Shares following their reclassification as Deferred Shares (howsoever arising); (ii) conditional on the B Share Single Dividend not having been paid by the Company to UBS by 6.00 p.m. on the first Business Day after B Share Purchase Completion (and the B Shares not therefore having been automatically reclassified as Deferred Shares), UBS would be entitled to require the Company to purchase from UBS, and the Company would be entitled to require UBS to sell to the Company, those B Shares purchased by UBS (acting as principal and not as agent, nominee or trustee for the Company) from Shareholders under the B Share Purchase Offer at the B Share Option Price; and (iii) conditional on the C Share Single Dividend not having been paid by the Company to UBS by 6.00 p.m. on the first Business Day after C Share Purchase Completion (and the C Shares not therefore having been automatically reclassified as Deferred Shares), UBS would be entitled to require the Company to purchase from UBS, and the Company would be entitled to require UBS to sell to the Company, those C Shares purchased by UBS (acting as principal and not as agent, nominee or trustee for the Company) from Shareholders under the C Share Purchase Offer at the C Share Option Price. Such authority will expire at the conclusion of the annual general meeting of the Company to be held in 2021.

Resolution 5: Authority for the Company to purchase its own shares ("Resolution 5")

This Resolution is conditional upon the passing of Resolutions 1, 2 and 4 and on Admission occurring by 8.00 a.m. on the Admission Date (or such later time and/or date as the Directors may in their absolute discretion determine).

A special resolution was passed at the annual general meeting of the Company on 6 September 2019 enabling the Company to purchase its own shares in the market (the "**AGM Market Purchase Authority**"). Resolution 5 will seek to renew this authority in relation to the New Ordinary Shares. The maximum number of shares to



which the authority relates is 11,668,287. This is expected to represent 10 per cent. of the Company's New Ordinary Share capital (excluding treasury shares) immediately following Admission. If Resolution 5 is passed, the AGM Market Purchase Authority will cease to have effect.

The Directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value, taking into account the proposed C Share Scheme. It is not currently intended that this authority will be executed until after the C Shares Scheme has been implemented or the Directors have determined not to proceed with the C Share Scheme.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while they are held in treasury and no voting rights are attached to treasury shares. If this resolution is passed at the General Meeting, it is the Company's current intention to cancel the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so.

The price paid for any Ordinary Shares will not be less than the nominal value per New Ordinary Share and not more than the higher of 5 per cent. above the average of the middle market quotations of the Company's Ordinary Shares, as derived from The London Stock Exchange Daily Official List, for the five business days preceding the day on which the Ordinary Shares are purchased and an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out.

Any purchases of Ordinary Shares would be by means of market purchases through the London Stock Exchange.

Resolution 5 will be proposed as a special resolution to renew this authority in relation to the New Ordinary Shares until the conclusion of the next annual general meeting of the Company or, if earlier, the close of business on 31 December 2020.

Resolution 6: To approve the Remuneration Policy Amendments ("Resolution 6")

This Resolution approves the amendments to the 2019 Remuneration Policy, which are set out in Part VII of this Circular. The amendments are to take effect from the beginning of the next financial year of the Company, being 1 May 2020.



PART III

Rights and Restrictions attached to the B Shares

The following sets out the rights of the B Shares and the restrictions to which they are subject. These are included in the New Articles proposed to be adopted at the General Meeting.

The following paragraphs will be inserted as a new Article 3A in the New Articles.

Please note that the defined terms in this Part III have been aligned with those in the Articles of Association and therefore defined terms used elsewhere in this Circular do not apply to this Part III.

3A Rights and Restrictions Attached to B Shares

3A.1 General

Notwithstanding the remainder of this Article 3, the non-cumulative irredeemable preference shares of 0.1 pence each in the capital of the Company (the "**B Shares**") shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 3A and any other provision in these Articles, the provisions in this Article 3A shall prevail.

3A.2 B Share Purchase Offer

On and subject to the terms set out in the circular sent by the Company to its shareholders on 24 February 2020, it is expected that UBS Group AG, London Branch (or a subsidiary thereof) ("**UBS**") shall make an offer to purchase the B Shares acting as principal (and not as agent, nominee or trustee for the Company) (the "**B Share Purchase Offer**"). Each of the Directors and the Secretary is hereby authorised on behalf of each holder of those shares to execute all documents and do all acts and things in the name of each holder of B Shares or otherwise on behalf of each such holder's behalf which such Director or Secretary shall in their absolute discretion consider necessary or desirable in order to accept the B Share Purchase Offer. No individual shareholder will be able to accept or reject the B Share Purchase Offer with respect to the B Shares that such shareholder has received. Upon the acceptance of the B Share Purchase Offer, each shareholder shall represent, warrant, undertake and agree with the Company and UBS on the terms set out in paragraphs 4(C), (D), (E) and (F) of Part II of the circular despatched to shareholders on 24 February 2020, as it may be supplemented from time to time.

3A.3 Income

- (a) Subject to the provisions of the Companies Acts and these Articles, out of the profits of the Company available for distribution, the Directors may resolve to pay a single dividend equal to the aggregate amount of 400 pence per B Share paid by UBS pursuant to the B Share Purchase Offer plus the amount of stamp duty or stamp duty reserve tax arising on such purchases (the "**B Share Single Dividend**") notwithstanding any provision to the contrary in these Articles (including Articles 127 and 128) to holders of B Shares at such time as the Directors may in their absolute discretion determine (the "**B Share Dividend Time**") who are registered on the Company's relevant register as holding such B Shares at the B Share Dividend Time. Notwithstanding Article 132, if at the time the B Share Purchase Offer becomes unconditional and the beneficial ownership of the B Shares is vested in UBS but UBS is not the registered holder of the B Shares, the B Share Single Dividend may be paid directly to UBS.
- (b) The Company's liability to pay the B Share Single Dividend to such holder of B Shares shall be discharged by the Company by a payment to such holder, or at such holder's direction, within one business day of the B Share Dividend Time of an amount equal to the B Share Single Dividend.
- (c) Each B Share in respect of which the B Share Single Dividend is paid shall immediately thereupon (but without prejudice to the accrued right to receive such dividend) be reclassified as a deferred share of 0.1 pence in the capital of the Company having the rights and being subject to the restrictions described in Article 3C (a "**Deferred Share**").
- (d) In the absence of fraud or wilful default, neither the Company nor any of the Directors, its officers or employees shall have any liability to any person for any loss or damage arising as



a result of the determination of the B Share Dividend Time in accordance with Article 3A.3(a) above or the timing of the B Share Purchase Offer.

- (e) Subject to the provisions of the Companies Acts and these Articles, out of the profits of the Company available for distribution, the Directors may resolve to pay a single dividend of 400 pence per B Share (the "**B Share Default Dividend**") notwithstanding any provision to the contrary in these Articles (including Articles 127 and 128) in place of the B Share Single Dividend, at such time and date as the Directors may in their absolute discretion determine (the "**B Share Default Dividend Time**") to holders of any B Shares:
 - (i) where the B Share Purchase Offer has not been completed by 6.00 p.m. on the date immediately prior to the B Share Default Dividend Time; and
 - (ii) who are registered on the Company's relevant register as holding such B Shares at the B Share Default Dividend Time.
- (f) The Company's liability to pay the B Share Default Dividend to such holder of B Shares shall be discharged by the Company by a payment to such holder on the date of the B Share Default Dividend Time of an amount equal to the B Share Default Dividend.
- (g) Each B Share in respect of which the B Share Default Dividend is paid shall immediately thereupon (but without prejudice to the accrued right to receive such dividend) be reclassified as a Deferred Share.
- (h) For the avoidance of doubt, the provisions of Article 135 (*Forfeiture of dividends*) shall apply in respect of any and all B Share Default Dividends payable on or in respect of any B Shares which remain unclaimed.
- (i) In the absence of fraud or wilful default, neither the Company nor any of the Directors, its officers or employees shall have any liability to any person for any loss or damage arising as a result of the choice of the B Share Default Dividend Time in connection with Article 3A.3(e) above.

3A.4 Capital

- (a) Except as provided in Article 3A.6 below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of each B Share shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the B Shares) but *pari passu* with any payment to the holders of B Shares, to the aggregate of the amount of the nominal capital paid up or credited as paid up on such B Share and an amount of 399.9 pence per B Share held by them.
- (b) On a winding-up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 3A.4(a) above. In the event that there is a winding-up to which Article 3A.4(a) applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their pro rata proportion of the amounts to which they would otherwise be entitled.
- (c) The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by him, her or it shall be rounded up to the nearest whole penny.
- (d) The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of B Shares.

3A.5 Attendance and voting at general meetings

- (a) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any General Meeting nor to attend, speak or vote at any such General Meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intra-group reorganisation on a solvent basis), in which case the holders of the B Shares shall have the right to attend such meeting and shall be entitled to speak and vote only on any such resolution.
- (b) If the holders of the B Shares are entitled to vote at a General Meeting of the Company in their capacity as holders of such B Shares, then, subject to any other provisions of these



Articles, each holder thereof shall be entitled to vote at such meeting whether on a show of hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant holder of B Shares to vote in the way in which the proxy elects to exercise that discretion.

3A.6 Class rights

- (a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (b) A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

3A.7 Form

The B Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. The B Shares shall not be transferable except in accordance with Article 3A.8 below.

3A.8 Transfer

No B Share may be transferred, except to UBS (which transfer may be made directly to UBS or via any receiving agent appointed by the Company) in accordance with the terms of the B Share Purchase Offer or to the Company.

3A.9 Transmission of B Shares

Articles 45 to 48 shall not apply to the B Shares.

3A.10 Deletion of Article 3A when no B Shares in existence

Article 3A shall remain in force until there are no longer any B Shares in existence (including as a result of all B Shares having been automatically reclassified as Deferred Shares in accordance with this Article 3A), notwithstanding any provision in these Articles to the contrary. Thereafter Article 3A shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 3A are referred to in other Articles) and shall be deleted and replaced with the wording "Article 3A has been deleted", and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 3A before that date, and accrued rights in respect of the payment of dividends arising before that date, shall not otherwise be affected and any actions taken under Article 3A before that date shall be conclusive and not be open to challenge on any grounds whatsoever.



PART IV

Rights and Restrictions attached to the C Shares

The following sets out the rights of the C Shares and the restrictions to which they are subject. These are included in the New Articles proposed to be adopted at the General Meeting.

The following paragraphs will be inserted as a new Article 3B in the New Articles.

Please note that the defined terms in this Part IV have been aligned with those in the Articles of Association and therefore defined terms used elsewhere in this Circular do not apply to this Part IV.

3B Rights and Restrictions Attached to C Shares

3B.1 General

Notwithstanding the remainder of this Article 3, the non-cumulative irredeemable preference shares of 0.1 pence each in the capital of the Company (the "**C Shares**") shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 3B and any other provision in these Articles, the provisions in this Article 3B shall prevail.

3B.2 C Share Purchase Offer

On and subject to the indicative terms set out in the circular sent by the Company to its shareholders on 24 February 2020, it is expected that UBS shall make an offer to purchase the C Shares acting as principal (and not as agent, nominee or trustee for the Company). The offer and final terms of any such offer shall be as set out in a Regulatory Information Service announcement at the time the offer is made (the "**C Share Purchase Offer**"). Each of the Directors and the Secretary is hereby authorised on behalf of each holder of those shares to execute all documents and do all acts and things in the name of each holder of C Shares or otherwise on behalf of each such holder's behalf which such Director or Secretary shall in their absolute discretion consider necessary or desirable in order to accept the C Share Purchase Offer. No individual shareholder will be able to accept or reject the C Share Purchase Offer with respect to the C Shares that such shareholder has received. Upon the acceptance of the C Share Purchase Offer, each shareholder shall represent, warrant, undertake and agree with the Company and UBS on the terms set out in paragraphs 4(J), (K), (L) and (M) of Part II of the circular despatched to shareholders on 24 February 2020, as it may be supplemented from time to time.

3B.3 Income

- (a) Subject to the provisions of the Companies Acts and these Articles, out of the profits of the Company available for distribution, the Directors may resolve to pay a single dividend of such amount as the Directors may in their absolute discretion determine (the "**C Share Single Dividend**") notwithstanding any provision to the contrary in these Articles (including Articles 127 and 128) to holders of C Shares at such time as the Directors may in their absolute discretion determine (the "**C Share Dividend Time**") who are registered on the Company's relevant register as holding such C Shares at the C Share Dividend Time. Notwithstanding Article 132, if at the time the C Share Purchase Offer becomes unconditional and the beneficial ownership of the C Shares is vested in UBS but UBS is not the registered holder of the C Shares, the C Share Single Dividend may be paid directly to UBS.
- (b) The Company's liability to pay the C Share Single Dividend to such holder of C Shares shall be discharged by the Company by a payment to such holder, or at such holder's direction, within one business day of the C Share Dividend Time of an amount equal to the C Share Single Dividend.
- (c) Each C Share in respect of which the C Share Single Dividend is paid shall immediately thereupon (but without prejudice to the accrued right to receive such dividend) be reclassified as a Deferred Share.
- (d) In the absence of fraud or wilful default, neither the Company nor any of the Directors, its officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the C Share Dividend Time in accordance with Article 3B.3(a) above or the timing of the C Share Purchase Offer.



- (e) Subject to the provisions of the Companies Acts and these Articles, out of the profits of the Company available for distribution, the Directors may resolve to pay a single dividend of such amount as the Directors may in their absolute discretion determine (the "**C Share Default Dividend**") notwithstanding any provision to the contrary in these Articles (including Articles 127 and 128) in place of the C Share Single Dividend, at such time and date as the Directors may in their absolute discretion determine (the "**C Share Default Dividend Time**") to holders of any C Shares:
 - (i) where the C Share Purchase Offer has not been completed by 6.00 p.m. on the date immediately prior to the C Share Default Dividend Time; and
 - (ii) who are registered on the Company's relevant register as holding such C Shares at the C Share Default Dividend Time.
- (f) The Company's liability to pay the C Share Default Dividend to such holder of C Shares shall be discharged by the Company by a payment to such holder on the date of the C Share Default Dividend Time of an amount equal to the C Share Default Dividend.
- (g) Each C Share in respect of which the C Share Default Dividend is paid shall immediately thereupon (but without prejudice to the accrued right to receive such dividend) be reclassified as a Deferred Share.
- (h) For the avoidance of doubt, the provisions of Article 135 (*Forfeiture of dividends*) shall apply in respect of any and all C Share Default Dividends payable on or in respect of any C Shares which remain unclaimed.
- (i) In the absence of fraud or wilful default, neither the Company nor any of the Directors, its officers or employees shall have any liability to any person for any loss or damage arising as a result of the choice of the Default Dividend Time in connection with Article 3B.3(e) above.

3B.4 Capital

- (a) Except as provided in Article 3B.6 below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of each C Share shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the C Shares) but *pari passu* with any payment to the holders of C Shares, to the aggregate of the amount of (i) the nominal capital paid up or credited as paid up on such C Share and; (ii) an amount equal to the C Share Single Dividend less the nominal capital paid up or credited as paid up on such C Share, per C Share held by them.
- (b) On a winding-up, the holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 3B.4(a) above. In the event that there is a winding-up to which Article 3B.4(a) applies and the amounts available for payment are insufficient to pay the amounts due on all the C Shares in full, the holders of the C Shares shall be entitled to their pro rata proportion of the amounts to which they would otherwise be entitled.
- (c) The aggregate entitlement of each holder of C Shares on a winding-up in respect of all the C Shares held by him, her or it shall be rounded up to the nearest whole penny.
- (d) The holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of C Shares.

3B.5 Attendance and voting at general meetings

- (a) The holders of the C Shares shall not be entitled, in their capacity as holders of such C Shares, to receive notice of any General Meeting nor to attend, speak or vote at any such General Meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intra-group reorganisation on a solvent basis), in which case the holders of the C Shares shall have the right to attend such meeting and shall be entitled to speak and vote only on any such resolution.
- (b) If the holders of the C Shares are entitled to vote at a General Meeting of the Company in their capacity as holders of such C Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such meeting whether on a show of



hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant holder of C Shares to vote in the way in which the proxy elects to exercise that discretion.

3B.6 Class rights

- (a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the C Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.
- (b) A reduction by the Company of the capital paid up or credited as paid up on the C Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.

3B.7 Form

The C Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. The C Shares shall not be transferable except in accordance with Article 3B.8 below.

3B.8 Transfer

No C Share may be transferred, except to UBS (which transfer may be made directly to UBS or via any receiving agent appointed by the Company) in accordance with the terms of the C Share Purchase Offer or to the Company.

3B.9 Transmission of C Shares

Articles 45 to 48 shall not apply to the C Shares.

3B.10 Deletion of Article 3B when no C Shares in existence

Article 3B shall remain in force until there are no longer any C Shares in existence (including as a result of all C Shares having been automatically reclassified as Deferred Shares in accordance with this Article 3B), notwithstanding any provision in these Articles to the contrary, but for the avoidance of doubt shall apply during the period until there are C Shares in existence. Thereafter Article 3B shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 3B are referred to in other Articles) and shall be deleted and replaced with the wording "Article 3B has been deleted", and the separate register for the holders of C Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 3B before that date, and accrued rights in respect of the payment of dividends arising before that date, shall not otherwise be affected and any actions taken under Article 3B before that date shall be conclusive and not be open to challenge on any grounds whatsoever.



PART V

Rights and Restrictions attached to the Deferred Shares

The following sets out the rights of the Deferred Shares and the restrictions to which they are subject. These are included in the New Articles proposed to be adopted at the General Meeting.

The following paragraphs will be inserted as a new Article 3C in the New Articles.

Please note that the defined terms in this Part V have been aligned with those in the Articles of Association and therefore defined terms used elsewhere in this Circular do not apply to this Part V.

3C Rights and Restrictions Attached to Deferred Shares

3C.1 General

Notwithstanding the remaining provisions of this Article 3, the Deferred Shares (as defined in Article 3A.3 and Article 3B.3 above) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 3C and any other provision in these Articles, the provisions in this Article 3C shall prevail.

3C.2 Income

The Deferred Shares shall confer no right to participate in the profits of the Company.

3C.3 Capital

- (a) On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), there shall be paid to the holders of the Deferred Shares the nominal capital paid up, or credited as paid up, on such Deferred Shares after:
 - (i) firstly, paying to the holders of the B Shares and C Shares the amounts they are entitled to receive on a winding-up in accordance with their terms; and
 - (ii) secondly, paying to the holders of the ordinary shares the nominal capital paid up or credited as paid up on the ordinary shares held by them respectively, together with the sum of £100,000,000 on each ordinary share.
- (b) The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

3C.4 Attendance and voting at general meetings

The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any General Meeting or to attend, speak or vote at any such meeting.

3C.5 Class rights

- (a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.
- (b) The reduction by the Company of the capital paid up on the Deferred Shares shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (in accordance with the Companies Acts) without obtaining the consent of the holders of the Deferred Shares.

3C.6 Form

The Deferred Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with Article 3C.8 below or with the written consent of the Directors.



3C.7 Transfer

- (a) No Deferred Share may be transferred, except to UBS (which transfer may be made via any receiving agent appointed by the Company) or to the Company.
- (b) The Company may at any time (and from time to time) (subject to the provisions of the Companies Acts) without obtaining the sanction of the holder or holders of the Deferred Shares:
 - (i) execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or any person nominated by the Company, in any case for not more than the aggregate amount of one penny for all the Deferred Shares then being transferred, or appoint any person to do the same (subject as agreed between such person and the Company or Company nominee in writing); and
 - (ii) cancel all or any of the Deferred Shares purchased or acquired by the Company in accordance with the Companies Acts.

3C.8 Transmission of Deferred Shares

Articles 45 to 48 shall not apply to the Deferred Shares.

3C.9 Deletion of Article 3C when no Deferred Shares in existence

Article 3C shall remain in force until there are no longer any Deferred Shares in existence, notwithstanding any provision in these Articles to the contrary but for the avoidance of doubt shall apply during the period until there are Deferred Shares in existence. Thereafter Article 3C shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 3C are referred to in other Articles) and shall be deleted and replaced with the wording "Article 3C has been deleted", and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 3C before that date shall not otherwise be affected and any actions taken under Article 3C before that date shall be conclusive and not be open to challenge on any grounds whatsoever.



PART VI

United Kingdom Taxation

The following comments are intended only as a guide to United Kingdom tax law and HM Revenue & Customs published practice current as at the date of this Circular, both of which are subject to change at any time (potentially with retrospective effect) and may be impacted by announcements made in the Budget scheduled to take place on 11 March 2020. They do not constitute, and should not be taken as, tax advice. They are not exhaustive and relate only to certain limited aspects of the United Kingdom tax treatment of the B Share Scheme, C Share Scheme and Share Consolidations. Other than paragraph 6 of this Part VI, they are intended to apply only to Shareholders who: (i) are resident and, in the case of individuals, also domiciled in (and only in) the United Kingdom for United Kingdom tax purposes and to whom split-year treatment does not apply; and (ii) are or will be the direct absolute beneficial owners of their Existing Ordinary Shares, B Shares, New Ordinary Shares, 2021 Existing Ordinary Shares, C Shares, 2021 New Ordinary Shares and Deferred Shares (and any dividends paid on them) and who hold, or will hold, them as investments other than under an individual savings account or pension arrangement (and not as securities to be realised in the course of a trade or which constitute carried interest).

The comments may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from tax and Shareholders who have (or are deemed to have) acquired, or will (or are deemed to) acquire, their Existing Ordinary Shares or 2021 Existing Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules.

The position may be different for future transactions and may alter between the date of this Circular and the implementation of the B Share Scheme and of the C Share Scheme.

Shareholders should always seek their own advice from an appropriate independent and authorised professional if they are in any doubt as to their tax position or are subject to tax in a jurisdiction other than the United Kingdom.

1. Issue of B Shares and C Shares and related Share Consolidations

The following comments apply for the purposes of CGT.

The issue of the B Shares and of the New Ordinary Shares as a result of the B Share Consolidation should constitute a tax-free reorganisation of the share capital of the Company. Accordingly:

- (A) Shareholders receiving B Shares and New Ordinary Shares should not be treated as having made a disposal of all or any part of their holding of Existing Ordinary Shares; and
- (B) a Shareholder's holding of B Shares and New Ordinary Shares should together be treated as the same asset as that Shareholder's holding of Existing Ordinary Shares, and as having been acquired at the same time, and for the same consideration, as the holding of Existing Ordinary Share.

To calculate the tax due on a subsequent disposal of all or part of a Shareholder's B Shares or New Ordinary Shares, that Shareholder's CGT base cost in their holding of Existing Ordinary Shares will need to be apportioned between the B Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed.

The issue of the C Shares and of the 2021 New Ordinary Shares as a result of the C Share Consolidation should also constitute a tax-free reorganisation of the share capital of the Company. Accordingly:

- (A) Shareholders receiving C Shares and 2021 New Ordinary Shares should not be treated as having made a disposal of all or any part of their holding of 2021 Existing Ordinary Shares; and
- (B) a Shareholder's holding of C Shares and 2021 New Ordinary Shares should together be treated as the same asset as that Shareholder's holding of 2021 Existing Ordinary Shares, and as having been acquired at the same time, and for the same consideration, as the holding of 2021 Existing Ordinary Shares.

To calculate the tax due on a subsequent disposal of all or part of a Shareholder's C Shares or 2021 New Ordinary Shares, that Shareholder's CGT base cost in their holding of 2021 Existing Ordinary Shares will need to be apportioned between the C Shares and the 2021 New Ordinary Shares by reference to their respective values on the first day on which the 2021 New Ordinary Shares are listed.



The sale on behalf of relevant Shareholders of fractional entitlements to New Ordinary Shares and/or 2021 New Ordinary Shares resulting from the relevant Share Consolidations should not generally be treated as a part disposal for CGT purposes. Instead, provided that it does not exceed the relevant Shareholder's existing base cost, an amount equal to any payment received by that Shareholder from such sale should in practice be deducted from the base cost of the New Ordinary Shares and/or 2021 New Ordinary Shares, as applicable, received.

The issue of the B Shares, C Shares and the relevant Share Consolidations should not give rise to a liability to United Kingdom income tax (or corporation tax on income) in a Shareholder's hands.

2. B Share Purchase Offer and C Share Purchase Offer

The sale of the B Shares and C Shares by Shareholders to UBS pursuant to the B Share Purchase Offer and C Share Purchase Offer respectively should be treated as a disposal for the purposes of CGT. This may, subject to the relevant Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT.

Any such gain or loss should be calculated by reference to the difference between (i) the sale proceeds received by the Shareholder and (ii) the part of the Shareholder's original base cost in their Existing Ordinary Shares that is apportioned to the B Shares, or the part of the Shareholder's original base cost in their 2021 Existing Ordinary Shares that is apportioned to the C Shares, in each case, in the manner described under paragraph 1 above.

The amount of CGT, if any, payable by an individual Shareholder as a consequence of the sale of the B Shares or the C Shares will depend on their own personal tax position. No tax will be payable on any gain realised on the sale of the B Shares or C Shares if the amount of the net chargeable gains realised by the Shareholder, when aggregated with other gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exempt amount (£12,000 for 2019/20). Broadly, any gains in excess of this amount will be taxed at a rate of 10 per cent., or 20 per cent. for higher rate and additional rate taxpayers. Where the gains of a basic rate taxpayer subject to CGT exceed the unused part of their basic rate band, that excess is subject to tax at the 20 per cent. rate.

A corporate Shareholder is normally subject to corporation tax on all of its chargeable gains, subject to any available reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance in respect of changes in the retail price indices up to December 2017. Legislation introduced by the Finance Act 2018 broadly froze indexation allowance for corporation tax purposes as at 31 December 2017, so that changes in the retail price indices in January 2018 and subsequent months do not qualify for the allowance.

The Finance Act 2015 enacted legislation which, broadly, treats amounts paid on the acquisition of shares as income in the hands of an individual shareholder, rather than a capital gain, where a company gives the shareholder a choice of whether to receive either a distribution or an "alternative receipt" of broadly the same value but which, absent this legislation, would not be charged to income tax. The Company has been advised and is of the view that this legislation should not apply in relation to the acquisition of B Shares pursuant to the B Share Purchase Offer or C Shares Scheme pursuant to the C Share Purchase Offer on the basis that this route does not provide Shareholders with a choice as to the form of any amounts they are entitled to receive in respect of the B Shares or the C Shares.

3. B Share Default Dividend and C Share Default Dividend

In the unlikely event that the B Shares are not purchased by UBS pursuant to the B Share Purchase Offer and/or the C Shares are not purchased by UBS pursuant to the C Share Purchase Offer, and as a result the B Share Default Dividend or the C Share Default Dividend becomes payable, each of the B Share Default Dividend and the C Share Default Dividend will be taxed as dividend income, in the same way as any other dividend paid by the Company and as outlined in paragraph 4 of this Part VI.

For the avoidance of doubt, each Shareholder will have no right to choose to decline the B Share Purchase Offer, and to receive the B Share Default Dividend or the B Share Single Dividend, instead of the purchase price due to them under the B Share Purchase Offer, or to decline the C Share Purchase Offer, and to receive the C Share Default Dividend or the C Share Single Dividend, instead of the purchase price due to them under the C Share Purchase Offer.



4. Dividends payable on the New Ordinary Shares and the 2021 New Ordinary Shares

Dividends payable on the New Ordinary Shares or on the 2021 New Ordinary Shares should be subject to income tax or corporation tax on income under the normal rules applicable to dividends, in the same way as for dividends on the Existing Ordinary Shares.

There is no withholding tax on dividends paid by the Company.

Individual Shareholders resident in the United Kingdom

The general tax treatment of dividends paid by the Company to a Shareholder who is an individual resident in the United Kingdom for United Kingdom tax purposes is as follows:

- (A) All dividends received by an individual Shareholder from the Company (or from other sources) will, except to the extent that they are earned through an individual savings account, self-invested pension plan or other regime which exempts the dividends from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income;
- (B) A nil rate of income tax applies to the first £2,000 of taxable dividend income received by an individual Shareholder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income; and
- (C) Any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount is taxed at a special rate, as set out below.

Where an individual Shareholder's taxable dividend income for a tax year (taking into account the personal allowance to the extent available) exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will be subject to income tax:

- (A) at the rate of 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of UK income tax;
- (B) at the rate of 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax; and
- (C) at the rate of 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of UK income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of UK income tax or, as the case may be, the additional rate of UK income tax, the Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Shareholder's total income for UK income tax purposes.

Corporate Shareholders within the charge to United Kingdom corporation tax

Shareholders within the charge to United Kingdom corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) should not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to United Kingdom corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, a dividend paid to a United Kingdom corporate Shareholder which holds less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the dividend is paid) and is entitled to less than 10 per cent. of the profits and assets of the Company available for distribution to shareholders (or satisfies these tests in relation to any class of that share capital in respect of which the dividend is paid) is an example of a dividend that falls within an exempt class, subject to certain anti-avoidance rules. Corporate Shareholders will need to ensure that they satisfy the requirements of any exempt class before treating any dividend as exempt and should seek appropriate professional advice where necessary.

5. Transactions in securities

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to corporation tax) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals and others subject to income tax), HM Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the proposed



Return of Cash, in broad terms, Shareholders might be liable to tax as if they had received an income rather than a capital amount.

Having consulted its professional advisers, the Company does not expect the above provisions to be applied to individual or corporate Shareholders but no application for clearance has been made to HM Revenue & Customs in this regard. Any individual or corporate Shareholder which is in any doubt as to their tax position in the light of its own particular circumstances should take appropriate professional advice.

6. Stamp duty and SDRT

The following statements are intended as a general guide to the current stamp duty and SDRT position and apply regardless of whether or not a Shareholder is resident for tax purposes in the United Kingdom. It should be noted that certain categories of person, including market makers, brokers, dealers and other specified intermediaries, are entitled to exemption from stamp duty and SDRT in respect of certain securities in specified circumstances. The following statements do not apply in relation to the issue or transfer of B Shares, New Ordinary Shares, C Shares, 2021 New Ordinary Shares or Deferred Shares to an operator of a clearance service or depositary receipt system (or to their nominees); such issues or transfers may be subject to special rules.

No stamp duty or SDRT will be payable on the issue of the B Shares, C Shares, New Ordinary Shares or the 2021 New Ordinary Shares.

No stamp duty or SDRT will be payable by Shareholders on the Share Consolidations.

No stamp duty or SDRT will be payable by Shareholders on, or as a result of, any reclassification of the B Shares into Deferred Shares nor any reclassification of the C Shares into Deferred Shares.

Subject to an exemption for certain low-value transfers, a purchaser of B Shares, C Shares, New Ordinary Shares, 2021 New Ordinary Shares or Deferred Shares held in certificated form will generally be liable to pay stamp duty on the transfer of such B Shares, C Shares, New Ordinary Shares, 2021 New Ordinary Shares or Deferred Shares at the rate of 0.5 per cent. (or the then prevailing rate of SDRT) of the amount or value of the consideration given (such duty to be rounded up to the nearest £5).

An agreement to transfer B Shares, C Shares, New Ordinary Shares, 2021 New Ordinary Shares or Deferred Shares will generally give rise to a liability on the purchaser to SDRT when the agreement becomes unconditional, at the rate of 0.5 per cent. of the amount or value of the consideration given, but will be cancelled (and any SDRT already paid will be refunded) if the agreement is completed by a duly stamped or exempt instrument of transfer within six years of the date of the agreement to transfer (or the date on which such agreement became unconditional).

A purchaser of B Shares, C Shares, New Ordinary Shares, 2021 New Ordinary Shares or Deferred Shares held within CREST will generally be liable to pay SDRT on the agreement to transfer such B Shares, C Shares, New Ordinary Shares, 2021 New Ordinary Shares or Deferred Shares at the rate of 0.5 per cent. of the amount or value of the consideration paid for such transfer. The SDRT should be collected through CREST and accounted to HM Revenue & Customs in accordance with the CREST rules.

From 29 October 2018 transfers of listed securities to connected companies are subject to stamp duty or SDRT on no less than the market value of such securities.

As the B Shares and C Shares will not be listed, liability for stamp duty or SDRT is expected to arise on the purchase by UBS of the B Shares pursuant to the B Share Purchase Offer and on the purchase by UBS of the C Shares pursuant to the C Share Purchase Offer.

For the avoidance of doubt, neither a sale of B Shares under the B Share Purchase Offer, a sale of C Shares under the C Share Purchase Offer nor any acquisition of Deferred Shares by the Company will give rise to any liability to stamp duty or SDRT for the selling Shareholder. Any such liability will fall on UBS or the Company, not the selling Shareholder.



PART VII

Remuneration Policy Amendments

Letter from the Chairman of the Remuneration Committee

This letter and accompanying Schedule meets the Memorandum requirements of Section 226(D) of the Companies Act 2006.

24 February 2020

Dear Shareholder,

Proposed Amendments to the 2019 Remuneration Policy

1. Introduction

I am writing in my capacity as Chair of the Remuneration Committee of the Company (the "Committee") of The Berkeley Group Holdings plc ("Berkeley" or the "Company") to explain some changes we are proposing to make to the 2019 Remuneration Policy. These proposed changes reflect our commitment to Shareholders, following the Company's AGM on 6 September 2019, to respond to concerns raised by proxy voting advisers and which were shared by a number of shareholders, around certain aspects of the LTIP. Following consultation with shareholders and proxy advisers, the Committee is proposing to amend the terms and conditions of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan (the "2011 LTIP" or the "Plan") (i) to reflect the proposed increased return to shareholders as set out in this Circular; and (ii) to address concerns raised by some shareholders on amendments to the 2011 LTIP as part of the approval of the 2019 Remuneration Policy at the September 2019 AGM.

In the proposed new amendments, the Executives are being asked to agree to a set of changes that further restrict and limit their existing awards to reflect the concerns of a significant minority of the Company's shareholders (which have been accepted by the Executives). The Committee believes that these changes bring the Executives near to the point where any further adverse changes to their awards runs the risk of the Executive team fragmenting. If the proposed changes set out in this document are approved, the Committee believes that the right balance will have been struck to secure the ongoing commitment and performance of the Executive team to the long-term benefit of all stakeholders.

The only changes proposed to the 2019 Remuneration Policy are in respect of amendments to the 2011 LTIP. However, there will be a change in the implementation of the 2019 Remuneration Policy, with the Company pension contributions for incumbent Executive Directors being aligned with those of the majority of employees by 2022. Further details will be set out in the 2020 Annual Report on Remuneration which will be voted on at the AGM in September 2020.

2. Proposed changes to the 2011 LTIP

The Committee is proposing the following key changes to the 2011 LTIP, as approved at the Company's AGM on 6 September 2019:

- a) Change in the vesting terms (Part 1 – Increased cash returns hurdle):
 - (i) It is proposed that the tranche of award eligible to vest on 30 September 2020 will be subject to an increased shareholder return performance condition of £500 million (increased from £280 million), a cumulative return increase from £14.85 to £16.74 per share. Further details are set out on page 42; and
 - (ii) It is further proposed that the tranche of award eligible to vest on 30 September 2021 will be subject to an increased shareholder return performance condition of £500 million (increased from £280 million), a cumulative return increase from £17.08 to £20.74 per share. Further details are set out on page 42.



The proposed changes reflect a total increase of 27 per cent. on the remaining returns to be made up to and including 30 September 2025 under the shareholder returns programme.

b) Change in vesting terms (Part 2 – Introduction of new performance conditions):

It is proposed that 50 per cent. of each tranche of award will be subject to the following additional performance conditions at each vesting date as well as meeting the cumulative return targets:

- (i) It is proposed that 30 per cent. of the tranche will be subject to achieving a cumulative pre-tax Return on Equity (“ROE”) of a minimum of 15 per cent. (to be calculated commencing 1 May 2019); and
- (ii) It is further proposed that 20 per cent. of the tranche will be subject to being on target to achieve a cumulative level of Profit before Tax (“PBT”) of a minimum of £3 billion for the six years ending 30 April 2025.

The proposed new performance conditions will apply to all tranches from September 2020 to September 2025. Full details of the new performance conditions are set out on page 45.

Schedule 1 to this letter sets out details of how the 2011 LTIP works.

3. Rationale for Shareholders’ Support of the Committee’s proposals

The Committee believes that the proposed changes to the operation of the 2011 LTIP address concerns raised by some shareholders at the 2019 AGM. The Committee further believes that the key attraction of the proposed remuneration policy amendment to shareholders is that, for the same number of shares capable of being earned when awards were granted in 2011, the value provided to shareholders per share will be increased from £13.00 (from inception of the Plan) to £29.66 under the current proposal.

4. Background to the proposed amendments to the Remuneration Policy

Purpose of Berkeley Remuneration

One of the key principles of the 2018 UK Corporate Governance Code is that *“remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company’s long-term strategy.”*

The link to the Company’s strategy has been the key principle underpinning Berkeley’s approach to remuneration. Evidence of the long-term sustainable success of the Company can be seen in the total returns to shareholders and financial performance over the period shown in the graph on page 38. The Committee believes that a key component of the Company’s success has been the retention and incentivisation of a core team of talented Executives for a long period ensuring continuity and a long-term focus in a cyclical market.

The Committee has asked the Executives a number of times to amend their existing awards to increase the performance conditions, reduce the amounts payable and extend the periods over which these reduced amounts were paid to ensure Berkeley reflected changing attitudes to remuneration. It is important to recognise that such amendments have been made with the full support of the Executives who were under no legal obligation to agree to detrimental changes to the terms of their existing awards.

Strategy Link

The Company has always been able to draw a direct link between its corporate strategy and reward strategy. Therefore, with the commitment to increase the return to shareholders set out in the RIS announcement made by the Company on 22 January 2020 (the “Announcement”), the Committee have increased the return performance conditions for the 2011 LTIP. The following table sets out how the returns performance condition will be increased for existing awards, the majority of which were granted in 2011.



Cumulative Returns Per Share (total return)	Sept 19	Sept 20	Sept 21	Sept 22	Sept 23	Sept 24	Sept 25
Original Amended* (based on shares in issue when the 2011 LTIP was approved)	£12.34	£14.34	£16.34	£18.34	£20.34	£22.34	£24.34
Actual (based on returns to date, including impact of share buybacks on returns per share, and on constant number of shares in issue going forward)	£12.62 (£1,690 million)	£14.85 (£1,970 million)	£17.08 (£2,250 million)	£19.31 (£2,530 million)	£21.54 (£2,810 million)	£23.77 (£3,090 million)	£26.00 (£3,370 million)
New Proposal (based on returns to date, including impact of share buybacks on returns per share, and on a constant number of shares in issue going forward)	£12.62 (£1,690 million)	£16.74 (£2,208 million)	£20.74 (£2,711 million)	£22.97 (£2,991 million)	£25.20 (£3,271 million)	£27.43 (£3,551 million)	£29.66 (£3,831 million)

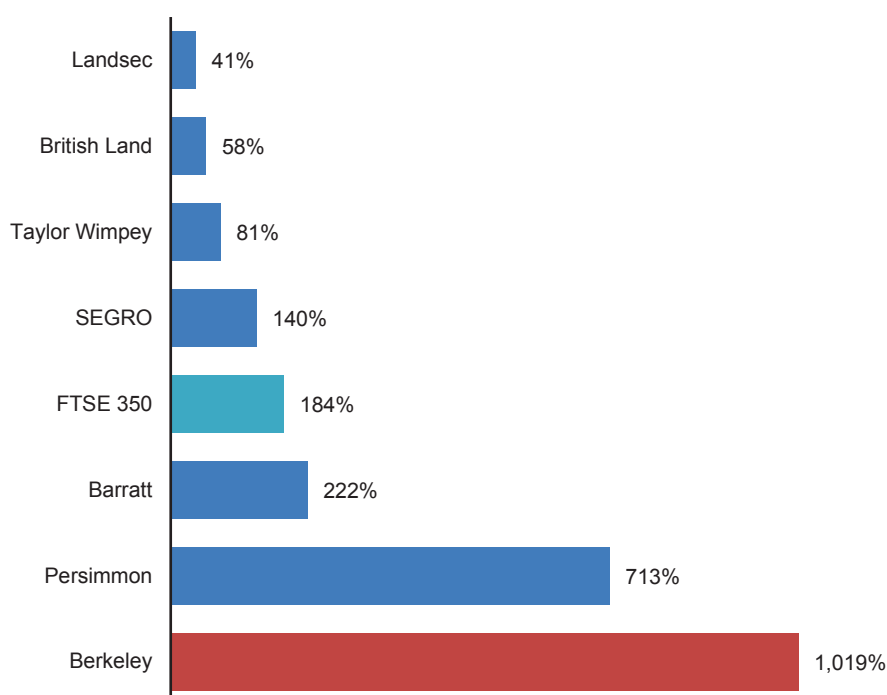
* The Original return target was £13.00 by September 2021. The targets set out here reflect the first amendment to the 2011 LTIP to increase the return target to £16.34 by September 2021 at which point the Plan ended and all awards would have vested. The Plan was extended to 2023 in 2017, when individual caps were introduced, and to 2025 in 2019.

The Committee believes this direct link between the Company strategy and reward strategy has benefited all stakeholders to date and will continue to do so over this next period.

The following chart illustrates the returns strategy, which since its adoption in 2004, has generated top comparative Total Shareholder Returns (“TSR”). The chart illustrates the Company’s comparative TSR performance over 15 years (the period since the returns strategy was adopted):

Total Shareholder Return

Last 15 years (10 February 2005 – 11 February 2020)





The Total Shareholder Returns have been supported by consistently strong pre-tax return ROE performance. The average ROE of Berkeley over the 15-year return period has been 25.7 per cent. (other listed housebuilders average 14.1 per cent.). It should be noted that the additional ROE performance condition for 2011 LTIP awards at 15 per cent. is consistent with generating above average Sector ROE over the long-term.

Governance Link

The Committee has proactively managed on an ongoing basis the remuneration of the Executive Directors to ensure that evolving shareholder sentiment is anticipated and that changes to remuneration are made in advance. The key changes made to the 2011 LTIP by the Committee during this period of active management included:

a) 2016

- Global cap on the maximum value that could be paid under the 2011 LTIP at £35 per share.
- Increase in the performance conditions by £3.34 per share.
- Introduction of phased vesting.
- Introduction of malus and clawback provisions.

b) 2017

- Introduction of individual Total Remuneration Caps (which limit the amount that can be paid to an individual in total in respect of each financial year in salary, pension, bonus and 2011 LTIP vesting value – calculated by applying the single figure methodology used in the Company’s Annual Report on Remuneration), thereby reducing the potential value vesting significantly. Further details of the current individual Total Remuneration Caps are set out on page 46.

c) 2019

- Increase in the performance conditions by another £8 per share.

5. Committee Response to Shareholders’ Concerns

During consultation with Shareholders in advance of the approval of the 2019 Remuneration Policy (which included amendments to the 2011 LTIP) issues were raised by a minority of shareholders on the 2011 LTIP. The following table now sets out how the Committee has addressed these issues through the revised proposals set out in this document:

Issue	A question was raised whether the cumulative return of £280 million p.a. (£2 per share) was sufficiently challenging.
Committee Response	The Committee believes that the return target requires the consistent delivery of strong underlying ROE, profit and cash performance. The chart on page 38 demonstrates this consistent strong performance over multiple years. However, the Committee has always reflected the Company’s strategy in its remuneration structure and therefore has increased the return targets for the 2011 LTIP to reflect the increased return committed to in the Announcement.
Issue	There was a concern raised that total shareholder return was the sole performance condition with the removal of the bonus plan.
Committee Response	It is the Committee’s view as stated above that the total shareholder return is the output of a number of successful inputs (ROE, profit and cash) and therefore does not result in a narrow focus but on a holistic approach to delivering long-term sustainable performance with the Shareholder returns. However, the Committee is proposing (and management have agreed) to include within the performance conditions for the 2011 LTIP specific cumulative performance conditions based on pre-tax ROE and profit before tax (“PBT”) in line with the Company’s strategy communicated to shareholders. The basis for their inclusion is they are part of the focus on operational performance that has delivered the returns strategy over the last 15 years and will continue to do so in the future.



	<p>The long-term nature of the business, with an unrelenting focus on the customer and communities, coupled with the complexity associated with delivering tall buildings, means that Berkeley has always focused on long-term value creation, as opposed to annual profit targets to best drive shareholder value.</p> <p>It should be noted that this is another detrimental change to the terms and conditions on which the 2011 LTIP awards were granted and therefore is something to which participants have had to agree.</p>
Quantum	<p>There was a concern raised around the overall quantum payable under the 2011 LTIP both in absolute terms and comparative to the performance delivered.</p>
Committee Response	<p>The Committee with the support of management has reduced the quantum from the amount originally set out in the awards made under the 2011 LTIP and made the performance conditions more challenging over the period from the date of grant in 2011.</p> <p>As set out above, the Committee has increased the return targets and introduced additional ROE and PBT cumulative performance conditions to the original terms and conditions of the awards granted to participants. This has substantially increased the performance required with a detrimental effect on the original value of the awards.</p> <p>Management has agreed to a number of reductions in quantum, and to longer deferral periods, in addition to the increase in performance conditions. All these changes have been made to subsisting awards and therefore require participant consent which the Committee has been grateful to receive. From a financial perspective, the changes made to the LTIP since 2016 have reduced the potential value vesting by more than 50% and extended the period over which this value is earned from 10 years to 15 years. The annualised value has therefore fallen by approximately two thirds, and could be reduced further if the new performance conditions proposed herein are not met.</p>

6. Changes to Remuneration since 2017

A number of changes to the Company's remuneration policy have been implemented since 2017, as follows:

a) 2017

- LTIP cap and Total Remuneration Caps were introduced, reducing remuneration by some 50 per cent. for key Executive Directors.
- The 2011 LTIP vesting period was increased by two years to 2023.

Shareholders were fully supportive of the changes implemented, demonstrated by the fact that 97 per cent. of Shareholders approved the new Remuneration Policy at a General Meeting in February 2017.

b) 2019

The Committee made further changes to the Company's remuneration policy to maintain alignment with shareholders, as follows:

- The Berkeley Group Holdings plc Bonus Plan (the "Bonus Plan") closed – all new incentives were to be channelled through the 2011 LTIP, resulting in complete alignment with shareholders, following the revised strategy announced in December 2018.
- Closure of the Bonus Plan reduced cash compensation for Executive Directors.
- Total Remuneration Caps remained unchanged.
- 2011 LTIP performance period increased from 2021 to 2025, thereby increasing Executive Director lock-in for no additional shares.
- 2011 LTIP performance conditions (previously due to expire in 2021), were extended by a further four years to 2025, thereby increasing the risk to Executive Directors (shareholder returns targets increased from £16.34 to £24.34 per share over the extended period at the time of the amendment).

Shareholders were less supportive, demonstrated by the fact that 57 per cent. of Shareholders approved the new Remuneration Policy at the Company's 2019 AGM.



c) 2020

Responding to concerns raised by certain shareholders over aspects of the 2019 Remuneration Policy we are now proposing to:

- Increase the hurdle for awards under the 2011 LTIP in line with the proposed increased capital return.
- Introduce two new performance conditions for awards under the 2011 LTIP.

7. Shareholder Consultation

Since the Company's AGM of 6 September 2019, the Committee has consulted extensively with Shareholders and proxy advisers on the proposed new amendments to the Company's Remuneration Policy. I would like to thank Shareholders and the main shareholder governance bodies for the time taken to consider the Committee's proposals and for the considered feedback provided. The Committee and I are pleased that at the end of the consultation process the majority of shareholders were supportive of the changes.

8. Conclusion

I hope that you find this letter and accompanying schedule helpful in understanding the proposed amendments to the 2019 Remuneration Policy in respect of the 2011 LTIP. I will be available at the General Meeting on 18 March 2020 to answer any questions.

Yours faithfully,

Glyn Barker

Chair of the Remuneration Committee



Schedule 1 – 2011 LTIP Amendment

1. Overview of the Operation of the 2011 LTIP (as amended)

The majority of awards were granted as one-off awards in 2011. All awards are subject to the same principal terms and conditions. The shares subject to awards vest in annual tranches based on the satisfaction of performance conditions. The performance conditions are cumulative targets which have to be satisfied at each tranche vesting date.

The operation of the performance conditions at each vesting date is as follows. For illustration we have used the 2020 vesting date:

Has the cumulative total returns target of £2,208 million (£16.74 per share) been met by 30 September 2020?

- Yes - 50 per cent. of the 2020 tranche of shares vests and 50 per cent. of the 2020 tranche of shares is eligible to vest.
- No - The whole of the 2020 tranche of shares lapses and is void.

Has the cumulative pre-tax ROE of 15 per cent. been met at 30 September 2020?

- Yes - 30 per cent. of the 2020 tranche vests.
- No - 30 per cent. of the 2020 tranche of shares lapses and is void.

Has the cumulative PBT target been met at 30 September 2020?

- Yes - 20 per cent. of the 2020 tranche vests.
- No - 20 per cent. of the 2020 tranche of shares lapses and is void.

The 2020 tranche can only vest based on performance to the date of 2020 vesting. No shares subject to this tranche can be earned at any future vesting date under the Plan.

What happens at the 2021 vesting date if the cumulative returns target for 2020 has not been met i.e. £2,118 million is paid (£90 million short of the target)? This shortfall has to be made up by 30 September 2021 for any of the 2021 tranche to vest. Using the 2021 vesting date:

Has the cumulative total returns target of £2,711 million been met by 30 September 2021? (This requires the delivery of the 2021 return of £500 million plus the additional £90 million shortfall from 2020 = £590 million):

- Yes - 50 per cent. of the 2021 tranche of shares vests and 50 per cent. of the 2021 tranche of shares is eligible to vest.
- No - The whole of the 2021 tranche of shares lapses and is void.

What happens at the 2021 vesting date if the cumulative pre-tax ROE was not met for 2020? It has to be met at the 2021 vesting date for 30 per cent. of the 2021 tranche to be capable of vesting (cumulative returns have to be delivered too).

What happens at the 2021 vesting date if the cumulative PBT is not on target to deliver £3 billion for the six years ending 30 April 2025? The cumulative PBT has to be back on target at 30 September 2021 for any of the 20 per cent. of the 2021 tranche to vest. Using the 2021 vesting date:

Is the cumulative PBT back on target to achieve £3 billion?

- Yes - 20 per cent. of the 2021 tranche is eligible to vest (cumulative returns have to be delivered too).
- No - 20 per cent. of the 2021 tranche lapses.

This process continues to the 2021 vesting date. At this date the following is determined:

- The total number of shares capable of vesting under the 2011 LTIP. This is determined by:
 - (i) how much of the £2,711 million cumulative return has been delivered by this date and whether it was delivered in line with the timing of the annual tranches; and
 - (ii) the extent to which the cumulative ROE and PBT were delivered by this date and whether they were delivered in line with the timing of the annual tranches.

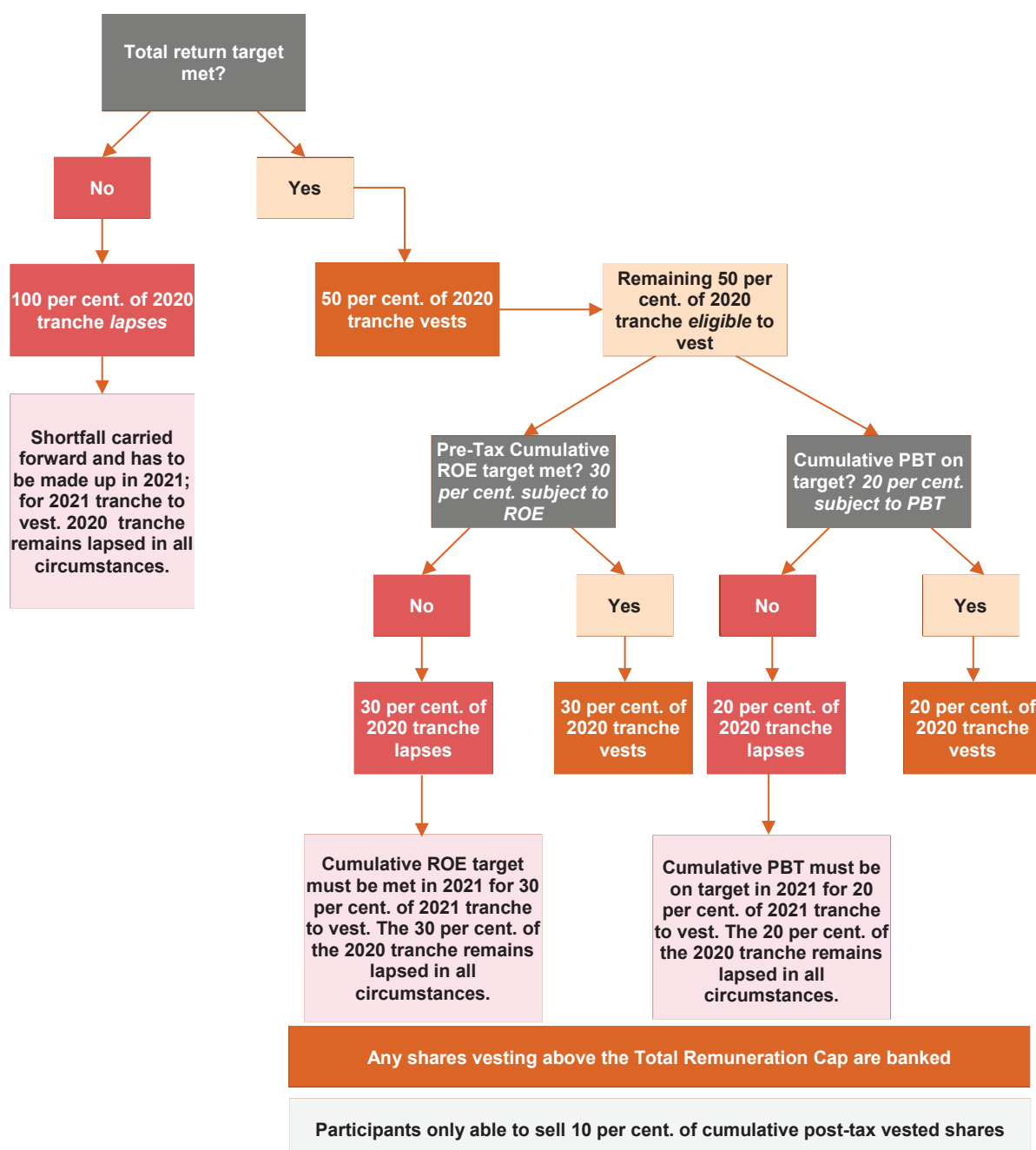
At this point under the original terms of the 2011 LTIP the shares calculated above would have fully vested. However, in 2019 the 2011 LTIP was amended so that shares that have been earned at this point (with a value subject to four x the Total Remuneration Cap less fixed pay for each individual) have to be re-earned over four



additional vesting dates, 2022, 2023, 2024 and 2025. The process is the same as above with additional cumulative return targets, ROE and PBT at each vesting date (see table above).

In addition, Executives may only sell 10 per cent. p.a. (cumulative) of the net of tax vested shares until 2025. Therefore, the majority of shares which have vested under the 2011 LTIP awards granted in 2011 are still required to be retained by the Executives.

The following schematic sets out how the 2011 LTIP operates each year using 2020 to illustrate:





2. Example operation in 2020 (worked example illustrating impact on 2021 targets)

Scenario A (all targets met)

Measure	Target	Illustrative Outcome	Vesting (% / tranche)	Implied 2021 targets
Total return	2,208 million	2,208 million	50%	2,711 million
Cumulative Pre-Tax ROE	15%	15%	30%	15%
Cumulative PBT	£3 billion (by 30 April 2025)	On Target	20%	On Target

Full vesting of tranche as all targets met.

Scenario B (total return target not met; ROE and PBT targets met)

Measure	Target	Illustrative Outcome	Vesting (% / tranche)	Implied 2021 targets
Total return	2,208 million	2,118 million (£90 million shortfall)	0%	2,711 million (£500 million +£90 million shortfall)
Cumulative Pre-Tax ROE	15%	15%	0%	15%
Cumulative PBT	£3 billion (by 30 April 2025)	On Target	0%	On Target

- 100 per cent. tranche lapses as total returns target missed.
- 2021 total returns target increased by £90 million to make up 2020 shortfall.
- 2021 ROE and PBT targets not affected as the 2020 targets were met (but nil vesting as total return target not met).

Scenario C (total returns target met; ROE and PBT targets not met)

Measure	Target	Illustrative Outcome	Vesting (% / tranche)	Implied 2021 targets
Total return	2,208 million	2,208 million	50%	2,711 million
Cumulative Pre-Tax ROE	15%	14%	0%	15%
Cumulative PBT	£3 billion (by 30 April 2025)	Not on Target	0%	On Target

- 50 per cent. tranche vests as total returns target met – remaining 50 per cent. eligible to vest subject to ROE and PBT.
- 30 per cent. lapses as Cumulative ROE not met – Cumulative ROE for 2021 must be 15 per cent.
- 20 per cent. lapses as PBT not on target – 2021 PBT must be on target.

3. Full Details of the Amendment to the 2011 LTIP

This section of the briefing document provides details of the 2011 LTIP incorporating the proposed amendments. The amended terms of the 2011 LTIP are as follows:

Performance Period:

The performance period finishes on 30 September 2025.

**Performance Condition:**

The primary performance condition is based on returns to shareholders. No tranche will vest unless the cumulative return target has been met for that vesting date.

In addition, 50 per cent. of each tranche is subject to meeting further performance conditions based on ROE (30 per cent.) and PBT (20 per cent.).

Condition	Sept 2019	Sept 2020	Sept 2021	Sept 2022	Sept 2023	Sept 2024	Sept 2025
Cumulative Return to Shareholders per share (total return)	£12.62 (£1,690 million)	£16.74 (£2,208 million)	£20.74 (£2,711 million)	£22.97 (£2,991 million)	£25.20 (£3,271 million)	£27.43 (£3,551 million)	£29.66 (£3,831 million)
ROE (Return on Equity)	At each vesting date the cumulative pre-tax ROE has to be at least 15 per cent.						
PBT (Profit Before Tax)	At each vesting date the Company has to be on target to deliver a minimum of £3 billion of cumulative PBT for the six years ending 30 April 2025.						

Maximum Number of Shares:

The maximum number of shares capable of being earned under the 2011 LTIP is determined on 30 September 2021 based on how much of the £20.74 has been delivered to shareholders by this date.

A number of these banked shares will be split into four tranches. The number of shares subject to these tranches will be calculated by:

1. Determining the value of the shares earned but banked at 30 September 2021 (number of shares banked multiplied by the gain per share on 30 September 2021);
2. Determining the value that could be received by each participant for four annual vestings from 30 September 2022 to 30 September 2025 (Total Remuneration Cap (less fixed pay) x four);
3. Convert the value in (2) into a number of shares subject to the tranches (divide by the gain per share on 30 September 2021);
4. Take the number of shares calculated in (3) and divide by four;

The following should be noted:

- (i) Where the value of the shares in (1) is less than in (2) the value of the tranches will be based on the value in (1), and all of the earned and banked shares at 30 September 2021 will be divided by four to create the tranches;
- (ii) Where value of shares in (1) is greater than in (2) the excess value will be converted into a number of banked shares (calculated by dividing by the gain per share on 30 September 2021); these earned and banked shares will remain banked and be capable of vesting over the period to 30 September 2025 subject to the Total Remuneration Cap in each year and will not be subject to the performance condition for the tranche vesting.

These tranches will vest annually during 2022 – 2025 subject to continued employment; satisfaction of the cumulative performance conditions each year; and the Total Remuneration Cap.

Exercise Price:

The exercise price is reduced from £16.34 for dividends paid up to 30 September 2021. For the avoidance of doubt the value of B and C shares will not reduce the exercise price of awards under the 2011 LTIP.

Sales Restrictions on Shares from 2011 LTIP:

The sale restrictions provide that a maximum of 10 per cent. of the cumulative balance of the shares earned can be sold each year (net of any shares sold to pay tax). This sale restriction is lifted on 30 September 2025, at which point all shares can be sold.



4. Current Caps

The Remuneration Committee introduced a Total Remuneration Cap at the General Meeting in February 2017:

Total Remuneration Cap	
(£'000)	
A W Pidgley	8,200
R C Perrins	8,000
R J Stearn	3,250
K Whiteman	3,250
S Ellis	5,000
J Tibaldi	2,400
P Vallone	2,400

5. Evolution of the 2011 LTIP

2011 - The majority of the awards were granted to Executive Directors. The maximum number of shares which could be earned was set and the performance condition provided that £13.00 of return per share had to be delivered to shareholders by 2021. The awards were granted as options with an exercise price of £13.00 which reduced with dividends paid so that by 2021 if the full £13.00 had been paid the option exercise price was nil.

2016 - The Committee increased the performance condition for the existing awards granted to £16.34 and increased the exercise price to £16.34. In addition, the Committee split the existing awards into tranches of shares which could vest each year subject to achieving the cumulative return target for that year. Each tranche could only be earned based on the cumulative performance to the relevant vesting date. Any shares not earned lapsed. Future tranches were subject to achieving any shortfall in returns for these tranches to vest.

2017 - The Committee also introduced a cap on the value of 2011 LTIP awards vesting in any financial year.

2019 - The Committee required shares which had been earned based on the delivery of £16.34 by 2021 to be re-earned (based on four tranches) through the requirement to deliver a further £2 per share over additional vesting dates of 2022, 2023, 2024 and 2025. Total return £24.24 per share. Further, the sale restriction was extended from 2021 to 2025.

2020 - The Committee is proposing to increase the return targets for 2020 and 2021 (see table above) resulting in a total cumulative return to shareholders by 2025 of £29.66 per share. In addition, 50 per cent. of each tranche is also subject to achieving cumulative ROE and PBT targets.



PART VIII

Additional Information

1. Summary of the rights and restrictions attaching to the New Ordinary Shares and 2021 New Ordinary Shares

The rights and restrictions attaching to each of the New Ordinary Shares and the 2021 New Ordinary Shares will be the same as the rights and restrictions set out in the Articles of Association in respect of the Existing Ordinary Shares.

2. Form

The New Ordinary Shares, 2021 New Ordinary Shares, B Shares, C Shares and Deferred Shares are not renounceable. The New Ordinary Shares and the 2021 New Ordinary Shares will each be transferable by an instrument of transfer in usual or common form. The B Shares, C Shares and Deferred Shares will only be transferable to UBS or the Company. The New Ordinary Shares, 2021 New Ordinary Shares, B Shares, C Shares and Deferred Shares will be in registered form. The Company will apply for the New Ordinary Shares and the 2021 New Ordinary Shares to be admitted to CREST with effect from Admission and 2021 Admission respectively. Accordingly, settlement of transactions in the New Ordinary Shares and 2021 New Ordinary Shares may take place within the CREST system in respect of general market transactions.

3. CREST

Shareholders who hold their Existing Ordinary Shares or 2021 Existing Ordinary Shares in CREST will, following the relevant Share Consolidation, have their CREST accounts credited with New Ordinary Shares or 2021 New Ordinary Shares, as applicable. The New Ordinary Shares will be credited under ISIN GB00BLJNXL82 on the Admission Date.

4. Consent

UBS has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which they appear.

5. Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company, Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG and/or at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), up to and including the date of the General Meeting and will also be available for inspection at the General Meeting for at least 15 minutes before the General Meeting and until the General Meeting ends:

- (A) the Articles of Association of the Company in their current form;
- (B) the New Articles proposed to be adopted at the General Meeting, showing the amendments proposed to the Company's current Articles of Association;
- (C) the written consent referred to in paragraph 4 of this Part VIII;
- (D) the Option Agreement;
- (E) the amended rules of the 2011 LTIP; and
- (F) a copy of this Circular.

A copy of this Circular will be made available on the Company's website at <http://www.berkeleygroup.co.uk/investor-information> from the date of this document. For the avoidance of doubt, the contents of the Company's website are not incorporated into and do not form part of this Circular.



Definitions

The following definitions apply throughout this Circular, unless the context requires otherwise and excluding Part III, Part IV and Part V.

2011 LTIP	means The Berkeley Group Holdings plc 2011 Long Term Incentive Plan;
2019 Remuneration Policy	means the directors' remuneration policy approved by shareholders at the annual general meeting of the Company held on 6 September 2019;
2021 Admission	means admission of the 2021 New Ordinary Shares to (i) the premium listing segment of the Official List and (ii) trading on the London Stock Exchange's main market for listed securities;
2021 Admission Date	means the date determined by the Directors in their absolute discretion on which 2021 Admission will occur;
2021 Default Dividend Date	means such date as the Directors may in their absolute discretion determine, being the date on which the Directors would declare the C Share Default Dividend;
2021 Default Payment Date	means such date as the Directors may in their absolute discretion determine being, in any event, a date within one Business Day of the 2021 Default Dividend Date;
2021 Existing Ordinary Shares	means ordinary shares in the capital of the Company, prior to the C Share Consolidation;
2021 New Ordinary Shares	means ordinary shares of such nominal value as may be proposed in accordance with the terms of Resolution 3(B) in the capital of the Company, following the C Share Consolidation;
2021 Record Time	means such time and date as the Directors may determine;
2021 Undesignated Shares	means the subdivided 2021 Existing Ordinary Shares;
Admission	means admission of the New Ordinary Shares to (i) the premium listing segment of the Official List and (ii) trading on the London Stock Exchange's main market for listed securities;
Admission Date	means 19 March 2020 or such later date as the Directors may in their absolute discretion determine;
Act	means the Companies Act 2006;
Articles of Association	means the articles of association of the Company in their current form as of the date of this Circular;



B Share Consolidation	means the proposed subdivision and consolidation of the Company's share capital in connection with the B Share Scheme, as described in paragraph 6 of Part II of this Circular;
B Share Default Dividend	means the single dividend of 400 pence per B Share to be declared on the Default Dividend Date and paid to holders of the B Shares on the Default Payment Date, in the circumstances described in paragraph 4 of Part II of this Circular;
B Share Option Price	has the meaning given in paragraph 5 of Part II of this Circular;
B Share Purchase Completion	means acceptance of the B Share Purchase Offer in accordance with its terms and the rights and restrictions attaching to the B Shares;
B Share Purchase Offer	means the off-market offer expected to be made by UBS, acting as principal (and not as agent, trustee or nominee for the Company), to purchase the B Shares from Shareholders, the terms of which are set out in paragraph 4 of Part II of this Circular and which, under the New Articles, each of the Directors and the Company Secretary will be irrevocably authorised (on behalf of each Shareholder) to accept, such that no Shareholder will separately be able to accept or reject the B Share Purchase Offer in respect of the B Shares that it receives;
B Share Scheme	means the return of cash by way of payment of 400 pence per Existing Ordinary Share to be effected by the B Share Purchase Offer;
B Share Single Dividend	means the dividend which may be declared and paid to UBS in respect of the B Shares, reflecting the price of 400 pence per B Share to be paid by UBS to Shareholders, together with an amount equal to the stamp duty or SDRT at the rate prevailing at the time of completion of the B Share Purchase Offer, on such purchase per B Share;
B Shares	means the shares issued to Shareholders to effect the B Share Scheme having the rights set out in the New Articles;
Board	means the board of Directors of the Company;
Business Day	means a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
C Share Consolidation	means the proposed subdivision and consolidation of the Company's share capital in connection with the C Share Scheme, as described in paragraph 6 of Part II of this Circular;



C Share Default Dividend	means the single dividend equal to the C Share Purchase Price to be declared on the 2021 Default Dividend Date and paid to holders of the C Shares on the 2021 Default Payment Date, in the circumstances described in paragraph 4 of Part II of this Circular;
C Share Option Price	has the meaning given in paragraph 5 of Part II of this Circular;
C Share Purchase Completion	means acceptance of the C Share Purchase Offer in accordance with its terms and the rights and restrictions attaching to the C Shares;
C Share Purchase Offer	means the off-market offer expected to be made by UBS, acting as principal (and not as agent, trustee or nominee for the Company), to purchase the C Shares from the Shareholders, the terms of which are set out in paragraph 4 of Part II of this Circular and which, under the New Articles, each of the Directors and the Company Secretary will be irrevocably authorised (on behalf of each Shareholder) to accept, such that no Shareholder will separately be able to accept or reject the C Share Purchase Offer in respect of the C Shares that it receives;
C Share Purchase Price	means 440 pence per C Share or such lesser amount as the Directors may in their absolute discretion determine;
C Share Scheme	means the return of cash by way of payment of the C Share Purchase Price per 2021 Existing Ordinary Share to be effected by the C Share Purchase Offer;
C Share Single Dividend	means the dividend which may be declared and paid to UBS in respect of the C Shares, reflecting the C Share Purchase Price per C Share, together with an amount equal to the stamp duty or SDRT at the rate prevailing at the time of completion of the C Share Purchase Offer, on such purchase per C Share;
C Shares	means the shares issued to Shareholders to effect the C Share Scheme having the rights set out in the New Articles;
CGT	means the United Kingdom taxation of capital gains and corporation tax on chargeable gains;
Circular	means this document;
Company	means The Berkeley Group Holdings Plc, of Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG, a company incorporated in England and Wales with registered number 5172586;
Company Secretary	means the secretary of the Company;
CREST	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK &



	Ireland Limited is the operator (as defined in the CREST Regulations);
CREST Manual	means the CREST manual issued by Euroclear UK & Ireland Limited;
CREST member	means a person who has been admitted by Euroclear UK & Ireland Limited as a system-member (as defined in the CREST Regulations);
CREST Proxy Instruction	means the instruction whereby CREST members send a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;
CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
Default Dividend Date	means such date as the Directors may in their absolute discretion determine, being the date on which the Directors would declare the B Share Default Dividend;
Default Payment Date	means such date as the Directors may in their absolute discretion determine being, in any event, a date within one Business Day of the Default Dividend Date;
Deferred Shares	means the deferred shares of 0.1 pence each in the capital of the Company carrying the rights and restrictions summarised in Part V of this Circular;
Directors	means the directors of the Company or any duly authorised committee thereof;
Employee Share Trust	means the Berkeley Group Employee Benefit Trust;
Escrow Agent	means Herbert Smith Freehills LLP in its capacity as escrow agent under the Escrow Agreement;
Escrow Agreement	means an agreement dated 24 February 2020 between UBS, the Company and the Escrow Agent relating to the operation of certain escrow accounts;
Existing Ordinary Shares	means ordinary shares of 5 pence each in the capital of the Company, prior to the B Share Consolidation;
FCA	means the Financial Conduct Authority of the United Kingdom;
General Meeting	means the general meeting of the Company to be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Wednesday 18 March 2020;
Group	means the Company and its subsidiaries (as defined in the Act);



ISIN	means International Securities Identification Number;
Latest Practicable Date	means 21 February 2020, being the latest practicable date prior to the publication of this Circular;
Link Asset Services	Link Market Services Limited, with registered office address at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
Listing Rules	means the listing rules of the FCA;
London Stock Exchange	means London Stock Exchange PLC;
New Articles	means the new articles of association in respect of the rights attached to the B Shares and C Shares of the Company to be proposed at the General Meeting and adopted with effect from Admission;
New Ordinary Shares	means ordinary shares of 5.3943 pence each (or such other nominal value as may be proposed in accordance with the terms of Resolution 2(B)) in the capital of the Company, following the B Share Consolidation;
Notice of General Meeting	means the notice of general meeting set out at pages 54 to 60 of this Circular;
Official List	means the official list maintained by the FCA;
Option Agreement	the agreement dated 24 February 2020 between the Company and UBS, details of which are set out in paragraph 5 of Part II of this Circular;
Option Exercise Notice	means a written notice validly served under the Option Agreement in respect of the exercise of a put option or call option under the Option Agreement;
Ordinary Shares	means, as the context permits, Existing Ordinary Shares, 2021 Existing Ordinary Shares, New Ordinary Shares or 2021 New Ordinary Shares;
Overseas Shareholders	means Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of a country other than the United Kingdom or who have a registered address which is not in the United Kingdom. For the avoidance of doubt, Shareholders who are not resident in the United Kingdom include Shareholders who are resident in the Channel Islands or the Isle of Man;
PRA	means the Prudential Regulation Authority of the United Kingdom;
Purchase Offer Deed	means the agreement dated 24 February 2020 between the Company and UBS, details of which are set out in paragraph 5 of Part II of this Circular;



Record Time	means 6.00 p.m. on 18 March 2020 (or such other time and date as the Directors may determine);
Regulatory Information Service	means any service included in the definition of “regulatory information service” contained in Appendix 1 to the Listing Rules;
Remuneration Policy Amendments	means amendments proposed to be made to the 2019 Remuneration Policy, as laid out at Part VII of this Circular;
Resolutions	means the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
Return of Cash	means the transactions comprising the B Share Scheme and the C Share Scheme which are proposed to return cash to Shareholders;
SDRT	means stamp duty reserve tax;
Share Consolidations	means the B Share Consolidation and the C Share Consolidation;
Shareholders	means holders of Ordinary Shares and, where the context so requires, holders of B Shares, holders of C Shares and/or Deferred Shares;
Total Remuneration Caps	the cap on total remuneration that may be paid to certain employees, further details of which are set out in Part VII of this Circular;
Transaction Documents	means the Purchase Offer Agreement, the Escrow Agreement and the Option Agreement;
UBS	means UBS AG, London Branch of 5 Broadgate, London EC2M 2QS;
UBS Group	means UBS Group AG and its subsidiaries, branches and affiliates;
UK	means the United Kingdom;
Undesignated Shares	means the subdivided Existing Ordinary Shares; and
US Securities Act	means the US Securities Act of 1933, as amended.



Notice of General Meeting



THE BERKELEY GROUP HOLDINGS PLC

(incorporated and registered in England and Wales under the Companies Act 2006 (the "Act") with registered number 5172586)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of The Berkeley Group Holdings plc (the "**Company**") will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Wednesday 18 March 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1 and 5 will be proposed as special resolutions. Resolutions 2, 3, 4 and 6 will be proposed as ordinary resolutions.

Resolution 1 – Amendment of Articles of Association

THAT, conditional upon the New Ordinary Shares (as defined below) being admitted to the premium listing segment of the official list of the Financial Conduct Authority and to trading on the London Stock Exchange PLC's main market for listed securities by 8.00 a.m. on 19 March 2020 (or such later time and/or date as the Directors (as defined in the articles of association of the Company at the relevant time) may in their absolute discretion determine) ("**Admission**"), the draft articles of association produced to the meeting, marked "A" and signed by the Chairman of the meeting for identification purposes (the "**New Articles**"), be and are hereby approved and adopted as the articles of association of the Company with effect from Admission in substitution for, and to the exclusion of, all existing articles of association of the Company.

Resolution 2 – Issue of B Shares and related Share Consolidation

THAT, subject to the passing of resolutions 1 and 4, and (in the case of (A)) also conditional upon Admission occurring by 8.00 a.m. on 19 March 2020 (or such later time and/or date as the Directors (as defined in the articles of association of the Company at the relevant time) may in their absolute discretion determine):

- (A) the Directors be and are hereby generally and unconditionally authorised:
- (i) to capitalise a sum not exceeding £130,000 standing to the credit of the Company's share premium account, and to apply such sum in paying up in full up to the maximum number of non-cumulative irredeemable preference shares of 0.1 pence each in the capital of the Company carrying the rights and restrictions set out in article 3A of the New Articles (the "**B Shares**") that may be allotted pursuant to the authority given by sub-paragraph 2(A)(ii) below; and
 - (ii) pursuant to section 551 of the Companies Act 2006 (the "**Act**"), to exercise all powers of the Company to allot and issue credited as fully paid up (provided that the authority hereby confirmed shall expire at the end of the next annual general meeting of the Company) B Shares up to an aggregate nominal amount of £130,000 to the holders of the ordinary shares of 5 pence each in the capital of the Company ("**Existing Ordinary Shares**") on the basis of one B Share for every Existing Ordinary Share (excluding the Existing Ordinary Shares held by the Company in treasury) held and recorded on the register of members of the Company at 6.00 p.m. on 18 March 2020 (or such other time and/or date as the Directors may determine) (the "**Record Time**"), in accordance with the terms of the circular from the Company to its



shareholders dated 24 February 2020 and the Directors' determination as to the number of B Shares to be allotted and issued; and

- (B) each Existing Ordinary Share, as shown in the register of members of the Company at the Record Time, be subdivided into 9,269 undesignated shares in the capital of the Company (each an "**Undesignated Share**") and immediately thereafter, every 10,000 Undesignated Shares be consolidated into one new ordinary share of 5.3943 pence each in the capital of the Company (or such other number and nominal value as the Directors may in their absolute discretion determine if the price of an Existing Ordinary Share and the number of Existing Ordinary Shares in issue shortly before the date of the General Meeting mean that this ratio would no longer maintain comparability of the Company's share price before and after the issue of the B Shares) (each a "**New Ordinary Share**"), provided that, where such consolidation and subdivision would result in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share (if any) to which other members of the Company would be similarly so entitled and the Directors be and are hereby authorised to sell (or appoint any other person to sell) to any person or persons any and all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members who would otherwise be entitled to the fractions so sold, save that (I) any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company, and (II) any due proportion of such proceeds of less than £3.00 (net of expenses) shall be retained by the Directors for the benefit of the Company and the relevant member shall not be entitled thereto (and, for the purposes of implementing the provisions of this paragraph, any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such New Ordinary Shares on behalf of the relevant member(s) and to do all acts and things the Directors consider necessary or desirable to effect the transfer of such New Ordinary Shares to, or in accordance with the directions of, any buyer of such New Ordinary Shares).

Resolution 3 – Issue of C Shares and related Share Consolidation

THAT, subject to the passing of resolutions 1, 2 and 4, and (in the case of (A)) also conditional upon the 2021 New Ordinary Shares (as defined below) being admitted to the premium listing segment of the official list of the Financial Conduct Authority and to trading on the London Stock Exchange PLC's main market for listed securities by such time and date before the end of March 2021 as the Directors (as defined in the articles of association of the Company at the relevant time) may in their absolute discretion determine:

- (A) the Directors be and are hereby generally and unconditionally authorised:
- (i) to capitalise a sum not exceeding £130,000 standing to the credit of the Company's share premium account, and to apply such sum in paying up in full up to the maximum number of non-cumulative irredeemable preference shares of 0.1 pence each in the capital of the Company carrying the rights and restrictions set out in article 3B of the New Articles (the "**C Shares**") that may be allotted pursuant to the authority given by sub-paragraph 3(A)(ii) below; and
 - (ii) pursuant to section 551 of the Act, to exercise all powers of the Company to allot and issue credited as fully paid up (provided that the authority hereby confirmed shall expire at the end of the annual general meeting of the Company to be held in 2021) C Shares up to an aggregate nominal amount of £130,000 to the holders of the ordinary shares in the capital of the Company ("**2021 Existing Ordinary Shares**") on the basis of one C Share for every 2021 Existing Ordinary Share (excluding the 2021 Existing Ordinary Shares held by the Company in treasury, if any) held and recorded on the register of members of the Company at such time and date as the Directors may determine (the "**2021 Record Time**"), in accordance with the terms of the circular from the Company to its shareholders dated 24 February 2020 and the Directors' determination as to the number of C Shares to be allotted and issued; and
- (B) each 2021 Existing Ordinary Share, as shown in the register of members of the Company at the 2021 Record Time, be subdivided into such number of undesignated shares in the capital of the Company as the Directors may determine (each a "**2021 Undesignated Share**") and immediately thereafter, every such number of 2021 Undesignated Shares as the Directors may determine be consolidated into one new ordinary share in the capital of the Company of such nominal value as the Directors may



determine (each a "**2021 New Ordinary Share**"), provided that (i) the Directors may determine such numbers and nominal value in their absolute discretion based on maintaining comparability of the Company's share price before and after the issue of the C Shares and in accordance with the principles set out in paragraph 6 of Part II of the circular sent from the Company to its shareholders dated 24 February 2020), and (ii) where such consolidation and subdivision would result in any member being entitled to a fraction of a 2021 New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a 2021 New Ordinary Share (if any) to which other members of the Company would be similarly so entitled and the Directors be and are hereby authorised to sell (or appoint any other person to sell) to any person or persons any and all the 2021 New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members who would otherwise be entitled to the fractions so sold, save that (I) any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company, and (II) any due proportion of such proceeds of less than £3.00 (net of expenses) shall be retained by the Directors for the benefit of the Company and the relevant member shall not be entitled thereto (and, for the purposes of implementing the provisions of this paragraph, any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such 2021 New Ordinary Shares on behalf of the relevant member(s) and to do all acts and things the Directors consider necessary or desirable to effect the transfer of such 2021 New Ordinary Shares to, or in accordance with the directions of, any buyer of such 2021 New Ordinary Shares).

Resolution 4 – Approval of the terms of the Option Agreement

THAT, subject to the passing of resolutions 1 and 2, and also conditional upon Admission occurring by 8.00 a.m. on 19 March 2020 (or such later time and/or date as the Directors (as defined in the articles of association of the Company at the relevant time) may in their absolute discretion determine), the terms of the contract dated 24 February 2020 between UBS Group AG, London Branch ("**UBS**") and the Company (a copy of which is produced to the meeting and initialled for the purposes of certification by the Chairman) under which (i) the Company would be entitled to require UBS to sell to it all the B Shares and C Shares following their reclassification as deferred shares (the "**Deferred Shares**"); (ii) conditional on a single dividend of 400 pence per B Share (together with an amount equal to the stamp duty or stamp duty reserve tax at the rate prevailing at the relevant time) not having been paid by the Company to UBS by 6.00 p.m. on the first Business Day (as defined in the Option Agreement) after UBS purchases the B Shares (A) UBS will be entitled to require the Company to purchase the B Shares from UBS, and (B) the Company will be entitled to require UBS to sell the B Shares to the Company; and (iii) conditional on a single dividend of an amount to be determined pursuant to the terms of the Option Agreement per C Share not having been paid by the Company to UBS by 6.00p.m. on the first Business Day after UBS purchases the C Shares (A) UBS will be entitled to require the Company to purchase the C Shares from UBS, and (B) the Company will be entitled to require UBS to sell the C Shares to the Company (the "**Option Agreement**"), be and is hereby approved and authorised for the purposes of section 694 of the Act and otherwise, but so that such approval and authority shall expire at the end of the annual general meeting of the Company to be held in 2021.

Resolution 5 – Authority for the Company to purchase its own shares

THAT, subject to the passing of resolutions 1, 2 and 4, and in substitution for the resolution passed at the annual general meeting of the Company in 2019 authorising the Company to purchase its own shares and also conditional upon Admission (as defined in Resolution 1) occurring by 8.00 a.m. on 19 March 2020 (or such later time and/or date as the Directors (as defined in the articles of association of the Company at the relevant time) may in their absolute discretion determine), the Company is generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of its ordinary shares in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:

- (a) the maximum number of ordinary shares which may be purchased is 11,668,287 (representing approximately 10 per cent. of the Company's New Ordinary Share capital (excluding treasury shares) immediately following Admission);
- (b) the minimum price that may be paid for each ordinary share is the nominal value of that ordinary share which amount shall be exclusive of expenses, if any;



- (c) the maximum price (exclusive of expenses) that may be paid for each ordinary share is an amount equal to the higher of: (i) 5 per cent. of the average of the middle market quotations for the ordinary shares as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchase by the Company is carried out;
- (d) unless previously renewed, revoked or varied, this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company or close of business on 31 December 2020; and
- (e) the Company may, before this authority expires, contract to purchase ordinary shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.

Resolution 6 – Approval of the amendments to the 2019 Remuneration Policy

THAT the amendments to the 2019 Remuneration Policy, as set out in Part VII of this Circular are approved and such amendments are to take effect from the beginning of the next financial year of the Company, being 1 May 2020.

By Order of the Board

A M Dibben

Company Secretary

24 February 2020

Registered Office:

Berkeley House

19 Portsmouth Road

Cobham

Surrey KT11 1JG

Registered in England and Wales, No. 5172586



Notes

1. Voting record date

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 311(3) of the Companies Act 2006 (the "Act"), the Company specifies that in order to have the right to attend and vote at the General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.30 p.m. on 16 March 2020, or, in the event of any adjournment, at 6.30 p.m. on the date which is two business days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting or the adjourned meeting.

2. Proxies

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the General Meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company but must attend the General Meeting to represent the member. The proxy must vote as the member instructs and must attend the meeting for the member's vote to be counted.

In June 2019, shareholders were notified that the Company would no longer be sending hard copy forms of proxy in respect of General Meetings. To submit your voting instructions electronically via our registrar's website please go to www.signalshares.com and enter 'The Berkeley Group Holdings plc'. If you have not already registered for Signal Shares you will need your Investor Code which can be found on your share certificate or last dividend confirmation. Once registered you will be able to vote immediately by selecting 'Proxy Voting' from the menu. In order to be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received no later than 10:00 a.m. on 16 March 2020. The proxy appointment will not be accepted if found to contain a computer virus.

In the event that you do require a hard copy form of proxy, or you do not know your Investor Code, you will be able to request this from our registrar, Link Asset Services, by calling them on 0371 664 0300, or, if calling from overseas, on +44 (0) 371 664 0391. Calls cost 12p per minute plus your phone company's access charge; calls from outside the United Kingdom will be charged at the applicable international rate. Link Asset Services are open between 09:00 - 17:30 (London time), Monday to Friday excluding public holidays in England and Wales. You can also contact the registrar by email at enquiries@linkgroup.co.uk.

Registration of your proxy vote or other instrument appointing a proxy or any proxy instruction via CREST, will not preclude you from attending and voting in person at the meeting if you wish to do so.

If you appoint a proxy or proxies and then decide to attend the General Meeting in person and vote in the poll then the vote(s) in person will override the proxy votes(s). If the vote in person is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the General Meeting in respect of less than your entire holding, and you indicate on your polling card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.

The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

3. Nominated Persons

A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Act (a "Nominated Person").

The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed.

If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

4. CREST

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.



In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number - RA10) by 10:00 a.m. on 16 March 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommend that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

5. Corporate Representatives

A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.

6. Joint holders

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the Company's register of members in respect of the joint holding.

7. Questions

Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

8. Voting at the meeting

Voting on the Resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. As soon as practicable following the General Meeting, the results of the voting at the General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: www.berkeleygroup.co.uk/investor-information.

9. Total voting rights

As at 21 February 2020 (being the Latest Practicable Date prior to the publication of this Notice), the Company's issued share capital consists of 136,826,968 ordinary shares of 5 pence each. The Company holds 10,941,900 ordinary shares in treasury and is not permitted to exercise voting rights in respect of those shares. Therefore the total voting rights in the Company are 125,885,068.

The contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting, details of the total voting rights that members are entitled to exercise at the Meeting will be available on the Company's website: www.berkeleygroup.co.uk/investor-information.

**10. Directors' interests**

Since 29 July 2019 (the date of the last notice of the annual general meeting of the Company), there have been changes to the Directors' interests in the Company's shares. Detailed below are the Directors' interests as at the Latest Practicable Date:

Director	Beneficially owned shares
A W Pidgley, CBE	1,672,800
R C Perrins	1,153,055
R J Stearn	168,051
S Ellis	282,267
J Tibaldi	49,243
P Vallone	51,837
K Whiteman	288,444
Sir J Armit, CBE	6,891
G Barker	6,540
D Brightmore-Armour	1,000
R Downey	-
A Li	20,000
A Myers	3,000
Dame A Nimmo, DBE	2,000
P Vernon	609
V Wadley, CBE	1,500

11. Substantial shareholders

Since 29 July 2019 (the date of the last notice of the annual general meeting of the Company) and up to the Latest Practicable Date the Company has received no notification(s) in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.

12. This notice

A copy of this notice, and other information required by sections 226D and 311A of the Act, can be found at www.berkeleygroup.co.uk/investor-information.

13. Electronic address

You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the Chairman's letter) to communicate with the Company for any purposes other than those expressly stated.









(Registered in England and Wales, No. 5172586)

Berkeley House, 19 Portsmouth Road,
Cobham, Surrey KT11 1JG